2008

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

annual report

Pacific Healthcare Holdings Ltd.

Contents

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.

Corporate Profile

Pacific Healthcare Holdings Ltd ("Pacific Healthcare" or the "Group") is an integrated healthcare provider focusing on specialist healthcare and dentistry.

We aim to be the premier healthcare group in the region, renowned for our Care, Compassion, and Medical Excellence. Our team of more than 100 dedicated professionals provides multi-disciplinary healthcare services through a wide network of clinics and facilities to cater to our patients' total health and well-being.

Our Business Activities

Specialist Healthcare: The Group provides specialist medical care in age management, assisted reproduction, cardiology, cosmetic & implant dentistry, dermatology, general & vascular surgery, neurology, obstetrics & gynaecology, oncology, ophthalmology, orthopaedic surgery, otolaryngology (ear, nose & throat), paediatrics, plastic surgery, psychiatry and urology.

We also operate day surgery centres which include operating theatres, endoscopy and cosmetic laser facilities for use by accredited doctors. In addition, we offer diagnostic imaging services and radiology.

General Practice Medicine: Our general practice medical network provides a range of primary healthcare services integrating family medicine, comprehensive health screening, travel assessments, immunisations, and nutritional counselling, as well as aesthetics and sports medicine.

Dentistry: Key dental services include general dental treatment, endodontics, occlusal rehabilitation, oral surgery, orthodontics, periodontics, prosthodontics, paedodontics, restorative dentistry and cosmetic & implant dentistry. We own and operate a dental laboratory which provides a 24-hour turnaround service for custom porcelain fillings, crowns and veneers using CAD-CAM technology.

Wellness: The wellness centres provide face, body and wellness treatments to complement the Group's integrated multi-disciplinary services.

Eldercare: We offer short & long-term, convalescent, respite and rehabilitative care for elderly residents with varying needs in our two purpose-built nursing home facilities.

Consultancy & Management Services

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 operations includes medical and wellness centres in Hong Kong, Shenzhen and Mumbai. Additionally, we have investments in a diagnostic radiology centre in Shanghai, China, as well as in 5 heart centres in Goa and Bangalore, India. We have established representative offices in Jakarta, Indonesia, and Ho Chi Minh City, Vietnam.

International Medical Assistance

We operate an International Medical Assistance Centre with a 24-hour hotline offering personalised service for patients requiring help with information on specialists, arranging medical appointments, hospital admissions as well as other concierge services.

Chairman's Statement

"Despite the global challenges, the healthcare industry is resilient and the Board is committed to the measures now in place to ensure that the Company rides out the financial turbulence"

Dear Shareholders,

In my report last year, I mentioned that 2008 will be a challenging year. Unfortunately, events have borne me out. While the tight labour market and high rentals were causes of concern, more serious challenges are now being posed by the global financial and economic crisis. We have not been immune.

The flow of foreign medical patients from traditional sources dropped as their economies were hit by the financial turmoil and as the weakened local currencies bit into discretionary spending. Fortunately, the Group had earlier started to shift our marketing strategy to focus on attracting patients from new regions to balance the loss. We also recruited more doctors to expand our range of medical services by opening the Pacific Cancer Centre and in January 2009, the Cataract, Retinal & Eye Centre.

In addition to the increased operating expenses which I highlighted, our bottom line was severely affected by the need to write down S$13.3 million and we reported a loss for the year of S$11.8 million (after minority interests). The event requiring the profit guidance announcement and the subsequent provision of S$13.3 million resulted from a dispute which arose in January 2009 with our joint-venture partner in our subsidiary, Singapore Heart, Stroke & Cancer Centre Pte Ltd. ("SHSCC"). In consultation with and on the advice of our auditors, my Board members and I are of the view that the S$13.3 million write-down on its investment in SHSCC is necessary and unavoidable taking into account the SHSCC operations here and in China. We believe that we have adequately provided for the write-down related to the subsidiary and no further write-offs are contemplated at this time. Discussions are ongoing with the joint-venture partner and we will keep our shareholders updated through the appropriate announcements.

We continued the process of reviewing our business and its activities to streamline the organisation and to facilitate decision making. During the year, we disposed our 40% stake in Pacific Hospital Consultants Pte Ltd and a 25% stake in Pacific Eldercare and Nursing Pte Ltd. In addition, we transferred the businesses of 4 companies into business units preparatory to voluntarily liquidating the companies.

Though revenue growth was not as strong as in previous years, the Group was nevertheless able to achieve revenues of S$81.2 million reflecting an increase of 8.1% compared to the S$75.5 million for 2007.

There is no escaping the fact that the world outlook for 2009 is gloomy and there is no clear indication when the economy will rebound. In view of the uncertainties, the Board and I are adopting a cautious approach in regards to investments. While controlling costs is a priority, the Group will maintain a clear focus on increasing efficiencies and providing our patients with quality care through improved services.

Despite the global challenges, the healthcare industry is resilient and the Board is committed to the measures now in place to ensure that the Company rides out the financial turbulence.

I would like to take this opportunity to convey my deep appreciation to Mr. Goh Boon Kiat for his insight, guidance and advice during his term on the Board. Mr. Goh has decided that he will not seek re-election as Independent Director when his term expires.

In concluding, I wish to thank our shareholders for their support, our doctors and our employees for their continued commitment to providing the best service standards and quality of care for our patients, and to my Board members for their invaluable contributions.

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

Board of Directors


1.


2.


3.


4.


5.

1. MR SIM SWEE YAM, PETER
BBM, PBM
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 28 years of legal practice.

He is an Independent Director of public-listed companies, British and Malayan Trustees Ltd, Lum Chang Holdings Ltd and Marco Polo Marine Ltd. Mr Sim is also Director of Power Seraya Ltd, Gravitas Alliance International Ltd, Infinity Capital Partners (S) Pte Ltd as well as the Young Men's Christian Association.

In August 2000, Mr Sim was awarded the Pingkat Bakti Masyarakat and the Bintang Bakti Masyarakat in August 2008.

2. 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 38 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).

3. 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 also the Independent Director and Audit Committee Chairman of public listed company HTL International Holdings Ltd.

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.

4. 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.

5. 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 practises 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 paediatric plastic surgery, cleft lip and palate surgery, craniomaxillofacial surgery, and endoscopic plastic surgery.

He has given 80 academic oral presentations and lectures at local, regional and international meetings and conferences, and has 24 publications in international journals on plastic surgery. He has also given over 170 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, breasts 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.

Operations Review

> *To keep up with increased demand, we expanded our day surgical centre and added another major operating theatre with private waiting and recovery rooms. We also acquired a compounding pharmacy which blends and produces individualized medication based on doctors' prescriptions.*

Pacific Healthcare Holdings Ltd has evolved and expanded to become a major regional healthcare group with medical centres from China to India encompassing specialist medical care, dentistry, radiology diagnostics, and wellness services. Our facilities include day surgery centres, diagnostic imaging, dental labs, nursing homes, and a compounding pharmacy. We also have an International Patients Centre with a 24-hour call service for those patients who need assistance.

Our Management & Consultancy Division has the capability to conceptualise, design and manage medical centres and specialty hospitals.

Financial Results Review

2008 has been a year marked by challenges resulting from the financial fallout which spread from the U.S. to the world markets, impacting global economies.

Despite the economic slowdown, Pacific Healthcare Holdings Ltd is well positioned in the resilient healthcare market segments and is able to leverage on its strong core competencies to focus growth on the high margin services.

For the year under review, revenue for the Group was S$81.3 million; an increase of 8.1% compared to 2007. In addition, the revenue from the specialist healthcare unit of Medical division continued to contribute to the Group's growth by an increase of 5.1%.

During the year, we made significant repayments of existing loans and reduced liabilities by S$8.3 million, thus keeping the Group's Debt to Equity ratio at a low of 0.35. Our EBIDTA and Operating Cash Flows at S$5.8 million and S$5.4 million respectively are sound and the Net Tangible Asset of the Group at S$34.9 million, which translates to 12.4 cents per share, was above the last traded price of 7.5 cents on 31 March 2009.

Earnings were however, affected by the write down of S$13.3 million from the impairment in goodwill, intangible assets, receivables and plant and equipment of a subsidiary, Singapore Heart, Stroke & Cancer Centre Pte Ltd ("SHSCC") which contributed largely to the loss of S$11.8 million reported for the year compared to a profit of S$5.7 million for year 2007. We highlight the fact that write down and provision is a one-off, non-cash item.

Singapore Operations

The Group's business model and current revenue is largely dependent on Medical and Dental Specialists.

The Group continued to improve patient services through extending the range of specialist services to meet our patients' needs. During the year we set up Pacific Cancer Centre to offer all aspects of cancer care from prevention and diagnosis to treatment for cure. Additionally, we opened an Eye, Cataract and Retinal Specialist Centre to provide comprehensive eye care, including screening for glaucoma, cataract, macular degeneration and diseases linked to hypertension and diabetes.

To keep up with increased demand, we expanded our day surgical centre and added another major operating theatre with private waiting and recovery rooms. We also acquired a compounding pharmacy which blends and produces individualized medication based on doctors' prescriptions.

Continuing with our streamlining exercise, we disposed of our 40% interest in Pacific Hospitals Consultants Pte Ltd and a 25% stake in Pacific Eldercare & Nursing Pte Ltd.

In addition, we restructured 4 companies into business units and reorganised them under the appropriate business activities of the Group. We liquidated 2 companies which were inactive. Aside from the benefits of simplifying our structure, the exercise also facilitates decision making and helps to reduce operating costs.

The Group's planned investment in a new IT system will improve operating efficiencies and better management services when it is rolled out in the second half of 2009. The customised software system will enable the integration of all Clinical Management, Patient Records, Billing/Collections and Accounting functions in the Singapore Business and ensure consistency across all Specialist practices. Aside from cost savings in terms of process efficiency which ultimately benefits the patients, the new software will add a potential new revenue stream for our Consultancy and Management Division.

The Group which has expanded to include operations in China, India, and representative offices in Indonesia and Vietnam, established its Regional Headquarters in Singapore to reflect its long term commitment to grow overseas as it strengthens its Singapore base.

Regional Activities

Earlier in the year we entered into a joint-venture with the Yash Birla Group in India to set up wellness & healthcare centres in India under the brand "Evolve". We believe that Mumbai, being the commercial and entertainment centre of India, will generate high demand for quality healthcare and wellness services. The Group also has wellness centres in Shenzhen, China. As an alternative to organic growth, the Group is also exploring franchising opportunities for this segment for India and China.

To strengthen our presence and increase brand awareness as well as to tap into medical tourism and identify business opportunities in the country, the Group opened a Representative Office in Ho Chi Minh City in Vietnam. The Representative Office will provide value add services to potential patients seeking medical attention in Singapore by providing them with information, and travel assistance.

Summary

Our strategy of diversifying by both specialist discipline and geography is the best way to protect the Group's value in the long term. In view of this, the Group will continue to focus on extending the breadth and depth of services to meet the needs of our patients and expanding in those markets where the demographics supports the healthcare services offered.

Given the economic environment, steps have been put in place to control costs and improve operating efficiencies. This includes a suspension on new hires except for critical positions, increasing the utilization rate of our facilities, consolidating operations and optimising usage of space. We have also initiated internal training to improve employee skills as well as conducting internal audits to ensure compliance at the clinical and operations level.

We believe that these actions will position the Group to benefit when market conditions improve and we remain confident in the longer term prospects of the Group.

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
Dr Huang Hsiang Shui, Martin
Executive Director
Mr Lee Kiam Hwee, Kelvin
Non-Executive and Independent Director
Mr Goh Boon Kiat
Non-Executive and Independent Director
Dr Chu Aye Aye Han, Sandra
Non-Executive Director (resigned on 3 June 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)*

COMPANY SECRETARIES
Ms Lin Moi Heyang
Mr Lee Wei Hsiung

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PRINCIPAL BANKERS
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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 LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

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

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: The 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 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 [Note 1]	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 5 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.

Report on Corporate Governance

The table below sets out the attendances at meetings of the Board and the Board Committees which were convened during the financial year:

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

NA: Not Applicable

Note:
1. Dr Chu Aye Aye Han, Sandra ceased to be the Chief Operating Officer and a Non-Executive Director of the Company with effect from 29 February 2008 and 3 June 2008 respectively.

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 S$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 S$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 2008 are as follows:

Name	Salary (%)	Bonus (%)	Directors' Fee (%)	Professional Fees (%)	Total (%)
S$500,000 and above					
Dr Chong Lai Leong, William *Executive Director &* *Chief Executive Officer*	17	12	-	71	100
Dr Huang Hsiang Shui, Martin *Executive Director*	2	9	-	89	100
Below S$250,000					
Mr Sim Swee Yam, Peter *Non-Executive Chairman*	-	-	100	-	100
Mr Lee Kiam Hwee, Kelvin *Non-Executive Director*	-	-	100	-	100
Mr Goh Boon Kiat *Non-Executive Director*	-	-	100	-	100
Dr Chu Aye Aye Han, Sandra [Note 1]	42	-	15	43	100

Note
1. Dr Chu Aye Aye Han, Sandra ceased to be the Chief Operating Officer and a Non-Executive Director of the Company with effect from 29 February 2008 and 3 June 2008 respectively.

(ii) Key executives' remuneration

The Code recommends that at least the top five key executives' remuneration be disclosed within bands of S$250,000. The Board believes such disclosure would be disadvantageous to the Group's business interests, given the highly competitive conditions in the industry, where poaching of executives is commonplace.

There are no employees who are immediate family members of a Director and whose remuneration exceeded S$150,000 per annum for the financial year ended 31 December 2008.

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.

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;
(b) to review the consolidated financial statements 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.

Nevertheless, the external auditors, Ernst & Young LLP did not provide any non-audit services to the Group during the year of 2008.

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:

- Financial 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 commercial 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 2008.

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 2008.

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 2008.

1. 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
Mr Lee Kiam Hwee, Kelvin
Mr Goh Boon Kiat

In accordance with Article 91 of the Company's Articles of Association, Dr Chong Lai Leong, William and Mr Goh Boon Kiat shall retire in the forthcoming Annual General Meeting of the Company. Dr Chong Lai Leong, William being eligible, offers himself for re-election. However, Mr Goh Boon Kiat has expressed his intention to the Company that he does not wish to seek for re-election as a director of the Company.

2. Arrangements to enable directors to acquire shares and debentures

Except as described in paragraph five below, 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.

3. 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	40,819,000	15,831,821	39,134,684
Dr Huang Hsiang Shui, Martin	8,526,667	11,583,667	-	-
Warrants of the Company				
Mr Sim Swee Yam, Peter	15,000	15,000	-	-
Dr Chong Lai Leong, William	12,096,372	12,096,372	3,166,364	3,162,364
Dr Huang Hsiang Shui, Martin	1,705,333	1,705,333	-	-

3. 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 2009.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in 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.

4. 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.

5. 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.

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.

5. Options (cont'd)

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.

Since the commencement of the Scheme till the end of the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

6. Warrants

On 30 November 2007, 56,160,599 bonus warrants were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Each warrant carries the right to subscribe for one new share at an exercise price of S$0.39. These warrants are exercisable between 1 June 2008 to 26 November 2010. When fully exercised, an additional capital of S$21,902,634 will be raised. No warrants have been exercised todate.

7. Update on use of placement proceeds

On 2 February 2007, the Company completed the placement of 42,000,000 new ordinary shares at the issue price of S$0.31 for each share, amounting to S$12,410,000 after deducting the related expenses.

The net proceeds from the placement has been disbursed and utilised as follows:

Description of use of placement proceeds	**Amount disbursed**
	S$'000
To finance the expansion of specialist healthcare segment	5,000
To finance the expansion plans in Hong Kong and China	3,600
To finance the expansion plans in India	560
To use as working capital	1,410
	10,570

8. Audit committee

The members of the audit committee ("AC") during the financial year and at the date of this report are:

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

All members of the AC are non-executive and are independent.

The AC carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50.

Directors' Report

8. Audit committee (cont'd)

The AC convened four meetings during the year. In performing its functions, the AC met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's system of internal accounting controls.

The AC also reviewed the following:

- assistance provided by the Company's management to both the internal and external auditors
- half yearly and annual consolidated financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of Directors
- nature and extent of non-audit services provided by the external auditors
- interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings.

The AC, 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 AC has also conducted a review of interested person transactions.

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

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

9. Independent Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

Mr Sim Swee Yam, Peter Director	Dr Chong Lai Leong, William Director

3 April 2009

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 2008 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

3 April 2009

Independent Auditors' Report

For the financial year ended 31 December 2008
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"), which comprise the balance sheets of the Group and the Company as at 31 December 2008, 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.

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 account 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.

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 2008 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 LLP
Public Accountants and Certified Public Accountants

Singapore
3 April 2009

Balance Sheets

As at 31 December 2008

	Notes	Group 2008	Group 2007	Company 2008	Company 2007
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	12,138	20,165	3,227	7,577
Trade and other receivables	5	17,064	21,146	18,735	17,313
Other assets	6	2,336	2,566	486	320
Inventories	7	2,779	2,462	13	13
Asset classified as held for sale	30	–	302	–	–
		34,317	46,641	22,461	25,223
Non-current assets					
Investments in subsidiaries	8	–	–	28,345	34,268
Investments in associates	9	2,414	3,942	149	1,360
Other investments	10	2,339	2,403	2,635	2,290
Property, plant and equipment	11	24,342	20,638	3,961	4,042
Goodwill	12	15,411	20,929	–	–
Intangible assets	13	369	6,276	–	–
Other receivables	5	–	547	–	–
Other assets	6	5,713	5,727	6	42
		50,588	60,462	35,096	42,002
TOTAL ASSETS		84,905	107,103	57,557	67,225
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	14	11,152	13,646	9,287	7,270
Other liabilities	15	1,585	3,247	314	609
Income tax payable		1,411	720	–	–
Current portion of borrowings	16	11,268	8,645	10,133	7,010
Current portion of finance leases	17	1,228	1,900	475	126
		26,644	28,158	20,209	15,015
Non-current liabilities					
Deferred tax liabilities	29	1,201	1,901	–	34
Other payables	14	28	139	28	139
Provisions	18	955	932	296	355
Borrowings	16	4,476	10,762	3,942	9,073
Finance leases	17	951	579	404	116
		7,611	14,313	4,670	9,717
TOTAL LIABILITIES		34,255	42,471	24,879	24,732
Equity attributable to equity holders of the Company					
Share capital	19	39,252	39,252	39,252	39,252
Foreign currency translation reserve	20	(479)	(568)	–	–
Retained earnings		5,979	18,914	(6,574)	3,241
		44,752	57,598	32,678	42,493
Minority interests		5,898	7,034	–	–
TOTAL EQUITY		50,650	64,632	32,678	42,493
TOTAL EQUITY AND LIABILITIES		84,905	107,103	57,557	67,225

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 2008

	Notes	Group 2008 $'000	Group 2007 $'000
Revenue	21	81,225	75,155
Other items of income			
Interest income	22	261	566
Dividend income	23	–	76
Other income	24	4,712	5,351
Items of expense			
Financial expense	25	(1,082)	(1,332)
Changes in inventories of consumables and medical supplies		72	236
Purchases of consumables and medical supplies		(16,660)	(14,570)
Employee benefits expense	26	(42,937)	(40,885)
Depreciation and amortisation	27	(4,944)	(3,779)
Rental expense		(8,007)	(5,801)
Other expenses	28	(25,954)	(9,256)
Share of results of associates		(483)	989
(Loss) / profit before tax		(13,797)	6,750
Income tax expense	29	(48)	(697)
(Loss) / profit for the year		(13,845)	6,053
Attributable to:			
Equity holders of the Company		(11,812)	5,735
Minority interests		(2,033)	318
		(13,845)	6,053
(Loss) / earning per share attributable to equity holders of the Company (cents per share)			
Basic	35	(4.21)	2.07
Diluted	35	(4.21)	2.07

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 2008

Group	Attributable to equity holders of the Company					
	Share capital	Foreign currency translation reserve	Retained earnings	Total	Minority interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2008	39,252	(568)	18,914	57,598	7,034	64,632
Exchange difference on translating foreign operations	–	89	–	89	247	336
Net income recognised directly in equity	–	89	–	89	247	336
Loss for the year	–	–	(11,812)	(11,812)	(2,033)	(13,845)
Total recognised income and (expense) for the year	–	89	(11,812)	(11,723)	(1,786)	(13,509)
Acquisition of additional interest in subsidiaries	–	–	–	–	(463)	(463)
Contribution from minority shareholders	–	–	–	–	1,554	1,554
Dividends paid (Note 31)	–	–	(1,123)	(1,123)	–	(1,123)
Dividends paid to minority interests	–	–	–	–	(441)	(441)
Closing balance at 31 December 2008	39,252	(479)	5,979	44,752	5,898	50,650
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

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 2008

Company	**Share capital**	**Retained earnings**	**Total equity**
	$'000	$'000	$'000
Opening balance at 1 January 2008	39,252	3,241	42,493
Loss for the year	–	(8,692)	(8,692)
Total recognised expense for the year	–	(8,692)	(8,692)
Dividends paid (Note 31)	–	(1,123)	(1,123)
Closing balance at 31 December 2008	39,252	(6,574)	32,678
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

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 2008

	Group	
	2008	2007
	$'000	$'000
Cash flows from operating activities:		
(Loss) / profit before tax	(13,797)	6,750
Adjustments for:		
Depreciation expense	4,804	3,639
Interest income	(261)	(566)
Interest expense	1,077	1,593
Fair value adjustment on financial assets and financial liabilities	5	(261)
Preliminary expenses written off	–	15
Bad trade receivables written off	42	118
Bad trade receivables recovered	(55)	–
Provision for impairment of doubtful debts	3,238	653
Share of results of associates	483	(989)
Dividend income	–	(76)
Impairment loss on goodwill	6,822	200
Impairment loss on other investments	353	–
Impairment loss on intangible assets	5,818	–
Impairment loss on plant and equipment	17	–
Amortisation of intangible assets	140	140
Excess of net assets acquired over cost	(76)	(234)
Loss on disposal of plant and equipment	639	307
Gain on disposal of subsidiaries / business units	(577)	(2,967)
Gain on disposal of asset classified as held for sale	(3,246)	–
Gain on disposal of associates	(9)	–
Unrealised exchange gain, net	(70)	(29)
Operating cash flows before changes in working capital	5,347	8,293
Cash restricted in use	(59)	(122)
Trade and other receivables	184	1,092
Inventories	(72)	(236)
Trade and other payables	(3,586)	3,596
Cash flows from operations	1,814	12,623
Income tax paid	(195)	(1,066)
Net cash flows from operating activities	1,619	11,557
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	52	4
Purchase consideration paid for purchase of subsidiaries	(120)	(545)
Purchase of property, plant and equipment (Note 4)	(4,455)	(5,619)
Proceeds from disposal of associates	793	3,926
Net cash inflow on disposal of subsidiaries / business units (Note 30)	–	1,017
Net cash outflow on acquisition of subsidiaries / business units (Note 30)	(635)	(2,102)
Net cash inflow on disposal of asset classified as held for sale	3,548	–
Acquisition of additional interests in subsidiaries	(711)	(1,179)
Acquisition of interests in associates	(149)	–
Interest received	93	353
Dividend income from associates	–	138
Dividend income from other investments	–	76
Purchase of investment securities	–	(1,935)
Net cash flows used in investing activities	(1,584)	(5,866)

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 2008

	Group	
	2008	2007
	$'000	$'000
Cash flows from financing activities:		
Proceeds from issuance of shares	–	12,410
Contribution from minority shareholder of a subsidiary	547	–
Proceeds from borrowings	4,650	10,019
Repayment of borrowings	(8,661)	(11,732)
Repayment of obligation under finance leases	(2,367)	(2,276)
Interest paid	(1,077)	(1,593)
Dividend paid	(1,123)	(2,218)
Dividend paid to minority interests of a subsidiary	(441)	(30)
Net cash flows (used in) / generated from financing activities	(8,472)	4,580
Net (decrease) / increase in cash and cash equivalents	(8,437)	10,271
Effect of exchange rate changes on cash and cash equivalents	4	6
Cash and cash equivalents at beginning of year	19,910	9,633
Cash and cash equivalents at end of year (Note 4)	11,477	19,910

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

Notes to the Financial Statements

31 December 2008

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 #19-01 The 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 $) and all values in financial statements are rounded to the nearest thousand ($'000) except otherwise indicated.

2.2 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 date (Annual periods beginning on or after)
FRS 1	:	*Presentation of Financial Statements* - Revised presentation	1 January 2009
		Presentation of Financial Statements - Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing Costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements - Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	:	*Financial Instruments: Presentation* - Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	:	*Financial Instruments:* Recognition and Measurement - Amendments relating to eligible hedged items	1 July 2009
FRS 101	:	*First-time Adoption of Financial Reporting Standards* - Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009

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

2.2 Future changes in accounting policies (cont'd)

Reference		Description	Effective date (Annual periods beginning on or after)
FRS 102	:	*Share-based payment* - Vesting conditions and cancellations	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 113	:	*Customer Loyalty Programmes*	1 July 2008
INT FRS 116	:	*Hedges of a Net Investment in a Foreign Operation*	1 October 2008
INT FRS 117	:	*Distributions of Non-cash Assets to Owners*	1 July 2009

The directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application, except for FRS 1, FRS 108 and INT FRS 113 as indicated below.

<u>FRS 1 Presentation of Financial Statements – Revised presentation</u>

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

<u>FRS 108 Operating Segments</u>

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 segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Group when implemented in 2009.

<u>INT FRS 113 Customer Loyalty Programmes</u>

INT FRS 113 requires loyalty award credits to be accounted for as a separate component of the sales transactions in which they are granted. The fair value of the consideration received is allocated to the loyalty award credits and the amount is deferred until the awards are redeemed or no longer expected to be redeemed.

The change in accounting policy is to be applied retrospectively. The Group expects the adoption of INT FRS 113 to result in a decrease in the Group's revenue and profit net of tax and an increase in deferred revenue and corresponding decrease in net assets of the Group.

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.

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

2.3 Basis of consolidation (cont'd)

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.

2.4 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.

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)

(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.

(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 $28,345,000 (2007: $34,268,000) and $149,000 (2007: $1,360,000) respectively. The carrying value of the investment in associates for the Group as at the balance sheet date was $2,414,000 (2007: $3,942,000).

(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 $6,866,000 (2007: $6,532,000) 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. The recoverable amount 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.

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 financial 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 $1,411,000 (2007: $720,000) and $1,201,000 (2007: $1,901,000) respectively.

(ii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

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.

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

2.6 Functional and foreign currency (cont'd)

(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.

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. Summary of significant accounting policies (cont'd)

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.

(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	-	15 years
Customer relationship	-	7 to 10 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. Summary of significant accounting policies (cont'd)

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. 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.

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 assets, 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.

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

2.12 Financial assets (cont'd)

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.

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

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling 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 on monetary instruments 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.

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

2.12 Financial assets (cont'd)

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

(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 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 risks 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 packaged 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.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

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

2.22 Revenue (cont'd)

(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.

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.

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

2.23 Income taxes (cont'd)

(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.

2.28 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 5 years to 20 years (2007: 2 years to 20 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.

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	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Director - rental expense	(46)	(36)	–	–
Associates of the Group:				
- Management fee income	101	130	101	130
- Interest income	44	89	44	89
- Dividend income	–	138	–	138
- Utilities	20	27	–	–
- Compensation fee	–	1,500	–	–
- Rental income	765	540	469	146
- Rental expense	–	(86)	–	–
- Facility charge	(19)	(29)	–	–

3. Related party transactions (cont'd)

3.3 Compensation of key management personnel

	Group	
	2008	**2007**
	$'000	$'000
Short-term employee benefits	5,577	6,204
Central Provident Fund contributions	79	87
	5,656	6,291
Comprise amounts paid to:		
Directors of the Company	4,936	5,640
Other key management personnel	720	651
	5,656	6,291

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	
	2008	**2007**
	$'000	$'000
Fees to directors of the Company	147	160
Remuneration of directors of the Company +	4,789	5,480

\+ 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 $Nil (2007: $3,900,000) in their capacity as a doctor of which $461,000 (2007: $270,000) 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

	Company	
	2008	**2007**
	$'000	$'000
Financial guarantees given by the Company to banks for loans granted to subsidiaries	980	2,125

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	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Cash at banks and in hand	9,375	15,817	660	3,417
Short term deposits:				
Not restricted in use	2,449	4,093	2,449	4,093
Restricted in use [(a)]	314	255	118	67
	12,138	20,165	3,227	7,577

[(a)] This relates to short term deposits held by banks as security for 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 0.1625% to 1.8% (2007: 1.8% to 3.25%) per annum.

For the purpose of the consolidated cash flow statement, cash and cash equivalents and purchase of property, plant and equipment comprise the following at the balance sheet date:

	Group	
	2008	**2007**
	$'000	$'000
As shown above	12,138	20,165
Bank overdraft (Note 16)	(347)	–
Cash restricted in use	(314)	(255)
Cash and cash equivalents at end of year	11,477	19,910
Purchase of property, plant and equipment:		
Aggregate cost of property, plant and equipment acquired (Note 11)	9,673	5,909
Adjustments:		
Under finance leases and borrowings	(2,067)	(290)
Contribution from minority shareholders	(3,151)	–
Cash payments to acquire property, plant and equipment	4,455	5,619

5. Trade and other receivables

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables:				
Outside parties	6,117	6,194	–	–
Less: Allowance for impairment	(1,284)	(1,154)	–	–
Subsidiaries	–	–	1,417	2,200
Other receivables:				
Amounts due from associates	2,161	3,705	1,520	1,598
Less: Allowance for impairment	(1,681)	(531)	(1,182)	(384)
Deposits				
- Rental	1,185	1,508	547	540
- Related party	2,756	41	2,744	–
- Others	80	106	24	40
Amounts due from doctors/former doctors	895	915	–	–
Less: Allowance for impairment	(222)	–	–	–
Amounts due from a third party on taking over a ready for use premise	–	126	–	126
Amounts due from a former owner of a business unit	127	127	–	–
Less: Allowance for impairment	(127)	–	–	–
Consideration receivables for disposal of associates	217	–	217	–
Consideration receivables for transfer of a business unit (Note 30)	1,247	–	–	–
Reimbursement of expenses from an investee company	353	323	–	–
Less: Allowance for impairment	(353)	–	–	–
Other receivables	1,729	1,140	1,395	527
Less: Allowance for impairment	(406)	–	(70)	–
Other related parties				
- Consideration receivable for disposal of subsidiaries and a business unit	2,302	2,302	2,090	2,090
- Dividends receivable	1,442	1,442	1,442	1,442
- Others	412	324	270	178
Less: Allowance for impairment	(330)	–	(330)	–
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	419	277	419	72
Amounts due from subsidiaries	–	–	8,232	8,884
Employee loans	25	10	–	–
	17,064	21,146	18,735	17,313

5. Trade and other receivables (cont'd)

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Other receivables (non-current):				
Amounts due from doctors/former doctors	125	160	–	–
Less: Allowance for impairment	(125)	–	–	–
Amounts due from former associate	–	346	–	–
Other receivables	–	41	–	–
	–	547	–	–

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Total trade and other receivables (current and non-current)	17,064	21,693	18,735	17,313
Add: Cash and cash equivalents (Note 4)	12,138	20,165	3,227	7,577
Total loans and receivables	29,202	41,858	21,962	24,890

The credit periods generally granted to non-related trade receivable customers for the Group range from 30 to 90 days (2007: 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, $114,000 (2007: $196,000) 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.

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

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

Consideration receivables for disposal of associates amounting to $217,000 (2007: $Nil) is the amount owing from Healthcare & Wellness Corporation Pte Ltd for the disposal of 12.5% interest in Pacific Eldercare & Nursing Pte Ltd on 17 June 2008.

The amounts due from other related parties includes the balance of $2,302,000 (2007: $2,302,000) owing from Radlink-Asia Pte Ltd for the disposal of certain subsidiaries on 1 December 2006. This amount is recorded at fair value.

In 2007, deposit paid for acquisition of subsidiaries relate to amount kept in an escrow account which had been paid to vendor based on the progress of acquisition. This amount has been paid to the vendor in the current year.

The loans to former associate are unsecured and bear effective interest rates ranging from 0% to 6.5% (2007: 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. On 1 July 2008, $449,000 has been used to set off the consideration paid for acquisition of a dental business (Note 30).

5. Trade and other receivables (cont'd)

The loans to employees are unsecured and bear interest rates ranging from 0% to 2.5% (2007: nil). Included in these loans is a loan amounting to $12,000 (2007: $Nil) repayable over 14 monthly instalments commencing November 2008. The remaining amount has no fixed repayment terms.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,386,000 (2007: $1,150,000) and other receivables amounting to $6,823,000 (2007: $3,925,000) 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	
	2008	**2007**
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	284	248
30 to 60 days	236	185
61-90 days	150	197
91-120 days	140	100
More than 120 days	576	420
	1,386	1,150
Other receivables past due:		
Lesser than 30 days	1,374	228
30 to 60 days	107	74
61-90 days	151	61
91-120 days	297	58
More than 120 days	4,894	3,504
	6,823	3,925

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	
	2008	**2007**
	$'000	$'000
Trade receivables – nominal amounts	1,284	1,154
Less: Allowance for impairment	(1,284)	(1,154)
	–	–
Movements in allowance accounts:		
At 1 January	1,154	571
Charge for the year	375	653
Written off	(245)	(70)
At 31 December	1,284	1,154

5. Trade and other receivables (cont'd)

Receivables that are impaired (cont'd)

	Group	
	2008	**2007**
	$'000	$'000
Amounts due from associates – nominal amounts	1,905	1,246
Less: Allowance for impairment	(1,681)	(531)
	224	715
Movements in allowance accounts:		
At 1 January	531	402
Charge for associates included in share of results of associates	–	129
Charge for the year	1,300	–
Written off	(150)	–
At 31 December	1,681	531
Amounts due from doctors/former doctors – nominal amounts (current and non-current)	381	347
Less: Allowance for impairment	(347)	–
	34	347
Movements in allowance accounts:		
At 1 January	–	–
Charge for the year	347	–
At 31 December	347	–
Amounts due from a former owner of a business unit – nominal amounts	127	127
Less: Allowance for impairment	(127)	–
	–	127
Movements in allowance accounts:		
At 1 January	–	–
Charge for the year	127	–
At 31 December	127	–
Reimbursement of expenses from an investee company – nominal amounts	353	323
Less: Allowance for impairment	(353)	–
	–	323
Movements in allowance accounts:		
At 1 January	–	–
Charge for the year	353	–
At 31 December	353	–

5. Trade and other receivables (cont'd)

Receivables that are impaired (cont'd)

	Group	
	2008	**2007**
	$'000	$'000
Other related parties – nominal amounts	330	323
Less: Allowance for impairment	(330)	–
	–	323
Movements in allowance accounts:		
At 1 January	–	–
Charge for the year	330	–
At 31 December	330	–
Other receivables – nominal amounts	406	797
Less: Allowance for impairment	(406)	–
	–	797
Movements in allowance accounts:		
At 1 January	–	–
Charge for the year	406	–
At 31 December	406	–

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.

Amounts due from doctors/former doctors, amounts due from a former owner of a business unit, reimbursement of expenses from an investee company and other related parties that are determined to be impaired at the balance sheet date relate to receivables that have recoverability issue. These receivables are not secured by any collateral or credit enhancement.

6. Other assets

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Other assets (current):				
Prepayments	520	1,053	156	101
Sign-on bonuses	1,235	1,021	–	–
Deferred lease expenses	581	492	330	219
	2,336	2,566	486	320
Other assets (non-current):				
Prepayments	82	216	6	42
Sign-on bonuses	5,631	5,511	–	–
	5,713	5,727	6	42

7. Inventories

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balance sheet:				
Medical supplies at cost	2,779	2,462	13	13
Income statement:				
Inventories recognised as an expense	16,588	14,334		

8. Investments in subsidiaries

	Company	
	2008	2007
	$'000	$'000
Unquoted equity shares at cost	24,960	24,474
Less: Allowance for impairment	(8,367)	(1,286)
Costs incurred in relation to acquisition of subsidiaries	335	335
Quasi-equity loans	11,823	11,151
Less: Allowance for impairment	(406)	(406)
Total cost	28,345	34,268
Movements in above allowance:		
At 1 January	1,692	1,692
Impairment loss charged to income statement	7,081	–
At 31 December	8,773	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.

8. Investments in subsidiaries (cont'd)

During the financial year, the Company recognised an impairment loss of $7,081,000 as the carrying value was higher than the recoverable amount. The impairment loss provided reflects the write-down in the carrying value to recoverable amount due to the departure of a personnel and key doctor.

Details of the subsidiaries in the Group are as follows:

Name of subsidiaries, country of incorporation and principal activities	Percentage of equity held by the Group	
	2008	2007
	%	%
Specialist Surgery and Laser Centre Pte Ltd [(a)] Singapore Provision of day surgical facilities	100	100
Adam Road Hospital Pte Ltd [(a)] Singapore Provision of psychiatric services and management of hospital	100	100
Atria Pan Dental Group Pte Ltd [(a)] Singapore Practice of dental surgery and operation of dental clinics	100	100
Pacific Children's Clinic Pte Ltd [(b) (h)] Singapore Provision of specialised medical and paediatric services	100	100
Pacific Healthcare Specialist Services Pte Ltd [(a)] Singapore Provision of specialised healthcare including ophthalmology, oncology and urology services	100	100
Pacific Healthcare Asia Pte Ltd [(b)] Singapore Investment holding	100	100
Stockhart Pte Ltd (formerly known as The Cosmetic Surgery Clinic Pte Ltd) [(b) (h)] Singapore Provision of cosmetic surgical services	100	100
MD Specialist Healthcare Pte Ltd [(a)] Singapore Provision of specialised medical services including day surgical centres and dental services	100	100
Aesthetic and Reconstructive Centre Pte Ltd [(b)] Singapore Provision of cosmetic surgical services	80	80
Pacific Healthcare Limited [(c)] Hong Kong Investment holding and provision of management services	100	100

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Percentage of equity held by the Group	
	2008	2007
	%	%
Pacific Dental Implant Centre Pte Ltd [(a)] Singapore Practice of dental surgery	100	100
MHC Holdings Pte Ltd [(b)] [(h)] Singapore Investment holding	100	100
Pacific Specialist Services Pte Ltd (formerly known as Pacific Healthcare Women's Centre Pte Ltd) [(a)] Singapore Provision of specialist services including ENT and obstetric and gynaecology services	100	100
Pacific Healthcare (India) Pte Ltd [(b)] Singapore Investment holding	70	70
Pacific Heart, Stroke and Cancer Centre Pte Ltd [(a)] Singapore Investment holding	100	100
PacHealth Medical Services Pte Ltd [(g)] India Provision of cosmetic surgery & dentistry services	92.5	50
Rejuvemed Pte Ltd [(b)] (acquired on 5 February 2008) Singapore Inactive	100	40
Customized Health Solutions Pte Ltd [(e)] (acquired on 17 April 2008) Singapore Compounding of pharmaceutical & biological products	100	–
<u>Held by Pacific Dental Implant Centre Pte Ltd</u> Centre For Oral Surgery And Implants Pte Ltd [(b)] Singapore Practice of dental surgery and operation of dental clinics	100	100
<u>Held by Atria Pan Dental Group Pte Ltd</u> Kindred Pte Ltd (formerly known as Atria Medical Associates Pte Ltd) [(b)] Singapore Practice of general medical practitioners	100	100

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Percentage of equity held by the Group	
	2008	2007
	%	%
Held by Atria Pan Dental Group Pte Ltd (cont'd)		
Pacific Healthcare (Indonesia) Pte Ltd (formerly known as Implanet Pte Ltd) [(b)] Singapore Provision of dental training	100	100
Mainstream Medi Pte Ltd (formerly known as Cross Marketing Services Pte Ltd) [(b)] Singapore Trading of implants	100	100
Image Ceramic Dental Laboratory Pte Ltd [(b)] Singapore Manufacturing and sale of dental products	100	100
Held by Kindred Pte Ltd (formerly known as Atria Medical Associates Pte Ltd)		
Grandfleur Pte Ltd (formerly known as The Clinic @ Cuppage Pte Ltd) [(b) (i)] Singapore Practice of general medical practitioners	100	70
Grandsage Pte Ltd (formerly known as Peninsula Plaza Clinic & Surgery Pte Ltd) [(b)] Singapore Practice of general medical practitioners	100	100
Held by Pacific Healthcare Asia Pte Ltd		
Asia Lifeline Medical Services Pte Ltd [(b)] Singapore Provision of medical assistance services	51	51
Singapore Centre for Medical Imaging Pte Ltd [(f)] Singapore Inactive	51	51
Held by Pacific Healthcare Specialist Services Pte Ltd		
Robertson Choo Oehlers Lee & Lye Pte Ltd [(a)] Singapore Practice of dental surgery and operation of dental clinics	100	100
Grandfleur Pte Ltd (formerly known as The Clinic @ Cuppage Pte Ltd) [(b) (i)] Singapore Practice of general medical practitioners	100	–
Held by Pacific Healthcare Limited		
Health Concepts Limited [(c)] Hong Kong Provision of medical and health schemes services	80	80
Health Concepts Medical Centres Limited [(c)] Hong Kong Inactive	80	80

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Percentage of equity held by the Group	
	2008	**2007**
	%	%
<u>Held by Pacific Healthcare Limited</u> (cont'd)		
Pacific Kang Ying Healthcare Limited (formerly known as Clinics of Plastic & Maxillofacial Surgery Limited) [c] Hong Kong Investment holding	75	75
<u>Held by Pacific Kang Ying Healthcare Limited</u>		
Shen Zhen Marsa Pacific Chain Enterprise Limited [d] The People's Republic of China Provision of skin care services and sales of skin care products	52.5	52.5
<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	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

(a) Audited by Ernst & Young LLP, Singapore.

(b) Audited by LTC LLP, Singapore.

(c) Audited by Horwath Hong Kong CPA Limited, Hong Kong.

(d) Audited by Shenzhen Asia Pacific Certified Public Accountants Co. Ltd, The People's Republic of China.

(e) Audited by JM Partners, Singapore.

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

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

(h) In the process of liquidation.

(i) In 2008, the Group's equity interest of 100% is 70% and 30% held by Kindred Pte Ltd (formerly known as Atria Medical Associates Pte Ltd) and Pacific Healthcare Specialist Services Pte Ltd respectively.

9. Investments in associates

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unquoted equity shares at cost to the Company	–	–	253	1,424
Share of net assets of associates	2,414	3,942	–	–
Less: Allowance for impairment	–	–	(104)	(64)
	2,414	3,942	149	1,360

	Company	
	2008	2007
	$'000	$'000
Movements in above allowance:		
At 1 January	64	64
Impairment loss charged to income statement	40	–
At 31 December	104	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	
	2008	2007
	%	%
Held by the Company		
Pacific Eldercare and Nursing Pte Ltd [(a)] [(c)] Singapore Provision of nursing home services	–	40
Health Promise Pte Ltd (formerly known as Pacific Hospital Consultants Pte Ltd) [(a)] Singapore Investment holding	–	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
Mediplex Asia Co. Ltd [(b)] Thailand Provision of investment and management services relating to health and wellness business	49	–

9. Investments in associates (cont'd)

Name of associate, country of incorporation and principal activities	Percentage of equity held by the Group	
	2008	2007
	%	%
Thai Mediplex Co. Ltd [b] Thailand Management and operations of health and wellness specialist centre	49	–
Held by Pacific Hospital Consultants Pte Ltd		
Rejuvemed Pte Ltd [a] Singapore Inactive	–	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] [d] 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	40

(a) Audited by LTC LLP, Singapore.

(b) No auditor has been appointed as the company was newly incorporated in October 2008.

(c) On 17 June 2008, the Group disposed 25% interest in this company. Following the disposal, this investment has been reclassified to other investment.

(d) In the process of liquidation.

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 $728,000 (2007: $428,000), of which $300,000 (2007: $122,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

9. Investments in associates (cont'd)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by Group, is as follows:

	Group	
	2008	2007
	$'000	$'000
Assets and liabilities:		
Total assets	8,940	17,373
Total liabilities	(3,183)	(7,049)
Results:		
Revenue	2,021	1,633
Profit for the year	73	1,837

10. Other investments

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Available-for-sale financial assets:				
Unquoted equity shares at cost	2,692	2,403	2,635	2,290
Less: Allowance for impairment	(353)	–	–	–
	2,339	2,403	2,635	2,290

	Group	
	2008	2007
	$'000	$'000
Movements in above allowance:		
At 1 January	–	–
Impairment loss charged to income statement included in other expenses	353	–
At 31 December	353	–

10. Other investments (cont'd)

Unquoted equity shares investments include the following entities:

Name of company, country of incorporation and principal activities	**Group** Cost of investment		**Company** Cost of investment	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Pacific Healthcare Nursing Home Pte Ltd [(a)] Singapore Provision of nursing home services	120	120	360	360
Prestige Healthcare Investments Private Limited [(b)] Singapore Investment holding	353	353	–	–
Cure Heart Ltd. Mauritius Investment holding	1,930	1,930	1,930	1,930
Pacific Eldercare and Nursing Pte Ltd [(c)] Singapore Provision of nursing home services	289	–	345	–
	2,692	2,403	2,635	2,290

(a) The Company disposed 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.

(b) During the financial year, the Group recognised an impairment loss of $353,000. The impairment loss provided reflects the fair value of an investment is less than its cost.

(c) The Company disposed 25% of its interest in this entity to third parties in 2008. Consequently, this former associate has been accounted as other investment from date of disposal.

11. Property, plant and equipment

	Freehold land	Leasehold improve-ments	Plant and equipment	Total
	$'000	$'000	$'000	$'000
Group				
Cost:				
At 1 January 2007	190	11,278	16,455	27,923
Exchange differences	18	20	50	88
Additions (Note 4)	11	1,933	3,965	5,909
Acquisition of subsidiaries (Note 30)	–	333	703	1,036
Disposal of subsidiaries (Note 30)	(219)	(274)	(783)	(1,276)
Disposals	–	(377)	(588)	(965)
At 31 December 2007 and 1 January 2008	–	12,913	19,802	32,715
Exchange differences	–	99	19	118
Additions (Note 4)	–	4,470	5,203	9,673
Acquisition of subsidiaries (Note 30)	–	24	101	125
Disposal of subsidiaries (Note 30)	–	–	(790)	(790)
Disposals	–	(917)	(862)	(1,779)
At 31 December 2008	–	16,589	23,473	40,062
Accumulated depreciation and impairment loss:				
At 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
Disposal of subsidiaries (Note 30)	–	(70)	(211)	(281)
Disposals	–	(116)	(343)	(459)
At 31 December 2007 and 1 January 2008	–	4,464	7,613	12,077
Exchange differences	–	22	49	71
Depreciation charge for the year	–	1,584	3,220	4,804
Disposal of subsidiaries (Note 30)	–	–	(161)	(161)
Disposals	–	(419)	(669)	(1,088)
Impairment loss	–	–	17	17
At 31 December 2008	–	5,651	10,069	15,720
Net carrying amount:				
At 31 December 2007	–	8,449	12,189	20,638
At 31 December 2008	–	10,938	13,404	24,342

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

	Leasehold improve-ments	Plant and equipment	Total
	$'000	$'000	$'000
Company			
Cost:			
At 1 January 2007	2,260	1,109	3,369
Additions	1,629	51	1,680
At 31 December 2007 and 1 January 2008	3,889	1,160	5,049
Additions	260	191	451
At 31 December 2008	4,149	1,351	5,500
Accumulated depreciation:			
At 1 January 2007	184	463	647
Depreciation charge for the year	237	123	360
At 31 December 2007 and 1 January 2008	421	586	1,007
Depreciation charge for the year	413	119	532
At 31 December 2008	834	705	1,539
Net carrying amount:			
At 31 December 2007	3,468	574	4,042
At 31 December 2008	3,315	646	3,961

Assets held under finance leases and borrowings

During the financial year, the Group and Company acquired leasehold improvements, plant and equipment with an aggregate cost of $2,067,000 (2007: $290,000) and $451,000 (2007: $Nil) respectively by means of finance leases and borrowings. The cash outflow on acquisition of leasehold improvements, plant and equipment of the Group and Company amounted to $4,455,000 (2007: $5,619,000) and $Nil (2007: $1,680,000) respectively.

The carrying amount of property, plant and equipment of the Group and Company held under finance leases and borrowings was as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Leasehold improvements	1,589	1,178	1,147	–
Plant and equipment	3,173	4,372	322	364
At 31 December	4,762	5,550	1,469	364

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

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

Assets pledged as security

In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $50,000 (2007: $163,000) are mortgaged to secure the Group's bank loans (Note 16).

Assets under construction

The Group's property, plant and equipment included $481,000 (2007: $Nil) which relate to renovation for premises in the course of construction.

Impairment of assets

During the financial year, a subsidiary of the Group within the Medical segment, Singapore Heart, Stroke and Cancer Centre Pte Ltd carried out a review of the recoverable amount of its medical equipment because it has been idled for a year. An impairment loss of $17,000 (2007: $Nil), representing the write-down of this equipment to the recoverable amount was recognised in 'Other expenses' (Note 28) line item of the income statement for the financial year ended 31 December 2008.

12. Goodwill

	Group
	$'000
Cost:	
At 1 January 2007	22,562
Acquisition of subsidiaries (Note 30)	12
Contingent purchase consideration [a]	817
Exchange differences	(33)
At 31 December 2007 and 1 January 2008	23,358
Acquisition of subsidiaries (Note 30)	1,126
Acquisition of additional interest in subsidiaries	270
Contingent purchase adjustment [b]	(111)
Exchange differences	25
At 31 December 2008	24,668
Accumulated amortisation and impairment:	
At 1 January 2007	2,231
Impairment loss	200
Exchange differences	(2)
At 31 December 2007 and 1 January 2008	2,429
Impairment loss	6,822
Exchange differences	6
At 31 December 2008	9,257
Net carrying amount:	
At 31 December 2007	20,929
At 31 December 2008	15,411

12. Goodwill (cont'd)

(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.

(b) The purchase consideration for the acquisition of a subsidiary in the previous financial year had been repaid by a doctor for an early termination of consultancy agreement.

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

In 2008, the Group undertook an internal reorganisation to streamline its group structure, reduce reporting and compliance costs so as to better focus the common interests of its businesses. Post restructuring, the businesses are monitored under the Dentistry and Medical business segments.

Under the Dentistry business segment, the Group operates a network of dental clinics providing a wide range of services including general dental treatment, endodontics, orthodontics, periodontics, prosthodontics, paedodontics, oral surgery, dental implants and aesthetic dentistry.

Under the Medical business segment, the Group primarily operates specialist clinics offering services ranging from age management, assisted reproduction, cardiology, cosmetic surgery, dermatology, ENT surgery, general and vascular surgery, neurology, obstetrics and gynaecology, oncology, ophthalmology, paediatrics, psychiatry and urology. Complementing the specialist healthcare unit of our Medical division is our general practice medical clinics which emphasizes health screening, health maintenance and disease prevention. The Group also operates day surgery centres for performing a range of surgical procedures that do not require overnight care. In addition, the Group has a diagnostic facility that offers an extensive range of high-end specialised medical diagnostic and imaging services.

Reclassifications have been made to the prior year's segment information to enhance comparability with the current year's presentation.

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

	Group	
	2008	**2007**
	$'000	$'000 (Restated)
Medical segment	10,224	16,567
Dentistry segment	5,187	4,362
	15,411	20,929

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.

12. Goodwill (cont'd)

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
2007:			
Growth rates	:	3% to 5% for FY2007 to FY2012; 1% to 2% in perpetuity	0% to 37% for FY2007 to FY2012; 0% to 1% in perpetuity
Pre-tax discount rates	:	12.7% to 13.3%	13.0% to 16.6%
		Medical	**Dentistry**
2008:			
Growth rates	:	-2% to 5% for FY2008 to FY2013; 3% in perpetuity	5% to 10% for FY2008 to FY2013; 3% in perpetuity
Pre-tax discount rates	:	14.2%	14.7%

The calculations of VIU for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on past performance and its expectations of market development.

Growth rates – The growth rates are based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.

Pre-tax discount rates – Discount rates reflect current market assessments at the risks specific to the CGUs.

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.

<u>Impairment loss recognised</u>

During the financial year, an impairment loss was recognised to write-down the carrying amount of goodwill relating to the Singapore Medical segment, which was due to a departure of personnel and key doctors. The impairment loss of $6,822,000 (2007: $200,000) was charged to the income statement under the line item 'Other expenses' (Note 28).

13. Intangible assets

Group	Brand $'000	Customer relationship $'000	Total $'000
Cost:			
At 1 January 2007, 31 December 2007 and 1 January 2008	5,879	701	6,580
Acquisition of subsidiaries (Note 30)	–	51	51
At 31 December 2008	5,879	752	6,631
Accumulated amortisation and impairment:			
At 1 January 2007	32	132	164
Amortisation	15	125	140
At 31 December 2007 and 1 January 2008	47	257	304
Amortisation	15	125	140
Impairment loss	5,648	170	5,818
At 31 December 2008	5,710	552	6,262
Net carrying amount:			
At 31 December 2007	5,832	444	6,276
At 31 December 2008	169	200	369

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 $169,000 (2007: $184,000) have an average remaining amortisation period of 12 years (2007: 13 years).

Customer relationship

Customer relationship relates to the clientele base that was acquired in business combinations. The net carrying amounts of $Nil (2007: $263,000) and $200,000 (2007: $181,000) have an average remaining amortisation period of nil (2007: 3 years) and 4 years (2007: 5 years) respectively.

Amortisation expense

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

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

	Group 2008 $'000	Group 2007 $'000
Brand acquired at cost	–	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.

13. Intangible assets (cont'd)

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of intangible assets relating to the Singapore Medical segment, which was due to a departure of personnel and key doctors. The impairment loss of $5,818,000 (2007: $Nil) was charged to the income statement under the line item 'Other expenses' (Note 28).

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14. Trade and other payables

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Trade and other payables (current):				
Trade payables:				
Outside parties	4,066	4,426	274	198
Other payables:				
Subsidiaries	–	–	6,406	4,515
Directors	195	1,552	–	133
For purchase of investments - to be settled by cash	2,297	2,358	2,212	2,205
Amounts payable to doctors	2,891	1,279	–	–
Deposits received	576	276	247	106
Deferred consideration on acquisition of subsidiary (Note 30)	–	1,473	–	–
Amount due to minority shareholder of a subsidiary	–	1,418	–	–
Others	1,127	864	148	113
	11,152	13,646	9,287	7,270
Other payables (non-current):				
Payables for purchase of investments	28	139	28	139
Total trade and other payables (current and non-current)	11,180	13,785	9,315	7,409
Add:				
- Accrued liabilities (Note 15)	1,520	3,247	249	609
- Loans and borrowings (Note 16)	15,744	19,407	14,075	16,083
- Finance leases (Note 17)	2,179	2,479	879	242
Total financial liabilities carried at amortised cost	30,623	38,918	24,518	24,343

The average credit period taken by the Group to settle non-related trade payables range from 90 to 120 days (2007: 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 was or is to be satisfied by cash.

The deferred consideration of $1,473,000 in 2007 has been 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. This amount has been settled in 2008.

15. Other liabilities

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Accrued liabilities	1,520	3,247	249	609
Deferred lease income	65	–	65	–
	1,585	3,247	314	609

16. Borrowings

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Bank loans	15,397	19,407	13,728	16,083
Bank overdraft	347	–	347	–
	15,744	19,407	14,075	16,083
The borrowings are repayable as follows:-				
Not later than one year	11,268	8,645	10,133	7,010
Later than one year but not later than five years	4,476	10,762	3,942	9,073
	15,744	19,407	14,075	16,083
Bank loans comprise:				
Loan 1	–	56	–	56
Loan 2	282	963	–	–
Loan 3	770	1,704	770	1,704
Loan 4	3,438	2,950	3,438	2,950
Loan 5	1,520	3,040	1,520	3,040
Loan 6	120	291	–	–
Loan 7	1,247	1,988	–	–
Loan 8	20	82	–	–
Loan 9	5,000	8,333	5,000	8,333
Loan 10	3,000	–	3,000	–
	15,397	19,407	13,728	16,083

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 5.86% (2007: 7.0%). Interest is repriced based on prime rate of the bank. The loan has been fully repaid during the year.

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.

Loan 3: The SGD bank loan is unsecured and repayable over 36 monthly instalments from July 2006. The effective interest rate is 5.50% (2007: 5.50%) per annum. Interest is repriced based on a fixed percentage above prime rate.

16. Borrowings (cont'd)

Loan 4: 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% (2007: 6.50%) per annum. Interest is repriced based on a fixed percentage above prime rate.

Loan 5: 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% (2007: 6 months SIBOR plus 2.25%) per annum. Interest is repriced at the interval of 6 months.

Loan 6: 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% (2007: 7.50%) per annum. Interest is repriced based on a fixed percentage above prime rate.

Loan 7: 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 4.90% to 7.65% (2007: 7.65% to 7.97%) per annum. Interest is repriced based on a fixed percentage above cost of funds.

Loan 8: 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 rate is 4.75% (2007: 6.50%) 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 repayable over 6 equal semi-annual instalments from August 2007. The effective interest rates ranged from 2.78% to 3.66% (2007: 4.21% to 5.78%) per annum. Interest is repriced based on the aggregate of margin and swap rate.

Loan 10: The SGD bank loan is covered by a negative pledge over the Company's assets and repayable immediately upon the banker's request. The effective interest rates ranged from 4.06% to 4.30% (2007: nil) per annum. Interest is repriced based on a fixed percentage above cost of funds.

Bank overdraft is denominated in SGD, bears interest at 5.50% p.a. and is unsecured. Interest is repriced based on a fixed percentage above prime rate.

The carrying amounts of borrowings approximate their respective fair values.

17. Finance leases

	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	2008	**2008**	**2007**	**2007**
Group	$'000	$'000	$'000	$'000
Not later than one year	1,312	1,228	1,995	1,900
Later than one year but not later than five years	988	951	601	579
Total minimum lease payments	2,300	2,179	2,596	2,479
Less: Amounts representing finance charges	(121)	–	(117)	–
Present value of minimum lease payments	2,179	2,179	2,479	2,479

17. Finance leases (cont'd)

	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	2008	2008	2007	2007
Company	$'000	$'000	$'000	$'000
Not later than one year	511	475	138	126
Later than one year but not later than five years	416	404	127	116
Total minimum lease payments	927	879	265	242
Less: Amounts representing finance charges	(48)	–	(23)	–
Present value of minimum lease payments	879	879	242	242

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 (2007: 3 to 5 years). The effective borrowing rates range from 2.6% to 6.25% (2007: 3% to 6.25%) 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		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Provision for restoration cost:				
At 1 January	932	946	355	155
Arose during the financial year	92	432	10	200
Unused amounts reversed	(69)	(446)	(69)	–
At 31 December	955	932	296	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			
	2008		2007	
	No. of shares	Issued share capital	No. of shares	Issued share capital
	'000	$'000	'000	$'000
Ordinary shares:				
At 1 January	280,803	39,252	238,803	26,842
Issued for public subscription	–	–	42,000	13,020
Share issue expenses	–	–	–	(610)
At 31 December	280,803	39,252	280,803	39,252

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.

On 30 November 2007, 56,160,599 bonus warrants were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Each warrant carries the right to subscribe for one new share at an exercise price of S$0.39. These warrants are exercisable between 1 June 2008 to 26 November 2010. When fully exercised, an additional capital of S$21,902,634 will be raised. No warrants have been exercised todate.

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	
	2008	2007
	$'000	$'000
Rendering of services	79,491	74,011
Management fee income	469	405
Rental income	1,265	739
	81,225	75,155

22. Interest income

	Group	
	2008	2007
	$'000	$'000
Interest income from loans and receivables	261	566

23. Dividend income

	Group	
	2008	2007
	$'000	$'000
Dividend income from available-for-sale financial assets	–	76

24. Other income

	Group	
	2008	2007
	$'000	$'000
Compensation fee due from an associate for sale of business	–	1,500
Other income	646	475
Gain on disposal of subsidiaries/business units [a]	577	2,967
Gain on disposal of associates	9	–
Gain on disposal of asset classified as held for sale	3,246	–
Compensation for breach of contract	73	175
Excess of fair value of net assets acquired over cost	76	234
Foreign exchange transaction gains	85	–
	4,712	5,351

[a] Included in gain on disposal of subsidiaries for 2007 was a gain amounting to $2,073,000 relating to the disposal of 10 GP clinics and a medical diagnostic service to Radlink-Asia Pte Ltd in 2006.

25. Financial expense

	Group	
	2008	2007
	$'000	$'000
Interest expense:		
- Bank loans	884	1,385
- Obligations under finance leases	193	208
Total interest expense	1,077	1,593
Fair value adjustment:		
- Loans and receivables	–	(261)
- Financial liabilities carried at amortised cost	5	–
Financial expense	1,082	1,332

26. Employee benefits expense

	Group 2008 $'000	Group 2007 $'000
Salaries and bonuses	41,463	39,420
Central Provident Fund Contribution	1,354	1,231
Other short-term benefits	120	234
	42,937	40,885

27. Depreciation and amortisation

	Group 2008 $'000	Group 2007 $'000
Depreciation of property, plant and equipment	4,804	3,639
Amortisation of intangible assets	140	140
	4,944	3,779

28. Other expenses

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

	Group 2008 $'000	Group 2007 $'000
Foreign exchange transaction losses	–	182
Provision for impairment of doubtful receivables, net of amount recovered from director/doctor		
- Trade receivables	375	653
- Amounts due from associates	1,300	–
- Other receivables	1,563	–
Bad trade receivables written off	42	118
Bad trade receivables recovered	(55)	–
Impairment loss on goodwill	6,822	200
Impairment loss on intangible assets	5,818	–
Impairment loss on other investments	353	–
Impairment loss on plant and equipment	17	–
Preliminary expenses written off	–	15
Loss on disposal of plant and equipment	639	307
Non-audit fees paid to independent auditors of subsidiaries	34	52
Advertising and marketing expenses	1,867	1,891
Credit cards commission	873	816
Professional fees	805	815

29. Income tax expense and deferred tax

The major components of income tax expense for the years ended 31 December 2008 and 2007 are:

	Group	
	2008	**2007**
	$'000	$'000
Income statement:		
Current income tax		
- Current income taxation	602	813
- Under provision in respect of previous years	173	155
	775	968
Deferred income tax		
- Origination and reversal of temporary differences	(727)	(192)
- Effect of reduction in tax rate	–	(79)
Income tax expense recognised in the income statement	48	697

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2008 and 2007 are as follows:

	Group	
	2008	**2007**
	$'000	$'000
(Loss)/profit before tax	(13,797)	6,750
Income tax expense at the statutory rate	(2,483)	1,215
Effect of different tax rates in other countries	75	(46)
Non-deductible expenses	2,287	703
Tax on contribution from minority shareholder of a subsidiary	571	–
Share of results of associates	87	(178)
Effect of reduction in tax rate [a]	–	(79)
Effect of tax exemptions	(126)	(212)
Under provision in respect of previous years	173	155
Income not subject to tax	(654)	(1,010)
Tax incentive [b]	(112)	(42)
Benefits from previously unrecognised deferred tax assets	(8)	(234)
Deferred tax assets not recognised	227	425
Other items	11	–
	48	697

[a] The corporate income tax rate applicable to Singapore companies of the Group was reduced to 18% for the year of assessment 2008 onwards from 20% for year of assessment 2007. The corporate income tax rate applicable to Hong Kong companies of the Group was reduced to 16.5% for the year of assessment 2009 onwards from 17.5% for year of assessment 2008.

[b] A subsidiary company of the Group enjoys a preferential tax rate of 10% for a period of 6 years starting 1 January 2005 as a development and expansion company approved by the Minister of Trade and Industry in respect to its qualifying activity of Integrated Multi Disciplinary Specialist Medical Centre.

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

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

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities:						
Intangible assets	(107)	(1,255)	(1,148)	(28)	–	–
Excess of net book value over tax base of plant and equipment	(1,067)	(646)	421	(256)	–	(34)
Exchange difference	(27)	–	–	–	–	–
Total deferred tax liabilities	(1,201)	(1,901)			–	(34)
Deferred tax assets:						
Unutilised tax losses	–	–	–	1	–	–
Unabsorbed capital allowances	–	–	–	12	–	–
Total deferred tax assets	–	–			–	–
Net total of deferred tax liabilities	(1,201)	(1,901)			–	(34)
Deferred tax credit			(727)	(271)		

Presented in the balance sheet as follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred tax liabilities	1,201	1,901	–	34

Unrecognised tax losses and unabsorbed capital allowances

At the balance sheet date, the Group has tax losses and unabsorbed capital allowances of approximately $1,523,000 (2007: $2,563,000) and $24,000 (2007: $210,000) 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.

Unrecognised temporary differences relating to investments in subsidiaries

At the balance sheet date, no deferred tax liability (2007: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Tax consequences of proposed dividends

There are no income tax consequences (2007: $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 subsidiaries/business unit

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.

On 5 February 2008, the Company acquired a 100% equity interest in Rejuvemed Pte Ltd ("Rejuvemed") for a nominal consideration of $1.

On 17 April 2008, the Company acquired a 100% equity interest in Customized Health Solutions Pte Ltd ("CHS") for a consideration of $150,000.

On 1 July 2008, the Group acquired a dental business in Hong Kong Osseointegration Implant Centre Limited ("HKOIC") through its 100% owned subsidiary, Pacific Healthcare Limited for a consideration of $1,017,000.

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

	Group	
	2008	**2007**
	$'000	$'000
Cash and cash equivalents	83	410
Trade and other receivables [(a)]	44	5,420
Inventories	41	221
Plant and equipment	125	1,036
Goodwill	1,126	12
Intangible assets	51	–
Excess of net assets acquired over cost	(76)	(234)
Trade and other payables	(227)	(744)
Current tax and deferred tax	–	(12)
Minority interests	–	(2,124)
Net assets acquired	1,167	3,985
Consideration	1,167	3,985
Less: Deferred consideration (Note 14)	–	(1,473)
Less: Set off of amount due from former associate	(449)	–
Less: Net cash acquired	(83)	(410)
Net cash outflow on acquisition of subsidiaries/business units	635	2,102

(a) In accordance with agreement entered into between the Group and the vendor for the acquisition of subsidiaries in 2007 (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.

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

Acquisition of subsidiaries/business unit (cont'd)

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	
	2008	**2007**
	$'000	$'000
Revenue	427	589
Loss for the year	(78)	(74)

The revenue and net (loss)/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	
	2008	**2007**
	$'000	$'000
Revenue	81,513	77,088
(Loss)/profit for the year	(13,859)	6,412

Disposal of subsidiaries/business unit

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.

On 14 November 2008, the Group entered into a business transfer agreement to dispose certain assets in its 92.5% owned subsidiary, PacHealth Medical Services Private Limited ("PMSPL") for a consideration of $1,247,000.

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

	Group	
	2008	**2007**
	$'000	$'000
Cash and cash equivalents	–	4
Trade and other receivables	40	70
Inventories	1	42
Plant and equipment	629	995
Short-term borrowings	–	(392)
Trade and other payables	–	(502)
Share application money	–	401
Minority interests	–	(181)
Foreign currency translation reserve	–	(8)
Net assets at date of disposal	670	429
Gain on disposal recognised in income statement	577	894
Asset classified as held for sale [(a)]	–	(302)
Cash consideration	1,247	1,021
Receivables	(1,247)	–
Cash balance disposed off	–	(4)
Net cash inflow on disposal of subsidiaries/business units	–	1,017

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

Disposal of subsidiaries/business unit (cont'd)

(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. The consideration of $3,548,000 for 2nd tranche divestment was paid and received in November 2008.

The revenue and net contributions from the business unit disposed off were as follows:

	Group	
	2008	**2007**
	$'000	$'000
Revenue	228	274
Loss for the year	(613)	(139)

31. Dividends

	Group and Company	
	2008	**2007**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2007: 0.40 cents (2006: 0.49 cents) per share	1,123	1,376
- Interim exempt (one-tier) dividend for 2008: nil cents (2007: 0.30 cents) per share	–	842
	1,123	2,218
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 2008: nil cents (2007: 0.40 cents) per share	–	1,123

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 2008.

33. Capital expenditure commitments

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	3,086	5,091	1,634	550

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 below amounts.

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 December 2008 amounted to $8,007,000 (2007: $5,801,000).

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

	Group	
	2008	**2007**
	$'000	$'000
Not later than one year	8,800	6,861
Later than one year but not later than five years	11,595	13,590
Later than five years	673	–
	21,068	20,451

(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	
	2008	**2007**
	$'000	$'000
Not later than one year	1,187	401
Later than one year but not later than five years	1,793	1,015
	2,980	1,416

35. Earnings per share

The basic and diluted earnings per share are calculated based on the Group's loss attributable to equity holders of the Company of $11,812,000 (2007: profit attributable to equity holders of $5,735,000) divided by the weighted average number of shares outstanding during the financial year of 280,803,046 (2007: 277,120,854).

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, the effect of the warrants are anti-dilutive and is disregarded.

36. Banking facilities

	Group	
	2008	**2007**
	$'000	$'000
Bank overdraft facilities available	1,215	1,215
Performance guarantee	117	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:-

Dentistry: Comprises dentistry

Medical: Comprises clinical services, facilities management, general practice medicine and eldercare and wellness services

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.

In 2008, the Group undertook an internal reorganisation to streamline its group structure, reduce reporting and compliance costs so as to better focus the common interests of its businesses. Post restructuring, the businesses are monitored under the Dentistry and Medical business segments.

Under the Dentistry business segment, the Group operates a network of dental clinics providing a wide range of services including general dental treatment, endodontics, orthodontics, periodontics, prosthodontics, paedodontics, oral surgery, dental implants and aesthetic dentistry.

Under the Medical business segment, the Group primarily operates specialist clinics offering services ranging from age management, assisted reproduction, cardiology, cosmetic surgery, dermatology, ENT surgery, general and vascular surgery, neurology, obstetrics and gynaecology, oncology, ophthalmology, paediatrics, psychiatry and urology. Complementing the specialist healthcare unit of our Medical division is our general practice medical clinics which emphasizes health screening, health maintenance and disease prevention. The Group also operates day surgery centres for performing a range of surgical procedures that do not require overnight care. In addition, the Group has a diagnostic facility that offers an extensive range of high-end specialised medical diagnostic and imaging services.

Reclassifications have been made to the prior year's segment revenue and results information to enhance comparability with the current year's presentation.

37. Segmental information (cont'd)

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 and deferred 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.

(a) Business segment

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2008 and 2007.

	Dentistry		Medical		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External sales	16,926	17,663	64,299	57,492	–	–	81,225	75,155
Inter-segment sales	558	734	6,943	5,755	(7,501)	(6,489)	–	–
	17,484	18,397	71,242	63,247	(7,501)	(6,489)	81,225	75,155
Results								
Segment results	17	968	(1,075)	4,845	–	–	(1,058)	5,813
Unallocated corporate expenses							(1,992)	(1,302)
Interest expense							(1,077)	(1,593)
Dividend income							–	76
Gain on disposal of subsidiaries/business units							577	2,967
Gain on disposal of asset classified as held for sale							3,246	–
Other non-cash expenses	–	–	(13,010)	(200)	–	–	(13,010)	(200)
Share of results of associates	–	–	(483)	989	–	–	(483)	989
(Loss)/profit before tax							(13,797)	6,750
Income tax expense							(48)	(697)
(Loss)/profit for the year							(13,845)	6,053

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 2008 and 2007.

	Dentistry		Medical		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Segment assets	10,801	10,551	56,954	75,368	67,755	85,919
Investment in associates	–	–	2,414	3,942	2,414	3,942
Unallocated assets					14,736	17,242
Total assets					84,905	107,103
Liabilities						
Segment liabilities	2,320	1,901	13,555	17,767	15,875	19,668
Unallocated liabilities					18,380	22,803
Total liabilities					34,255	42,471
Other segment information						
Capital expenditure:						
- Tangible assets	630	535	8,854	5,308	9,484	5,843
Depreciation	581	508	4,132	3,033	4,713	3,541
Amortisation of intangible assets	47	47	93	93	140	140
Impairment loss on goodwill	–	–	6,822	200	6,822	200
Impairment loss on intangible assets	–	–	5,818	–	5,818	–
Impairment loss on other investment	–	–	353	–	353	–
Impairment loss on plant and equipment	–	–	17	–	17	–
Other non-cash expenses	171	130	3,611	702	3,782	832
Unallocated capital expenditure	–	–	–	–	189	66
Unallocated depreciation	–	–	–	–	91	98

37. Segmental information (cont'd)

(b) Geographical segment (cont'd)

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments as at and for the years ended 31 December 2008 and 2007.

	Singapore		**Overseas**		**Consolidated**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External sales	70,133	69,115	11,092	6,040	81,225	75,155
Other segment information						
Segment assets	54,126	73,275	13,629	12,644	67,755	85,919
Investment in associates	2,414	3,942	–	–	2,414	3,942
Unallocated assets					14,736	17,242
Total assets					84,905	107,103
Capital expenditure:						
- Tangible assets	3,515	4,559	5,969	1,284	9,484	5,843
Unallocated capital expenditure	–	–	–	–	189	–

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 and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer 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 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.

(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.

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

(a) Credit risk (cont'd)

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.

<u>Exposure to credit risk</u>

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 $980,000 (2007: $2,125,000) relating to a corporate guarantee provided by the Company to banks on subsidiaries' bank loan.

<u>Credit risk concentration profile</u>

The Group has no significant concentrations of credit risk.

At balance sheet date, approximately:

- 33% (2007: 25%) of the Group's trade receivables were due from 5 major corporate customers who are located in Singapore.
- 44% (2007: 33%) 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.

<u>Financial assets that are neither past due nor impaired</u>

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.

<u>Financial assets that are either past due or impaired</u>

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).

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

(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.

	2008			2007		
	1 year or less	1 to 5 years	Total	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Trade and other payables	11,161	30	11,191	13,662	150	13,812
Other liabilities	1,520	–	1,520	3,247	–	3,247
Borrowings	11,819	5,312	17,131	9,348	11,116	20,464
Finance leases	1,312	988	2,300	1,995	601	2,596
	25,812	6,330	32,142	28,252	11,867	40,119
Company						
Trade and other payables	9,296	30	9,326	7,286	150	7,436
Other liabilities	249	–	249	609	–	609
Borrowings	10,608	4,762	15,370	7,563	9,335	16,898
Finance leases	511	416	927	138	127	265
	20,664	5,208	25,872	15,596	9,612	25,208

(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.

<u>Sensitivity analysis for interest rate risk</u>

As at 31 December 2008, it is estimated that a general increase/decrease of 75 (2007: 75) basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss net of tax by approximately $81,000 (2007: decrease/increase the Group's profit net of tax by approximately $102,000).

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 2007.

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

(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 2% (2007: 3%) of costs are denominated in this foreign currency. There is no policy to reduce currency exposures through forward currency contracts, 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 $45,000 and $13,000 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.

<u>Sensitivity analysis for foreign currency risk</u>

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

		Group	
		2008	**2007**
		$'000 Loss net of tax (Decrease)/increase	$'000 Profit net of tax Increase/(decrease)
HKD	– strengthened 3% (2007: 3%)	(13)	2
	– weakened 3% (2007: 3%)	13	(2)
INR	– strengthened 3% (2007: 3%)	38	–
	– weakened 3% (2007: 3%)	(38)	–
THB	– strengthened 3% (2007: nil)	4	–
	– weakened 3% (2007: nil)	(4)	–

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.

<u>Determination of fair value</u>

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.

39. Fair value of financial instruments (cont'd)

Determination of fair value (cont'd)

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 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 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 40%. 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	
	2008	**2007**
	$'000	$'000
Net debt	18,550	18,753
Equity attributable to equity holders of the Company	44,752	57,598
Total capital	63,302	76,351
Gearing ratio	29%	25%

41. Events occurring after the balance sheet date

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

(a) The Group had acquired 42.5% of Birla-Pacific MedSpa Private Limited (“Birla - Pacific”) through its 70% owned subsidiary, Pacific Healthcare (India) Pte Ltd as announced on 5 January 2009. This acquisition is pursuant to the Group’s earlier announcement on 15 April 2008 in relation to the joint venture with Birla Wellness And Healthcare Limited and Dr Abhijit Prabhakar Desai. The acquisition is at a consideration of $395,888. On 6 March 2009, the Group injected a further sum of $404,685 proportionate to its 42.5% shareholding in Birla - Pacific.

(b) In January 2009, the Singapore Government announced the 2009 Budget with a “Resilience Package”, which provides a number of measures to cushion the impact of the slowing Singapore economy. The Group will benefit largely from two key Budget measures, namely the reduction in corporate tax rate from 18% to 17% and the Jobs Credit scheme.

(i) Reduction in corporate tax rate from 18% to 17%

The Group’s deferred tax provision has been computed on the year end prevailing tax rate of 18%. Applying the reduced tax rate of 17% would result in an approximate reduction in deferred tax liability for the Group and Company amounting to $71,000 and $Nil respectively.

(ii) Jobs Credit scheme

The Singapore Finance Minister announced the job credit scheme to encourage businesses to preserve jobs in the downturn.

Details of the Jobs Credit scheme are as follows:

- Employers will receive a 12% cash grant on the first $2,500 of each month’s wages for each employee on their CPF payroll.
- The Jobs Credit is for one year, and employers will receive the Jobs Credit in 4 payments: March, June, September and December 2009.
- For each payment, employers will receive Jobs Credits on the employees that are on their CPF payrolls at the start of the quarter in which payment is made. The wages paid to these employees in the previous quarter will be the qualifying wages used to calculate the 12% cash credit that employers will receive.

In accordance with FRS 20, Accounting for Government Grants and Disclosure of Government Assistance and FRS 10, Events After the Balance Sheet Date, this is a non-adjusting subsequent event and the financial effect of the job credit scheme will be reflected in the 31 December 2009 financial year.

The Group’s staff costs have been computed in the year end without adjusting for the effect of the grant under the job credit scheme. Adjusting for the grant to be received under the job credit scheme will result in an approximately $195,000 reduction in staff costs.

42. 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	Before reclassification	Difference
	$'000	$'000	$'000
Group			
Income statement:			
Financial expense	(1,332)	(2,285)	953
Other expenses	(9,256)	(8,303)	(953)

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on 3 April 2009.

Statistics of Shareholdings

As at 18 March 2009

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

DISTRIBUTION OF HOLDERS OF SHARES

Size of Shareholdings	No. of Holders	% of Holders	No. of shares	% of shares
1 – 999	12	0.90	3,333	0.00
1,000 – 10,000	777	58.20	2,751,483	0.98
10,001 – 1,000,000	517	38.73	48,170,846	17.15
1,000,001 and above	29	2.17	229,877,384	81.87
TOTAL	**1,335**	**100.00**	**280,803,046**	**100.00**

	Twenty Largest Holders of Shares	No. of Shares	%
1.	Chong Lai Leong William	40,819,000	14.54
2.	Sing Investments & Finance Nominees Pte Ltd	36,312,684	12.93
3.	HSBC (Singapore) Nominees Pte Ltd	25,933,000	9.24
4.	Citibank Nominees Singapore Pte Ltd	22,907,000	8.16
5.	United Overseas Bank Nominees Pte Ltd	12,877,000	4.59
6.	Martin Huang Hsiang Shui	11,583,667	4.13
7.	Tai Pee Tah	10,965,000	3.90
8.	Tai Hui Eng	7,000,000	2.49
9.	DBS Nominees Pte Ltd	6,003,000	2.14
10.	Chia Cheng Yan	6,001,000	2.14
11.	Sandra Aye Aye Han Chu	5,414,667	1.93
12.	Tay Tze Hsin Marc	5,365,733	1.91
13.	Chong Ai-Lei Iris	4,635,280	1.65
14.	Shek Chee Keong	3,908,000	1.39
15.	Tan Choon Heng John	3,418,000	1.22
16.	Asia Studio Pte Ltd	2,943,766	1.05
17.	Yung Shing Wai	2,830,513	1.01
18.	Ann Tan Sian Ann	2,827,667	1.01
19.	DBS Vickers Securities (Singapore) Pte Ltd	2,595,000	0.92
20.	Texwell Industries Pte Ltd	2,430,000	0.87
	TOTAL	**216,769,977**	**77.22**

Statistics of Shareholdings

As at 18 March 2009

Substantial Shareholders	No. of Shares Direct	Deemed	Total	%
Chong Lai Leong William	40,819,000	39,134,684[1]	79,953,684	28.47
Pacific Investments Pte Ltd	-	15,811,821[2]	15,811,821	5.63
Kabouter Management, LLC	-	14,356,000	14,356,000	5.11
Tai Pee Tah	10,965,000	7,065,280	18,030,280	6.42

Shareholdings Held in the Hands of Public

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 52.67% of the issued ordinary shares of the Company was held in the hands of the public as at 18 March 2009. Accordingly, Rule 723 of the Singapore Exchange Listing Manual has been complied with.

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[1] The deemed interest in 39,134,684 shares includes:

(i) 20,500,863 shares held through Sing Investments & Finance Nominees Pte Ltd;
(ii) 15,811,821 shares held through Sing Investments & Finance Nominees Pte Ltd by Pacific Investments Pte Ltd (wholly-owned by Chong Lai Leong William); and
(iii) 2,822,000 shares held through United Overseas Bank Nominees Pte Ltd

[2] Deemed to be interested in the 15,811,821 shares held through Sing Investments & Finance Nominees Pte Ltd

Statistics of Warrantholdings

As at 18 March 2009

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of holders	% of holders	No. of warrants	% of warrants
1 – 999	543	45.71	146,914	0.26
1,000 – 10,000	502	42.26	1,818,065	3.24
10,001 – 1,000,000	132	11.11	12,125,472	21.59
1,000,001 and above	11	0.92	42,070,148	74.91
TOTAL	**1,188**	**100.00**	**56,160,599**	**100.00**

	Twenty Largest Holders Of Warrants	No. of Warrants	%
1.	Chong Lai Leong William	12,096,372	21.54
2.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	7,927,000	14.11
3.	HSBC (Singapore) Nominees Pte Ltd	5,661,200	10.08
4.	Citibank Nominees Singapore Pte Ltd	3,982,400	7.09
5.	Pacific Investments Pte Ltd	3,162,364	5.63
6.	Raffles Nominees Pte Ltd	2,953,600	5.26
7.	Martin Huang Hsiang Shui	1,705,333	3.04
8.	Tai Hui Eng	1,400,000	2.49
9.	Sandra Aye Aye Han Chu	1,084,733	1.93
10.	Tay Tze Hsin Marc	1,073,146	1.91
11.	United Overseas Bank Nominees Pte Ltd	1,024,000	1.82
12.	Chong Ai-Lei Iris	927,056	1.65
13.	Tan Choon Heng John	842,800	1.50
14.	Cheng Wa Sing	675,000	1.20
15.	Yung Shing Wai	591,302	1.05
16.	Asia Studio Pte Ltd	575,153	1.02
17.	Tay Kheng Lip David	465,548	0.83
18.	Tan Mee Gek	463,200	0.82
19.	Lim Tai Tian	449,400	0.80
20.	Yeo Wei Yan	352,000	0.63
	TOTAL	47,411,607	84.40

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Orchard Parade Hotel, Antica V, Level 6, 1 Tanglin Road, Singapore 247905 on 29 April 2009 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 2008 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To re-elect Dr Chong Lai Leong, William who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. **(Resolution 2)**

3. To note the retirement of Mr Goh Boon Kiat as a Director of the Company.
[See Explanatory Note 1]

4. To approve the payment of Directors' fees of S$102,600 for the financial year ending 31 December 2009 quarterly in arrears. **(Resolution 3)**

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

6. 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:

7. **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 (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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 (c) 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 (c) below);

(b) the 50% limit in (a) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issue.

(c) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) & (b) 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;

(d) 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

(e) 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 2] **(Resolution 5)**

8. **Authority to allot and issue new shares other than on a pro-rata basis at a discount of not more than 20%**

That subject to and pursuant to the authority to allot and issue shares in the Resolution 5 being obtained, authority be and is hereby given to the Directors to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than a 20% discount for new shares to the weighted average price per share determined in accordance with the requirements of the SGX-ST.
[See Explanatory Note 3] **(Resolution 6)**

9. **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 4] **(Resolution 7)**

By Order of the Board

Lin Moi Heyang
Company Secretary

Singapore
13 April 2009

Notice of Annual General Meeting

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, #19-01 The Paragon, Singapore 238859, not less than 48 hours before the time appointed for holding the Annual General Meeting.

Explanatory Notes:

(1) In relation to the retirement of Directors by rotation at the Annual General Meeting, Mr Goh Boon Kiat is due to retire by rotation, however, he has expressed his intention to the Company that he does not wish to seek for re-election at the Annual General Meeting.

(2) **Resolution 5**

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 5 (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. The 50% limit may be increased to 100% if the Company undertakes to issue shares via a pro-rata renounceable rights issue. 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 5, 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 5, 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.

(3) **Resolution 6**

This is to authorise the Directors from the date of this Annual General Meeting until the next Annual General Meeting to issue shares other than on a pro-rata basis at not more than 20% discount in accordance with the requirements of the SGX-ST.

(4) **Resolution 7**

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.

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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 Orchard Parade Hotel, Antica V, Level 6, 1 Tanglin Road, Singapore 247905 on 29 April 2009 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 2008 and the Reports of the Directors and the Auditors thereon.		
Resolution 2	To re-elect Dr Chong Lai Leong, William who is retiring by rotation pursuant to Article 91 of the Company’s Articles of Association.		
Resolution 3	To approve payment of Directors’ Fees for financial year ending 31 December 2009 quarterly in arrears.		
Resolution 4	To re-appoint Messrs Ernst & Young LLP as auditors and authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
	Ordinary Resolutions:		
Resolution 5	To approve Share Issue Mandate.		
Resolution 6	To authorise the Directors to allot and issue new shares other than on a pro-rata basis at a discount of not more than 20%.		
Resolution 7	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.		

Dated this __________ day of ___________________ 2009

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

____

Signature(s) of member(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 general 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, #19-01 The Paragon, Singapore 238859, not less than 48 hours before the time set for the general 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 general 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.

Pacific Healthcare Holdings Ltd.
Registration No. 200100544H
290 Orchard Road, #19-01 The Paragon
Singapore 238859

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