VISION

To create a healthcare company with a reputation for excellence, professionalism and service quality equal to the best globally.

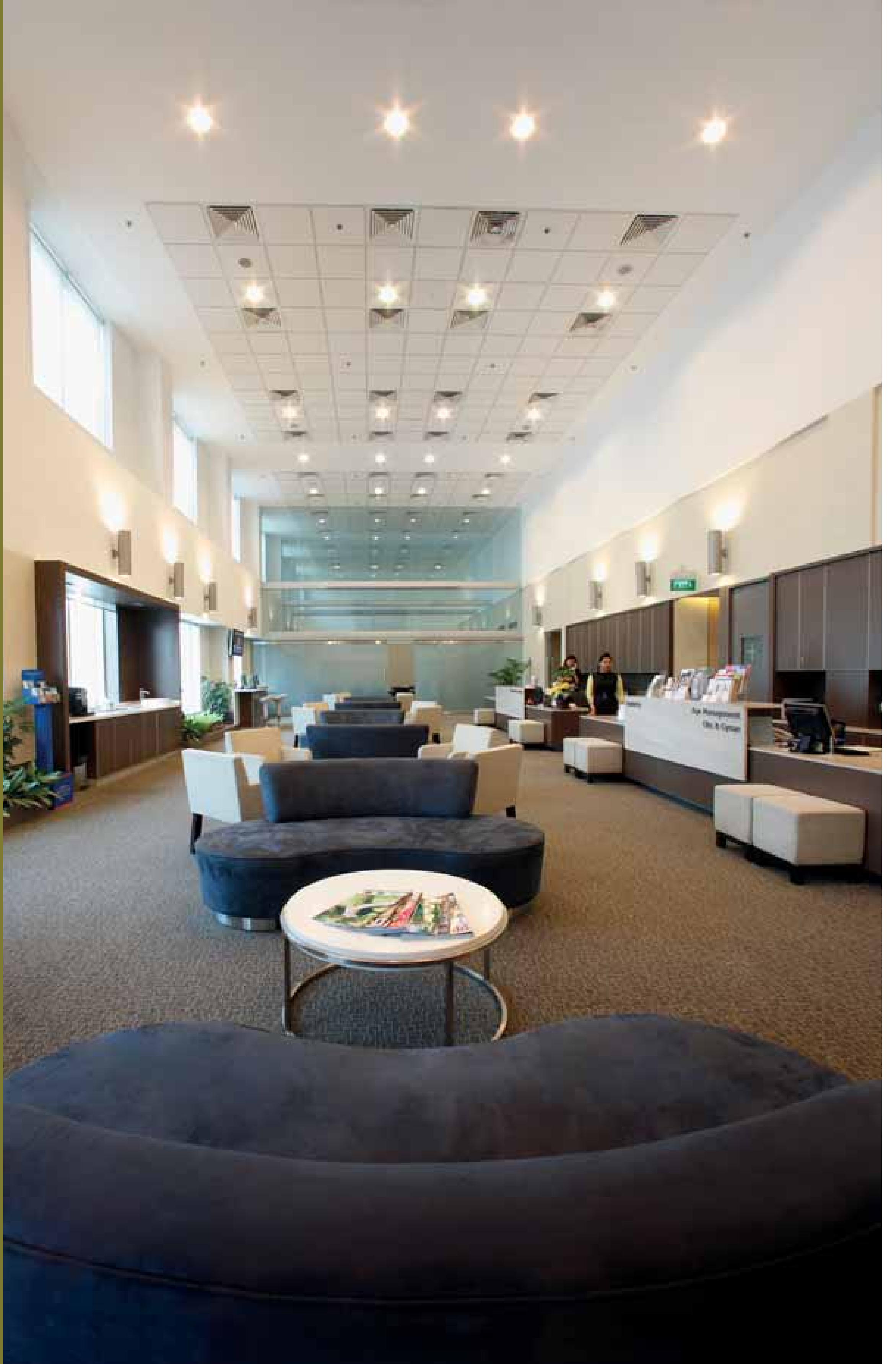
MISSION

To provide our patients with the highest level of medical care possible, meeting all their needs and serving them with diligence, compassion and integrity.

CONCEPT

To provide integrated and multi-disciplinary healthcare through a holistic approach, emphasising health as a state of total physical, mental and social well-being.

The **largest non-hospital based healthcare provider** of specialist medical and dental services in Singapore.



CORPORATE PROFILE

Pacific Healthcare Holdings Ltd. ("Pacific Healthcare" or the "Group") is an integrated healthcare provider. Our core competencies include cosmetic surgery & aesthetic medicine, cardiology, otolaryngology (ear, nose & throat), obstetrics & gynaecology and cosmetic & implant dentistry. Our team of over 100 dedicated medical professionals provides multi-disciplinary healthcare services to cater to our patients' total health and well-being.

We aim to be the premier healthcare group in Singapore and Asia, renowned for our Care, Compassion and Medical Excellence.

Our Business Activities

Specialist Healthcare Division

Our Specialist Healthcare Division is the foundation on which we have established ourselves as a premier provider of quality healthcare and comprise two units:

Clinical Services: Specialist care in age management, cardiology, cosmetic & implant dentistry, dermatology, diagnostic radiology, general & vascular surgery, neurology, obstetrics & gynaecology, orthopaedic surgery, otolaryngology (ear, nose & throat), paediatrics, plastic surgery, psychiatry and urology.

Facilities Management: Operations of day surgery centres providing operating theatres, endoscopy and cosmetic laser facilities for use by accredited doctors, diagnostic imaging services and radiology.

Primary Healthcare Division

Our Primary Healthcare Division complements the Specialist healthcare operations and is divided into three units:

Dentistry: Key dental services include general dental treatment, endodontics, occlusal rehabilitation, oral surgery, orthodontics, periodontics, prosthodontics, paedodontics, restorative dentistry and cosmetic & implant dentistry. Dental laboratory that can fabricate custom porcelain crowns using both conventional as well as CAD-CAM technology.

General Practice Medicine: Comprehensive health screening programmes, family medicine and immunisations.

Eldercare & Wellness: Two nursing homes cater to the short & long-term convalescent and respite care of elderly residents with varying needs. Wellness, spa & fitness facilities complement the Group's integrated multi-disciplinary services.

Consultancy & Management Division

Our Consultancy & Management Division provides advisory and consultancy services in the conceptualisation, planning, design and development of specialist medical centres and hospitals. We also provide healthcare facilities management services.

Regional Operations

The Group owns and operates medical centres in Hong Kong, Shenzhen and Mumbai. It has investments in cardiac centres in Goa and Bangalore, a cardiology and imaging facility in Shanghai as well as wellness facilities in Shenzhen. Additionally, its Consultancy & Management Division has contracts with third parties in Vietnam and India to provide project design, management services and specialist training.

International Medical Assistance

We operate a 24-hour hotline offering personalised medical assistance for patients requiring help with information on specialists, medical appointments, hospital admissions as well as concierge services.

CHAIRMAN'S STATEMENT

We continue to build upon our **strategic network in the region**, focus on our core specialties, and increase our international patient pool.

Dear Shareholders,

2007 has been another significant year for Pacific Healthcare. On behalf of the Board of Directors, I am pleased to present to you our Annual Report.

We have completed our second full year as a listed company with strong financial results. Group revenue grew 17.7% to $75.2 million from $63.8 million last year and profit attributable to shareholders increased 42% to $5.74 million from $4.04 million. Earnings per share are 2.07 cents, up 22.5% from 1.69 cents (notwithstanding the 17.6% dilution from the share placement exercise completed in February 2007). This marks our seventh successive profitable year.

With approximately $12.4 million raised through the placement of 42 million new ordinary shares in February and through streamlining of our business units including divestment of the Group's non-core activities, our balance sheet is considerably stronger and our gearing ratio has been reduced to 25% from 41%.

On the back of the healthy results, the Board is pleased to recommend a final dividend of 0.40cents per share in addition to the 0.30 cents per share interim dividend announced at mid-year.

Pacific Healthcare continues to broaden our market and presence in both Singapore and the region. We added more specialties to our operations in Singapore and opened a new 8000 square feet specialist centre on Level 7 Paragon focussing on diagnostic imaging, an important support service for our specialist doctors.

Our activities in the region include an investment with Kuwait Finance House in heart centres in Goa and Bangalore and the opening of a Cosmetic Medical and Dental centre in Mumbai. We acquired a stake in a chain of woman's wellness centres in Shenzhen, China, which shares the same high end target market segment sought by the Company's core specialist services.

Our Consultancy and Management Division signed a management agreement to design medical centres in Vietnam and a strategic collaboration agreement with the Advanced Medical Research Institute in Kolkata to provide manpower training and assistance in establishing specialist centres in East India.

As part of laying the foundation for the Group's next growth phase, we continue to build upon our strategic network in the region, focusing on our core specialties, and increasing our international patient pool. To fund future projects, and to allow existing shareholders the opportunity to participate further in the growth of the Company, we placed out 56.16 million bonus warrants to existing shareholders which when fully exercised will raise $21.9 million additional capital for the Group.

2008 promises to be a challenging year. However, we are confident that with our further efforts to streamline the group, we are well positioned to meet the changing demands in the healthcare market.

We take this opportunity to thank our shareholders and investors for their support, our doctors and staff for their team spirit, dedication and outstanding contributions, and our Board members for their invaluable advice and guidance.

Sim Swee Yam, Peter
Non-Executive Chairman
and Independent Director

Building our business and brand as one of **Asia's premier specialist healthcare service provider**.

Standing (left to right) : Mr Lee Kiam Hwee, Kelvin; Mr Goh Boon Kiat; Dr Huang Hsiang Shui, Martin; Dr Chu Aye Aye Han, Sandra
Seated (left to right) : Dr Chong Lai Leong, William; Mr Sim Swee Yam, Peter

BOARD OF DIRECTORS

MR SIM SWEE YAM, PETER
NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Mr Sim Swee Yam, Peter was appointed Non-Executive Chairman and Independent Director of our Company on 5 September 2005. He graduated with a degree in law in 1980 from the University of Singapore (now known as National University of Singapore) and was admitted to the Singapore Bar in 1981. A practising lawyer and director of his own law firm, Sim & Wong LLC, Mr Sim has to date more than 27 years of legal practice. He is also an Independent Director of public-listed companies, British and Malayan Trustees Ltd and Lum Chang Holdings Ltd. Mr Sim is also a director of PowerSeraya Ltd, Gravitas Alliance International Ltd and Infinity Capital Partners (S) Pte Ltd. In August 2000, Mr Sim was awarded the Pingkat Bakti Masyarakat.

DR CHONG LAI LEONG, WILLIAM
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Dr Chong Lai Leong, William, is our Executive Director and Chief Executive Officer. He co-founded our Group and was appointed a Director of our Company on 26 January 2001. Dr Chong charts the corporate direction and business strategies, business and corporate development, policy planning and the overseas operations of our Group. Apart from his executive responsibilities, Dr Chong is a practising dental surgeon at Pacific Healthcare Specialist Centre focusing principally on cosmetic and implant dentistry. He graduated from the National University of Singapore with a Bachelor of Dental Surgery degree in 1985 and academic medals in the field of Medicine, Oral Surgery and Operative Dentistry. He attained a Master of Science degree in Dentistry in 1998. He has been a fellow of the Royal Australasian College of Dental Surgeons since 1997, and a Fellow and Diplomate of the International Congress of Oral Implantologists since 1996. He was a finalist in the Emerging Entrepreneur of the Year category in the Ernst & Young Entrepreneur of the Year Awards for Singapore in 2004.

MR LEE KIAM HWEE, KELVIN
INDEPENDENT DIRECTOR

Mr Lee Kiam Hwee, Kelvin is our Independent Director and Audit Committee Chairman. He has a wide range of experience and a long history in the corporate finance industry.

He was with Coopers & Lybrand for 15 years from 1979 to 1994. As a Senior Audit Manager, Mr Lee headed audits covering a wide spectrum of industries, including several listed companies. He is also experienced in financial investigation, litigation support and profit forecasts. Drawing from his strong financial background, Mr Lee worked from 1994 to 2003 as the Group Financial Controller of IMC Holdings Ltd, a company principally in the business of ship-owning. He contributed towards the strategic business planning and overall financial management, and put in place financial control systems for the company. From 2003 to March 2007, Mr Lee was the Chief Financial Officer at Pan United Corporation Limited.

Mr Lee is a Fellow of the Association of Chartered Certified Accountants (UK), Fellow of the Institute of Certified Public Accountants and a member of the Singapore Institute of Directors.

MR GOH BOON KIAT
INDEPENDENT DIRECTOR

Mr Goh Boon Kiat was appointed an Independent Director of our Company on 2 April 2007. Mr Goh has been associated with the Keppel Group for the past 37 years. He held various management positions in Keppel's marine and offshore divisions, including a period in the Philippines during the formation and startup of Keppel Philippines Shipyard. Mr Goh also served on the boards of various companies in the Keppel Group as well as the boards of two publicly listed companies, namely Singmarine Industries Ltd and Penguin Boat International Ltd. He retired from the Keppel Group in 2005 but remains a director of Keppel Singmarine Pte Ltd.

Mr Goh was a Colombo Plan scholar and graduated from the University of Newcastle-upon-Tyne with a Bachelor of Science degree in Naval Architecture (First Class Honours).

DR HUANG HSIANG SHUI, MARTIN
EXECUTIVE DIRECTOR

Dr Martin Huang was appointed as Executive Director of our Company on 26 January 2001 and is a co-Founder of the Group. He was re-elected on 28 April 2006 at the first annual general meeting of the Company held after listing. He is involved in setting out the strategies and policies for our Group, as well as overseeing the human resource and operational aspects of our day surgery facility and specialist practices. Dr Huang himself practices as a plastic surgeon with Pacific Healthcare.

His training in Plastic Surgery was completed in 1994 at the Department of Plastic Surgery at the Singapore General Hospital. He underwent subspecialty training in the United States from 1994 to 1996 at the Children's Hospital and Medical Center and the University of Washington in Seattle, and Scottish Rite Children's Medical Center in Atlanta, where he focused on pediatric plastic surgery, cleft lip and palate surgery, craniomaxillofacial surgery, and endoscopic plastic surgery.

He has given 60 academic oral presentations and lectures at local, regional and international meetings and conferences, and has 23 publications in international journals on plastic surgery. He has also given over 150 media interviews and over 60 educational public presentations on cosmetic surgery. Additionally, he serves as a manuscript peer reviewer for the Cleft Palate-Craniofacial Journal, and Plastic and Reconstructive Surgery.

He has won numerous local and international academic awards during his career.

Dr Huang's current clinical interests are cosmetic surgery of the face, jaws, breast and body, and the surgical treatment of birth defects of the head and face, such as cleft lip and palate.

As a renowned and respected industry and opinion leader in the influential and cosmopolitan market of Singapore, Dr Huang runs one of the largest and most sought after cosmetic surgery practices in the region.

DR CHU AYE AYE HAN, SANDRA
EXECUTIVE DIRECTOR (TILL 28 FEBRUARY 2008)
NON-EXECUTIVE DIRECTOR (W.E.F. 1 MARCH 2008)

Dr Chu Aye Aye Han, Sandra is a co-Founder of our Group and was appointed a Director of our Company on 26 January 2001. Dr Chu is responsible for general administration, human resources and operations. In addition, she is in charge of integrating the various business units within our Group. Dr Chu graduated from the University of Melbourne with a Bachelor of Dental Science degree in 1993. From 1994 to 1995, she was a resident dental officer in Alfred Hospital, Melbourne, Australia. From 1995 to 1996, Dr Chu was a research student at the University of Melbourne under scholarship. From 1996 to 1997, she was an associate dentist in private practice in Australia. In 1997, she joined our Group as an associate dentist in Atria-Pan before becoming a director of MD Specialist Healthcare (MDSH) in 2000. Dr Chu has been a fellow of the Royal Australasian College of Dental Surgeons since 1997. In 2004, she was nominated by the Singapore Business Federation to attend the 8th Asia Europe Young Leaders Symposium at the Hague, Netherlands.

Our doctors **keep abreast of new cutting edge advances** in their respective areas of speciality.

OPERATIONS REVIEW

Pacific Healthcare Holdings Ltd. provides high value-added specialist healthcare services with core competencies in cosmetic surgery & aesthetic medicine, obstetrics & gynaecology, cardiology and implant & aesthetic dentistry. We have operations in Singapore, Hong Kong, China and India.

For the year in review, we remain focused on building our business and brand as one of Asia's premier specialist healthcare services providers. In addition to our Specialist Healthcare and Primary Healthcare Divisions, we started a Management & Consultancy Division which offers advisory services in the conceptualization, design and subsequent management of specialist medical centres and hospitals.

Singapore

As part of our objective of concentrating on our core specialist medical and dental services, we opened a fourth integrated specialist medical centre on Level 7 of Paragon's shopping atrium. This 8,000 square feet ultra modern healthcare facility offers a wide range of medical, dental and diagnostic services, complementing Pacific Healthcare's existing centres located within the same building.

Our share of foreign medical and dental patients continued to grow and besides the traditional markets, the Company saw an increase in patient loads from Russia as well as Vietnam.

Regional

We continued to export Pacific Healthcare's successful Singapore model through organic growth as well as acquisitions. Our key thrust in our investments in the region is to address the needs and demands of patients in strategic growth markets like China and India which are largely fuelled by the rising affluence of the middle and higher income groups.

In February, the Company entered into a joint venture with Kuwait Finance House Malaysia Berhad ("KFHMB") to collectively invest up to $32 million to establish new medical centres in Asia.

We gained a strong foothold in the lucrative South China healthcare market through our 52.5% stake in Marsa Guer's 10 wellness centres in Shenzhen. To complement and enhance the wellness services provided to its 25,000 select client database, we established a medical clinic to provide medical specialist and aesthetic treatments and opened an additional wellness centre in an exclusive residential district.

Our cardiology and imaging facility in Shanghai which is held through our subsidiary, Singapore Heart, Stroke and Cancer Centre, was officially opened in October 2007. It provides one-stop healthcare services for the prevention, early diagnosis and treatment of heart disease, cancer and stroke.

In India, we subscribed for a 50% stake in a joint venture with local doctors and established a Specialist Cosmetic and Dental Centre in Mumbai, to tap into the growing demand for quality cosmetic surgery and dentistry services. This was in addition to our investment of a 15% stake in Cure Heart Limited, which owns 68% of Srinivasa Cardiology Centre, a leading cardiac care group in Bangalore and Goa. Heart disease is a leading cause of death worldwide. The rising affluence and the higher expectations for better health management will drive demand for the services in these centres.

We made the decision to divest our 70% interest in our joint venture in Hyderabad. The proceeds from the sale will be used to fund other investments in India.

Our new Management & Consultancy Division secured two contracts during the year. We entered into a design and consultancy agreement with Khanh Hoa Trading & Investment Company for a Diagnostic and Lifestyle Medical Centre for the booming healthcare market in Vietnam. Phase I of the project will offer specialist services focusing on heart disease and cancer, and will include diagnostic imaging facilities and a medical spa. Phase II involves the construction of a 250-bed hospital. We also signed a healthcare management consultancy contract with Advanced Medical Research Institute Hospitals, Kolkata, one of Eastern India's largest hospital groups, to provide specialist training and establish centres for dental implants, IVF (in-vitro fertilisation) and sleep apnoea treatment.

Financial Highlights of 2007

In 2007, the Group increased its revenue by 17.7% to $75.2 million, primarily driven by a 31% increase in revenue from the Specialist Healthcare and Dentistry divisions. Along with exceptional gains arising from the securitisation of assets and profits from disposal of subsidiaries, profit after tax and minorities ("PATMI") rose a sterling 41.9% to $5.7 million in 2007.

The strong growth in PATMI brought earnings per share up 22.5% to 2.07 cents, even after accounting for approximately 17.6% dilution from February's share placement.

EBITDA also increased 19% to $12.1 million, driven by increased operating profits of our specialist and dentistry units.

Working closely with our operations staff, our finance department also took steps to enhance the efficiency of working capital management. This yielded collection time improvements of 30% from the prior year. Along with stronger net operating cash flow of $11.7 million and approximately $12.4 million raised through the placement of 42 million new ordinary shares in February 2007, the Group's balance sheet is considerably stronger. Gearing ratio has fallen from 41% a year ago to 25%, with interest cover at a healthy 7.6X.

Net asset value per share grew a robust 17.6% to 20.5 cents, with ROE expanding to 9.96% (from 9.71%).

The Company issued 56,160,599 bonus warrants to reward shareholders. These warrants when fully exercised will result in gross proceeds of $21.9 million and will provide financing for future projects.

Outlook

The twin factors of a strong Asian economy in 2007 and rising affluence has increased demand for improved private healthcare services by those who are looking to age well and maintain an active lifestyle and also for cosmetic and other elective services. Despite the forecast that the pace of growth in Asia will slow in 2008, we expect these trends to drive near term growth for the Group.

Our integrated medical specialist, implant and aesthetic dentistry services are well positioned to benefit from the continued interest and demand for improvements in physical health and aesthetic procedures. Singapore's aim to attract 1 million foreign patients by 2012 for medical services augurs well for the Group. With 400,000 foreign patients treated in Singapore in 2007, there is room for significant upside potential in the numbers as well as the dollar value of each patient treated.

In addition, our strategic investments in the dynamic markets of China and India allow us to harness the rising demand in these markets fuelled by the explosive growth of middle classes with sufficient discretionary income to spend on private healthcare services.

We believe that with Pacific Healthcare's strong brand equity, key strategic partnerships and presence in the region, the Group is well positioned to weather challenges anticipated by the revised lower economic forecast for the region in 2008.


PHILIPS

CORPORATE INFORMATION

Board of Directors

Mr Sim Swee Yam, Peter	Non-Executive Chairman and Independent Director
Dr Chong Lai Leong, William	Executive Director and Chief Executive Officer
Mr Lee Kiam Hwee, Kelvin	Non-Executive and Independent Director (Appointed on 2 April 2007)
Mr Goh Boon Kiat	Non-Executive and Independent Director (Appointed on 2 April 2007)
Dr Huang Hsiang Shui, Martin	Executive Director
Dr Chu Aye Aye Han, Sandra	Executive Director (Till 28 February 2008) Non-Executive Director (w.e.f. 1 March 2008)

Nominating Committee

Mr Sim Swee Yam, Peter	Chairman
Mr Lee Kiam Hwee, Kelvin	Member
Mr Goh Boon Kiat	Member

Remuneration Committee

Mr Goh Boon Kiat	Chairman
Mr Sim Swee Yam, Peter	Member
Mr Lee Kiam Hwee, Kelvin	Member

Audit Committee

Mr Lee Kiam Hwee, Kelvin	Chairman
Mr Sim Swee Yam, Peter	Member
Mr Goh Boon Kiat	Member

Secretary

Ms Lin Moi Heyang (Appointed on 12 February 2007)
Mr Lee Wei Hsiung (Appointed on 20 April 2007)

Registered Office

290 Orchard Road
#12-01 Paragon
Singapore 238859
Tel: (65) 6887 3737
Fax: (65) 6733 2577
customerservice@pachealthholdings.com

Principal Bankers

KBC Bank N.V.
Malayan Banking Berhad
Standard Chartered Bank
The Bank of East Asia, Limited
United Overseas Bank Limited

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

Auditors

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner in charge: Low Yen Mei (since financial year ended 31 December 2007)

Pacific Healthcare Holdings Ltd.
Registration No. 200100544H
290 Orchard Road, #12-01 Paragon,
Singapore 238859
www.pachealthholdings.com

Financial Contents

Report on
Corporate Governance

Pacific Healthcare Holdings Ltd. (the "Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") by complying with the Code of Corporate Governance 2005 (the "Code"). Pursuant to Rule 710 of the Listing Manual of the SGX-ST, this Report sets out the Company's corporate governance practices with specific reference to the principles of the Code of Corporate Governance.

I. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board of Directors (the "Board") has the overall responsibility for the management and corporate governance of the Group, including the Group's overall strategic plans, key operational initiatives, annual budgets, investment proposals and financial reviews.

Matters which are specifically reserved for the Board's decision include those involving interested person transactions, material acquisitions and disposal of assets, corporate or financial restructuring, share issuances, dividends and other returns to shareholders.

To facilitate effective management, certain functions of the Board have been delegated to various Board Committees, namely Audit, Nominating and Remuneration Committees. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also reviewed by the Board.

The Board conducts scheduled meetings on a regular basis. Adhoc meetings are convened when circumstances require. To ensure meetings are held regularly with maximum director participation, the Company's Articles of Association allow for the telephone and video-conferencing meetings.

Prior to their appointments, newly appointed Directors are provided information on their duties as a director under the Singapore law. Directors are updated regularly on key accounting and regulatory changes. Where necessary, the Company arranges for presentations by external professionals, consultants and advisers on topics that would have an impact on the regulations, accounting standards and the implications of certain regulatory changes affecting the responsibilities of the Directors.

Principle 2: Board Composition and Balance

The Board of Directors comprises the following members:

1.	Mr Sim Swee Yam, Peter	Non-Executive Chairman and Independent Director
2.	Dr Chong Lai Leong, William	Executive Director and Chief Executive Officer
3.	Dr Huang Hsiang Shui, Martin	Executive Director
4.	Dr Chu Aye Aye Han, Sandra	Non-Executive Director
5.	Mr Lee Kiam Hwee, Kelvin	Non-Executive and Independent Director
6.	Mr Goh Boon Kiat	Non-Executive and Independent Director

Key information regarding the Directors is disclosed in the "Board of Directors" section of the annual report.

Currently, the Board comprises 6 Directors, 3 of whom are Independent Directors. There is therefore a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board.

Given the nature and scope of the Company's operations, the Board considers the present board size and number of committees facilitate effective decision-making and that no individual or small group of individuals dominates the Board's decision making process.

The attendance of the Directors at meetings of the Board, as well as the frequency of such meetings, are as follows:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
	No.of Meetings held: 5	No. of Meetings held: 6	No. of Meetings held: 1	No. of Meetings held: 2
	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Mr Sim Swee Yam, Peter	5	6	1	2
Mr Lee Kiam Hwee, Kelvin Note 1	3	4	-	1
Mr Goh Boon Kiat Note 1	3	4	-	1
Dr Chu Aye Aye Han, Sandra	4	NA	NA	NA
Dr Chong Lai Leong, William	5	NA	NA	NA
Dr Huang Hsiang Shui, Martin	2	NA	NA	NA

NA: Not Applicable

Note:
1. Mr Lee Kiam Hwee, Kelvin and Mr Goh Boon Kiat were appointed as Directors and members of the Audit, Nominating and Remuneration Committees on 2 April 2007.

Principle 3: Chairman and Chief Executive Officer

The functions of the Chairman and that of the Chief Executive Officer in the Company are assumed by different individuals. The Chairman is Mr Sim Swee Yam, Peter who is a Non-Executive, Independent Director while the Chief Executive Officer, Dr Chong Lai Leong, William is an Executive Director.

The Chief Executive Officer is the most senior executive in the Company and bears executive responsibility for the Group's business, while the Chairman assumes responsibility for the management of the Board.

The Chairman ensures that Board Meetings are held when necessary and reviews and approves the Board Meeting agenda, in consultation with the Chief Executive Officer.

Principle 4: Board Membership

The Board has established a Nominating Committee ("NC") which comprises 3 members, all of whom are Independent and Non-Executive Directors. The members of the NC are as follows:

1. Mr Sim Swee Yam, Peter (Chairman) — Non-Executive and Independent Director
2. Mr Lee Kiam Hwee, Kelvin — Non-Executive and Independent Director
3. Mr Goh Boon Kiat — Non-Executive and Independent Director

The NC is responsible for:
(a) re-nomination of Directors having regard to the Director's contribution and performance;
(b) determining on an annual basis whether or not a Director is independent; and
(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

New Directors are appointed by way of Board resolutions after the NC has reviewed and nominated them taking into consideration the qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives.

The NC recommends all appointment and retirement of Directors. At each Annual General Meeting ("AGM"), not less than one third of the Directors for the time being (being those who have been longest in office since their appointment or re-election) are required to retire from office by rotation. A retiring Director is eligible for re-election by the shareholders at the AGM. All newly appointed Directors during the year will hold office only until the next AGM and will be eligible for re-election. In evaluating the Director's contribution and performance for the purpose of re-nomination, factors such as attendance, preparedness, participation and candour are taken into consideration.

Principle 5: Board Performance

Subject to the approval of the Board, the NC will decide on how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholders' value. The performance evaluation will also include consideration of our share price performance vis-à-vis the Straits Times Index and a benchmark index of its industry peers. The Board also implemented a process to be carried out by our NC for assessing the effectiveness of the Board as a whole. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance of re-nomination as director.

Principle 6 : Access to Information

The Company's Management provides the Board with periodic updates covering operational performance and financial results, market and business development and other important and relevant information.

The Company or the Board will seek the appropriate independent and professional advice as and when the Directors, whether as a group or individually, need independent professional advice.

Together with other Management staff of the Company, the Company Secretary ensures that the Company complies with the requirements of the Companies Act and other rules and regulations that are applicable to the Company.

II. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Board has established a Remuneration Committee ("RC") which comprises 3 members, all of whom are Independent and Non-Executive Directors. The members of the RC are as follows:

1.	Mr Goh Boon Kiat (Chairman)	Non-Executive and Independent Director
2.	Mr Sim Swee Yam, Peter	Non-Executive and Independent Director
3.	Mr Lee Kiam Hwee, Kelvin	Non-Executive and Independent Director

The RC will recommend to the Board a framework of remuneration for the Directors, Chief Executive Officer and all staff whose annual remuneration exceeds $250,000. The RC will also make recommendations to the Board on the remuneration package of the Chief Executive Officer and Executive Directors. The remuneration and benefits-in-kind of all staff whose annual remuneration exceeds $250,000 shall be reviewed by the RC.

Principle 8: Level and Mix of Remuneration

In setting the remuneration packages of the Executive Directors, the Company takes into consideration the remuneration and employment conditions and makes a comparative study of the packages of Executive Directors in comparable companies/industries as well as the Group's relative performance.

Non-Executive Directors are paid a basic fee. The Chairman of each committee is compensated for his additional responsibilities. Such fees are approved by the shareholders of the Company as a quarterly payment in arrears at the AGM of the Company.

Principle 9: Disclosure on Remuneration

(i) The breakdown of remuneration of the Directors for the year ended 31 December 2007 are as follows:

Name	Remuneration Band	Salary (%)	Bonus (%)	Directors Fee (%)	Total (%)
Mr Sim Swee Yam, Peter	C	NA	NA	100	100
Mr Lee Kiam Hwee, Kelvin Note 1	C	NA	NA	100	100
Mr Goh Boon Kiat Note 1	C	NA	NA	100	100
Dr Chu Aye Aye Han, Sandra Note 2	C	96.5	3.5	0	100
Dr Chong Lai Leong, William	A	92.3	7.7	0	100
Dr Huang Hsiang Shui, Martin	A	94.9	5.1	0	100

Note
1. Mr Lee Kiam Hwee, Kelvin and Mr Goh Boon Kiat were appointed on 2 April 2007.
2. Dr Chu Aye Aye Han, Sandra ceased to be the Chief Operating Officer of the Company with effect from 29 February 2008.

Remuneration Amounts	Remuneration Band
$500,000 and above	A
$250,000 to $499,000	B
Below $250,000	C

(ii) Remuneration received by executive officers of the Company

The following key executives fall within the remuneration band of below $250,000:

1. Alice Scott
2. Foo Lily (appointed on 16 May 2007)
3. Kristianus Setyawan
4. Sim Yu Xiong, Vitters (resigned on 31 May 2007)
5. Tan Cheng Ling, Caroline
6. Theresa Tan Hwee Geok

There are no employees who are immediate family members of a Director and whose remuneration exceeded $150,000 per annum for the financial year ended 31 December 2007.

The Company has an employee share option scheme known as the Pacific Healthcare Employee Share Option Scheme. More information on the Pacific Healthcare Employee Share Option Scheme is set out in the Directors' Report.

III. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the annual financial statements and announcements to the shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

The financial performance and annual reports are announced or issued within the mandatory period and are available on the Company's website. After the results are announced, the Company holds briefing with analysts and investors.

Management provides the Board with periodic updates covering operational performance, financial results, marketing and business development and other important and relevant information.

Other ways in which information is disseminated to shareholders are further disclosed under Principles 14 and 15.

Principle 11: Audit Committee

The Audit Committee ("AC") comprises 3 members, all of whom are Independent and Non-Executive Directors. The members of the AC are as follows:

1.	Mr Lee Kiam Hwee, Kelvin (Chairman)	Non-Executive and Independent Director
2.	Mr Sim Swee Yam, Peter	Non-Executive and Independent Director
3.	Mr Goh Boon Kiat	Non-Executive and Independent Director

The AC meets periodically to perform the following functions:

(a) to review with the external auditors the audit plan, and the results of the external auditors' examination and evaluation of the Company's system of internal controls;
(b) to review the consolidated financial statements and balance sheets and profit and loss accounts, and the external auditors' report on those financial statements, before submission to the Board of Directors for approval;
(c) to review the co-operation given by Management to the external auditors;
(d) to consider the appointment and re-appointment of the external auditors;
(e) to review and approve interested person transactions; and
(f) to generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from voting in respect of matters in which he is interested.

The AC has reviewed the independence of the external auditors including the volume of non-audit services supplied by them and is satisfied with their position as independent external auditors.

The total amount of non-audit fee paid to the external auditors during the year is $52,000.

The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group.

Principle 12: Internal Controls

The Board recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets. The Board reviews the effectiveness of all internal controls, including operational controls.

Principle 13: Internal Audit

The scope of the internal audit is:
(a) to review the effectiveness of the Group's material internal controls;
(b) to provide assurance that key business and operational risks are identified and managed;
(c) to determine that internal controls are in place and functioning as intended; and
(d) to evaluate that operations are conducted in an effective and efficient manner

The internal auditors report to the Chairman of the AC on any material weaknesses and risks identified in the course of the audit. These will also be communicated to Management. Management will accordingly update the AC on the status of the remedial action plans. To ensure the adequacy of the internal audit function, the AC reviews the internal auditor's scope of work on an annual basis.

The Company has outsourced its internal audit function to ensure independence of the internal audit function as well as access to experienced professionals and best practices in the industry.

IV. COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Communications with Shareholders
Principle 15: Greater Shareholder Participation

Shareholders, investors and analysts are kept informed of the major developments of the Company through various means of communication as follows:

- Results and annual reports are announced or issued within the mandatory period.
- Analysts' meeting after announcement of Company's results.
- Price sensitive information, significant transactions or matters are communicated to shareholders via SGXNET.
- Company's annual general meetings.
- Company's website at www.pachealthholdings.com

All shareholders of the Company receive the annual report and notice of annual general meeting ("AGM"). At AGMs, shareholders are given the opportunity to air their views and ask Directors or Management questions regarding the Company.

The Company's Articles of Association allow a shareholder of the Company to appoint one or two proxies to attend and vote on behalf of the shareholder.

At AGMs, separate resolutions are set out on distinct issues, such as proposed Directors' fees, for approval by shareholders. Besides the external auditors, the chairmen of all Board committees are normally present and available to address queries from shareholders.

V. INTERESTED PERSON TRANSACTIONS ("IPT")

The Audit Committee is satisfied that the review procedures for IPTs and the reviews to be made periodically by the Audit Committee in relation thereto are adequate to ensure that the IPTs will be transacted on normal terms and will not be prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs required for disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of IPT for the financial year ended 31 December 2007.

VI. DEALINGS IN SECURITIES

In line with Chapter 12, Rule 1207(18) of the Listing Manual of the SGX-ST on dealing in securities, the Company has in place a policy prohibiting share dealings by Directors and employees of the Company during the period commencing one month before the announcement of the Company's financial statements for the half year and the financial year, as the case may be, and ending on the date of the announcement of the relevant results. This has been made known to Directors, officers and staff of the Company and the Group. They are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

VII. MATERIAL CONTRACT

There were no other material contracts of the Group or its subsidiaries involving the interest of any Director or controlling shareholder subsisting at the end of the financial year ended 31 December 2007.

VIII. RISK MANAGEMENT

Management will regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Pacific Healthcare Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2007.

Directors

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

Mr Sim Swee Yam, Peter	
Dr Chong Lai Leong, William	
Dr Huang Hsiang Shui, Martin	
Dr Chu Aye Aye Han, Sandra	
Mr Lee Kiam Hwee, Kelvin	(appointed on 2 April 2007)
Mr Goh Boon Kiat	(appointed on 2 April 2007)

In accordance with Article 91 of the Company's Articles of Association, Dr Huang Hsiang Shui, Martin and Mr Sim Swee Yam, Peter retire and, being eligible, offer themselves for re-election.

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed in the subsequent paragraph, 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 or debentures of the Company or any other body corporate.

Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap.50, an interest in shares and warrants of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of directors	**At beginning of the financial year**	**At end of the financial year**	**At beginning of the financial year**	**At end of the financial year**
Ordinary shares of the Company				
Mr Sim Swee Yam, Peter	75,000	75,000	-	-
Dr Chong Lai Leong, William	60,481,863	60,481,863	15,831,821	15,831,821
Dr Huang Hsiang Shui, Martin	8,526,667	8,526,667	-	-
Dr Chu Aye Aye Han, Sandra	5,423,667	5,423,667	-	-
Warrants of the Company				
Mr Sim Swee Yam, Peter	-	15,000	-	-
Dr Chong Lai Leong, William	-	12,096,372	-	3,166,364
Dr Huang Hsiang Shui, Martin	-	1,705,333	-	-
Dr Chu Aye Aye Han, Sandra	-	1,084,733	-	-

Directors' Interests in Shares and Debentures (cont'd)

By virtue of Section 7 of the Singapore Companies Act, Cap.50, Dr Chong Lai Leong, William is deemed to have an interest in all the related corporations of the Company.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2008.

Except as disclosed in this report, no director who held office at the end of the financial year had an interest in any shares, share options, warrants or debentures 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.

Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company 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 the director is a member, or with a company in which the director has a substantial financial interest.

Options

The Company has an employee share option scheme known as the Pacific Healthcare Employee Share Option Scheme (the "Scheme"). The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are vital to its well being and success. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increases the dedication and loyalty of these participants and motivates them to perform better.

Under the rules of the Scheme, executive directors, non-executive directors, independent directors and employees of the Company are eligible to participate in the Scheme. Controlling shareholders or associates who have contributed to the success and development of the Group are eligible to participate in the Scheme. Independent shareholders' approval is required in the form of separate resolutions for each grant of options. The Company will at such time provide the rationale and justification for any proposal to grant the controlling shareholders or associates any options (including the rationale for any discount to the market price, if so proposed).

The total number of shares over which options may be granted pursuant to the Scheme shall not exceed 15% of the issued share capital of the Company on the date immediately preceding the date on which an offer to grant an option is made.

The total number of shares over which options may be granted to controlling shareholders and their associates under the Scheme, shall not exceed 25% of the shares available under the Scheme provided always that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the shares available under the Scheme.

A committee is charged with the administration of the Scheme in accordance with the rules of the Scheme. The committee consists of directors appointed by the board of directors of the Company. The number of options to be offered to a participant shall be determined at the discretion of the committee who shall take into account criteria such as rank and responsibilities within the Group, performance, years of service, contributions to the Company and the board and potential for future development of the participant and the performance of the Group.

Options (cont'd)

The exercise price for each share in respect of which an option is exercisable shall be determined by the committee at its absolute discretion and fixed by the committee at: (i) a price equal to the average of the last dealt prices for a share as determined by reference to the daily official list published by the SGX-ST for the 3 consecutive market days immediately preceding the relevant offer date; or (ii) a price which is set at a discount to the market price, provided that the maximum discount shall not exceed 20% of the market price and the shareholders in general meeting shall have authorised the making of offers and grants of options under the Scheme at a discount.

The Scheme shall continue in operation for a maximum duration of 10 years commencing from the date on which the Scheme was adopted by the Company in the extraordinary general meeting on 23 August 2005. However, the Scheme may continue beyond this period with the approval of the shareholders in general meeting.

During the financial year and since the adoption of the Scheme, no option to take up unissued shares of the Company or any corporation in the Group was granted.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Lee Kiam Hwee, Kelvin (Chairman)	(appointed on 2 April 2007)
Mr Sim Swee Yam, Peter	
Mr Goh Boon Kiat	(appointed on 2 April 2007)

All members of the Audit Committee were non-executive directors and were independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's external auditor;
- the assistance given by the Company's management to both the external and internal auditors; and
- the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2007 before their submission to the Board of Directors, as well as the independent auditor's report on the financial statements of the Company and the consolidated financial statements of the Group.

The Audit Committee, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee has recommended to the Board that the independent auditor, Ernst & Young, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Independent Auditor

The independent auditor, Ernst & Young, has expressed its willingness to accept re-appointment.

On behalf of the board of directors

Mr Sim Swee Yam, Peter
Director

Dr Chong Lai Leong, William
Director

Singapore
31 March 2008

Statement by Directors

We, Mr Sim Swee Yam, Peter and Dr Chong Lai Leong, William, being two of the directors of Pacific Healthcare Holdings Ltd., do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) 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.

On behalf of the board of directors

Mr Sim Swee Yam, Peter
Director

Dr Chong Lai Leong, William
Director

Singapore
31 March 2008

Independent
Auditors' Report

To the members of Pacific Healthcare Holdings Ltd.

We have audited the accompanying financial statements of Pacific Healthcare Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 17 to 88, which comprise the balance sheets of the Group and the Company as at 31 December 2007, the statements of changes in equity of the Group and the Company, the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements as of 31 December 2006 were audited by another auditor whose report dated 26 March 2007 expressed an unqualified opinion on the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

Independent
Auditors' Report

To the members of Pacific Healthcare Holdings Ltd.

Opinion

In our opinion,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) 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.

ERNST & YOUNG
Public Accountants and
Certified Public Accountants

Singapore
31 March 2008

Balance Sheets
as at 31 December 2007

	Notes	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
ASSETS					
Current assets					
Cash and cash equivalents	4	20,165	9,766	7,577	3,008
Trade and other receivables	5	21,146	26,896	17,313	26,467
Other assets	6	2,566	1,050	320	133
Inventories	7	2,462	2,047	13	13
Asset classified as held for sale	30	302	–	–	–
		46,641	39,759	25,223	29,621
Non-current assets					
Investments in subsidiaries	8	–	–	34,268	24,810
Investments in associates	9	3,942	953	1,360	1,360
Other investments	10	2,403	468	2,290	360
Property, plant and equipment	11	20,638	18,792	4,042	2,722
Goodwill	12	20,929	20,331	–	–
Intangible assets	13	6,276	6,416	–	–
Other receivables	5	547	1,139	–	32
Other assets	6	5,727	1,631	42	–
		60,462	49,730	42,002	29,284
TOTAL ASSETS		107,103	89,489	67,225	58,905
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	14	13,646	8,237	7,270	7,892
Other liabilities	15	3,247	4,538	609	2,547
Income tax payable		720	807	–	–
Current portion of long-term borrowings	16	8,645	9,318	7,010	7,578
Current portion of finance leases	17	1,900	2,077	126	126
		28,158	24,977	15,015	18,143
Non-current liabilities					
Deferred tax liabilities	29	1,901	2,172	34	34
Other payables	14	139	316	139	243
Provisions	18	932	946	355	155
Long-term borrowings	16	10,762	12,115	9,073	8,411
Finance leases	17	579	2,380	116	242
		14,313	17,929	9,717	9,085
TOTAL LIABILITIES		42,471	42,906	24,732	27,228
Equity attributable to equity holders of the Company					
Share capital	19	39,252	26,842	39,252	26,842
Foreign currency translation reserve	20	(568)	(596)	–	–
Retained earnings		18,914	15,397	3,241	4,835
		57,598	41,643	42,493	31,677
Minority interests		7,034	4,940	–	–
TOTAL EQUITY		64,632	46,583	42,493	31,677
TOTAL EQUITY AND LIABILITIES		107,103	89,489	67,225	58,905

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated
Income Statement
for the financial year ended 31 December 2007

	Notes	Group 2007 $'000	Group 2006 $'000
Revenue	21	75,155	63,839
Other items of income			
Interest income	22	566	387
Dividend income	23	76	–
Other income	24	5,351	4,042
Items of expense			
Financial expense	25	(2,285)	(1,989)
Changes in inventories of consumables and medical supplies		236	(24)
Purchases of consumables and medical supplies		(14,570)	(12,427)
Employee benefits expense	26	(40,885)	(31,623)
Depreciation and amortisation	27	(3,779)	(3,071)
Rental expense		(5,801)	(5,039)
Other expenses	28	(8,303)	(7,600)
Share of results of associates		989	(678)
Profit before tax		6,750	5,817
Income tax expense	29	(697)	(983)
Profit for the year		6,053	4,834
Attributable to:			
Equity holders of the Company		5,735	4,042
Minority interests		318	792
		6,053	4,834
Earnings per share attributable to equity holders of the Company (cents per share)			
Basic	35	2.07	1.69
Diluted	35	2.07	1.69

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of
Changes in Equity
for the financial year ended 31 December 2007

Group	Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Minority interests $'000	Total equity $'000
	Attributable to equity holders of the Company					
Opening balance at 1 January 2007	26,842	(596)	15,397	41,643	4,940	46,583
Exchange difference on translating foreign operations	–	36	–	36	(137)	(101)
Net income and (expense) recognised directly in equity	–	36	–	36	(137)	(101)
Profit for the year	–	–	5,735	5,735	318	6,053
Total recognised income for the year	–	36	5,735	5,771	181	5,952
Issue of share capital (Note 19)	13,020	–	–	13,020	–	13,020
Share issue expenses (Note 19)	(610)	–	–	(610)	–	(610)
Business combinations (Note 30)	–	–	–	–	2,124	2,124
Disposal of subsidiaries (Note 30)	–	(8)	–	(8)	(181)	(189)
Dividends paid (Note 31)	–	–	(2,218)	(2,218)	–	(2,218)
Dividends paid to minority interests	–	–	–	–	(30)	(30)
Closing balance at 31 December 2007	39,252	(568)	18,914	57,598	7,034	64,632
Opening balance at 1 January 2006	26,965	(413)	12,501	39,053	9,381	48,434
Exchange difference on translating foreign operations	–	(183)	–	(183)	(4)	(187)
Net expense recognised directly in equity	–	(183)	–	(183)	(4)	(187)
Profit for the year	–	–	4,042	4,042	792	4,834
Total recognised (expense) and income for the year	–	(183)	4,042	3,859	788	4,647
Share issue expenses (Note 19)	(123)	–	–	(123)	–	(123)
Acquisition of additional interest in subsidiaries	–	–	–	–	(4,569)	(4,569)
Business combinations (Note 30)	–	–	–	–	57	57
Disposal of subsidiaries (Note 30)	–	–	–	–	(638)	(638)
Dividends paid (Note 31)	–	–	(1,146)	(1,146)	–	(1,146)
Dividends paid to minority interests	–	–	–	–	(79)	(79)
Closing balance at 31 December 2006	26,842	(596)	15,397	41,643	4,940	46,583

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of
Changes in Equity

for the financial year ended 31 December 2007

Company	**Share capital** $'000	**Retained earnings** $'000	**Total equity** $'000
Opening balance at 1 January 2007	26,842	4,835	31,677
Profit for the year	–	624	624
Total recognised income for the year	–	624	624
Issue of share capital (Note 19)	13,020	–	13,020
Share issue expenses (Note 19)	(610)	–	(610)
Dividends paid (Note 31)	–	(2,218)	(2,218)
Closing balance at 31 December 2007	39,252	3,241	42,493
Opening balance at 1 January 2006	26,965	3,319	30,284
Profit for the year	–	2,662	2,662
Total recognised income for the year	–	2,662	2,662
Share issue expenses (Note 19)	(123)	–	(123)
Dividends paid (Note 31)	–	(1,146)	(1,146)
Closing balance at 31 December 2006	26,842	4,835	31,677

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated
Cash Flow Statement

for the financial year ended 31 December 2007

	2007 $'000	2006 $'000
Cash flows from operating activities:		
Profit before tax	6,750	5,817
Adjustments for:		
Depreciation expense	3,639	2,907
Interest income	(566)	(387)
Interest expense	1,593	1,322
Fair value adjustment on financial assets and financial liabilities	(261)	359
Preliminary expenses written off	15	–
Bad trade receivables written off	118	36
Provision for impairment of doubtful debts	653	215
Share of results of associates	(989)	678
Dividend income	(76)	–
Goodwill impairment	200	254
Amortisation of intangible assets	140	164
Excess of net assets acquired over cost	(234)	–
Loss on disposal of plant and equipment	307	42
Gain on disposal of subsidiaries	(2,967)	(2,730)
Loss on disposal of associates	–	1,027
Unrealised exchange gain	(29)	(56)
Operating cash flows before changes in working capital	8,293	9,648
Cash restricted in use	(122)	(133)
Trade and other receivables	1,092	(5,655)
Inventories	(236)	(299)
Trade and other payables	3,596	1,780
Cash flows from operations	12,623	5,341
Income tax paid	(1,066)	(1,414)
Net cash flows from operating activities	11,557	3,927
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	4	21
Purchase consideration paid for purchase of subsidiaries	(545)	(720)
Purchase of property, plant and equipment (Note 11)	(5,619)	(3,078)
Proceeds from disposal of associates	3,926	4,263
Net cash inflow/(outflow) on disposal of subsidiaries/business units (Note 30)	1,017	(483)
Net cash outflow on acquisition of subsidiaries/business units (Note 30)	(2,102)	(1,235)
Acquisition of additional interests in subsidiaries	(1,179)	(3,385)
Interest received	353	255
Dividend from associates	138	1,270
Dividend from other investments	76	–
Loans to associates	–	(2,036)
Purchase of investment securities	(1,935)	(332)
Net cash flows used in investing activities	(5,866)	(5,460)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated
Cash Flow Statement
for the financial year ended 31 December 2007

	2007 $'000	2006 $'000
Cash flows from financing activities:		
Proceeds from issuance of shares	12,410	–
(Repayment of)/proceeds from borrowings	(1,713)	6,023
Repayment of obligation under finance leases	(2,276)	(1,727)
Interest paid	(1,593)	(1,322)
Dividend paid	(2,218)	(1,146)
Dividend paid to minority interests of a subsidiary	(30)	(79)
Net cash flows from financing activities	4,580	1,749
Net increase in cash and cash equivalents	10,271	216
Effect of exchange rate changes on cash and cash equivalents	6	3
Cash and cash equivalents at beginning of year	9,633	9,414
Cash and cash equivalents at end of year (Note 4)	19,910	9,633
Cash as disclosed in balance sheet	20,165	9,766
Less: Cash restricted in use	(255)	(133)
Cash and cash equivalents at end of year (Note 4)	19,910	9,633

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Pacific Healthcare Holdings Ltd. (the "Company") is a limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activities of the Company are those of investment holding and to carry on the business of healthcare management.

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

The registered office and principal place of business of the Company is located at 290 Orchard Road #12-01 Paragon Singapore 238859. The Company is domiciled in Singapore.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 *Changes in accounting policies*

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below:

(a) *Adoption of new and revised FRS and INT FRSs*

The Group and the Company have adopted all new and revised FRSs and INT FRSs applicable for the year ended 31 December 2007. These do not have any significant impact to the financial statements except for the amendment to FRS 1 and FRS 107 as indicated below.

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group has applied FRS 107 and the amendment to FRS 1 from the annual period beginning 1 January 2007. The adoption of FRS 107 and the amendment to FRS 1 has resulted in additional disclosures in the financial statements.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

(b) ***Future changes in accounting policies***

The Group and Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 23	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	Operating Segments	1 January 2009
INT FRS 111	Group and Treasury Share Transactions	1 March 2007
INT FRS 112	Service Concession Arrangements	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

2.3 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.8(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. Summary of significant accounting policies (cont'd)

2.4 *Transactions with minority interests*

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from equity holders' equity. Transactions with minority interests are accounted for using the parent entity extension method, whereby, on acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised in goodwill. Gain or loss on disposal to minority interests is recognised in the income statement.

2.5 *Significant accounting estimates and judgements*

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) ***Useful lives of plant and equipment***

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the balance sheet date is disclosed in Note 11 to the financial statements.

(ii) ***Useful lives of leasehold improvements***

Management estimates the useful lives of these leasehold improvements to be 10 years. The terms of the leases for the Group's premises may however be less than 10 years. Management has assumed the Group will be able to renew the terms of its leases on their expiry and hence the estimated useful lives for leasehold improvements of 10 years is appropriate. In the event the Group is not able to renew the terms of its various leases and the Group vacates the relevant premises, the carrying value of leasehold improvements related to the vacated premises would have to be fully impaired. The carrying amount of the Group's leasehold improvements at the balance sheet date is disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies (cont'd)

2.5 *Significant accounting estimates and judgements (cont'd)*

(a) *Key sources of estimation uncertainty (cont'd)*

(iii) *Impairment of investment in subsidiaries or associates*

The Group determines whether there is any impairment on the investment in subsidiaries and associates on an annual basis. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The carrying value of the investment in subsidiaries and associates for the Company as at the balance sheet date were $34,268,000 (2006: $24,810,000) and $1,360,000 (2006: $1,360,000) respectively. The carrying value of the investment in associates for the Group as at the balance sheet date was $3,942,000 (2006: $953,000).

(iv) *Allowances for doubtful debts*

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses account receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. At the balance sheet date, the receivables are measured at recoverable value and their recoverable values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the balance sheet date.

(v) *Sign-on bonuses*

The Group enters into service agreements with certain of its doctors. These service agreements include sign-on bonuses that are paid to the doctors concerned. The carrying value of sign-on bonuses is $6,532,000 (2006: $2,043,000) as at balance sheet date. An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts are determined for each relevant doctor based on calculations of future probability of the doctor concerned. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

2. Summary of significant accounting policies (cont'd)

2.5 *Significant accounting estimates and judgements (cont'd)*

(a) ***Key sources of estimation uncertainty (cont'd)***

(vi) ***Impairment of non-financial assets***

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and intangible assets, are given in Note 12 and 13 to the finance statements respectively.

(b) ***Critical judgements made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) ***Income taxes***

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at the balance sheet date was $720,000 (2006: $807,000) and $1,901,000 (2006: $2,172,000) respectively.

2. Summary of significant accounting policies (cont'd)

2.6 *Functional and foreign currency*

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and leasehold improvements are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	-	10 years
Plant and equipment	-	3 to 10 years
Freehold land and leasehold improvements in progress	-	Depreciation is not provided

Assets under construction are not depreciated as these assets are not yet available for use.

2. Summary of significant accounting policies (cont'd)

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.8 *Intangible assets*

(a) *Goodwill*

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2. Summary of significant accounting policies (cont'd)

2.8 *Intangible assets (cont'd)*

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. The useful lives are as follows:

Brand	-	Indefinite life or 15 years
Customer relationship	-	5 to 7 years

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.10 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associate in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

2.12 *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Significant accounting policies (cont'd)

2.12 *Financial assets (cont'd)*

(a) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or are acquired principally for the purpose of selling or repurchasing it in the near term.

Subsequently to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) ***Loans and receivables***

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) ***Held-to-maturity investments***

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(d) ***Available-for-sale financial assets***

Available-for-sale financial assets are those financial assets that are not classified in any of the other categories. After initial recognition, available-for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

A financial asset is derecognised when:

(a) the Group transfers the contractual rights to receive the cash flows of the financial asset; or

(b) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in a 'pass-through' arrangement; or

2. Summary of significant accounting policies (cont'd)

2.12 *Financial assets (cont'd)*

(c) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.13 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) ***Assets carried at amortised cost***

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets (cont'd)*

(b) ***Assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) ***Available-for-sale financial assets***

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 *Inventories*

Inventories are stated at the lower of cost (weighted average basis) and net realisable value. Cost includes all costs of purchase, costs of conversion 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 the estimated costs necessary to make the sale.

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.17 *Financial liabilities*

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

2.18 *Borrowings costs*

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.19 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to income statement.

2.20 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2. Summary of significant accounting policies (cont'd)

2.21 *Leases*

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(e).

2.22 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rendering of services*

Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue from rendering of long-term services is recognised by reference to the stage of completion of the transaction at the balance sheet date determined by services performed to date as a percentage of total services and the amount of revenue, stage of completion, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) *Interest income*

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (cont'd)

2.22 *Revenue (cont'd)*

(d) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

(e) ***Rental income***

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 *Income taxes*

(a) ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) ***Deferred tax***

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

2. Summary of significant accounting policies (cont'd)

2.23 *Income taxes (cont'd)*

(b) ***Deferred tax (cont'd)***

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 *Dividend*

Interim dividends are recorded in the year in which they are declared payable. Final dividends are recorded in the year in which the dividends are approved by shareholders.

2.25 *Segment reporting*

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.26 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 *Contingencies*

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2. Summary of significant accounting policies (cont'd)

2.28 *Sign-on bonuses*

The Group enters into service agreements with certain of its doctors. These service agreements include sign-on bonuses that are paid to the doctors concerned. Sign-on bonuses are initially measured at cost. Following initial measurement, sign-on bonuses are measured at cost less any accumulated amortisation and accumulated impairment losses.

Sign-on bonuses are amortised over the service periods with the doctors, which range from 2 years to 20 years (2006: 2 years to 16 years).

3. Related party transactions

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

3.1 *Related companies:*

Related companies in these financial statements refer to members of the Company's group of companies. Associates also include those that are associates of the Company and/or related companies.

There are transactions and arrangements between the Company and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances, an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance.

Intragroup transactions and balances that have been eliminated in the consolidated financial statements are not disclosed as related party transactions and balances below.

3.2 *Other related parties:*

There are transactions and arrangements between the Group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances, an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance.

3. Related party transactions (cont'd)

3.2 ***Other related parties: (cont'd)***

Significant related party transactions:

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Director - rental expense	(36)	(36)	–	–
Associates of the Group*:				
- Management fee income	130	144	130	144
- Interest income	89	40	89	40
- Dividend income	138	1,270	138	–
- Utilities	27	32	–	–
- Rendering of services	1	–	–	–
- Compensation fee	1,500	–	–	–
- Rental income	540	411	146	97
- Rental expense	(86)	(147)	–	–
- Agent fee	(1)	(3)	–	–
- Facility charge	(29)	(38)	–	–

* Included are transactions with associates for which a director has substantial financial interests as follows:

- Management fee income	–	24	–	24
- Interest income	–	22	–	22

3.3 ***Compensation of key management personnel:***

	Group	
	2007	**2006**
	$'000	**$'000**
Short-term employee benefits	6,204	3,164
Central Provident Fund contributions	87	73
	6,291	3,237
Comprise amounts paid to:		
Directors of the Company	5,640	2,797
Other key management personnel	651	440
	6,291	3,237

3. Related party transactions (cont'd)

3.3 *Compensation of key management personnel: (cont'd)*

The above amounts are included in the income statement under the line item 'employee benefits expense'. Included in the above amounts are the following items:

	Group	
	2007	**2006**
	$'000	**$'000**
Fees to directors of the Company	160	156
Remuneration of directors of the Company +	5,480	2,641

\+ Includes professional fees and sign-on bonuses paid to directors in their capacity as doctors. During the year, certain directors were paid a sign-on bonus of $3,900,000 (2006: $200,000) in their capacity as a doctor of which $270,000 (2006: $50,000) was charged to the income statement.

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly.

3.4 *Commitments and contingencies:*

	Group		Company	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Financial guarantees given by the Company to banks for loans granted to subsidiaries	–	–	2,125	3,340
Financial guarantees given by the Company to banks for loans granted to a former associate	–	2,223	–	2,223
	–	2,223	2,125	5,563

In addition to the above, certain directors of the Company and/or subsidiaries have provided guarantees for certain borrowing facilities (Notes 16 and 17).

All the guarantees are provided without charge. Management has estimated the fair value of the financial guarantees based on market rates and the amount is not significant.

4. Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Cash at banks and in hand	15,817	9,633	3,417	2,942
Short term deposits:				
Not restricted in use	4,093	–	4,093	–
Restricted in use [(a)]	255	133	67	66
	20,165	9,766	7,577	3,008
Analysis of above amount denominated in foreign currency:				
United States dollar	110	59	89	19
Indian Rupees	49	19	–	–
Hong Kong dollar	2,235	40	–	–

(a) This is for bank balance held by bank as security for certain overdraft facilities and performance guarantee granted to the Group.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one week and one month depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates, which range from 1.8% to 3.25% (2006: 1.8%) per annum.

Cash and cash equivalents in the cash flow statement:

	Group	
	2007	2006
	$'000	$'000
As shown above	20,165	9,766
Cash restricted in use	(255)	(133)
Cash and cash equivalents at end of year	19,910	9,633

5. Trade and other receivables

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables:				
Outside parties	6,194	5,332	–	–
Less: Allowance for impairment	(1,154)	(571)	–	–
Subsidiaries	–	–	2,200	2,474
Other receivables:				
Amounts due from doctors/former doctors	915	1,915	–	216
Deposits				
- Rental	1,508	1,990	540	542
- Related party	41	41	–	–
- Others	106	533	40	18
Amount due from associates	3,705	2,580	1,598	2,215
Less: Allowance for impairment	(531)	(402)	(384)	(305)
Amount due from a third party on taking over a ready for use premise	126	286	126	286
Amount due from a former owner of a business unit	127	127	–	–
Loan receivables on disposal of associates	–	1,599	–	1,032
Reimbursement of expenses from an investee company	323	300	–	–
Other receivables	1,140	790	527	506
Other related parties				
- Consideration receivable for disposal of subsidiaries and a business unit	2,302	8,274	2,090	8,274
- Dividends receivable	1,442	1,535	1,442	1,535
- Others	324	298	178	72
Deferred consideration for disposal of shares in subsidiaries	436	–	–	–
Consideration paid to vendor for acquisition of subsidiaries (Note 30)	2,956	–	–	–
Deposit paid for acquisition of subsidiaries	899	–	–	–
Amounts due from former associate	277	2,221	72	1,885
Amounts due from subsidiaries	–	–	8,884	7,686
Employee loans	10	48	–	31
	21,146	26,896	17,313	26,467
Other receivables (non-current):				
Amount due from doctors/ former doctors	160	401	–	–
Amount due from former associate	346	540	–	–
Employee loans	–	32	–	32
Other receivables	41	166	–	–
	547	1,139	–	32

5. Trade and other receivables (cont'd)

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Total trade and other receivables (current and non-current)	21,693	28,035	17,313	26,499
Add: Cash and cash equivalents (Note 4)	20,165	9,766	7,577	3,008
Total loans and receivables	41,858	37,801	24,890	29,507
Analysis of total trade and other receivables denominated in foreign currency:				
Hong Kong dollar	5,788	1,857	–	–
Indian Rupees	62	86	–	–

The credit periods generally granted to non-related trade receivable customers for the Group range from 30 to 90 days (2006: 30 to 90 days) and trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values.

The agreements for the advances to doctors/former doctors provide that they are unsecured, with zero rate of interest and repayable over 36 to 48 monthly instalments commencing July 2004 and March 2005. The loans are carried at amortised cost using effective interest rate of 6.5% per annum (only applicable to advances with instalment plans), which is the Group's cost of borrowing. During the year, $196,000 (2006: $180,000) were recovered from a director of the Company on behalf of the doctors/former doctors. The carrying value of the advances to doctors/former doctors approximates the fair value.

Amount due from a third party for taking over ready for use premises is unsecured, interest free and has been repaid in February 2008.

Amount due from a former owner of a business unit is unsecured, interest free and has no fixed repayment terms.

The amount due from other related parties includes the balance of $2,302,000 (2006: $8,274,000) owing from Radlink-Asia Pte Ltd for the disposal of certain subsidiaries on 1 December 2006 (Note 30). This amount is recorded at fair value.

Deposit paid for acquisition of subsidiaries relate to amount kept in an escrow account which will be paid to vendor based on the progress of acquisition.

The loans to former associate are unsecured and bear effective interest rates ranging from 0% to 6.5% (2006: 0% to 6.5%) per annum. Included in these loans is an amount repayable over 72 monthly instalments commencing January 2005. The remaining amount has no fixed repayment terms.

The loans to employees are unsecured and interest free. Included in these loans is a loan amounting to $10,000 repayable over 12 monthly instalments commencing February 2007. The remaining amount has no fixed repayment terms.

5. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,150,000 (2006: $1,446,000) and other receivables amounting to $3,925,000 (2006: $2,990,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2007	**2006**
	$'000	**$'000**
Trade receivables past due:		
Lesser than 30 days	248	205
30 to 60 days	185	143
61-90 days	197	99
91-120 days	100	89
More than 120 days	420	910
	1,150	1,446

	Group	
	2007	**2006**
	$'000	**$'000**
Other receivables past due:		
Lesser than 30 days	228	2,374
30 to 60 days	74	58
61-90 days	61	39
91-120 days	58	32
More than 120 days	3,504	487
	3,925	2,990

Receivables that are impaired

The Group's trade and other receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2007	**2006**
	$'000	**$'000**
Trade receivables	1,154	883
Less: Allowance for impairment	(1,154)	(571)
	–	312
Movements in allowance accounts:		
At 1 January	571	746
Charge for the year	653	427
Written off	(70)	(390)
Recovered from director/doctor [a]	–	(212)
At 31 December	1,154	571

5. Trade and other receivables (cont'd)

Receivables that are impaired (cont'd)

	Group 2007 $'000	Group 2006 $'000
Amount due from associates	1,246	1,039
Less: Allowance for impairment	(531)	(402)
	715	637
Movements in allowance accounts:		
At 1 January	402	–
Charge for associates included in share of results of associates	129	402
At 31 December	531	402

[a] This represents impaired trade receivables that will be recovered from a director/doctor in his capacity as a doctor. This amount has been repaid by the director/doctor in current year.

Trade receivables that are determined to be impaired at the balance sheet date relate to receivables that are outstanding more than 1 year. These receivables are not secured by any collateral or credit enhancement.

Amounts due from associates that are determined to be impaired at the balance sheet date relate to associates that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

6. Other assets

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Other assets (current):				
Prepayments	1,053	638	101	133
Sign-on bonuses	1,021	412	–	–
Deferred lease expenses	492	–	219	–
	2,566	1,050	320	133
Other assets (non-current):				
Prepayments	216	–	42	–
Sign-on bonuses	5,511	1,631	–	–
	5,727	1,631	42	–

7. Inventories

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Balance sheet:				
Medical supplies at cost	2,462	2,047	13	13
Income statement:				
Inventories recognised as an expense	14,334	12,451	–	–

8. Investments in subsidiaries

	Company	
	2007	2006
	$'000	$'000
Unquoted equity shares at cost	24,474	20,249
Less: Allowance for impairment	(1,286)	(1,286)
Costs incurred in relation to acquisition of subsidiaries	335	335
Quasi-equity loans	11,151	5,918
Less: Allowance for impairment	(406)	(406)
Total cost	34,268	24,810
Movements in above allowance:		
Balance at beginning of year	1,692	–
Impairment loss charged to income statement included in other expenses	–	1,692
Balance at end of year	1,692	1,692

The quasi-equity loans are interest-free loans to subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future. They are, in substance, part of the Company's net investment in the subsidiaries.

Details of the subsidiaries in the Group are as follows:

Name of subsidiaries, country of incorporation and principal activities	Cost of the investments		Percentage of equity held by the Group	
	2007	2006	2007	2006
	$'000	$'000	%	%
Specialist Surgery and Laser Centre Pte Ltd [a] Singapore Provision of day surgical facilities	1,730	1,730	100	100
Adam Road Hospital Pte Ltd [a] Singapore Provision of psychiatric services and management of hospital	2,369	2,369	100	100

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Cost of the investments		Percentage of equity held by the Group	
	2007	2006	2007	2006
	$'000	$'000	%	%
Atria Pan Dental Group Pte Ltd [(a)] Singapore Practice of dental surgery and operation of dental clinics	1,188	1,188	100	100
Pacific Children's Clinic Pte Ltd [(b)] Singapore Provision of specialised medical and paediatric services	285	285	100	100
Pacific Healthcare Specialist Services Pte Ltd [(a)] Singapore Provision of specialised healthcare including ophthalmology and colorectal surgery	567	567	100	100
Pacific Healthcare Asia Pte Ltd [(b)] Singapore Trading of implants/investment holding	300	300	100	100
The Cosmetic Surgery Clinic Pte Ltd [(b)] Singapore Provision of cosmetic surgical services	200	200	100	100
MD Specialist Healthcare Pte Ltd [(a)] Singapore Provision of specialised medical services including day surgical centres and dental services	140	140	100	100
Aesthetic and Reconstructive Centre Pte Ltd [(b)] Singapore Provision of cosmetic surgical services	449	449	80	80
Pacific Healthcare Limited [(c)] Hong Kong Investment holding and provision of management services	3,639	– [(d)]	100	100
Pacific Dental Implant Centre Pte Ltd [(a)] Singapore Practice of dental surgery	1,374	1,374	100	100
MHC Holdings Pte Ltd [(b)] Singapore Investment holding	182	182	100	100

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Cost of the investments		Percentage of equity held by the Group	
	2007 $'000	2006 $'000	2007 %	2006 %
Pacific Healthcare Women's Centre Pte Ltd [(a)] Singapore Provision of obstetric and gynaecology services	500	500	100	100
Pacific Healthcare (India) Pte Ltd [(b)] Singapore Investment holding	560	560	70	70
Pacific Heart, Stroke and Cancer Centre Pte Ltd [(a)] Singapore Investment holding	9,119	9,119	100	100
PacHealth Medical Services Pte Ltd [(g)] [(h)] (acquired on 26 September 2007) India Provision of cosmetic surgery & dentistry services	586	–	50	–
Held by Pacific Dental Implant Centre Pte Ltd				
Robertson Choo Oehlers Lee & Lye Pte Ltd [(a)] Singapore Practice of dental surgery and operation of dental clinics	2,044	1,250	100	100
Centre For Oral Surgery And Implants Pte Ltd [(b)] Singapore Practice of dental surgery and operation of dental clinics	220	220	100	100
Held by Atria Pan Dental Group Pte Ltd				
Atria Medical Associates Pte Ltd [(b)] Singapore Practice of general medical practitioners	1,463	1,463	100	100
Implanet Pte Ltd [(b)] Singapore Provision of dental training	*–	*–	100	100
Cross Marketing Services Pte Ltd [(b)] Singapore Trading of implants and operation of Penthouse Aesthetiques Centre, a spa business	*–	*–	100	100
Image Ceramic Dental Laboratory Pte Ltd [(b)] Singapore Manufacturing and sale of dental products	*–	*–	100	100

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Cost of the investments 2007 $'000	Cost of the investments 2006 $'000	Percentage of equity held by the Group 2007 %	Percentage of equity held by the Group 2006 %
Held by Atria Medical Associates Pte Ltd				
The Clinic @ Cuppage Pte Ltd [(b)] Singapore Practice of general medical practitioners	525	525	70	70
Peninsula Plaza Clinic & Surgery Pte Ltd [(b)] Singapore Practice of general medical practitioners	1,333	1,333	100	100
Held by Pacific Healthcare Asia Pte Ltd				
Asia Lifeline Medical Services Pte Ltd [(b)] Singapore Provision of medical assistance services	51	51	51	51
Held by Pacific Healthcare Limited				
Health Concepts Limited [(c)] Hong Kong Provision of medical and health schemes services	1,374	1,374	80	80
Health Concepts Medical Centres Limited [(c)] Hong Kong Inactive	2	2	80	80
Pacific Kang Ying Healthcare Limited (formerly known as Clinics of Plastic & Maxillofacial Surgery Limited) [(c)] Hong Kong Investment holding	3,564	* –	75	100
Held by Pacific Kang Ying Healthcare Limited				
Shen Zhen Marsa Pacific Chain Enterprise Limited [(c)] (acquired on 12 November 2007) The People's Republic of China Provision of skin care services and sales of skin care products	3,389	–	52.5	–
Held by Pacific Healthcare (India) Pte Ltd				
Pacific Hospitals Private Limited [(e)] (disposed from 21 September 2007) India Provision of healthcare services including cord blood bank and management of hospital	–	892	–	49

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Cost of the investments		Percentage of equity held by the Group	
	2007 $'000	2006 $'000	2007 %	2006 %
<u>Held by Pacific Heart, Stroke and Cancer Centre Pte Ltd</u>				
Singapore Heart, Stroke and Cancer Centre Pte Ltd [(a)] Singapore Provision of heart, stroke, cancer and related medical services	6,848	6,848	51	51
<u>Held by Singapore Heart, Stroke & Cancer Centre Pte Ltd</u>				
Singapore Reference Centre for Medical Imaging Pte Ltd [(f)] Singapore Inactive	* –	* –	51	51
Singapore Centre for Medical Imaging Pte Ltd [(f)] Singapore Inactive	* –	* –	51	51

* Less than $1,000

(a) Audited by Ernst & Young, Singapore.

(b) Audited by LTC & Associates, Singapore.

(c) Audited by Horwath Hong Kong CPA Limited.

(d) Impairment loss on the cost of investment in these subsidiaries was fully provided for during the year.

(e) Audited by Suresh Surana & Associates, India.

(f) Audited by Joe Tan & Associates, Singapore.

(g) Audited by Nayak & Rane Chartered Accountants, Mumbai, India.

(h) The Company has the casting vote in the board of this subsidiary. Management is of the opinion that by virtue of this casting vote, the Company is deemed to be able to exercise management control over this subsidiary. Thus, the financial statements of this subsidiary are consolidated in 2007. Subsequent to year end, the Company has acquired the additional interest of 35% of the share capital of this subsidiary.

9. Investments in associates

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Unquoted equity shares at cost to the Company	–	–	1,424	1,424
Share of net assets of associates	3,938	949	–	–
Goodwill at cost less impairment	4	4	–	–
Less: Allowance for impairment	–	–	(64)	(64)
	3,942	953	1,360	1,360

	Company 2007 $'000	Company 2006 $'000
Movements in above allowance:		
Balance at beginning of year	64	–
Impairment loss charged to income statement included in share of results of associates	–	64
Balance at end of year	64	64

Details of the associates in the Group are as follows:

Name of associate, country of incorporation and principal activities	Percentage of equity held by the Group 2007 %	Percentage of equity held by the Group 2006 %
Held by the Company		
Pacific Eldercare and Nursing Pte Ltd [a] Singapore Provision of nursing home services (Yet to commence operations)	40	40
Pacific Hospital Consultants Pte Ltd [a] Singapore Investment holding	40	40
Haach Pacific Lifestyle & Wellness Pte Ltd [a] Singapore Provision of services and products related to wellness and beauty	40	40
The Wellness Lounge Pte Ltd [a] Singapore Provision of services and products related to wellness and beauty	40	40
Pacific Health Therapies Pte Ltd [a] Singapore Provision of non-medical wellness services	40	40

9. Investments in associates (cont'd)

Name of associate, country of incorporation and principal activities	Percentage of equity held by the Group 2007 %	2006 %
Held by Pacific Hospital Consultants Pte Ltd		
Rejuvemed Pte Ltd [(a)] Singapore Inactive	40	40
Held by Pacific Children's Clinic Pte Ltd		
Ikids Paediatric Practice Pte Ltd [(a)] Singapore Provision of specialised medical and paediatric services	50	50
Pacific Well Medical Clinic Pte Ltd [(a)] Singapore Provision of corporate support services	30	30
Held by Pacific Healthcare Asia Pte Ltd		
Synergy Healthcare Investments Pte Ltd [(a)] Singapore Investment holding	40	–

(a) Audited by LTC & Associates, Singapore.

The Group has not recognised losses relating to some associates where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the balance sheet date was $428,000 (2006: $306,000), of which $122,000 (2006: $93,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The summarised financial information of the associates, for the percentage ownership held by Group, is as follows:

	Group 2007 $'000	Group 2006 $'000
Assets and liabilities:		
Total assets	6,961	9,217
Total liabilities	2,820	8,596
Results:		
Revenue	704	649
Profit/(Loss) for the year	989	(678)

10. Other investments

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Available-for-sale financial assets:				
Quoted equity shares at fair value through equity	–	16	–	–
Unquoted equity shares at cost	2,643	692	2,290	360
Share of losses [(a)]	(240)	(240)	–	–
	2,403	468	2,290	360

Unquoted equity shares investments include the following entities:

Name of company, country of incorporation and principal activities	Group Cost of investment 2007 $'000	Group Cost of investment 2006 $'000	Company Cost of investment 2007 $'000	Company Cost of investment 2006 $'000
Pacific Healthcare Nursing Home Pte Ltd [(a)] Singapore Provision of nursing home services	120	120	360	360
Prestige Healthcare Investments Private Limited Singapore Investment holding	353	257	–	–
Pacific Respiratory Services Pte Ltd [(b)] Singapore Provision of specialised healthcare	–	75	–	–
Cure Heart Ltd. (acquired on 19 October 2007) Mauritius Investment holding	1,930	–	1,930	–
	2,403	452	2,290	360

(a) The Company disposed off 25% of its interest in this entity to third parties in 2005. Consequently, this former associate has been accounted as other investment from date of disposal. The share of losses of $240,000 (2006: $240,000) represents the Group's share of losses in this former associate up to date of disposal.

(b) On 21 February 2007, the Group disposed its investment in Pacific Respiratory Services Pte Ltd with carrying amount of $75,000 for a consideration of $75,000. There was no gain or loss recognised for this disposal.

11. Property, plant and equipment

Group	Freehold land $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Cost:				
At 1 January 2006	204	8,017	12,789	21,010
Exchange differences	(14)	(39)	203	150
Additions	–	3,269	3,799	7,068
Acquisition of subsidiaries (Note 30)	–	269	654	923
Disposal of subsidiaries (Note 30)	–	(33)	(609)	(642)
Disposals	–	(205)	(381)	(586)
At 31 December 2006 and 1 January 2007	190	11,278	16,455	27,923
Exchange differences	18	20	50	88
Additions	11	1,933	3,965	5,909
Acquisition of subsidiaries (Note 30)	–	393	886	1,279
Disposal of subsidiaries (Note 30)	(219)	(274)	(783)	(1,276)
Disposals	–	(377)	(588)	(965)
At 31 December 2007	–	12,973	19,985	32,958
Accumulated depreciation:				
At 1 January 2006	–	2,470	3,482	5,952
Exchange differences	–	(7)	270	263
Depreciation charge for the year	–	915	1,992	2,907
Acquisition of subsidiaries (Note 30)	–	252	385	637
Disposal of subsidiaries (Note 30)	–	(27)	(316)	(343)
Disposals	–	(65)	(220)	(285)
At 31 December 2006 and 1 January 2007	–	3,538	5,593	9,131
Exchange differences	–	19	28	47
Depreciation charge for the year	–	1,093	2,546	3,639
Acquisition of subsidiaries (Note 30)	–	60	183	243
Disposal of subsidiaries (Note 30)	–	(70)	(211)	(281)
Disposals	–	(116)	(343)	(459)
At 31 December 2007	–	4,524	7,796	12,320
Net carrying amount:				
At 31 December 2006	190	7,740	10,862	18,792
At 31 December 2007	–	8,449	12,189	20,638

11. Property, plant and equipment (cont'd)

Company	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 January 2006	146	568	714
Additions	2,158	543	2,701
Disposals	(44)	(2)	(46)
At 31 December 2006 and 1 January 2007	2,260	1,109	3,369
Additions	1,629	51	1,680
At 31 December 2007	3,889	1,160	5,049
Accumulated depreciation:			
At 1 January 2006	43	336	379
Depreciation charge for the year	150	129	279
Disposals	(9)	(2)	(11)
At 31 December 2006 and 1 January 2007	184	463	647
Depreciation charge for the year	237	123	360
At 31 December 2007	421	586	1,007
Net carrying amount:			
At 31 December 2006	2,076	646	2,722
At 31 December 2007	3,468	574	4,042

Assets held under finance leases and borrowings

During the financial year, the Group and Company acquired leasehold improvement, plant and equipment with an aggregate cost of $290,000 (2006: $3,990,000) and nil (2006: $1,602,000) respectively by means of finance leases and borrowings. The cash outflow on acquisition of leasehold improvement, plant and equipment of the Group and Company amounted to $5,619,000 (2006: $3,078,000) and $1,680,000 (2006: $1,099,000) respectively.

The carrying amount of leasehold improvement, plant and equipment of the Group and Company held under finance leases and borrowings at the balance sheet date was $6,999,000 (2006: $8,426,000) and $1,813,000 (2006: $2,025,000) respectively.

Leased assets are pledged as security for the related finance lease liabilities and borrowings.

Assets pledged as security

The Group's property, plant and equipment with a carrying amount of $163,000 (2006: $320,000) are mortgaged to secure the Group's bank loans (Note 16).

12. Goodwill

	Group $'000
Cost:	
At 1 January 2006	23,173
Acquisition of subsidiaries (Note 30)	1,491
Acquisition of additional interest in subsidiaries	2,237
Disposal of subsidiaries (Note 30)	(4,180)
Exchange differences	(159)
At 31 December 2006 and 1 January 2007	22,562
Acquisition of subsidiaries (Note 30)	12
Contingent purchase consideration [a]	817
Exchange differences	(31)
At 31 December 2007	23,360
Accumulated amortisation and impairment:	
At 1 January 2006	1,977
Impairment loss	254
At 31 December 2006 and 1 January 2007	2,231
Impairment loss	200
At 31 December 2007	2,431
Net carrying amount:	
At 31 December 2006	20,331
At 31 December 2007	20,929

(a) The purchase consideration for the acquisition of a subsidiary in the previous financial year had a variable component that was contingent on the audited net profit achieved by the subsidiary for the financial year ended 31 December 2006 to 31 December 2009. In 2006, the Group had estimated the variable component of the purchase consideration based on the financial budgets approved by management. For the financial year ended 31 December 2007, the Group has reviewed the estimated purchase consideration payable, and increased it by $817,000 according to the actual net profit achieved by the subsidiary in 2006. This gave rise to an adjustment to goodwill arising from this acquisition.

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segments.

A segment-level summary of the goodwill allocation is analysed as follows:

	Group 2007 $'000	Group 2006 $'000
Specialist segment	14,310	14,621
Primary segment	6,619	5,710
	20,929	20,331

12. Goodwill (cont'd)

The goodwill was tested for impairment in the fourth quarter of the financial year. An impairment loss is the amount by which the carrying amount of a CGU exceeds its recoverable amount. The recoverable amount of CGU is the higher of its fair value less costs to sell ("FVLCTS") or its value in use ("VIU"). The FVLCTS and VIU of the CGUs have been determined by Regents Public Accounting Corporation, an independent advisory firm, based on information provided by management.

Cash flow projections used in VIU calculations were based on financial budgets approved by management covering a six-year period. Cash flows beyond the six-year period were extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rates for the business segments in which the CGU operate.

The key assumptions used for VIU calculations for the business segments are as follows:

		Specialist	Primary
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	:	3% - 5% for FY2007 to FY2012; 1% - 2% in perpetuity (2006: 3% - 16% for FY2006 to FY2010; 1% - 2% in perpetuity)	0% - 37% for FY2007 to FY2012; 0% - 1% in perpetuity (2006: 0% - 30% for FY2006 to FY2010; 0% - 1% in perpetuity)
Discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs	:	12.7% to 13.3% (2006: 12.6% to 12.9%)	13.0% to 16.6% (2006: 12.6% to 13%)

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used were consistent with the forecast included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

Using the FVLCTS approach, enterprise value is determined based on its maintainable earnings and an appropriate capitalisation multiple of earnings. A commonly used earnings multiple is the EV-EBITDA multiple. The EV-EBITDA multiple measures the business value against its cash flow. In order to apply the multiples to the valuation, a net downward adjustment to the multiples to take into account marketability discount, control premium and small capitalisation discount.

The key assumptions used for the FVLCTS calculations are as follows:

Marketability discount	:	20% of the business value before transaction cost
Control premium	:	20% to the business value
Small capitalisation discount	:	30% to the multiple
Cost to sell	:	5% of the business value

The above assumptions used are in-line with prevailing market condition and consistent with forecast included in industry report.

Impairment loss recognised

Impairment loss of $200,000 (2006: $254,000) was charged to the income statement under the line item 'other expenses'. The impairment charge for 2007 arose from the Singapore specialist segment which was due to the closure of operation.

13. Intangible assets

Group	Brand $'000	Customer relationship $'000	Total $'000
Cost:			
At 1 January 2006	5,223	522	5,745
Additions	656	179	835
At 31 December 2006, 1 January 2007 and 31 December 2007	5,879	701	6,580
Accumulated amortisation:			
At 1 January 2006	–	–	–
Amortisation	32	132	164
At 31 December 2006 and 1 January 2007	32	132	164
Amortisation	15	125	140
At 31 December 2007	47	257	304
Net carrying amount:			
At 31 December 2006	5,847	569	6,416
At 31 December 2007	5,832	444	6,276

Brands

Brands relate to the subsidiaries' brand names for their specialised imaging services and dental services that were acquired in business combinations. Brands with finite useful lives, with net carrying amount of $184,000 (2006: $199,000) have an average remaining amortisation period of 13 years (2006: 14 years).

Customer relationship

Customer relationship relates to the clientele base that was acquired in business combinations. The net carrying amounts of $263,000 (2006: $355,000) and $181,000 (2006: $214,000) have an average remaining amortisation period of 3 years (2006: 4 years) and 5 years (2006: 6 years) respectively.

Amortisation expense

The amortisation of brands and customer relationship is included in the income statement under the line item 'Depreciation and amortisation'.

13. Intangible assets (cont'd)

The intangible assets with finite useful lives are amortised. The carrying amount of the intangible assets with indefinite useful lives is as follows:

	Group	
	2007	**2006**
	$'000	**$'000**
Brand acquired at cost	5,648	5,648

The above brand acquired is regarded as having an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

The brand with indefinite life is attributable to an entity in the specialist business segment and it was tested for impairment as part of the impairment test for goodwill (Note 12).

14. Trade and other payables

	Group		Company	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other payables (current):				
Trade payables:				
Outside parties	4,426	3,729	198	260
Other payables:				
Subsidiaries	–	–	4,515	5,056
Directors of subsidiaries	–	24	–	–
Directors	1,552	86	133	41
For purchase of investments				
- to be settled by cash	2,358	2,491	2,205	2,399
- to be settled by shares of the Company	–	100	–	100
Amounts payable to doctors	1,279	838	–	–
Deposits received	276	195	106	–
Deferred consideration on acquisition of subsidiary (Note 30)	1,473	468	–	–
Amount due to minority shareholder of a subsidiary	1,418	–	–	–
Others	864	306	113	36
	13,646	8,237	7,270	7,892
Other payables (non-current):				
Payables for purchase of investments	139	243	139	243
Others	–	73	–	–
	139	316	139	243

14. Trade and other payables (cont'd)

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Total trade and other payables	13,785	8,553	7,409	8,135
Add:				
- Accrued liabilities (Note 15)	3,247	2,719	609	526
- Loans and borrowings (Note 16)	19,407	21,433	16,083	15,989
- Finance leases (Note 17)	2,479	4,457	242	368
Total financial liabilities carried at amortised cost	38,918	37,162	24,343	25,018
Analysis of total trade and other payables denominated in foreign currency:				
Hong Kong dollar	3,508	613	–	341
Indian Rupees	63	87	–	12

The average credit period taken by the Group to settle non-related trade payables is about 125 days (2006: 125 days). The other payables are with short-term durations unless otherwise indicated. The carrying amounts are assumed to be a reasonable approximation of fair values. These amounts are non-interest bearing.

Amounts payable to doctors are without fixed repayment terms and interest, except for professional fee due to doctors which are payable based on consultancy agreements.

The payables for purchase of investments represent consideration for certain subsidiaries and associates acquired. The Group entered into sale and purchase agreements with certain vendors to acquire certain subsidiaries. The consideration for the acquisitions were or are to be satisfied by cash, shares in the Company to be issued to the vendors at a later date or a combination of both. The number of shares to be issued will be determined according to the provisions of each sale and purchase agreement. The ordinary shares, when issued, will rank pari passu in all respect with the existing shares of the Company.

The deferred consideration of $1,473,000 will be settled in cash by the Group after the injection of assets and liabilities to the subsidiaries by the vendor (Note 30).

Amount due to minority shareholder of a subsidiary relates to payment on behalf for expense and purchase of assets.

15. Other liabilities

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Deferred gain on disposal of subsidiaries (Note 30)	–	1,819	–	2,021
Accrued liabilities	3,247	2,719	609	526
	3,247	4,538	609	2,547

16. Long-term borrowings

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Bank loans	19,407	21,433	16,083	15,989
The borrowings are repayable as follows:-				
Not later than one year	8,645	9,318	7,010	7,578
Later than one year but not later than five years	10,762	12,115	9,073	8,411
	19,407	21,433	16,083	15,989
Analysis of above amount denominated in foreign currency				
United States dollar	1,988	2,878	–	–
Indian Rupees	–	376	–	–
Hong Kong dollar	82	97	–	–

Bank loans comprise:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Loan 1	56	722	56	722
Loan 2	963	1,643	–	–
Loan 3	–	500	–	500
Loan 4	–	1,980	–	1,980
Loan 5	–	1,250	–	1,250
Loan 6	–	376	–	–
Loan 7	–	1,035	–	1,035
Loan 8	1,704	2,590	1,704	2,590
Loan 9	2,950	4,112	2,950	4,112
Loan 10	3,040	3,800	3,040	3,800
Loan 11	291	450	–	–
Loan 12	1,988	2,878	–	–
Loan 13	82	97	–	–
Loan 14	8,333	–	8,333	–
	19,407	21,433	16,083	15,989

Loan 1: The SGD bank loan is covered by joint and several guarantees from certain directors of the Company and certain directors of the subsidiaries. The loan is repayable by equal monthly instalments over 4 1/2 years from August 2003. The effective interest rate was 7.0% (2006: 7.0%) per annum. Interest is repriced based on prime rate of the bank.

Loan 2: The SGD bank loan is covered by joint and several guarantees from certain directors of the Company and a corporate guarantee by the Company. The loan is repayable by equal monthly instalments over 5 years from August 2004. The effective interest rate is fixed at 5% per annum.

16. Long-term borrowings (cont'd)

Loan 3: The SGD bank loan is covered by joint and several guarantees from certain directors of the Company and corporate guarantees from certain subsidiaries and entities in which the Company has potential voting rights. The loan is repayable by 12 quarterly instalments of $250,000 each from June 2004. The effective interest rate is 7.5% (2006: 7.5%) per annum. Interest is repriced at the interval of 3 months. The loan has been fully repaid during the year.

Loan 4: The SGD 3-year revolving term loan is covered by joint and several guarantees from certain directors of the Company and corporate guarantees from certain subsidiaries and entities in which the Company has potential voting rights. The loan limit will be reduced by $650,000 every quarter commencing 3 months following the first draw down until its expiry 3 years after the first draw down date. The effective interest rates ranged from 6.620% to 6.652% (2006: 6.226% to 6.724%) per annum. Interest is repriced at the interval of 3 months. The loan has been fully repaid during the year.

Loan 5: The SGD bank loan is covered by joint and several guarantees from certain directors of the Company. The loan is repayable by 12 quarterly instalments of $250,000 each from June 2005. The effective interest rates ranged from 6.620% to 6.652% (2006: 6.446% to 6.724%) per annum. Interest is repriced at the interval of 3 months. The loan has been fully repaid during the year.

Loan 6: The INR bank loan is covered by joint and several guarantees from a director of the Company and a director of a subsidiary, and a legal mortgage over the Group's freehold land. The loan is repayable by 48 monthly instalments from February 2006. The effective interest rate is 11.25% (2006: 11.25%) per annum. Interest is repriced at the interval of 1 year. This loan has been presented as part of the liabilities of the disposal group classified as held for sale (Note 30).

Loan 7: The SGD bank loan is secured by an assignment of all rights and benefits including rental income, present and future, in respect of the existing and future tenancies entered by the Company for the property at 290 Orchard Road #19-01 The Paragon Singapore 238859. The loan is repayable over 48 monthly instalments from May 2006. The effective interest rates ranged from 5.78% to 5.85% (2006: 5.76% to 6.06%) per annum. Interest is repriced at the interval of 3 months. The loan has been fully repaid during the year.

Loan 8: The SGD bank loan is unsecured and repayable over 36 monthly instalments from July 2006. The effective interest rate is 5.50% (2006: 5.50%) per annum. Interest is repriced based on a fixed percentage above prime rate.

Loan 9: The SGD bank loan is covered by a negative pledge over the Company's assets and joint and several guarantees from certain directors of the Company. The loan is repayable over 48 monthly instalments from September 2006 until the loan is reduced to a revolving term loan limit of $1,500,000. The effective interest rate is 6.50% (2006: 6.50%) per annum. Interest is repriced based on a fixed percentage above prime rate.

Loan 10: The SGD bank loan is covered by a negative pledge over the Company's assets and repayable over 5 equal semi-annual instalments from December 2007. The effective interest rate is 6 months SIBOR plus 2.25% (2006: 6 months SIBOR plus 2.25%) per annum. Interest is repriced at the interval of 6 months.

Loan 11: The SGD bank loan is guaranteed by the Company up to 51% and a director of a subsidiary up to 49%. The loan is repayable over 36 monthly instalments from September 2006. The effective interest rate is 7.50% (2006: 7.50%) per annum. Interest is repriced based on a fixed percentage above prime rate.

16. Long-term borrowings (cont'd)

Loan 12: The USD bank loan is guaranteed by the Company up to 51% and a director of a subsidiary up to 49%. The loan is repayable over 48 monthly instalments from September 2006. The effective interest rates ranged from 7.65% to 7.97% (2006: 7.75%) per annum. Interest is repriced based on a fixed percentage above cost of funds.

Loan 13: The HKD bank loan is secured by a charge over the plant and equipment of a subsidiary and is repayable over 24 monthly instalments from September 2006. The effective interest rates ranged from 7.25% to 7.50% (2006: 7.75%) per annum.

Loan 14: The SGD bank loan is covered by a negative pledge over the Company's plant and equipment and repayable over 6 equal semi-annual instalments from August 2007. The effective interest rates ranged from 4.21% to 5.78% (2006: nil) per annum.

The carrying amounts of long-term borrowings approximate their respective fair values.

17. Finance lease liabilities

Group	Minimum lease payments 2007 $'000	Present value of payments 2007 $'000	Minimum lease payments 2006 $'000	Present value of payments 2006 $'000
Not later than one year	1,995	1,900	2,277	2,077
Later than one year but not later than five years	601	579	2,490	2,380
Total minimum lease payments	2,596	2,479	4,767	4,457
Less : Amounts representing finance charges	(117)	–	(310)	–
Present value of minimum lease payments	2,479	2,479	4,457	4,457

Company	Minimum lease payments 2007 $'000	Present value of payments 2007 $'000	Minimum lease payments 2006 $'000	Present value of payments 2006 $'000
Not later than one year	138	126	138	126
Later than one year but not later than five years	127	116	265	242
Total minimum lease payments	265	242	403	368
Less : Amounts representing finance charges	(23)	–	(35)	–
Present value of minimum lease payments	242	242	368	368

It is the Group's policy to lease certain of its plant and equipment and to finance certain of its leasehold improvements under finance leases. The average lease term is 3 to 5 years (2006: 3 to 5 years). The effective borrowing rate is about 4% (2006: 7%) per annum. Interest rates are fixed at the contract date. There is an exposure to fair value interest risk because the interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Singapore dollars. The obligations under finance leases are secured by the lessor's charge over the leased assets of the Group.

The above leases are guaranteed by the Company and/or certain directors of the Company.

The carrying amounts of the lease liabilities approximate their respective fair values.

18. Provisions

	Group $'000	Company $'000
Provision for restoration cost:		
At 1 January 2007	946	155
Arose during the financial year	432	200
Unused amounts reversed	(446)	–
At 31 December 2007	932	355

A provision for restoration cost is recognised when the Group entered into a lease agreement for premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set up in lease agreements.

19. Share capital

	Group and Company			
	2007		2006	
	No. of shares '000	Issued share capital $'000	No. of shares '000	Issued share capital $'000
Ordinary shares:				
At 1 January	238,803	26,842	238,803	26,965
Issued for public subscription	42,000	13,020	–	–
Share issue expenses	–	(610)	–	(123)
At 31 December	280,803	39,252	238,803	26,842

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Company ceased to have par value and the amount standing in the share premium reserve became part of the Company's share capital.

20. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

21. Revenue

	Group 2007 $'000	Group 2006 $'000
Rendering of services	74,011	62,437
Management fee income	405	471
Rental income	739	931
	75,155	63,839

22. Interest income

	Group 2007 $'000	Group 2006 $'000
Interest income from loans and receivables	566	387

23. Dividend income

	Group 2007 $'000	Group 2006 $'000
Dividend income from available-for-sale financial assets	76	–

24. Other income

	Group 2007 $'000	Group 2006 $'000
Compensation fee due from an associate for sale of business	1,500	–
Other income	475	581
Gain on disposal of subsidiaries [a]	2,967	2,730
Compensation for breach of contract	175	731
Excess of net assets acquired over cost	234	–
	5,351	4,042

[a] Included in gain on disposal of subsidiaries was a gain amounting to $2,073,000 (2006: $2,730,000) relating to the disposal of 10 GP clinics and a medical diagnostic service to Radlink-Asia Pte Ltd in 2006 (Note 30 (b)).

25. Financial expense

	Group 2007 $'000	Group 2006 $'000
Interest expense:		
- Bank loans	1,385	1,027
- Obligations under finance leases	208	295
Total interest expense	1,593	1,322
Foreign exchange transaction losses	182	57
Fair value adjustment:		
- Loans and receivables	(261)	468
- Financial liabilities carried at amortised cost	–	(109)
Provision for impairment of doubtful trade receivables, net of amount recovered from director/doctor	653	215
Bad trade receivables written off	118	36
Financial expense	2,285	1,989

26. Employee benefits expense

	Group 2007 $'000	Group 2006 $'000
Salaries and bonuses	39,420	30,226
Central Provident Fund Contribution	1,231	1,186
Other short-term benefits	234	211
	40,885	31,623

27. Depreciation and amortisation

	Group 2007 $'000	Group 2006 $'000
Depreciation of property, plant and equipment	3,639	2,907
Amortisation of intangible assets	140	164
	3,779	3,071

28. Other expenses

The following items have been included in arriving at other expenses:

	Group 2007 $'000	Group 2006 $'000
Goodwill impairment	200	254
Preliminary expenses written off	15	–
Loss on disposal of associates	–	1,027
Loss on disposal of plant and equipment	307	42
Non-audit fees paid to independent auditors of subsidiaries	52	34
Remuneration of directors of subsidiaries	787	2,077
Advertising and marketing expenses	1,891	1,239
Credit cards commission	816	514
Professional fees	815	438

29. Income tax expense and deferred tax

The major components of income tax expense for the years ended 31 December 2007 and 2006 are:

	Group 2007 $'000	Group 2006 $'000
Income statement:		
Current income tax		
- Current income taxation	813	926
- Under/(over) provision in respect of previous years	155	(63)
	968	863
Deferred income tax		
- Origination and reversal of temporary differences	(192)	120
- Effect of reduction in tax rate	(79)	–
Income tax expense recognised in the income statement	697	983

29. Income tax expense and deferred tax (cont'd)

Relationship between tax expense and accounting profit

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2006: 20%) to profit before income tax as a result of the following differences:

	Group	
	2007 $'000	2006 $'000
Profit before tax	6,750	5,817
Income tax expense at the statutory rate	1,215	1,163
Effect of different tax rates in other countries	(46)	(28)
Non-deductible expenses	661	531
Share of results of associates	(178)	136
Effect of reduction in tax rate	(79)	–
Effect of tax exemptions	(212)	(182)
Under/(over) provision in respect of previous years	155	(63)
Income not subject to tax	(1,010)	(551)
Benefits from previously unrecognised deferred tax assets	(234)	(23)
Deferred tax assets not recognised	425	–
	697	983

Deferred income tax as at 31 December relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Deferred tax liabilities:						
Intangible assets	(1,255)	(1,283)	28	30	–	–
Excess of net book value over tax base of plant and equipment	(646)	(902)	256	(147)	(34)	(34)
Total deferred tax liabilities	(1,901)	(2,185)	284	(117)	(34)	(34)
Deferred tax assets:						
Excess of tax base over net book value of plant and equipment	–	–	–	(2)	–	–
Unutilised tax losses	–	1	(1)	(1)	–	–
Unabsorbed capital allowances	–	12	(12)	–	–	–
Total deferred tax assets	–	13	(13)	(3)	–	–
Net total of deferred tax liabilities	(1,901)	(2,172)	271	(120)	(34)	(34)

29. Income tax expense and deferred tax (cont'd)

Presented in the balance sheet as follows:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Deferred tax liabilities	1,901	2,172	34	34

Unrecognised tax losses and unabsorbed capital allowances

At the balance sheet date, the Group has tax losses and unabsorbed capital allowances of approximately $2,563,000 (2006: $394,000) and $210,000 (2006: $148,000) that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences (2006: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

30. Acquisition and disposals of subsidiaries / business units

Acquisition of subsidiary

On 7 March 2007, the Group through its wholly-owned subsidiary, Pacific Healthcare Asia Pte Ltd, acquired a 100% equity interest in Synergy Healthcare Investments Pte Ltd ("Synergy") for a consideration of $10,000.

On 26 September 2007, the Company acquired a 50% equity interest in PacHealth Medical Services Pte Ltd ("PMSPL") for a consideration of $586,000.

On 12 November 2007, the Group acquired a 70% equity interest in Shen Zhen Marsa Pacific Chain Enterprise Limited ("SZMPCEL") through its 75% owned subsidiary, Pacific Kang Ying Healthcare Limited for a consideration of $3,389,000.

30. Acquisition and disposals of subsidiaries / business units (cont'd)

Acquisition of subsidiary (cont'd)

The fair value of the identifiable assets and liabilities of PMSPL and SZMPCEL as at the date of acquisition were:

	Group 2007 $'000	Group 2006 $'000
Cash and cash equivalents	410	151
Trade and other receivables [(a)]	5,420	327
Inventories	221	33
Plant and equipment	1,036	286
Other investment	–	16
Goodwill	12	1,491
Excess of net assets acquired over cost	(234)	–
Intangible assets	–	444
Trade and other payables	(744)	(366)
Finance leases	–	(114)
Current tax and deferred tax	(12)	(45)
Minority interests	(2,124)	(57)
Net assets acquired	3,985	2,166
Consideration	3,985	2,166
Less: Shares to be issued	–	(100)
Less: Deferred consideration (Note 14)	(1,473)	(468)
Less: Cost of investment paid in prior year	–	(212)
Less: Net cash acquired	(410)	(151)
Net cash outflow on acquisition of subsidiaries/business units	2,102	1,235

[(a)] In accordance with agreement entered into between the Group and the vendor (who became minority shareholder of the subsidiaries), the vendor is required to inject certain assets and liabilities with net carrying amount of approximately $2,956,000 to the subsidiaries. This balance represents the Group's share of such assets and liabilities based on the Group's 52.5% effective interests in the subsidiaries.

The carrying value of the assets and liabilities acquired approximates the fair value.

The contributions from the subsidiaries and business unit for the period between the date of acquisition and the balance sheet date were as follows:

	Group 2007 $'000	Group 2006 $'000
Revenue	589	3,019
(Loss)/profit for the year	(74)	509

30. Acquisition and disposals of subsidiaries / business units (cont'd)

Acquisition of subsidiary (cont'd)

The revenue and net profit of the Group during the year as though the acquisition date effected during the year had been the beginning of that year would be as follows:

	Group	
	2007 $'000	2006 $'000
Revenue	77,088	65,640
Profit for the year	6,412	4,778

Disposal of subsidiaries / business units

On 21 September 2007, the Group entered into a sales and purchase agreement to dispose its 70% equity stake in Pacific Hospitals Private Limited ("PHPL") held through its 70% owned subsidiary, Pacific Healthcare (India) Pte Ltd for a consideration of $6,780,000. The divestment of this investment was over 2 tranches – 21% on 21 September 2007 and the remaining 49% on 20 September 2008. The consideration for 1st tranche was $1,021,000.

The net assets at the date of disposal were as follows:

	Group	
	2007 $'000	2006 $'000
Cash and cash equivalents	4	733
Trade and other receivables	70	1,685
Inventories	42	356
Plant and equipment	995	299
Investment in associates	–	233
Goodwill	–	4,180
Short-term borrowings	(392)	–
Trade and other payables	(502)	(2,777)
Current tax and deferred tax	–	(96)
Share application money	401	–
Minority interests	(181)	(638)
Foreign currency translation reserve	(8)	–
Net assets at date of disposal	429	3,975
Gain on disposal recognised in income statement	894	2,730
Asset classified as held for sale [a]	(302)	–
Deferred gain [b]	–	1,819
Cash consideration	1,021	8,524
Receivables	–	(8,274)
Cash balance disposed off	(4)	(733)
Net cash inflow/(outflow) on disposal of subsidiaries/business units	1,017	(483)

[a] As at 31 December 2007, the assets and liabilities related to this subsidiary have been presented in the balance sheet as "Assets classified as held for sale" for 2nd tranche which will be divested by 20 September 2008.

30. Acquisition and disposals of subsidiaries / business units (cont'd)

Disposal of subsidiaries / business units (cont'd)

(b) In 2006, the Group entered into a sale and purchase agreement for the sale of 10 of its GP clinics and its medical diagnostic service to Radlink-Asia Pte Ltd ("Radlink"). The disposal was for a consideration to be determined based on the aggregate net profit after tax for the financial year ended 31 December 2006 of the entities sold and a fixed price earnings ratio. As 31 December 2006, the consideration was estimated at $8.8 million. The Company also entered into a put and call option agreement to subscribe for such number of Radlink shares equivalent to 40% of the enlarged issued share capital of Radlink after subscription at an exercise price to be determined based on the net profit after tax for the financial year ended 31 December 2006 of Radlink and a fixed price earnings ratio. As at 31 December 2006, the exercise price was estimated at $8 million. There were no conditions to the exercise of the put and call options. The sale and purchase transaction took effect from 1 December 2006. As the Group had potential voting rights of 40% in Radlink as at balance sheet date, 40% of the gain on disposal of its 10 GP clinics and medical diagnostic service to Radlink, amounting to $1.9 million was considered unrealised and has been deferred.

In 2007, the consideration for the sale was finalised at $9.7 million. The Group also exercised the call option to subscribe for 30% of the enlarged issued share capital of Radlink through its wholly owned subsidiary Synergy Healthcare Investments Pte Ltd ("Synergy") in March 2007. In December 2007, the Group disposed 60% of Synergy, resulting in the Group's interest in Synergy decreasing from 100% to 40% and the Group's effective interest in Radlink decreasing from 30% to 12%.

As the Group retained 12% of the effective voting rights in Radlink through Synergy, 12% of the total gain on the sale of its clinics and medical diagnostic service to Radlink, amounting to $651,000 has been transferred from deferred gain to the carrying value of Investment in Associate. The remaining $2.1 million has been included in the income statement under the line item "Other income".

The revenue and net contributions from the subsidiaries/business units disposed off were as follows:

	Group	
	2007	2006
	$'000	$'000
Revenue	274	5,312
(Loss)/profit for the year	(139)	809

31. Dividends

	Group and Company	
	2007	2006
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2006: 0.49 cents (2005: 0.48 cents) per share	1,376	1,146
- Interim exempt (one-tier) dividend for 2007: 0.30 cent (2006: nil) per share	842	–
	2,218	1,146
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2007: 0.40 cents (2006: 0.49 cents) per share	1,123	1,376

32. Contingent liabilities

Except for contingent liabilities disclosed in Note 3.4, there are no other material contingent liabilities for the Group and Company as at 31 December 2007.

33. Capital expenditure commitments

In addition to commitments disclosed elsewhere in the notes, there were the following commitments:

	Group	
	2007	2006
	$'000	$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	5,091	9,065

34. Operating lease payment commitments

(a) Operating lease commitments – as lessee

Operating lease payments represent rentals payable by the Group for certain of its premises. The lease rental terms are negotiated for terms ranging from one year to five years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

34. Operating lease payment commitments (cont'd)

(a) Operating lease commitments – as lessee (cont'd)

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 December 2007 amounted to $5,801,000 (2006: $5,039,000).

Future minimum rental payable under non-cancellable operating leases at the balance sheet date are as follows:

	Group	
	2007	**2006**
	$'000	**$'000**
Not later than one year	6,861	7,009
Later than one year but not later than five years	13,590	12,395
Later than five years	–	322
	20,451	19,726

(b) Operating lease commitments – as lessor

The Group has entered into leases on its premises. These non-cancellable leases have remaining lease terms of between 2 and 5 years.

Future minimum rental receivable under non-cancellable operating leases at the balance sheet date are as follows:

	Group	
	2007	**2006**
	$'000	**$'000**
Not later than one year	401	146
Later than one year but not later than five years	1,015	312
	1,416	458

35. Earnings per share

The basic and diluted earnings per share are calculated based on the Group's profit attributable to equity holders of the Company of $5,735,000 (2006: $4,042,000) divided by the weighted average number of shares outstanding during the financial year of 277,120,854 (2006: 238,803,046).

The diluted earnings per share is the same as the basic earnings per share as there were no diluted common share equivalents outstanding during the relevant period.

For the purpose of calculating the fully diluted earnings per share for the year ended 31 December 2007, the effect of the warrants are anti-dilutive and is disregarded.

36. Banking facilities

	Group	
	2007	2006
	$'000	$'000
Bank overdraft facilities available (Note 4)	1,215	1,215
Performance guarantee (Note 4)	70	70

37. Segmental information

Reporting format

The primary segment reporting format is determined to be business segments, which is based on the Group's management and internal reporting structure. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services and serves different markets.

Business segments

The main business segments of the Group are:-

Primary: Comprises dentistry, general practice medicine, eldercare and wellness services

Specialist: Comprises clinical services and facilities management

Geographical segments

The Group operates predominantly in Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location in which the services are rendered. Segment assets are based on the geographical location of the assets.

Allocation basis and transfer pricing

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 comprise mainly corporate assets and expenses, income tax, dividend income, interest expenses, gain on disposal of subsidiaries and related assets and liabilities.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results are eliminated on consolidation.

37. Segmental information

(a) Business segment

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2007 and 2006.

	Primary		Specialist		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External sales	25,778	22,663	49,377	41,176	–	–	75,155	63,839
Inter-segment sales	5,976	4,369	1,730	1,752	(7,706)	(6,121)	–	–
	31,754	27,032	51,107	42,928	(7,706)	(6,121)	75,155	63,839
Results								
Segment results	1,022	960	4,791	5,257	–	–	5,813	6,217
Unallocated income and expenses								
Unallocated corporate expenses							(1,502)	(1,130)
Interest expense							(1,593)	(1,322)
Dividend income							76	–
Gain on disposal of subsidiaries							2,967	2,730
Share of results of associates	329	49	660	(727)	–	–	989	(678)
Profit before tax							6,750	5,817
Income tax expense							(697)	(983)
Profit for the year							6,053	4,834

37. Segmental information (cont'd)

(a) Business segment (cont'd)

The following table presents assets, liabilities and other segment information regarding the Group's business segments as at and for the years ended 31 December 2007 and 2006.

	Primary		Specialist		Consolidated	
	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Segment assets	26,607	17,437	59,677	50,652	86,284	68,089
Investment in associates	2,257	(99)	1,685	1,052	3,942	953
Unallocated assets					16,877	20,447
Total assets					107,103	89,489
Liabilities						
Segment liabilities	5,819	2,755	13,849	14,770	19,668	17,525
Unallocated liabilities					22,803	25,381
Total liabilities					42,471	42,906
Other segment information						
Capital expenditure:						
- Tangible assets	1,495	612	4,348	6,263	5,843	6,875
- Intangible assets	816	1,832	13	2,731	829	4,563
Depreciation	595	647	2,946	2,142	3,541	2,789
Goodwill impairment	–	254	200	–	200	254
Amortisation of intangible assets	47	31	93	133	140	164
Other non-cash expenses	425	56	407	463	832	519
Unallocated capital expenditure	–	–	–	–	66	193
Unallocated depreciation	–	–	–	–	98	118

37. Segmental information (cont'd)

(b) Geographical segment

The following table presents revenue and results information regarding the Group's geographical segments as at and for the years ended 31 December 2007 and 2006.

	Singapore		Overseas		Consolidated	
	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External sales	69,115	59,002	6,040	4,837	75,155	63,839
Results						
Segment results	5,993	6,529	(180)	(312)	5,813	6,217
Unallocated income and expenses						
Unallocated corporate expenses					(1,502)	(1,130)
Interest expense					(1,593)	(1,322)
Dividend income					76	–
Gain on disposal of subsidiaries					2,967	2,730
Share of results of associates					989	(678)
Profit before tax					6,750	5,817
Income tax expense					(697)	(983)
Profit for the year					6,053	4,834

37. Segmental information (cont'd)

(b) Geographical segment (cont'd)

The following table presents assets, liabilities and other segment information regarding the Group's business segments as at and for the years ended 31 December 2007 and 2006.

	Singapore		Overseas		Consolidated	
	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Segment assets	73,640	63,443	12,644	4,646	86,284	68,089
Investment in associates	3,942	953	–	–	3,942	953
Unallocated assets					16,877	20,447
Total assets					107,103	89,489
Liabilities						
Segment liabilities	15,994	16,333	3,674	1,192	19,668	17,525
Unallocated liabilities					22,803	25,381
Total liabilities					42,471	42,906
Other segment information						
Capital expenditure						
- Tangible assets	4,559	6,691	1,284	184	5,843	6,875
- Intangible assets	816	4,563	13	–	829	4,563
Depreciation	3,333	2,598	208	191	3,541	2,789
Goodwill impairment	200	–	–	254	200	254
Amortisation of intangible assets	140	164	–	–	140	164
Unallocated capital expenditure	–	–	–	–	66	193
Unallocated depreciation	–	–	–	–	98	118

38. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest risk, foreign currency risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Financial Controller and Head of Credit Control. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

38. Financial risk management objectives and policies (cont'd)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy corporate customers. It is the Group's policy that all corporate customers who wish to trade on credit terms are subject to credit verification procedures. Any credit terms granted to private customers must be justified and the approval of the Head of Department ("HOD") or Business Entity Head ("BEH") is required. In addition, receivable balances are monitored on an on going basis with the results that the Group's exposure to bad debts is not significant.

In addition, the Group may enter into agreements with various parties to acquire or dispose assets and businesses. The arrangement may result in amounts due which are classified under Other Receivables. As part of the Group's due diligence process, an assessment is made to determine whether these other receivables are recoverable based on the financial standing and creditworthiness of the parties involved. The Group has also granted advances to doctors. These advances are monitored on an on going basis.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets;
- a nominal amount of $2,125,000 (2006: $3,340,000) relating to a corporate guarantee provided by the Company to banks on subsidiaries' bank loan.

Credit risk concentration profile

The Group has no significant concentrations of credit risk.

At balance sheet date, approximately:

- 25% (2006: 19%) of the Group's trade receivables were due from 5 major corporate customers who are located in Singapore.
- 33% (2006: 8%) of the Group's trade and other receivables were due from related parties while almost all of the Company's receivables were balances with related parties.

Financial assets that are neither past due nor impaired

Trade receivables and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

38. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are either past due or impaired

The management is of the opinion that the Other Receivables that are past due but not impaired are recoverable as they are transactions with high credit rated counterparties. In addition, the Group has built in more steps to ensure recoverability.

Information regarding financial assets that are either past due or impaired is disclosed in Note 5 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient liquid financial assets and stand by credit facilities to meet its liquidity requirements in the short and longer term.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on the contractual undiscounted payments.

		2007			2006	
	1 year or less $'000	1 to 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Total $'000
Group						
Trade and other payables	13,662	150	13,812	8,259	270	8,529
Other liabilities	3,247	–	3,247	4,538	–	4,538
Borrowings	8,645	10,762	19,407	9,318	12,115	21,433
Finance leases	1,995	601	2,596	2,277	2,490	4,767
	27,549	11,513	39,062	24,392	14,875	39,267
Company						
Trade and other payables	7,286	150	7,436	7,914	270	8,184
Other liabilities	609	–	609	2,547	–	2,547
Borrowings	7,010	9,073	16,083	7,578	8,411	15,989
Finance leases	138	127	265	138	265	403
	15,043	9,350	24,393	18,177	8,946	27,123

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at floating rates expose the Group and the Company to cash flow interest rate risk. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 16. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

38. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

As at 31 December 2007, it is estimated that a general increase/decrease of 75 (2006: 75) basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit net of tax by approximately $111,000 (2006: $53,000).

The sensitivity analysis above has been determined assuming that the change in interest rates has occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 75 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2006.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollar (SGD), Hong Kong Dollar (HKD), Renminbi (RMB) and Indian Rupees (INR). The foreign currency in which these transactions are denominated is mainly HKD. Approximately 3% (2006: 1%) of costs are denominated in this foreign currency. There is no policy to reduce currency exposures through forward currency contacts, derivatives transactions or other arrangement.

The Group and the Company also hold the cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to $110,000 and $89,000 for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Hong Kong, People's Republic of China and India. The Group's net investments are not hedged as currency positions in HKD, RMB and INR are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the HKD, RMB and INR exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

	Group			
	2007 S$'000		**2006** S$'000	
	Profit net of tax	Equity	Profit net of tax	Equity
HKD – strengthened 3% (2006: 3%)	+4	–	-11	–
– weakened 3% (2006: 3%)	-4	–	+11	–
RMB – strengthened 4% (2006: 4%)	+1	–	–	–
– weakened 4% (2006: 4%)	-1	–	–	–
INR – strengthened 3% (2006: 3%)	-3	–	-8	–
– weakened 3% (2006: 3%)	+3	–	+8	–

38. Financial risk management objectives and policies (cont'd)

(e) Market price risk

The Group is not exposed to any equity securities risk or commodity price risk.

39. Fair value of financial instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models where practical.

Determination of fair value

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Bank balances, other liquid funds and short-term receivables

The carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.

Short term borrowings and other current liabilities

The carrying amounts approximate fair values because of the short period to maturity of these instruments.

Long term bank loans and borrowings

The fair value of long term borrowings with variable interest rates that are repriced to market rate approximate their carrying amount.

Other investments

The fair value of the unquoted equity shares as available-for-sale financial assets is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. In addition, the investments are not quoted on any market and do not have any comparable industry peers that is listed. Consequently it is carried at cost less provision for impairment. The Group does not intend to dispose this investment in the foreseeable future.

Non-current other receivables and other payables

The carrying amounts of other receivables and other payables with fixed repayment terms are approximate the fair value as they are discounted using effective interest rate. The fair value of other receivables and other payables without the repayment terms is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values.

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the respective Notes to the Financial Statements, where applicable.

40. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group regularly reviews and manages its capital structure and makes judgements to the capital structure in light of changes in economic conditions.

Management monitors capital based on a gearing ratio. The Group's policy is to keep the gearing ratio between 25% to 45%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, trade and other payables plus other liabilities less cash and cash equivalents. Total capital is calculated as equity attributable to equity holders of the Company plus net debt.

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Net debt	18,753	29,215	16,766	24,031
Equity attributable to equity holders of the Company	57,598	41,643	42,493	31,677
Total capital	76,351	70,858	59,259	55,708
Gearing ratio	25%	41%	28%	43%

41. Events occurring after the balance sheet date

Subsequent to year end, the Group entered into the following transactions:

(a) The Company had acquired 100% of Rejuvemed Pte Ltd ("Rejuvemed") from its associate, Pacific Hospital Consultants Pte Ltd as announced on 5 February 2008. The acquisition is at a nominal consideration of $1.00. The fair value of the identifiable assets and liabilities as at the date of acquisition were as follows:

	Group $'000
Cash and cash equivalents	79
Trade and other payables	(3)
Excess of net assets acquired over cost	(76)
Net assets acquired	–
Consideration	–
Less: Net cash acquired	(79)
Net cash inflow on acquisition of subsidiary	(79)

(b) The Company had exercised an option to acquire a further 35% stake in PacHealth Medical Services Pvt Ltd as provided under the joint venture agreement with Dr Abhijit Prabhakar Desai and Dr Gauri Abhijit Desai as announced on 6 February 2008 for a cash consideration of $452,921. On the date of acquisition, the book value of the additional interest acquired was $366,090. The difference between the consideration and the book value of the interest acquired is reflected as goodwill on acquisition of minority interests.

41. Events occurring after the balance sheet date (cont'd)

(c) Further to an option agreement entered into by a subsidiary, Atria Medical Associates Pte Ltd ("AMA") in January 2003 with Dr Tan Thian Soo, Sydney and Liew Suet Yen, Jasmine (collectively, the "vendors"), the vendors had exercised the put option in January 2008 to require AMA to acquire the remaining shares in The Clinic@Cuppage Pte Ltd ("TC@C") held by the vendors representing 30% of the issued share capital of TC@C (the "Remaining Shares") in the proportions as set out in the agreement for a cash consideration of $198,000. On the date of acquisition, the book value of the additional interest acquired was $26,420. The difference between the consideration and the book value of the interest acquired is reflected as goodwill on acquisition of minority interests.

42. Other matters

(a) The Company had on 6 December 2005 entered into a shareholders' agreement with a consortium of financial investors (collectively the "Financial Investors") to set up Pacific Heart, Stroke and Cancer Centre Pte Ltd ("PHSCC"). The Company held an initial interest of 50% in PHSCC and an option to acquire the remaining 50% shareholding interest in PHSCC from the Financial Investors.

PHSCC had on the same date entered into a sale and purchase agreement (the "S&P Agreement") with Dr Michael Lim Chun Leng and Huang Yuzhu (collectively, the "vendors") to acquire 51% interest in the share capital of Singapore Heart, Stroke and Cancer Centre Pte Ltd ("SHSCC"). Besides its Singapore operations, SHSCC had a call option to acquire a 70% stake in a hospital in Shanghai, People's Republic of China (the "Hospital" and the call option referred to as the "Hospital Option"), for a consideration of $6,000,000.

The Company exercised its call option on 4 August 2006 and acquired the remaining 50% in PHSCC for an aggregate consideration of $5,610,000 based on $2.75 per PHSCC sale shares. Further consideration is payable subject to fulfilment of specific conditions.

The original Hospital Option was not exercised and lapsed. However, on 23 August 2006, Prestige Healthcare Investments Private Limited ("Prestige"), an investee company of the Group (Note 10), entered into a share transfer agreement to acquire 70% interest in a Company which has leased the same hospital in Shanghai (the "landlord"). The other shareholders of Prestige include certain directors of a subsidiary of the Group.

During the year, SHSCC entered into a sub-lease agreement with the landlord to rent certain premises in the Hospital. The lease commenced in February 2007. As at balance sheet date, SHSCC paid a rental deposit of $600,000. In addition, SHSCC made the following payments during the year:

a. $999,000 in leasehold improvement costs
b. $393,000 in partial payment for certain medical equipment purchased. The total cost of the equipment is approximately $2,218,000 (US$1,443,000).

43. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. The reclassifications included the following:

	After reclassification $'000	Before reclassification $'000	Difference $'000
Group			
Balance sheet:			
Trade and other receivables	26,896	27,534	(638)
Other assets	1,050	–	1,050
Other receivables – non-current	1,139	3,182	(2,043)
Other assets – non-current	1,631	–	1,631
Trade and other payables	8,237	12,775	(4,538)
Other liabilities	4,538	–	4,538
Other payables – non-current	316	1,262	(946)
Provision – non-current	946	–	946
Income statement:			
Revenue	63,839	64,420	(581)
Interest income	387	–	387
Other income	4,042	–	4,042
Financial income	–	387	(387)
Other expenses	(7,600)	(6,277)	(1,323)
Other credits/(charges)	–	2,138	(2,138)
Cash flow statement:			
Net cash flows from operating activities	3,927	4,093	(166)
Net cash flows used in investing activities	(5,460)	(7,303)	1,843
Net cash flows from financing activities	1,749	3,592	(1,843)
Net effect of exchange rate changes in consolidating subsidiaries	–	(113)	113
Effect of exchange rate changes on cash and cash equivalents	3	–	3
Company			
Balance sheet:			
Trade and other receivables	26,467	26,600	(133)
Other assets	133	–	133
Trade and other payables	7,892	10,439	(2,547)
Other liabilities	2,547	–	2,547
Other payables – non-current	243	398	(155)
Provision – non-current	155	–	155

44. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors on 31 March 2008.

Shareholdings **Statistics**

As at 28 March 2008

Class of Shares : Ordinary Shares
Voting Rights : One Vote Per Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares	% of shares
1 – 999	14	1.15	4,349	0.00
1,000 – 10,000	792	65.08	2,840,667	1.01
10,001 – 1,000,000	390	32.05	31,488,646	11.22
1,000,001 and above	21	1.72	246,469,384	87.77
TOTAL	**1,217**	**100.00**	**280,803,046**	**100.00**

Top Twenty Shareholders		No. of Shares	%
1.	Chong Lai Leong William	60,481,863	21.54
2.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	54,028,000	19.24
3.	HSBC (Singapore) Nominees Pte Ltd	30,019,000	10.69
4.	Citibank Nominees Singapore Pte Ltd	21,783,000	7.76
5.	Pacific Investments Pte Ltd	15,811,821	5.63
6.	Martin Huang Hsiang Shui	8,526,667	3.04
7.	Tai Hui Eng	7,000,000	2.49
8.	United Overseas Bank Nominees Pte Ltd	6,610,000	2.35
9.	Raffles Nominees Pte Ltd	6,504,000	2.32
10.	Sandra Aye Aye Han Chu	5,423,667	1.93
11.	Tay Tze Hsin Marc	5,365,733	1.91
12.	Chong Ai-Lei Iris	4,635,280	1.65
13.	Tan Choon Heng John	4,209,000	1.50
14.	Tai Pee Tah	3,600,000	1.28
15.	Yung Shing Wai	2,956,513	1.05
16.	Asia Studio Pte Ltd	2,901,766	1.03
17.	Tay Kheng Lip David	1,886,740	0.67
18.	Ann Tan Sian Ann	1,557,667	0.55
19.	Yeo Wei Yan	1,093,000	0.39
20.	Julianah Bte Abu	1,045,667	0.37
	TOTAL	**245,439,384**	**87.39**

Shareholdings
Statistics
As at 28 March 2008

Substantial Shareholders	No. of Shares			%
	Direct	Deemed	Total	
Chong Lai Leong William[Note 1]	60,481,863	15,811,821	76,293,684	27.17
Pacific Investments Pte Ltd	15,811,821	-	15,811,821	5.63
Pequot Capital Management, Inc.	-	36,417,000	36,417,000	12.97
Arthur Samberg	-	36,417,000	36,417,000	12.97
Pequot Healthcare Emerging Markets Master Fund, Ltd.	19,373,000	-	19,373,000	6.90
Pequot Healthcare Emerging Markets Fund, Ltd.	-	19,373,000	19,373,000	6.90
Pequot Healthcare Emerging Markets Onshore, LP.	-	19,373,000	19,373,000	6.90
Tree Line Asia Master Fund	15,000,000	-	15,000,000	5.34
Kabouter Management, LLC	-	14,356,000	14,356,000	5.11

Note 1: Chong Lai Leong William is deemed interested in 15,811,821 shares held by Pacific Investments Pte Ltd (wholly-owned by Chong Lai Leong William)

Based on the information available to the Company as at 28 March 2008, 44.4% of the issued ordinary shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

DISTRIBUTION OF WARRANTHOLDERS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of warrantholders	% of warrantholders	No. of warrants	% of warrantholdings
1 – 999	543	45.75	146,914	0.26
1,000 – 10,000	505	42.54	1,819,265	3.24
10,001 – 1,000,000	128	10.78	10,211,272	18.18
1,000,001 and above	11	0.93	43,983,148	78.32
TOTAL	1,187	100.00	56,160,599	100.00

Top Twenty Warrantholders		No. of Warrants	%
1.	Chong Lai Leong William	12,096,372	21.54
2.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	10,927,000	19.46
3.	HSBC (Singapore) Nominees Pte Ltd	5,899,800	10.51
4.	Citibank Nominees Singapore Pte Ltd	4,151,800	7.39
5.	Pacific Investments Pte Ltd	3,162,364	5.63
6.	Martin Huang Hsiang Shui	1,705,333	3.04
7.	Raffles Nominees Pte Ltd	1,407,600	2.51
8.	Tai Hui Eng	1,400,000	2.49
9.	Sandra Aye Aye Han Chu	1,084,733	1.93
10.	United Overseas Bank Nominees Pte Ltd	1,075,000	1.91
11.	Tay Tze Hsin Marc	1,073,146	1.91
12.	Chong Ai-Lei Iris	927,056	1.65
13.	Tan Choon Heng John	842,800	1.50
14.	Yung Shing Wai	591,302	1.05
15.	Asia Studio Pte Ltd	575,153	1.02
16.	Tay Kheng Lip David	465,548	0.83
17.	Lim Tai Tian	449,400	0.80
18.	Yeo Wei Yan	352,000	0.63
19.	Ann Tan Sian Ann	331,533	0.59
20.	UOB Kay Hian Pte Ltd	236,600	0.42
	TOTAL	**48,754,540**	**86.81**

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Rendezvous Hotel, Straits Ballroom 1, Level 2, 9 Bras Basah Road, Singapore 189559 on 25 April 2008 at 10.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a final tax exempt (One-Tier) dividend of 0.40 Singapore cents per ordinary share for the financial year ended 31 December 2007 **(Resolution 2)**

3. To re-elect Mr Sim Swee Yam, Peter who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association.

   Mr Sim Swee Yam, Peter will, upon re-election as a Director of the Company, remains as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. **(Resolution 3)**

4. To re-elect Dr Huang Hsiang Shui, Martin who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. **(Resolution 4)**

5. To approve the payment of Directors' fees of $159,822 for the financial year ended 31 December 2007. **(Resolution 5)**

6. To approve the payment of Directors' fees of $168,181 for the financial year ending 31 December 2008 quarterly in arrears. **(Resolution 6)**

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

8. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

As Special Business

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

9. Share Issue Mandate

   That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

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

   (ii) make or grant offers, agreements or options (collectively, "instruments") that may or would require shares to be issued, including but not limited to the creation and issue of 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

II (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

provided that:

a. 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 Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph b. below), of which the aggregate number of shares 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 Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph b. below);

b. for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph a. above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time of the passing of this Resolution, after adjusting for:

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

(ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

c. 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

d. unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note 1] **(Resolution 8)**

10. Authority to allot and issue shares pursuant to the Pacific Healthcare Employee Share Option Scheme (the "Scheme")

That the Directors of the Company be and are hereby authorised pursuant to Section 161 of the Companies Act, Cap. 50 to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Scheme, upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional shares to be issued and allotted pursuant to the said Scheme shall be in accordance with the Scheme.
[See Explanatory Note 2] **(Resolution 9)**

By Order of the Board

Lin Moi Heyang
Company Secretary

Singapore
10 April 2008

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend in his stead. A proxy need not be a member of the Company.

2. A member of the Company which is a corporate is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 290 Orchard Road, #12-01 Paragon, Singapore 238859, not less than 48 hours before the time appointed for holding the Annual General Meeting.

Explanatory Notes:

(1) Resolution 8

This is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 8 (including shares to be issued in pursuance of instruments made or granted) shall not exceed 50% of the Company's total number of issued shares excluding treasury shares, with a sub-limit of 20% of the Company's total number of issued shares excluding treasury shares, for shares issued other than on a pro rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders of the Company. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time of the passing of Resolution 8, after adjusting for

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

(b) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 8, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

(2) Resolution 9

This is to authorise the Directors to offer and grant options in accordance with the provisions of the Pacific Healthcare Employee Share Option Scheme (the "Scheme") and to allot and issue shares under the Scheme up to an amount not exceeding 15% of the Company's total number of issued shares excluding treasury shares from time to time.

Notice of
Books Closure

NOTICE IS HEREBY GIVEN that, subject to the approval of Members at the Annual General Meeting (the "AGM") to be held on 25 April 2008, the Transfer Books and Register of Members of the Company will be closed on 9 May 2008 for the purpose of determining Members' entitlements to the proposed final tax exempt (One-Tier) dividend of 0.40 Singapore cents per ordinary share (the "Dividends") in respect of the financial year ended 31 December 2007.

The Dividends, if approved by Members of the Company at the AGM, will be paid on 23 May 2008.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 up to 5.00 p.m. on 8 May 2008 will be registered to determine Members' entitlements to the Dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company at 5.00 p.m. on 8 May 2008 will be entitled to the Dividends.

By Order of the Board

Lin Moi Heyang
Company Secretary

Singapore
10 April 2008

This page has been intentionally left blank

This page has been intentionally left blank

PACIFIC HEALTHCARE HOLDINGS LTD.
(Incorporated in the Republic of Singapore – Company Registration No. 200100544H)

PROXY FORM

I/We, ____________________________________ (name) of _____________________________________
(address) ____

being a member/members of Pacific Healthcare Holdings Ltd. (the "Company"), hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting, 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 Rendezvous Hotel, Straits Ballroom 1, Level 2, 9 Bras Basah Road, Singapore 189559 on 25 April 2008 at 10.00 a.m. and at any adjournment thereof.

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

	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of the Directors and the Auditors thereon.		
Resolution 2	To declare a final tax exempt (One-Tier) dividend of 0.40 Singapore cents per ordinary share for the financial year ended 31 December 2007.		
Resolution 3	To re-elect Mr Sim Swee Yam, Peter who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association.		
Resolution 4	To re-elect Dr Huang Hsiang Shui, Martin who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association.		
Resolution 5	To approve payment of Directors' Fees for financial year ended 31 December 2007.		
Resolution 6	To approve payment of Directors' Fees for financial year ending 31 December 2008 quarterly in arrears.		
Resolution 7	To re-appoint Messrs Ernst & Young as auditors and authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
	Ordinary Resolutions:		
Resolution 8	To authorise the Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50.		
Resolution 9	To authorise the Directors to offer and grant options and to issue shares in accordance with the provisions of the Pacific Healthcare Employee Share Option Scheme.		

Date this _______________ day of _______________ 2008

Total Number of Shares held in :	
CDP Register	
Register of Members	

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

IMPORTANT : PLEASE READ THE NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or, if he/she holds two or more shares, two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 290 Orchard Road, #12-01 Paragon, Singapore 238859, not less than 48 hours before the time set for the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. 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 meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

General:

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 shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name 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 to the Company.