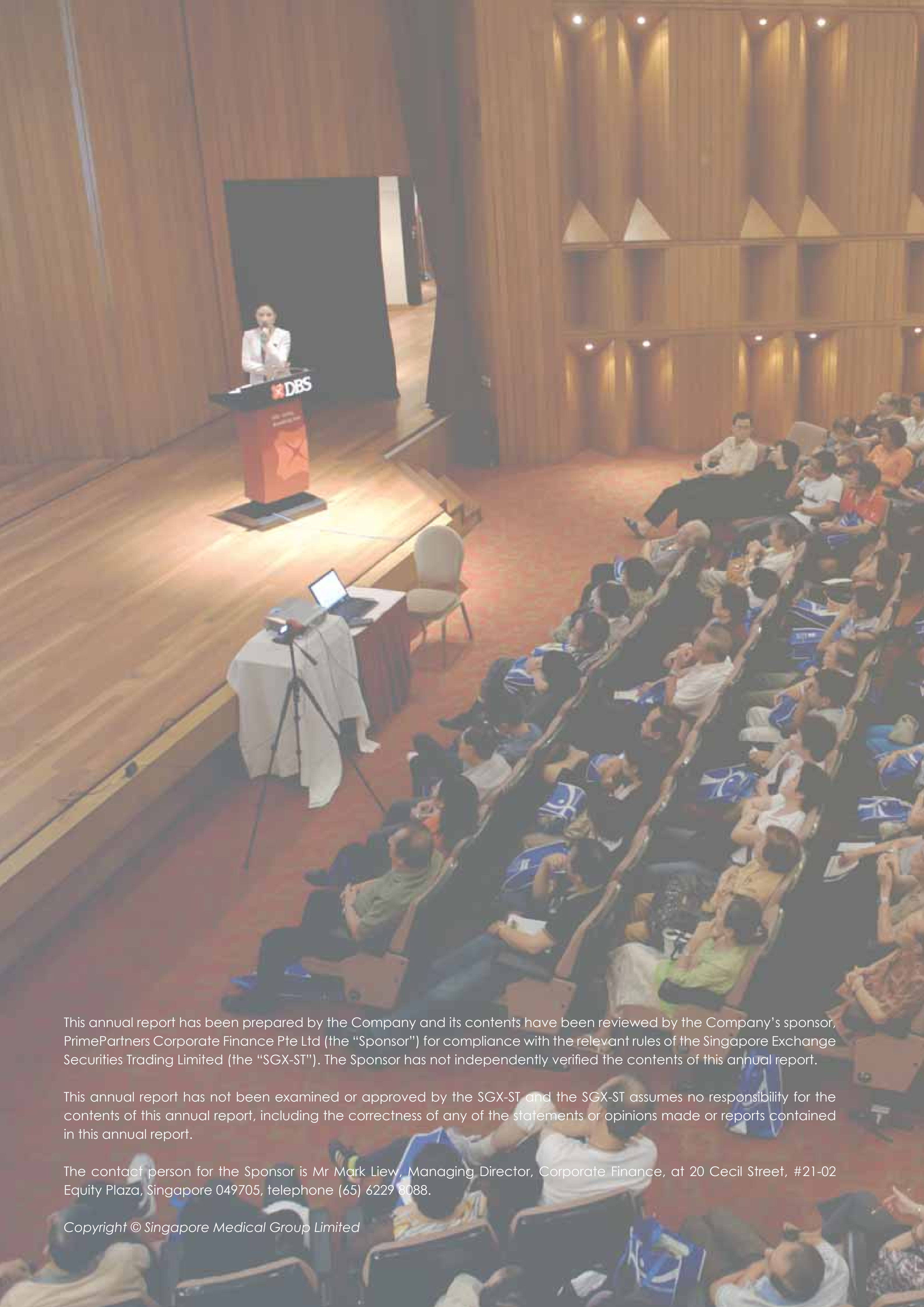
SINGAPORE MEDICAL GROUP

ANNUAL REPORT 2011

with passion and integrity, we deliver

China, here we come...

SMG
SINGAPORE MEDICAL GROUP



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This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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Who we are...

Singapore Medical Group Limited (SMG) is a fast-growing public-listed healthcare organisation which strives to innovate and build on a vision of providing evidence-based healthcare services through its Centres of Excellence, with the resolute aim to deliver the highest quality of care matched with stringent management and clinical standards. The Group has a wide network of subsidiaries and partners in Singapore and overseas that continue to break new grounds in the provision of healthcare services. Incorporated in 2005, SMG received its ISO quality management system certification from Swiss, American and United Kingdom accreditation bodies, and this strongly attests to international quality standards.

then

1 Guy + 1 Girl

ONE VISION

ONE PASSION

130+ FAMILY

now

With passion and integrity, we deliver

We have a VISION, a PASSION

**We SCAN the landscape,
we WONDER how we can contribute to make the difference**

We SPOT an opportunity

INNOVATION comes a knocking

**We CHANGE the landscape,
and the rest is history**

Our seal (M&M Model)

Our Management & Medical (M&M) business model is premised on maintaining separate management and clinical functions within our Group by capitalising on the different areas of expertise that the management team and the healthcare professionals possess. Our business model has been implemented since incorporation. By operating as a group in accordance with this model, our healthcare professionals are able to devote themselves to the care of our patients and we are able to synergise, achieve greater economies of scale and maximise efficiency through more effective allocation and sharing of resources.

Our vision

To be the leading light in innovation, and a trusted partner in healthcare, providing evidence-based medical practices through our Centres of Excellence

Our mission

To enhance lifestyles and promote health through excellent clinical practice in a supportive environment of respect and care

Our core values

I-CREST

- **Teamwork** *the team before self*
- **Stewardship** *careful & responsible management*
- **Excellence** *quality of being first class*
- **Respect** *high or special regard*
- **Care** *concern & attention*
- **Innovation** *introducing new ideas, methods or devices*

Our family

The success of the Singapore Medical Group is due to the contributions of each and every one of our 130 family members from multi-ethnic groups and speaking multi-languages to serve our patient base from more than seventy nationalities. This joint effort is tightly choreographed by the vision of our leaders who guide and inspire through both thought and deed.

Our milestones

2005

March
Singapore Medical Group Limited (SMG) incorporated in Singapore

April
LASIK identified as a field with good growth potential in Singapore

June
Established The Lasik Surgery Clinic (LSC) at Paragon Medical

2006

August
Set up Singapore Sports Medicine Centre (SSMC) in collaboration with Changi Sports Medicine Centre (CSMC)

2007

April
SMG together with LSC and SSMC achieved ISO 9001:2000 accreditation for quality management systems from both Swiss and American accreditation organisations

August
Established The Dental Studio (TDS) and Singapore Vision Centre (SVC) at Paragon Medical

LSC continued to excel as a premier LASIK centre in Asia and the rest of the world, with LASIK surgery performed on more than 10,000 patient eyes

November
LSC reached a record of 2,099 LASIK surgeries in the month of November alone

2008

January
SSMC relocated to Novena Medical Center

March
Branched into aesthetic medicine with the launch of Singapore Aesthetic Centre (SAC) located at Novena Medical Center

April
Launched a LASIK guidebook for patients and medical professionals entitled Vision Reborn: Challenging the limits of sight

LSC announced that the clinic will be open 365 days a year

May
Three more specialist medical clinics, SVC, TDS and SAC achieved ISO 9001:2000 accreditation from both Swiss and American accreditation bodies

LSC was awarded The Highest Volume VISX Treatment Site in the World by Advanced Medical Optics, the manufacturer of VISX and IntraLase lasers

July
Established The Cancer Centre (TCC) at Paragon Medical to provide outpatient cancer treatment

October
Campaign Against Poor Vision launched in conjunction with World Sight Day

2009

February
The Singapore Lipo, Body & Face Centre (SLBFC) and Singapore Sports Orthopaedic Surgery Centre (SSOSC) commenced operations at Novena Medical Center

March
Established the Premium Lasik Surgery Clinic (PLSC) at Paragon Medical to offer patients a broad spectrum of refractive surgery treatments

April
Dr Leonard Ang performed the first cornea stem cell transplant done in private practice in Singapore

May
The Eye & Cornea Transplant Centre (TECTC) was established at Paragon Medical to cater to patients seeking treatment for general eye disease, including cataract, glaucoma, corneal disease and diabetic eye diseases

July
Became a public-listed company on the Catalist board of SGX (Singapore Exchange Limited) in a short span of four years since incorporation

August
Established SMG International Partners to assist potential business partners and associates in collaboration projects, as well as new business developments, and to support and assist international patients who seek medical expertise and treatments at SMG specialist centres

October
Conducted the first Continuing Medical Education (CME) talk for medical practitioners

December
Established The Cancer Centre (TCC) at Mount Elizabeth Medical Centre

Our milestones

2010

February
Expanded into the arena of women's health through the launch of The Obstetrics & Gynaecology Centre (TOGC) at Paragon Medical

March
Achieved ISO 9001:2008 certification through a successful renewal audit with zero non-conformance

April
Successfully conducted the first Annual General Meeting as a Catalist-listed company on SGX (Singapore Exchange Limited)

June
Sponsored the Gift of Sight mission to Luang Prabang, Laos by donating over 13,500 pairs of spectacles to needy villagers

August
Established The Obstetrics & Gynaecology Centre (TOGC) at Parkway East Medical Centre

October
Finalist in the Singapore Experience Awards 2010 – Best Healthcare Experience

November
Divested Singapore Sports Medicine Centre (SSMC) to Changi General Hospital as part of business realignment strategy to focus on high demand areas and services

Dr Leonard Ang was awarded the Singapore Clinician Investigator Award and also won the Best Scientific Paper Award and Alcon Research Prize at the 3rd National Healthcare Group International Ophthalmology Congress

December
Reinforced presence in the orthopaedics arena through the establishment of the Centre for Joint & Cartilage Surgery (CJCS) at Paragon Medical

February
Established a SMG representative office in Hanoi, Vietnam

SMG's first flagship eye surgery centre was inaugurated in Beijing, China

Selected members from the SMG management team attended an intensive Design Thinking Workshop to gain valuable insights on the experience journey of our stakeholders which included patients, clinicians and staff. The stakeholders' experience journey map facilitates the development of more comprehensive and strategic user experience plans for all our stakeholders at each touch point of our services. The adoption of this creative methodology will help us build user-driven innovation capabilities across the Group

Completed more than 69,000 LASIK surgeries to date, since 2005. This is approximately 0.6% of Singapore's current population, demonstrating healthy acceptance of the LASIK procedure to the general public

2011

2012

January
Dr Leonard Ang was the first surgeon in Singapore to perform a landmark surgery on a Taiwanese patient with a severe blinding cornea disease. This complex operation involved reconstruction of the entire eye surface of the patient in combination with an artificial cornea transplant

February
Established The Lasik Surgery Clinic (LSC) at Wheelock Place

March
Established the Centre for Eye Surgery (CES) at Wheelock Place

April
Achieved ISO 9001:2008 certification through a successful audit with zero non-conformances based on the accreditation schemes from SAS (the Swiss Accreditation Service), ANAB (ANI-ASQ National Accreditation Board in America), and for the first time, UKAS (United Kingdom Accreditation Service)

Dr Kevin Lee performed the first bilateral knee replacement in Southeast Asia with a new procedure that uses a customised jig, dubbed patient-specific instrumentation (PSI), where unique cutting guides are created to fit each patient's knee perfectly. This technique cuts short surgical time

June
Mr Felix Huang, Executive Chairman of SMG, was shortlisted for the prestigious Ernst & Young Entrepreneur of the Year award. Launched in 2002, the Ernst & Young Entrepreneur of the Year has evolved into a pre-eminent award to encourage outstanding entrepreneurs to step forward as role models and to take up the challenge of representing Singapore at the annual Ernst & Young World Entrepreneur of the Year award in Monte Carlo, Monaco

July
Incorporated Singapore Medical Group (HK) Limited, a wholly-owned subsidiary in Hong Kong

August
The Obstetrics & Gynaecology Centre (TOGC) launched the first issue of the TOGC newsletter to educate readers on common issues in obstetrics and gynaecology, and brings together other specialties like orthopaedics, ophthalmology and aesthetics to address the needs of readers in a light and easy-to-absorb format

September
Dr Leonard Ang completed the first series of artificial cornea transplants, also known as Boston Keratoprosthesis, in Singapore. Dr Ang is also the first surgeon in South East Asia to have performed the Boston Keratoprosthesis surgery

November
Established the SMG Orthopaedic Group as an umbrella of our Orthopaedics & Sports Cluster, with clinics in Paragon and Mt Elizabeth Medical Centre

Established a SMG representative office in Ho Chi Minh City, Vietnam

Established a SMG representative office in Jakarta, Indonesia

Established the Centre for Wellness & Healthy Aging (CWHA) at Novena Medical Center

December
Dr Kevin Lee performed the first Autologous Matrix Induced Chondrogenesis (AMIC) procedure in Singapore for cartilage regeneration to repair chondral defects. This is also known as enhanced microfracture

Common Goals, Common Path: An Analogy

The Economic Review Committee (ERC) was established in Dec 2001, and under the auspices of its Services Sub-Committee, the Health Services Working Group (HSWG) submitted a report in 2002 to address issues related to developing Singapore as the Healthcare Services Hub in Asia.

Recommendations in the two papers are analogous to the goals and strategic path taken by SMG since its incorporation in 2005. This coincidence reflects William Blake's sentiments in the Auguries of Innocence: *To see a world in a grain of sand*. In vision, strategy and practice, SMG, akin to a grain of sand, is a microcosm of Singapore healthcare, complete in its own way. Useful analogies drawn from the recommendations of HSWG with SMG:

To see a world in a grain of sand

Develop Singapore as the Healthcare Services Hub in Asia. SMG, as a private healthcare institution, has taken concrete steps forward to establish a Pan-Asian presence to open up a large potential market. To support this vision, we have in place a multi-ethnic family with multi-language capabilities to serve our patient base of varied nationalities. To expand our referral networks and to facilitate the inflow of foreign patients, we set up representative offices and one-stop centres in Vietnam, Indonesia and China. SMG's first flagship eye surgery centre was inaugurated in Beijing in Feb 2012 and the plan is to open a total of 19 eye surgery centres in the next 5 years.

Provide affordable healthcare in Singapore. Since day one, SMG has introduced affordable healthcare solutions in its areas of specialisation. Through our flagship medical practice, The Lasik Surgery Clinic, affordable LASIK surgeries became a reality to Singaporeans, and the market forces of supply and demand underwent a sudden momentous change, and arrived at a much higher equilibrium. This new equilibrium benefited both local and overseas consumers with our one-price policy for all our patients.

Undertake a national marketing initiative to grow mindshare as the region's premier medical hub. SMG built its brand-name since inception through a two-pronged approach; a management and medical excellence business model and a strong and focused institution-based advertising. We market aggressively through national and international media to establish a healthcare brand and grow mindshare. By providing medical thought leadership to the general public through the media, as well as to the medical fraternity, and by offering affordable medical care, SMG is also primed to take advantage of economies of scale provided by a high volume of foreign patients.

Establish a responsible healthcare consumer forum. Educational forums help to fulfil the social responsibility of SMG; their purpose is to disseminate medical and related information to educate members of the public both locally and overseas, and to help them make informed and rational decisions, particularly in areas that are frequently clouded by ignorance, myths or misconceptions. We try to explain medical concepts in a way that the public can understand. This echoes the Government's efforts in establishing a responsible healthcare consumer forum for greater transparency in pricing and clinical practice norms. SMG forums were initiated in September 2007 and we have since held various forums that attracted a large number of attendees.

Dual employment of specialists by the private and public sectors. Medical specialists in the SMG Centres of Excellence continue to share their medical expertise with the public sector to serve the varied needs of patients, both locally and overseas. The various capacities that they serve in include Clinician Scientist with A*Star, Visiting Consultants of the National University Hospital, KK Women's and Children's Hospital, Khoo Teck Puat Hospital and Alexandra Hospital. The specialists also serve as Clinical Lecturers at the National University of Singapore.

The above similarities of goals and strategic thrusts augur well for the healthcare scene in Singapore, as the public and private sectors can work hand-in-hand as partners to achieve the best for the consumer and the economy of Singapore.

Reference:
Singapore, Ministry of Trade & Industry. *Developing Singapore as the healthcare services hub in Asia.* Singapore: Health Services Working Group, Services Sub-committee, Economic Review Committee, 2002. Web: 20 Oct 2011.

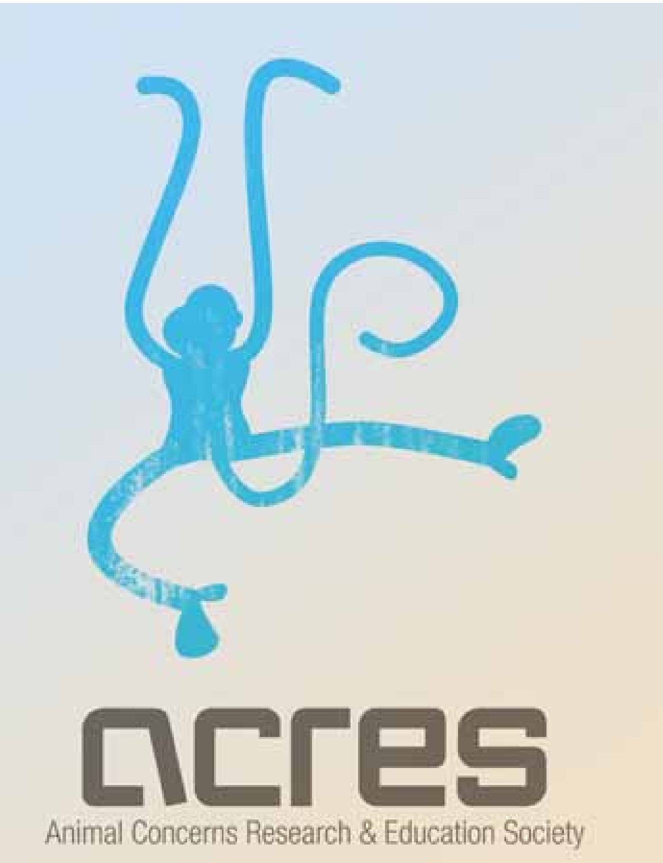
The Singapore Medical Group (SMG) strongly believes in the values of social responsibility. The corporate social responsibility (CSR) programmes of SMG seek to reach out to various communities, including the public, medical and media both in Singapore and other regional countries. CSR activities include corporate donations, public health education, continuing medical education for medical practitioners and social campaigns.

At SMG, we realise that the media is crucial to educating the public. Our doctors are often also researchers and lecturers, making them especially well-placed to share with the public on a wide range of topics, including breakthrough treatments for complex cases and best practice techniques in surgeries.

Our doctors are regularly invited to impart their knowledge at professional and industry conferences in Singapore and overseas. Detailed below are the highlights of our involvement.

Corporate donations

Our corporate giving in 2011 assisted a broad range of beneficiaries. Some notable projects that SMG helped to fund include the Animal Concerns Research & Education Society (proceeds went towards building a new Wildlife Veterinary Clinic to provide even more comprehensive care to rescued wild animals on-site), *SICC May Day Charity Open – Golf Tournament* (a community project to benefit 40 beneficiaries including children, needy families, and senior citizens) and the *Standard Chartered Marathon Singapore 2011* (proceeds went towards the *SCMS 2011 Run for Good* charity programme which has raised over $200,000).



Public health education

Educational forums help to fulfil the social responsibility of SMG; their purpose is to disseminate medical and related information to educate members of the public, and to help them make informed and rational decisions, particularly in areas that are frequently clouded by ignorance, myths or misconceptions. We try to explain medical concepts in a way that the public can understand.

The inaugural SMG *Love Health, Love Life* health seminar held in September 2011 met with great success. As good health and the quality of life are inseparable, the seminar covered medical specialties including cancer, obstetrics and gynaecology, ophthalmology, dentistry and orthopaedics. The seminar was delivered in Mandarin by Dr Wong Seng Weng, Dr Chee Jing Jye, Dr Leonard Ang, Dr Kevin Lee, and Adj A/Professor Hee Hwan Tak. Due to overwhelming demand, a follow-up *Love Health, Love Life* seminar was conducted in English in February 2012. The speakers were Dr Wong Seng Weng, Dr Chee Jing Jye, Dr Lynette Ng, Dr Natasha Lim and Dr Leonard Ang who are medical specialists in their respective disciplines.

Dr Chee Jing Jye, Medical Director of The Obstetrics & Gynaecology Centre was an invited expert on Channel NewsAsia's television documentary series, *How to be a Super parent!* She spoke on pre-natal bonding and foods to avoid during pregnancy. The series was broadcasted in June 2011. Dr Leonard Ang, Medical Director of The Eye & Cornea Transplant Centre and Dr Natasha Lim, Medical Director of The Lasik Surgery Clinic at Wheelock Place delivered bilingual public seminars, namely *You & Eye, Restoring Vision Day*, and *Vision Reborn Day*. The Dental Director of TDS, Dr Lynette Ng, was invited by GlaxoSmithKline to speak at a public seminar on *Missing Teeth Solution* in the heartlands of Tampines Central Community Club in March 2011.

Dr Kevin Lee, Medical Director of Centre for Joint & Cartilage Surgery, and Adj A/Professor Hee Hwan Tak, Medical Director of Centre for Spine & Scoliosis Surgery, were invited by the Singapore Press Holdings to participate in the *Health & You* seminar in March and July 2011 where they spoke on advances in knee and hip replacement surgery as well as advances in spine and scoliosis treatment, respectively.

Continuing medical education

In 2011, SMG continued to be a provider of Continuing Medical Education (CME) talks, with our specialists in medical oncology, ophthalmology, orthopaedics, dentistry and obstetrics and gynaecology leading these lectures in Singapore and regionally including countries such as Vietnam, Indonesia, Malaysia, Cambodia, Bangladesh, Myanmar and India. These talks were well attended and received.

Dr Wong Seng Weng and Dr Wong Chiung Ing spoke at oncological seminars in Jakarta, Bangladesh, Hanoi, Ho Chi Minh City and Myanmar. In addition, Dr Wong Chiung Ing, who is fluent in Malay, conducted a CME talk at Mount Elizabeth Hospital in May 2011. In August 2011, Dr Leonard Ang delivered a CME talk on *Advances in Refractive Surgery and Cataract Treatment*. Dr Kevin Lee spoke at the *NUH Arthroscopy Workshop* in April 2011 on the natural history of degenerative change in the knee as well as at a *Joint Injection Workshop* of the Sports Medicine Seminar in March 2011. Dr Lee conducted a CME lecture in April 2011 on *Knee Pain - Sports Injuries*.

2011 is the first year Dr Lynette Ng was elected as a professional lecturer for Dentsply, Megagen and Osstem in Singapore and overseas on prosthodontics, conservative dentistry, basic implant and implant prosthesis. In March 2012, Dr Yeak Hwee Lee, Medical Director of Singapore Aesthetic Centre, was invited to speak at the *2nd Singapore Facial Plastic Surgery Course 2012*, a seminar organised by the Society of Otolaryngology Head & Neck Surgery Singapore. Dr Yeak shared her expertise with fellow doctors on facial sculpting, Botox and facial fillers.

SMG believes in the importance of being a responsible and conscientious corporate citizen, and giving to communities in need is a cause very close to our hearts.

In its ongoing *Campaign Against Poor Vision*, SMG is dedicated to collecting and distributing a million pairs of spectacles to those who need them, both in Singapore and overseas. These spectacles will be donated to those in need after they are cleaned and classified according to prescription. We continue to appeal to the public to donate all types of plastic or metal-framed spectacles, including sunglasses, at our Centres of Excellence.

In 2011, SMG along with its optometrists carried out eye screening and distributed prescription glasses and sunglasses to residents from the Moral Welfare Home, part of Thye Hua Kwan Moral Society which provides community services to the needy, regardless of race, language and religion.

Social campaigns

Chairman's statement

On behalf of the Board of Directors, I am pleased to present our Annual Report for the financial year ended 31 December 2011.

The year 2011 saw the Group's continuous efforts in diversifying its medical specialisations. Six new Centres were added, namely The Lasik Surgery Clinic and Centre for Eye Surgery at Wheelock Place, the Centre for Spine & Scoliosis Surgery at Paragon Medical, the SMG Orthopaedic Group at Paragon Medical and Mount Elizabeth Medical Centre, and the Centre for Wellness & Healthy Aging at Novena Medical Centre. For maximum synergy with other medical establishments, these Centres are located in the Orchard Road and Novena medical hub areas. The establishment of the SMG Orthopaedic Group at Paragon Medical and Mount Elizabeth Medical Centre is part of our business realignment strategy to focus on high demand areas and services.

SMG also expanded its offerings overseas, with representative offices in Ho Chi Minh City, Vietnam and Jakarta, Indonesia, which were launched on 5 November 2011 and 1 November 2011 respectively with the objective to broaden its patient base.

For the financial year ended 31 December 2011 ("FY2011"), the Group reported a total revenue of S$31.3 million, a 10.1% decrease from the previous year. This was largely attributable to the drop in patient numbers in the Eye Cluster, although positive growth is seen in the Aesthetics and Critical Illness Cluster, as well as the new orthopaedic clinics in the Orthopaedics & Sports Cluster. Nevertheless, the Eye Cluster remained the main revenue contributor for the Group, accounting for 52% of all revenue earned, while the Orthopaedics & Sports cluster saw the fastest growth for FY2011 at 10%. The Critical Illness and Aesthetics & Wellness clusters had a 3% and 2% growth in contribution towards the Group's total revenue respectively.

Gross profit for FY2011 stood at S$12.9 million, representing a 23% decrease from FY2010 due mainly to the overall decline in revenue. Overall, the Group registered a net loss after tax of S$1.1 million which was mainly attributable to the loss incurred by a new start-up clinic where its business is still in the gestation stage, as well as share-based compensation charges.

The Orthopaedics & Sports Cluster which commenced operations in FY2011 contributed S$3.0 million revenue to the Group and broke even after less than 12 months of operations. In the tradition of securing the best doctors for our patients, we engaged Adj A/Professor Hee Hwan Tak, a fellowship-trained spine surgeon who specialises in degenerative, traumatic, neoplastic, and congenital disorders of the spine and spinal deformities, to augment the orthopaedics team.

Our medical specialists continue to break new grounds. Within our Eye Cluster, the Medical Director of The Eye & Cornea Transplant Centre, Dr Leonard Ang, completed the first series of artificial cornea transplants, also known as Boston Keratoprosthesis, for 8 patients. Both local and overseas media picked up and reported on his accomplishments. In April 2011, the Medical Director of the Centre for Joint & Cartilage Surgery, Dr Kevin Lee, within our Orthopaedics & Sports Cluster, carried out Southeast Asia's first customised bilateral knee replacement with a new procedure that uses a customised jig, a technique that significantly reduces surgical time.

In FY2011, SMG continued to emphasise its practice of corporate social responsibility to benefit society at large. Our efforts are multi-pronged, and include corporate donations to a broad range of beneficiaries, conducting educational forums to disseminate medical and related information to members of the public, conducting continuing medical education programmes for doctors by giving talks and medical seminars in Singapore and countries in the region, and social projects that seek to benefit the disadvantaged in the region. Some notable projects that SMG helped to fund ranged from building a new Wildlife Veterinary Clinic, the Standard Chartered Marathon Singapore 2011 Run for Good charity programme, to SMG's Campaign Against Poor Vision, where our Eye Cluster optometrists carried out eye screenings for residents of a welfare home and subsequently distributed prescription glasses and sunglasses for the residents. These efforts would not be possible without the strong support from members of the public.

Without question, SMG's people are of critical importance to everything we do. To go the extra mile for our customers is a common mindset right across the Group. To ensure SMG staff consistently deliver and maintain quality service, several initiatives were undertaken by SMG to improve the overall customer experience. These include staff training, employee recognition, follow-up care and updates, and measures to increase productivity. SMG also embarked on a management development programme to develop its managers and staff with supervisory functions. As an overarching methodology, SMG embarked on Design Thinking initiatives to help management gain valuable insights on the experience journey of our stakeholders which included patients, clinicians and staff. The adoption of this creative methodology will help us build user-driven innovation capabilities across the Group.

Against the backdrop of the global economic uncertainty and the slow-down of the Singapore economy, the Group expects the overall private healthcare industry to be challenging in the next 12 months.

We are confident that SMG's strong local branding will take us further beyond our local shores. Our first flagship eye surgery centre in Beijing will open up a large potential market as the Chinese increase their awareness of the pivotal importance of good international standards of preventive and curative healthcare. We believe that this strategy will be instrumental to making our footprint in Pan-Asia, which is the next phase of growth for our Group. Our entry into China is testament to the robust pace with which we aim to expand within the Pan-Asian region. In this regard, I would like to thank Government agencies like IE Singapore, SPRING Singapore, and Singapore Tourism Board for their support to Singapore companies in their overseas expansion. As a direct recipient, SMG is indeed grateful for the help rendered.

The Group will continue to focus on exploring our strategic imperatives, including medical areas of need, diversification into new markets, providing quality patient care services and improving operational efficiency in order to enhance our competitiveness.

Being on par with the competition is a given. Getting ahead of the pack is the hallmark of good business. To achieve this, exceptional effort is required and it starts with the individual and is manifested at the team level. To recognise and promote exceptional achievements, the SMG Chairman's Award was inaugurated. The award honours and rewards the team and the individuals who have distinguished themselves in a professional and competitive environment. The award also serves as an inspiration for all staff to demonstrate exceptional performance. The inaugural award was given to two teams, namely the doctors and staff of the Centre for Spine & Scoliosis Surgery and The Cancer Centre.

I was both pleasantly surprised and deeply honoured to be shortlisted for the prestigious Ernst & Young Entrepreneur of the Year award. The Ernst & Young Entrepreneur of the Year was launched in 2002 and has evolved into a pre-eminent award to encourage outstanding entrepreneurs to step forward as role models. It also aims to encourage such entrepreneurs to take up the challenge of representing Singapore at the annual Ernst & Young World Entrepreneur of the Year award in Monte Carlo, Monaco.

Our CEO, Dr Cheryl Baumann, together with our Executive Director, Mrs Shirley See-Toh, have been instrumental in helping to establish SMG's foundation, construct its infrastructure and grow our Group from strength to strength. I thank them for their sacrifice, dedication and commitment to SMG, without which we will not be able to meet new challenges and overcome them. To my fellow Directors, I very much value your counsel and I am deeply appreciative of the sterling work that you have accorded to the Group. The Board of Directors plays a crucial role in the operations and strategic direction of SMG. Their extensive insights in good corporate governance practices and sustainability put SMG on a sure and steady footing.

To the SMG Medical Board, the medical and dental directors, and all the medical and dental practitioners in SMG, I would like to extend my heartfelt thanks. Their continual and unstinting efforts in giving their best to achieve optimal patient outcomes are testimony to their dedication to professional excellence. A special thank you to Dr Wong Seng Weng, the past Chairman of the Medical Board for his dedication and contributions and, at the same time, I would like to welcome and thank Dr Chee Jing Jye for coming forward to support SMG as the new Chairman of the Medical Board.

My thanks also go to my Vice-Presidents, my Managers and staff for the faith in SMG and the hard work they put in amidst the challenging economic climate. Last but not least, I offer my sincere thanks to our patients for giving us the opportunity to continue to care for them.

Together with my fellow Board of Directors, I would like to extend our heartfelt appreciation to all who have contributed and even redoubled their efforts regardless of the present difficult economic situation. We look forward to a new year of renewed growth in a bigger market and the opportunity to impact our patients' lives with good health.

On behalf of the Board of Directors, doctors, staff and patients of SMG, I applaud the Singapore Government for the multiple initiatives to make healthcare affordable and accessible to its citizens, and to proactively address the healthcare needs of our ageing population.

Like the aspen tree, which form stands of genetically identical trees from a single root system, and probably constitutes the largest single organism on earth, weighing thousands of tons, with the unique ability to weather storms, floods and other onslaughts of adverse weather, SMG sees its future in a similar strategic direction. We shall be rooted in our strong branding of management excellence, first-rate medical services, and great customer care at an affordable price, and our clinics are our distinctly individual yet inter-connected trees, sprouting in Singapore and overseas. Each clinic shall be genetically identical, with our DNA found in every aspect of our specialties. We are one, yet we will adapt to our environment, and thrive in different soils. Unlike individual plants that germinate from seed, our trees shall be able to grow surprisingly fast from the existing root system, nourished by all through cross-referrals, economies of scale, and our existing infrastructure that has taken years of honing to achieve its present customer base, market knowledge, technical know-how, strength, flexibility, reliability, and unyielding adherence to regulatory standards. There will be diversification with regards to locale, medical specialisation and treatment strategies, as well as stratification based on customer needs and profiles. Together, these will form a matrix that will guide us in meeting new challenges in a future of ceaseless change.

Felix Huang
Executive Chairman

Highlights from our 4 clusters

Eye

The Eye Cluster consists of The Lasik Surgery Clinic (LSC), the Singapore Vision Centre (SVC), the Premium Lasik Surgery Clinic (PLSC), The Eye & Cornea Transplant Centre (TECTC) and the Centre for Eye Surgery (CES) in the strategic enclave of Paragon Medical and Wheelock Place in the bustling hub of Orchard Road. The Eye Cluster offers an extensive range of quality vision care and vision advancement services, including affordable LASIK to premium refractive surgery, ICL, cataract surgery, glaucoma and retinal disease treatment, and conjunctival stem cell transplantation.

Our LASIK Centres use a combination of US FDA-approved technologies, including iLASIK which is an all laser LASIK procedure using a combination of WaveScan wavefront–guided imaging technology, IntraLase femtosecond laser for bladeless flap creation and the VISX STAR S4 IR Excimer Laser System. Using the VISX Wavefront-guided treatment gives our centres the ability to perform precise sculpting of the cornea to help achieve optimum visual outcomes.

Dr Leonard Ang, Medical Director of TECTC, together with Dr Natasha Lim, Medical Director of CES and LSC at Wheelock Place conducted bilingual public seminars, including *You & Eye*, *Restoring Vision Day*, and *Vision Reborn Day* to allow participants to learn more about common vision problems and eye diseases, including cataract which is the commonest cause of blindness in the world. Dr Ang also spoke at both the Mandarin and English *Love Health, Love Life* seminars, as well as the CME talk on *Advances in Refractive Surgery* and *Cataract Treatment*.

Cataract surgery is now very sophisticated and can be performed safely and effectively, and usually takes less than 30 minutes to complete on an outpatient basis. The preferred method of removing a cataract is by phacoemulsification, which involves making a small 2 to 3mm incision at the edge of the cornea. Now with micro-phacoemulsification, the surgical wound is even smaller, making the surgery safer and the recovery faster.

In January 2011, Dr Leonard Ang became the first ophthalmologist in Singapore and South East Asia to perform a complex landmark surgery on an international patient with severe ocular surface disease with cornea stem cell deficiency, a blinding eye disease. By September 2011, Dr Ang completed the first series of highly specialised artificial cornea transplants, also known as Boston Keratoprosthesis, for 8 patients with severe blinding cornea diseases and failed cornea transplants done previously. This was widely reported in both the local and overseas media. In November 2011, Dr Ang was awarded the Best Scientific Paper Award and Alcon Research Prize (Senior Category) at the *4th National Healthcare Group International Ophthalmology Congress*.

In September 2011, Mr Felix Huang, our Executive Chairman, Dr Cheryl Baumann, our Chief Executive Officer and a number of staff from our eye clinics, attended the *European Society of Cataract & Refractive Surgeons (ESCRS) Congress* in Vienna, an extensive scientific programme attended by international industry players and almost 6,000 ophthalmologists from across the world, for the exchange of ideas and a wide range of didactic and wetlab courses.

The Orthopaedics & Sports Cluster comprises the SMG Orthopaedic Group, the Centre for Joint & Cartilage Surgery (CJCS), the Singapore Sports Orthopaedic Surgery Centre (SSOSC) and the Centre for Spine & Scoliosis Surgery (CSS). These centres are strategically located at Paragon Medical and Mount Elizabeth Medical Centre.

The year started off with the official opening of CJCS in January 2011. In April 2011, Dr Kevin Lee, Medical Director of CJCS, performed the first bilateral knee replacement in Southeast Asia with a new procedure that uses a customised jig, dubbed patient-specific instrumentation (PSI). With a customised jig, unique cutting guides are created to fit each patient's knee perfectly and surgical time is shortened. The PSI method of Total Knee Replacement was well received by leading media publications from Indonesia, Vietnam and Myanmar.

In June 2011, Dr Lee performed a complex revision knee replacement on both sides. He removed the old implants and rebuilt the extensively damaged knee with new special implants. Dr Lee adopted advanced surgical techniques to allow repair or reconstruction of the ligaments and repair or regeneration of the cartilage. These techniques aim to restore the knee's anatomy to as close to its original state as possible and to reduce the risk of progressive joint damage and premature irreversible osteoarthritis that would require artificial joint replacements.

To add breadth to our Orthopaedic offering, CSS, a comprehensive centre for the care of all spinal diseases, was added in July 2011. Fellowship-trained spine surgeon Adj A/Professor Hee Hwan Tak is the Medical Director of CSS. He uses established and innovative techniques for the treatment of spinal tumours, deformities, infections and trauma. Adj A/Professor Hee's primary focus is on conservative and surgical management of various spinal disorders with the provision of minimally-invasive spine surgery and non-fusion surgery in degenerative conditions of the spine as his niche. CSS also uses the SpineCor® treatment approach for scoliosis patients, a gold standard brace which provides patients with better stability and results.

SMG Orthopaedic Group was established in July 2011 at Paragon Medical and at Mount Elizabeth Medical Centre in November 2011 to create synergy amongst the Centres of Excellence in the Orthopaedics & Sports Cluster.

Dr Kevin Lee and Adj A/Professor Hee Hwan Tak were invited on multiple occasions by Singapore Press Holdings to speak on advances in knee and hip replacement surgery as well as advances in spine and scoliosis treatment at the *Health & You* seminar. Dr Lee spoke at the *Arthroscopy Workshop* organised by the National University Hospital in April 2011 on the natural history of degenerative change in the knee as well as at a *Joint Injection Workshop* of the Sports Medicine Seminar in March 2011. Dr Lee conducted a CME talk in April 2011, lecturing on knee pain and sports injuries and was one of the panel doctor speakers, together with Adj A/ Professor Hee at the *Love Health, Love Life* health seminar held in September 2011.

As thought leaders, both Dr Kevin Lee and Adj A/Professor Hee were regularly sought after to provide their expert opinions. In November 2011, Dr Kevin Lee was invited by Channel NewsAsia to speak on cartilage problems and osteoarthritis. He shared on current advances in medical care to enable repair or regeneration of cartilage and also to replace joints using new joint replacement technologies. Adj A/ Professor Hee Hwan Tak contributed a thought leadership piece in the *Medical Tribune* (December 2011 issue) on *Managing spinal fractures in primary care*. In the article, Adj A/ Professor Hee Hwan Tak recommended specialist involvement for all but the most minor of osteoporotic fractures of the spine.

In December 2011, Dr Kevin Lee performed the first enhanced microfracture (Chondro-Gide) procedure in Singapore. A *chondro-gide* consists of a bilayer collagen matrix that when used in conjunction with the innovative procedure called Autologous Matrix Induced Chondrogenesis (AMIC), provides an ideal environment for cartilage regeneration to repair chondral defects.

Orthopaedics & Sports

The Dental Studio (TDS), together with the Singapore Aesthetic Centre (SAC), the Singapore Lipo, Body & Face Centre (SLBFC) and the Centre for Wellness & Healthy Aging (CWHA), form our Aesthetics & Wellness Cluster to offer an extensive range of evidence-based services covering dental, facial and body aesthetics.

With an increasing demand for aesthetic procedures and recent advances which make aesthetic procedures safer and more affordable, our Centres of Excellence continue to offer premium services to our patients. The Ultrasound-Ultrasafe scanning protocol was operationalised and developed by Dr Kevin Teh, Medical Director of SLBFC. The protocol utilises a specialised diagnostic ultrasound scanning machine pre-operatively to assess patients. This enhances the safety profile of abdominal LipoSelection by giving Dr Teh a visual map of the layers of tissue before starting on the treatment. Actual fat can be measured and every patient is scanned to ensure they have no hidden muscle wall weaknesses or hernias. This added safety goes beyond the usual standards of clinical assessment that most clinicians perform pre-operatively. The new Silhouette threadlift procedure, a minimally invasive alternative to the conventional surgical face lift, and the Sublative Rejuvenation using eMatrix to treat fine lines, wrinkles and other textural irregularities in one sitting, are new treatments introduced by SAC.

TDS features multi-disciplinary dental solutions. Its painless dentistry offerings include The Wand®, a computer-controlled local anaesthesia injection system that provides a more comfortable and effective anaesthetic delivery. TDS also offers a comprehensive range of quality dental implants from Korea, carrying the Megagen and Osstem brands, and the Straumann brand from Switzerland.

The medical and dental directors of the Aesthetics & Wellness Cluster contributed their time to speak at health forums organised for both the public and medical professionals. Dr Lynette Ng, Dental Director of TDS, was an invited speaker of GlaxoSmithKline, Dentsply, MegaGen, and Osstem. In March 2012, Dr Yeak Hwee Lee, Medical Director of SAC, was invited to speak at the *2nd Singapore Facial Plastic Surgery Course 2012* organised by the Society of Otolaryngology Head & Neck Surgery Singapore.

To keep updated on the latest medical innovations and technology, Dr Kevin Teh attended the *Restylane Asia Pacific Aesthetic Master Class* where he was conferred the title of *Regional Master Practitioner* of facial fillers treatments in March 2011. In July 2011, Dr Lynette Ng attended the *4th Icelandic ITI Education Week*, a Master Course in Modern Evidence Based Implant Dentistry and in October 2011, attended the *20th EAO Annual Scientific Congress* in Athens discussing treatment planning in implant dentistry. In October 2011, Dr Kevin Teh attended the *International Liposuction Workshop* in Philippines and Aesthetic Asia 2011, a gathering of foremost liposuction and fat grafting experts and researchers in the world to exchange ideas on the latest aesthetic and cosmetic techniques.

A new clinic, Centre for Wellness & Healthy Aging was established in November 2011. It provides customised health checks for people of all ages, as well as medical advice and treatment in wellness and lifestyle. Our other clusters provide ready support for patients who require further follow-up from the health checks offered by CWHA.

Aesthetics & Wellness

Critical Illness

The Critical Illness Cluster consists of The Obstetrics & Gynaecology Centre (TOGC) and The Cancer Centre (TCC). These centres are strategically located at Paragon Medical, Mount Elizabeth Medical Centre and Parkway East Medical Centre in close proximity to Mount Elizabeth Hospital and Parkway East Hospital.

The specialists in this cluster are notable for their thought leadership in national and regional media. They frequently contribute their expertise in the form of news reports, educational articles and health forums, as well as innovations and advancements in treating specific conditions.

Dr Wong Seng Weng, Medical Director of TCC, was an invited guest speaker at seminars and forums in Jakarta, Bangladesh, Hanoi and Ho Chi Minh City. He attended conferences organised by the American Society of Clinical Oncology, European Society of Medical Oncology and American Society of Hematology. These conferences brought together medical oncologists from around the world to update on the newest findings of anti-cancer treatment. Dr Wong Chiung Ing, the Malay-speaking oncologist, attended the Australian Osseointegration Society Conference, conducted a CME talk at Mount Elizabeth Hospital and was a guest speaker at several forums, including one held in Myanmar.

The Cancer Centre had large scale bilingual public health forums including *What you need to know about female cancers*, organised together with TOGC. TCC also organised *Cancer 2011 – Seeking the Optimum Outcome*, a bilingual general cancer forum conducted by both Dr Wong Seng Weng and Dr Wong Chiung Ing, on how personalised cancer treatment is different for every patient and how targeted therapy can ensure patients receive holistic care and achieve the best outcomes.

Both Dr Wong Seng Weng, Medical Director of TCC, and Dr Chee Jing Jye, Medical Director of TOGC, were on the panel of doctor speakers for the *Love Health, Love Life* Mandarin seminar held in September 2011 as well as the English seminar held in February 2012.

Dr Chee Jing Jye, attended the 4th biennial *Conference of the Asia Oceania Research Organisation on Genital Infections & Neoplasia (AOGIN)*, as well as the 8th Singapore International Congress of O&G, the XXII Asian and Oceanic Congress of O&G and the 14th World Congress on Human Reproduction. Dr Chee's specialisations include high-risk pregnancies, first trimester screening for Down's Syndrome and maternal fetal medicine. She conducted numerous health forums including *A Woman's Journey*, together with Dr Lubna Harharah, a resident specialist of TOGC at Parkway East Medical Centre. Dr Lubna attended the 9th Royal College of Obstetricians and Gynaecologists International Scientific Meeting on effective screening programmes for detecting stillbirths and Down's Syndrome. She reached out to the Malay community by conducting health forums including a public talk at Kolam Ayer Community Centre in May 2011, and a family planning talk at INSPIRASI PPIS Centre in November 2011.

The TOGC newsletter was launched in April 2011 to keep in touch with, and educate both existing and new patients on tips and issues surrounding obstetrics and gynaecology, and to bring together other specialties like orthopaedics, ophthalmology and aesthetics to address the needs of readers in a light and easy-to-absorb format.

Financial review

CONSOLIDATED INCOME STATEMENT

The Group reported total revenue of S$31.3 million for the financial year ended 31 December 2011("FY2011") as compared to S$34.8 million for the financial year ended 31 December 2010 ("FY2010"). The decrease in revenue of 10.1% was largely attributable to the slowdown in the eye cluster and offset by the revenue growth in the Aesthetics and Critical Illness Clusters and revenue contribution from the new orthopaedic clinics in the Orthopaedics & Sports Cluster.

The Orthopaedics & Sports Cluster which commenced operations in FY2011 contributed S$3.0 million revenue to the Group and broke even after less than 12 months of operations.

Overall gross profit decreased by 23% from S$16.8 million for FY2010 to S$12.9 million for FY2011 due mainly to the overall decline in revenue.

The Group registered a net loss after tax of S$1.1 million for FY2011 compared to a net profit after tax of S$2.5 million for FY2010. The loss for the year was mainly attributable to the share based compensation charges and loss incurred by a newly start-up eye clinic where its business is still in the gestation stage.

As a result of the above, the Group reported a loss per ordinary share of 0.8 cents for FY2011 as compared to earnings per ordinary share of 1.9 cents for FY2010.

CONSOLIDATED BALANCE SHEET

Assets

Total assets of the Group decreased from S$13.0 million as at 31 December 2010 to S$12.3 million mainly due to the decrease in cash and bank balances.

Net asset value per ordinary share was 2.3 cents as at 31 December 2011, compared to 3.6 cents as at 31 December 2010.

Net working capital decreased from S$1.8 million as at 31 December 2010 to S$0.3 million deficit as at 31 December 2011.

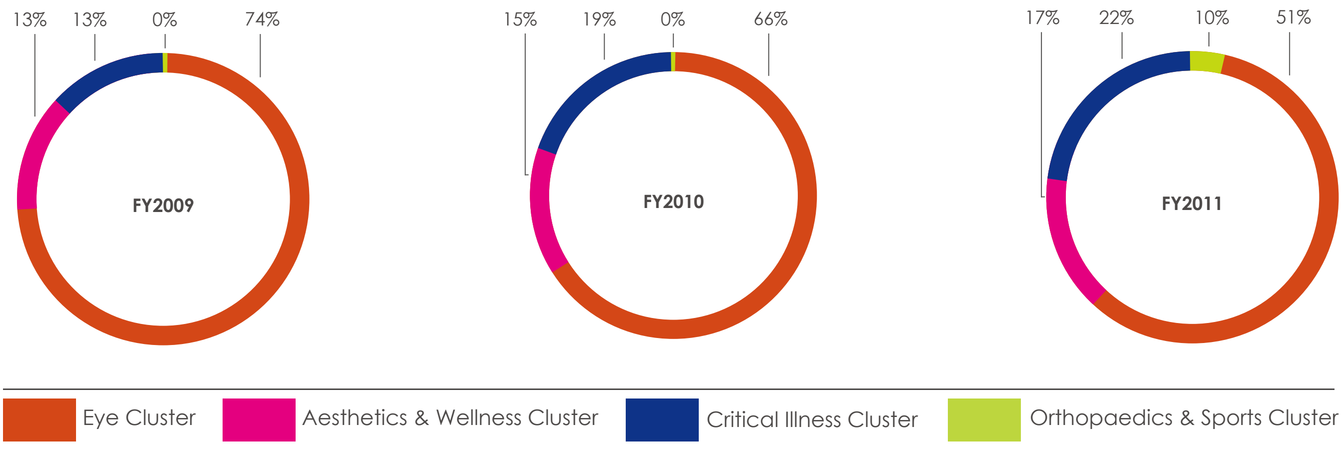
Liabilities

Total liabilities increased from S$7.1 million as at 31 December 2010 to S$8.4 million as at 31 December 2011 mainly due to the drawdown of additional bank loans in FY2011 to finance the Group's operations.

Shareholders' equity

Shareholders' equity declined from S$5.9 million as at 31 December 2010 to S$3.9 million as at 31 December 2011 due to the S$1.3 million final dividend for FY2010 which were paid in April 2011 and the loss incurred for the year under review.

REVENUE BY CLUSTER



SMG centres of excellence

Eye Cluster

The Lasik Surgery Clinic @ *Paragon*

The Lasik Surgery Clinic @ *Wheelock Place*

Premium Lasik Surgery Clinic

Singapore Vision Centre

The Eye & Cornea Transplant Centre

Centre for Eye Surgery

Jia Yue Eye Surgery Centre @ *Beijing, China*

Aesthetics & Wellness Cluster

Singapore Aesthetic Centre

Singapore Lipo, Body & Face Centre

The Dental Studio

Centre for Wellness & Healthy Aging

Orthopaedics & Sports Cluster

SMG Orthopaedic Group @ *Paragon*

SMG Orthopaedic Group @ *Mt Elizabeth Medical Centre*

Centre for Joint & Cartilage Centre

Centre for Spine & Scoliosis Surgery

Singapore Sports Orthopaedic Surgery Centre

Critical Illness Cluster

The Cancer Centre @ *Paragon*

The Cancer Centre @ *Mt Elizabeth Medical Centre*

The Obstetrics & Gynaecology Centre @ *Paragon*

The Obstetrics & Gynaecology Centre @ *Parkway East Medical Centre*

SMG marketing & administrative centres

SMG International Partners

SMG Hong Kong

SMG Insurance

SMG Hanoi Medical Rep Office

SMG Ho Chi Minh City Medical Rep Office

SMG Jakarta Medical Rep Office

SMG Beijing Medical Rep Office

Thought leadership

Thought leadership serves the public interest by challenging mindsets, dispelling myths and provoking change by providing accurate, up-to-date and valuable information by medical specialists when called upon to do so by the media. In a world flooded with information, reliable or otherwise, expert opinions from SMG stand as beacons of light to educate and guide the public in the areas of healthcare.

叶慧丽医生 为人美容 也辅导婚姻

尤今教你做椰子蒟蒻果冻 p10

四类纠缠老人的病痛 p4

新加坡医疗集团合资 在北京设眼科手术中心

新加坡医疗集团（Singapore Medical Group）通过香港子公司，与中国的景鸿集团旗下的中吉世佳科技有限公司签署谅解备忘录，在北京合资成立首个眼科手术中心。

新加坡医疗集团（香港）在与中吉世佳科技成立的合资公司中持有52%股权，其余股权则属于中吉世佳科技。双方

Making an artificial knee fit perfectly

A special computer program is helping surgeons customise their cutting tools to make knee implants fit precisely. JOAN CHEW reports

Dr Chee Jing Jye

Risky pregnancy

16 THE STRAITS TIMES OCTOBER 6 2011

MIND your BODY

Doc Talk

ADJUNCT ASSOCIATE PROFESSOR HEE HWAN TAK

Correcting a curvy spine

As an orthopaedic surgeon specialising in spinal conditions, I come across many patients and their families seeking answers and solutions to scoliosis.

The word "scoliosis" is derived from the Greek word "skolios", meaning crooked.

One common scenario I often see is that of a teenager refusing to wear her brace, arguing with her parents in front of me.

(Girls are six to eight times more likely to get adolescent scoliosis than boys.)

I can fully empathise with her, as the hectic and punishing school curriculum here, as well as the humid environment, do not produce a conducive environment for her to wear a brace constantly.

In partnership with

Eye, Orthopaedics & Sports, Aesthetics & Wellness
Critical Illness Centres located at:
Paragon Medical Centre • Novena Medical Center • Wheelock Place •
Mount Elizabeth Medical Centre • Parkway East Medical Centre •

LASIK and its evolution

At a media conference by The Lasik Surgery Clinic (LSC), RUTH LOH discovers how far LASIK has advanced.

Helping the blind see again

Dr Leonard Ang

Ms F was just 15 years old when her face was disfigured in a vicious acid attack in her native China five years ago.

Her right eye was totally destroyed and

I performed a corneal transplant for Ms F to her scarred cornea.

I then reconstructed almost her entire left eye surface by removing the scarred tissue and transplanting amniotic membrane so that

He wants to employ OLDER SINGAPOREANS

22 THE STRAITS TIMES JUNE 24, 2010

The Pro

A tailor for your eye

Eye doctor Natasha Lim understands her patients' desire for perfect vision. Joan Chew reports

Smile architect

Prosthetic dentist Lynette Ng finds meaning in restoring neglected teeth and people's confidence. POON CHIAN HUI reports

Unable to gain weight

Smile maker

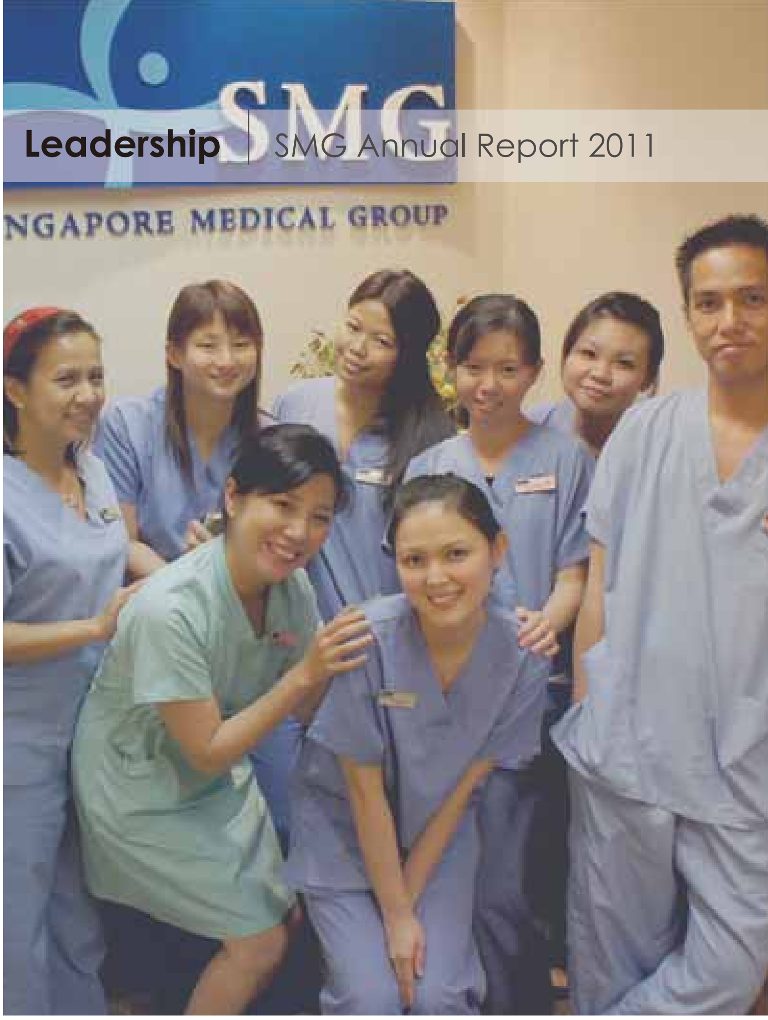
Nothing beats seeing her patients smile confidently after she has realigned crooked teeth, says dental surgeon Wee Mei Yee. POON CHIAN HUI reports

The human stork

Leadership

The success of the Singapore Medical Group is due to the contributions of each and every one of our SMG family members. Our leaders play an integral role to guide, inspire and be the role model to hone our success.


SMG


SMG

Board of directors

The Board is entrusted with the responsibility for the overall management of our Group. Members apply their many years of executive experience and insights to help make business decisions to realise the mission and vision of the Group, and optimise value for stakeholders.

Mr Felix Huang
Executive Chairman

Felix Huang founded the Singapore Medical Group in 2005. He is currently the Executive Chairman of the Singapore Medical Group and has served as Board Chairman since June 2009. Felix charts the group's business strategy and fosters a culture of innovation through the SMG leadership team. Prior to his appointment as Executive Chairman, Felix was appointed as Director in 2005 where he was in charge of the growth of the Group. In 2006 he was appointed as the Advisor of Strategy and Policy to provide strategic directions to our Group. Felix has wide industry experience, and held senior management positions, including that of Chief Executive Officer and General Manager, in various companies around the world. *Felix Huang is also known as Felix Huang Keming in this annual report.*

Dr Cheryl Baumann
Chief Executive Officer

Dr Cheryl Baumann co-founded the Singapore Medical Group with Felix. She is currently the Chief Executive Officer and has been a member of the Board since June 2009. Cheryl works closely with the SMG leadership team to manage the specialist healthcare operations. Prior to her appointment as CEO, Cheryl was with Clifford Chance, where she practiced international commercial law, comparative law and Chinese property law. Cheryl holds a Bachelor of Arts in Library Science from Peking University, Beijing, China as well as a Doctor of Philosophy in law from the University of Cologne, Germany. She also attended the executive management programme at the MIT Sloan School of Management, USA. *Dr Cheryl Baumann is also known as Dr Xiaoyan Baumann Geb. Bi in this annual report.*

Mrs Shirley See-Toh
Executive Director and
Executive Vice-President

Shirley See-Toh is an Executive Vice-President and an Executive Director of the Singapore Medical Group's Board since June 2009. She advises the Group on issues of governance, corporate citizenship and social responsibility, and leads the Group on issues of accreditation and quality improvements. Prior to joining the Group in 2007, she was a Vice-President with DBS Bank where she held varied portfolios including outsourcing governance, operational risk management, information services and document management, and research administration. She was also a Manager with the Singapore National Productivity Board and her portfolio included quality improvements, productivity information services, and training and management consultancy. Shirley's social contributions included having served four terms in the Advisory Committee, Division of Information Studies, School of Communication and Information, Nanyang Technological University from 1993 to 2002. In addition, she serves as a member of the PCF Community Foundation, which manages PAP Kindergartens in Aljunied-Hougang since 2000. *Mrs Shirley See-Toh is also known as Mrs See-Toh Wai Keong in this annual report.*

Mr Ho Lon Gee
Lead Independent Director and
Chairman, Audit Committee

Ho Lon Gee is a Lead Independent Director of the Singapore Medical Group's Board and Chairman of the Audit Committee since June 2009. Lon Gee is currently the Chief Executive Officer of Tricor Singapore Pte. Ltd., where he oversees the management of Tricor group of companies in Singapore. From 1982 to 2004, he served as an Auditor and later as a Partner at PricewaterhouseCoopers Singapore where he headed the SME Enterprise Audit Group and the Corporate Services Practice. Lon Gee is a qualified Chartered Accountant with the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Certified Public Accountants in Singapore and the Singapore Institute of Directors. In addition, Lon Gee also serves as Assistant Honorary Treasurer to the Singapore Children Society as well as Chairman to its Investment Committee and is a member of its Remuneration Committee. He is also a Director of Malacca Trust Limited.

Mr Charles Lew
Independent Director and
Chairman, Nominating and
Remuneration Committees

Charles Lew joined the Singapore Medical Group's Board as an Independent Director in June 2009 and chairs the Nominating and Remuneration Committees. Charles is currently the Managing Director of Equator Capital Private Limited, an investment management company he founded in 1999 that is involved in trading long/short US equities options and futures. He also sits on the board of several private and foreign companies, including RHB Islamic Bank Bhd and RHB Investment Bank Bhd as its Independent Non-Executive Director. He has more than 25 years experience in investment banking, corporate finance, hedge fund management and business development. The positions he held included that of Vice-Chairman and Managing Director at ABN AMRO Merchant Bank (Singapore) Limited, and Director and Head of Corporate Finance at HG Asia Securities (Singapore) Pte Ltd. Charles holds a Bachelor of Arts (Hons) in Finance and Accounting from the University of East London. He also holds a Masters of Science (Masters in Business Administration) in Management Science from the Imperial College, University of London. He received a certificate in Corporate Finance from the London Business School.

Mr Jimmy Yim
Non-Executive Director

Jimmy Yim was appointed Non-Executive Director and has been a member of the Singapore Medical Group's Board since June 2009. He is the incumbent Managing Director of the Litigation & Dispute Resolution Department of Drew & Napier LLC, a leading all-service legal practice in Singapore, established since 1889. He was admitted to the Singapore Bar in 1983 and is one of the earliest batches of Senior Counsel being appointed in January 1998. His practice covers a range of civil and commercial law, corporate law and international commercial arbitrations. Amongst his several appointments include Fellow of the Singapore Institute of Arbitrators and Regional Arbitrator with the Singapore International Arbitration Centre (SIAC). Apart from the Singapore Medical Group Ltd, Jimmy sits on the board of several private and public companies. He is recommended by name in the leading and professional ranking agencies and publications such as Asia Pacific Legal 500, Asia Law Profiles and Chambers Global.

Our key management

Wong Sian Jing
Chief Financial Officer

Ho Mei Teng
Vice-President
Sales & Marketing

Mathew Thomas Jacob
Vice-President
PR & Communications

Sharlene Lim
Vice-President
Nursing

Amara See-Toh
Vice-President
Operations

Arifin Ng
Vice-President
SMG International Partners

The medical board and the medical directors are entrusted with the responsibility of practising good medicine, focusing on the best outcome for patients. The medical practitioners apply and devote their many years of medical training and experience to their clinical duties and patient care.

SMG medical board

Members of the SMG Medical Board 2011/2012

Ex Officio & Executive Chairman of SMG
Mr Felix Huang

Chairman
Dr Chee Jing Jye

Vice-Chairman
Member, Orthopaedics & Sports Cluster
Dr Kevin Lee

Member, Critical Illness Cluster
Dr Wong Seng Weng

Member, Eye Cluster
Dr Leonard Ang

Member, Aesthetics & Wellness Cluster
Dr Yeak Hwee Lee
Dr Lynette Ng (Dental)

Medical directors

Dr Chee Jing Jye

The Obstetrics & Gynaecology Centre @ *Paragon*
The Obstetrics & Gynaecology Centre @ *Parkway East*

Dr Kevin Lee

Centre for Joint & Cartilage Surgery
SMG Orthopaedic Group @ *Mt Elizabeth*
Singapore Sports Orthopaedic Surgery Centre

Dr Wong Seng Weng

The Cancer Centre @ *Paragon*
The Cancer Centre @ *Mt Elizabeth*

Dr Leonard Ang

The Eye & Cornea Transplant Centre
Premium Lasik Surgery Clinic

Dr Yeak Hwee Lee

Singapore Aesthetic Centre

Dr Lynette Ng

The Dental Studio

Dr Kevin Teh

Singapore Lipo, Body & Face Centre

Adj A/Prof Hee Hwan Tak

Centre for Spine & Scoliosis Surgery
SMG Orthopaedic Group @ *Paragon*

Dr Marc Tay

The Lasik Surgery Clinic @ *Paragon*

Dr Jon Goh

Singapore Vision Centre

Dr Natasha Lim

The Lasik Surgery Clinic @ *Wheelock*
Centre for Eye Surgery

Dr Lenny Wan

Centre for Wellness & Healthy Aging

Dr Woo Mei Yee

Dr Wong Chiung Ing

Dr Lubna Harharah

CORPORATE INFORMATION

Board of Directors

Felix Huang Keming *(Executive Chairman)*
Dr. Xiaoyan Baumann Geb. Bi *(Chief Executive Officer)*
Mrs See-Toh Wai Keong *(Executive Director)*
Ho Lon Gee *(Lead Independent Director)*
Lew Foon Keong, Charles *(Independent Director)*
Jimmy Yim Wing Kuen *(Non-executive Director)*

Audit Committee

Ho Lon Gee *(Chairman)*
Lew Foon Keong, Charles
Jimmy Yim Wing Kuen

Remuneration Committee

Lew Foon Keong, Charles *(Chairman)*
Jimmy Yim Wing Kuen
Ho Lon Gee

Nominating Committee

Lew Foon Keong, Charles *(Chairman)*
Jimmy Yim Wing Kuen
Ho Lon Gee

Company Secretaries

Tan Ping Ping, ACIS
Chan Lai Yin, ACIS

Registered Office

290 Orchard Road
#13-01 Paragon
Singapore 238859
Tel: (65) 6836 1000
Fax: (65) 6836 8385
Website: www.smg.sg

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Audit Partner in charge: Tan Swee Ho
(since financial year ended 31 December 2011)

Principal Bankers

United Overseas Bank Limited
Citibank Singapore Ltd
RHB Bank Berhad
Malayan Banking Berhad

Catalist Sponsor

PrimePartners Corporate Finance Pte. Ltd.
20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

CORPORATE GOVERNANCE REPORT

Singapore Medical Group Limited (the "**Company**") is committed to achieving a high standard of corporate governance within the Group. The Company continues to evaluate and put in place effective self-regulatory corporate practices to protect its shareholders' interests and enhance long-term shareholders' value. Rule 710 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Rules of Catalist**") requires an issuer to outline the corporate governance practices adopted by the Company as set out by the Code of Corporate Governance 2005 (the "**Code**").

This report outlines the Company's corporate governance practices for the financial year ended 31 December 2011 ("**FY2011**"). For easy reference, sections of the Code under discussion are specifically identified. However, this report should be read as a whole as other sections of this report may also have an impact on the specific disclosures. The Company has complied with the principles of the Code where appropriate.

Board Matters

Principle 1: Board's Conduct of its Affairs

The Board of Directors (the "**Board**") comprises the following members:

Mr Felix Huang Keming	*Executive Chairman*
Dr Xiaoyan Baumann Geb.Bi	*Chief Executive Officer*
Mrs See-Toh Wai Keong	*Executive Director*
Mr Jimmy Yim Wing Kuen	*Non-Executive Director*
Mr Ho Lon Gee	*Lead Independent Director*
Mr Lew Foon Keong, Charles	*Independent Director*

Apart from its statutory duties and responsibilities, the Board performs the following functions:–

(a) provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risk to be assessed and managed;

(c) review management performance;

(d) set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met;

(e) nomination of Directors to the Board;

(f) appointment of key personnel;

(g) review the financial performance of the Group and implementing policies relating to financial matters, which include risk management and internal controls and compliance; and

(h) assuming responsibility for corporate governance.

CORPORATE GOVERNANCE REPORT *(cont'd)*

These functions are carried out either directly or delegated to committees whose action are monitored and endorsed by the Board. These committees include the Audit Committee, the Nominating Committee and the Remuneration Committee, all of which operate within clearly defined terms of reference and functional procedures and are reviewed on a regular basis. Each of these committees reports its activities regularly to the Board.

Matters which are specifically reserved to the full Board for decision are those involving a conflict of interest for a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies.

Formal Board meetings are held at least once every quarter to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Ad-hoc meetings are convened when the circumstances require. The Company's Articles of Association allow a Board meeting to be conducted by way of tele-conference and video-conference.

During the financial year under review, the Board held four meetings and the attendance of each Director at every Board and Board Committee meeting is as follows:–

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Mr Felix Huang Keming *(Executive Chairman)*	4	4	–	–	–	–	–	–
Dr Xiaoyan Baumann Geb. Bi *(Chief Executive Officer)*	4	4	–	–	–	–	–	–
Mrs See-Toh Wai Keong *(Executive Director)*	4	4	–	–	–	–	–	–
Mr Jimmy Yim Wing Kuen *(Non-Executive Director)*	4	2	4	2	1	0	1	0
Mr Lew Foon Keong, Charles *(Independent Director)*	4	4	4	4	1	1	1	1
Mr Ho Lon Gee *(Lead Independent Director)*	4	4	4	4	1	1	1	1

All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

Management would conduct briefings and orientation programmes to familiarise newly appointed Directors with the various businesses, operations and processes of the Group.

CORPORATE GOVERNANCE REPORT *(cont'd)*

Principle 2: Board Composition and Guidance

The Board comprises six Directors, of whom three are Executive Directors, one is a Non-Executive Director and two are Independent Directors. The requirement of the Code that at least one third of the Board comprises Independent Directors is satisfied. The independence of each Director has been and will be reviewed annually by the Nominating Committee. The Nominating Committee adopts the Code's definition of what constitutes an Independent Director in its review. The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors; independent judgment of the Group's affairs.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment in the best interests of the Company. The Nominating Committee has reviewed and determined that the said Directors are independent.

The Board will constantly examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision-making. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience.

The Board, taking into account the nature of operations of the Group, considers its current size to be adequate for effective decision-making.

Non-Executive Directors constructively challenge and help develop proposals on strategy, and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

The Nominating Committee is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Key information regarding the Directors is set out on pages 28 and 29 of the Annual Report.

Principle 3: Chairman and Chief Executive Officer

The Board recognises the Code's recommendation that the Chairman and the Chief Executive Officer ("**CEO**") should be separate persons to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision-making are not compromised.

The Executive Chairman of the Company is Mr Felix Huang Keming and the CEO is Dr Xiaoyan Baumann Geb. Bi. The Executive Chairman is primarily responsible for charting the corporate direction and business strategies, policy planning and overall management of the Group. The CEO leads all of the specialist healthcare operations of the Group and is responsible for providing leadership in strategic planning to the management.

Although the Executive Chairman and the CEO are husband and wife, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. All the Board committees are chaired by Independent Directors and at least one-third of the Board consist of Independent Directors.

CORPORATE GOVERNANCE REPORT *(cont'd)*

For good corporate governance, the Board has appointed Mr Ho Lon Gee as the Lead Independent Director of the Company to address the concerns of the shareholders and employees in the event the normal interactions with the Executive Chairman, CEO or Chief Financial Officer could not satisfactorily resolve their concerns or where such channel of communications is considered inappropriate. Mr Ho is contactable via email at lon.gee.ho@sg.tricorglobal.com.

Board Committees

Nominating Committee ("NC")

Principle 4: Board Membership

Principle 5: Board Performance

The current NC comprises the following 3 members, the majority of whom, including the Chairman, are Independent Directors:

(a) Mr Lew Foon Keong, Charles *(Chairman)*;
(b) Mr Jimmy Yim Wing Kuen; and
(c) Mr Ho Lon Gee.

The Board has approved the written terms of reference of the NC. Its functions are as follows:–

(a) review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;

(b) re-nominate directors for re-election in accordance with the Articles of Association at each annual general meeting and having regard to the Directors' contribution and performance;

(c) determine annually whether or not a Director of the Company is independent; and

(d) assess the performance and effectiveness of the Board as a whole.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.

A formal assessment process is in place to assess the effectiveness of the Board as a whole. Assessment parameters include evaluation of the Board's access to information, accountability, the quality of Board processes, Board's performance in relation to discharging its principal responsibilities, and the business performance of the Group in terms of the financial indicators as set out in the Code.

The evaluation of the Board is conducted annually. As part of the process, the Directors will complete the evaluation forms which are collated by the Company Secretary. The Company Secretary will then summarise the results of the evaluation and present it to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvement are then submitted to the Board for discussion and for implementation.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

CORPORATE GOVERNANCE REPORT *(cont'd)*

All Directors are subject to the provisions of Article 94 of the Company's Articles of Association whereby one-third of the Directors are required to retire and subject themselves to re-election by shareholders at every annual general meeting of the Company.

The NC recommended to the Board that Mr Lew Foon Keong, Charles and Mr Felix Huang Keming be nominated for re-election at the forthcoming annual general meeting ("**AGM**"). The retiring Directors have offered themselves for re-election. The Board has accepted the recommendation of the NC. Mr Lew Foon Keong, Charles will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.

Mr Lew Foon Keong, Charles will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

In making the recommendation, the NC had considered the Directors' overall contributions and performance.

Principle 6: Access to Information

To assist the Board in fulfilling its responsibilities, the Board is provided with management reports containing relevant background or explanatory information required to support the decision-making process. The Management will continue to improve its process in providing complete, adequate and timely information to the Board prior to each Board meeting. The Board is also provided with management accounts of the Group's performance, position and prospects on a quarterly basis.

The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary or its representative attends all Board and Board Committees meetings and ensures that all Board procedures are followed. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act and the Rules of Catalist. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure of Remuneration

The current RC comprises the following 3 members who are all Non-Executive Directors, the majority of whom, including the Chairman, are Independent Directors:

(a) Mr Lew Foon Keong, Charles *(Chairman)*;
(b) Mr Jimmy Yim Wing Kuen; and
(c) Mr Ho Lon Gee.

CORPORATE GOVERNANCE REPORT *(cont'd)*

The Board has approved the written terms of reference of the RC. Its functions are as follows:–

(a) recommend to the Board a framework of remuneration for the Directors and Executive Officers;

(b) determine specific remuneration packages for each Executive Director;

(c) review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(d) review and approve any bonuses, pay increases and/or promotions for the senior management; and

(e) other acts as may be required by the SGX-ST and the Code from time to time;

In addition, the RC has been tasked to administer the SMG Employee Share Option Scheme.

In carrying out the above, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice shall be borne by the Company.

The Company sets remuneration packages which:

(a) align interests of Executive Directors with those of shareholders;

(b) link rewards to corporate and individual performance;

(c) are competitive and sufficient to attract, retain and motivate Directors and senior management with adequate experience and expertise to manage the business and operations of the Group.

The remuneration paid and payable to the Directors and Executive Officers during the financial year under review are as follows:

Remuneration Bands	**Salary** **%**	**Performance Bonus** **%**	**Director's fee** **%**	**Others** **%**	**Total** **%**
Directors					
Above S$500,000					
Dr Xiaoyan Baumann Geb. Bi	82.8	13.8	–	3.4	100
Mr Felix Huang Keming	82.8	13.8	–	3.4	100
S$250,000 – S$500,000					
Mrs See-Toh Wai Keong	88.9	11.1	–	–	100
Below S$250,000					
Mr Ho Lon Gee	–	–	100	–	100
Mr Lew Foon Keong, Charles	–	–	100	–	100
Mr Jimmy Yim Wing Kuen	–	–	100	–	100

CORPORATE GOVERNANCE REPORT *(cont'd)*

Remuneration Bands	Salary %	Performance Bonus %	Others %	Total %
Executive Officers				
Below S$250,000				
Wong Sian Jing	100	NA	NA	100
Arifin Ng	99.5	NA	0.5	100
Mathew Thomas Jacob	88.9	11.1	–	100
Ho Mei Teng	94.8	–	5.2	100
Sharlene Lim	98.0	2.0	–	100
See-Toh Zhiping, Amara	88.9	11.1	–	100

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and Executive Officers. No Director is involved in determining his own remuneration. The remuneration of the Non-Executive and Independent Directors is in the form of a fixed fee.

The Executive Directors have service agreements with the Company. Their compensation consists of salary, bonus and performance award that is dependent on the Group's performance.

The Directors' fees, as a lump sum, will be subject to the approval by shareholders at the forthcoming AGM.

Save for the abovementioned, none of the employees who are immediate family members of a Director or CEO receives remuneration exceeding S$150,000 during FY2011.

The Company has a share option scheme known as SMG Employee Share Option Scheme (the "**ESOS**") which was approved by shareholders of the Company on 30 June 2009. The ESOS comply with the relevant rules as set out in Chapter 8 of the Rules of Catalist. The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The scheme is administered by the RC. Further information on the ESOS can be found on pages 46 and 47 of the Annual Report.

Accountability and Audit

Principle 10: Accountability and Audit

In presenting the annual financial statements, half-year results and full-year results announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with statutory requirements and the Rules of Catalist. The management currently provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis.

CORPORATE GOVERNANCE REPORT *(cont'd)*

Audit Committee ("AC")

Principle 11: Audit Committee

The current AC comprises the following 3 members who are all Non-Executive Directors, the majority of whom, including the Chairman, are Independent:

(a) Mr Ho Lon Gee *(Chairman)*;
(b) Mr Lew Foon Keong, Charles; and
(c) Mr Jimmy Yim Wing Kuen.

The Board has approved the written terms of reference of the AC. Its functions are as follows:–

(a) assist the Board in fulfilling its responsibilities in respect of the Company's accounting policies, internal controls and financial reporting practices;

(b) monitor management's commitment to the establishment and maintenance of a satisfactory control environment and an effective system of internal control (including any arrangements for internal audit);

(c) maintain a channel of communication among members of the Board, the financial management team, and the internal and external auditors on matters arising out of the internal and external audits and to consider the adequacy of arrangements for audit;

(d) monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors;

(e) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(f) review the quarterly and annual financial statements and half-year and full-year results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major financial risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist and any other relevant statutory or regulatory requirements;

(g) review the internal control procedures and ensure co-ordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(h) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(i) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(j) review interested person transactions falling within the scope of Chapter 9 of the Rules of Catalist;

(k) review potential conflicts of interest;

CORPORATE GOVERNANCE REPORT *(cont'd)*

(l) review and evaluate the Group's administrative, operating and internal accounting controls and procedures;

(m) review the Group's financial risk and any oversight of the Group's financial risk management processes and activities to mitigate and manage financial risk at acceptable levels determined by the Board;

(n) review the Group's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or where the findings are material, immediately announced via SGXNET;

(o) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(p) generally undertake such other functions and duties as may be required by statute or the Rules of Catalist, or by such amendments as may be made thereto from time to time.

The AC meets regularly and also holds informal meetings and discussions with the management from time to time. The AC has full discretion to invite any Director or Executive Officer to attend its meetings.

The AC has been given full access to and is provided with the cooperation of the Company's management. In addition, the AC has independent access to the external auditors of the Company, Ernst & Young LLP (the "**External Auditors**"). The AC meets with the External Auditors without the presence of management to review matters that might be raised privately. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has reviewed the volume of non-audit services to the Group by the External Auditors (see details on page 44), and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors, is pleased to recommend their re-appointment at the forthcoming AGM.

The Company is in compliance with Rules 712 and 715 of the Rules of Catalist in relation to the proposed re-appointment of the External Auditors.

Whistle-blowing Policy

The AC has established and put in place a whistle-blowing policy and procedures to provide employees with well-defined and accessible channels within the Group for reporting suspected fraud, corruption, dishonest practices or other similar matters or raise serious concerns about possible incorrect financial reporting or other matters that could have an adverse impact on the Company. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. In promoting and creating awareness, the whistle-blowing policy and procedures are circulated to all existing and newly recruited employees.

The AC exercises the overseeing function over the administration of the policy. Quarterly reports will be submitted to the AC stating the number and nature of complaints received, the results of the investigation, follow-up actions and the unresolved complaints.

CORPORATE GOVERNANCE REPORT *(cont'd)*

Principle 12: Internal Controls

The Group's internal controls and systems are designed to provide reasonable, but not absolute assurance to the integrity and reliability of the financial information and to safeguard and maintain the accountability of the assets.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group's management, and that was in place throughout FY2011 and up to the date of this Report, is adequate to meet the needs of the Group in its current business environment.

The Board of Directors and the AC have reviewed the adequacy of the Group's internal controls, including financial, operational and compliance risks and the Board, with the concurrence of the AC, is of the opinion that the system of internal controls are in place and adequate to meet its needs in addressing the financial, operational and compliance risks in the current business environment. The Board is also of the view that the Company maintains a robust and effective system of internal controls in addressing financial, operational and compliance risks.

Principle 13: Internal Audit

RSM Ethos Pte. Ltd is currently engaged as the internal auditors of the Group and report directly to the AC on audit matters and to the Executive Chairman on administrative matters.

The objective of the internal audit function is to provide an independent review of the effectiveness of the Group's internal controls and provide reasonable assurance to the AC and the management that the Group's risk management, controls and governance processes are adequate and effective.

The AC has reviewed the annual internal audit plan for FY2011. The AC is satisfied that the internal audit is adequately resourced and has the appropriate standing within the Group.

Communication with Shareholders

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders. The Company provides information to its shareholders via SGXNET announcements, news releases and the Company's website. Price-sensitive information is publicly released on an immediate basis where required under the Rules of Catalist. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have a fair access to the information.

The annual general meeting of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report and the notice of annual general meeting. At the annual general meeting, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the Chairman of each of the Board Committees. The External Auditors are also present to assist the Directors in addressing any relevant queries from the shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company's Articles of Association allow a member of the Company to appoint one or two proxies to attend and vote at its general meetings.

CORPORATE GOVERNANCE REPORT *(cont'd)*

Risk Management

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. The details of the Group's financial and business risks can be found on pages 93 to 96 of this Annual Report.

Securities Transactions

In line with Rule 1204(19) of the Rules of Catalist, the Group has adopted a policy with respect to dealings in securities by the Directors and its Executive Officers. Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing one month before the announcement of the Group's half-year or full-year results and ending on the date of announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. In addition, Directors, management and officers of the Group are discouraged from dealing in the Company's shares on short-term considerations. To provide further guidance to employees on dealings in the Company's shares, the Company has adopted a code of conduct on transactions in the Company's shares.

Material Contracts

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholder, which are either still subsisting at the end of FY2011 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company does not have a general shareholders' mandate for recurrent interested person transactions.

The Company confirms that there were no interested person transactions during the financial year under review.

Non-Sponsor Fees

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2011.

Audit and Non-Audit Fees

The audit and non-audit services that were rendered by the Company's auditors, Ernst & Young LLP, to the Group and their related fees for FY2011 are as follows:

	S$'000
Audit fees	125
Tax fees	53
Total	178

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Singapore Medical Group Limited (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 2011.

Directors

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

Dr. Xiaoyan Baumann Geb. Bi
Felix Huang Keming
Ho Lon Gee
Mrs See-Toh Wai Keong nee Ng Kwee Lang
Lew Foon Keong, Charles
Jimmy Yim Wing Kuen

Arrangements to enable directors to acquire shares and debentures

Except as disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose object was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or 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 of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Dr. Xiaoyan Baumann Geb. Bi	75,992,700	75,992,700	–	–
Felix Huang Keming	30,375,000	29,775,000	–	–
Mrs See-Toh Wai Keong nee Ng Kwee Lang	38,000	38,000	49,000*	49,000*
Jimmy Yim Wing Kuen	3,375,000	3,375,000	–	–

* Mrs See-Toh Wai Keong nee Ng Kwee Lang is deemed to have an interest in the 49,000 shares held by her spouse, Mr See-Toh Wai Keong.

There was no change in any of the above mentioned interests between the end of the financial year and 21 January 2012.

DIRECTORS' REPORT *(cont'd)*

Directors' interests in shares or debentures (cont'd)

By virtue of Section 7 of the Companies Act, Dr. Xiaoyan Baumann Geb. Bi and Felix Huang Keming are deemed to be interested in the shares held by the Company in its subsidiaries.

Felix Huang Keming is the husband of Dr. Xiaoyan Baumann Geb. Bi. As both Felix Huang Keming and Dr. Xiaoyan Baumann Geb. Bi are Directors, by virtue of Section 164(15)(a) of the Companies Act, they are not deemed to be interested in the shares held by the other. Felix Huang Keming and Dr. Xiaoyan Baumann Geb. Bi have also confirmed that they are not deemed to be interested in the shares held by the other by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore.

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

Directors' contractual benefits

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

Options

The SMG Employee Share Option Scheme (the "Scheme") was approved and adopted by the shareholders of the Company on 30 June 2009. The Scheme applies to confirmed employees of the Group (including Executive Directors) and non-executive directors (including Independent Directors) who have attained the age of 21 years on or before the relevant grant of the options, provided that none shall be an undischarged bankrupt or have entered into a composition with creditors. For the avoidance of doubt, Executive Directors who are Controlling Shareholders and their respective associates shall not be eligible to participate in the Scheme. The Scheme is administered by the Remuneration Committee, comprising Messrs Lew Foon Keong, Charles (Chairman), Jimmy Yim Wing Kuen and Ho Lon Gee.

Other information regarding the Scheme is set out below:

(a) The exercise price of the options may be set at a discount to a price (the "Market Price") equal to the average of the last dealt prices for the Company's shares on the Singapore Exchange Securities Trading Limited for the five consecutive market days immediately preceding the date of grant of such options (subject to a maximum discount of 20%).

(b) For options granted with an exercise price which is set at a discount to the Market Price, such options may be exercised after the second anniversary from the date of grant of such options. For options granted with an exercise price fixed at the Market Price ("Market Price Option"), the Market Price Option may be exercised after the first anniversary of the date of grant of the Market Price Option.

(c) The options expire 5 years after the grant date, unless they have been cancelled or have lapsed prior to that date.

DIRECTORS' REPORT *(cont'd)*

Options (cont'd)

During the financial year,

(a) no options were granted by the Company to any person to take up unissued shares in the Company; and

(b) no shares were issued by virtue of any exercise of option to take up unissued shares in the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit committee

The audit committee carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50. Further details regarding the audit committee are disclosed in the Corporate Governance Report.

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors:

Dr. Xiaoyan Baumann Geb. Bi
Director

Felix Huang Keming
Director

23 March 2012

STATEMENT BY DIRECTORS

We, Dr. Xiaoyan Baumann Geb. Bi and Felix Huang Keming, being two of the directors of Singapore Medical Group Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, 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 2011 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 as the Group will be able to generate sufficient operating cash flows.

On behalf of the board of directors:

Dr. Xiaoyan Baumann Geb. Bi
Director

Felix Huang Keming
Director

23 March 2012

INDEPENDENT AUDITORS' REPORT

For the financial year ended 31 December 2011

To the members of Singapore Medical Group Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of Singapore Medical Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 51 to 102, which comprise the balance sheets of the Group and the Company as at 31 December 2011, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT *(cont'd)*

For the financial year ended 31 December 2011

Opinion

In our opinion, 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 2011 and of 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.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

23 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000
Continuing operations			
Revenue	4	**31,320**	34,847
Cost of sales		**(18,418)**	(18,089)
Gross profit		**12,902**	16,758
Other items of income			
Financial income	5	**1**	2
Other income	6	**173**	429
Other items of expense			
Distribution and selling expenses		**(3,204)**	(3,487)
Administrative expenses		**(10,927)**	(10,388)
Other expenses		**(222)**	(12)
Financial expenses	5	**(85)**	(63)
(Loss)/profit before tax from continuing operations	7	**(1,362)**	3,239
Income tax	10	**282**	(230)
(Loss)/profit from continuing operations, net of tax		**(1,080)**	3,009
Discontinued operation			
Loss from discontinued operation, net of tax	11	**–**	(486)
(Loss)/profit for the year, representing total comprehensive income for the year		**(1,080)**	2,523
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		**(1,134)**	2,829
Total comprehensive income from discontinued operation, net of tax		**–**	(486)
Total comprehensive income for the year attributable to owners of the Company		**(1,134)**	2,343
Non-controlling interests			
Total comprehensive income from continuing operations, net of tax		**54**	180
Total comprehensive income from discontinued operation, net of tax		**–**	–
Total comprehensive income for the year attributable to non-controlling interests		**54**	180
(Loss)/earnings per share from continuing operations attributable to owners of the Company (cents per share)			
Basic	12(a)	**(0.8)**	1.9
Diluted	12(a)	**(0.8)**	1.9
(Loss)/earnings per share (cents per share)			
Basic	12(b)	**(0.8)**	1.6
Diluted	12(b)	**(0.8)**	1.6

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

BALANCE SHEETS

As at 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**4,745**	4,866	**864**	892
Intangible assets	14	**1**	9	**1**	9
Investment in subsidiaries	15	**–**	–	**887**	987
Other receivables	18	**390**	553	**390**	553
Deferred tax assets	24	**91**	–	**41**	–
		5,227	5,428	**2,183**	2,441
Current assets					
Inventories	16	**926**	717	**–**	–
Trade receivables	17	**655**	100	**–**	–
Prepayments		**170**	310	**44**	112
Other receivables	18	**987**	446	**766**	323
Income tax recoverable		**–**	205	**–**	301
Due from related companies	19	**–**	–	**6,760**	4,129
Cash and bank balances		**4,335**	5,844	**605**	487
		7,073	7,622	**8,175**	5,352
Total assets		**12,300**	13,050	**10,358**	7,793
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	20	**1,127**	1,089	**–**	–
Other payables and accruals	21	**3,825**	3,986	**879**	675
Due to related companies	19	**–**	–	**2,236**	1,121
Obligations under finance leases	22	**318**	173	**306**	140
Loans and borrowings	23	**1,937**	568	**1,937**	568
Income tax payable		**126**	–	**–**	–
		7,333	5,816	**5,358**	2,504
Non-current liabilities					
Obligations under finance leases	22	**417**	284	**390**	257
Loans and borrowings	23	**448**	495	**448**	495
Deferred tax liabilities	24	**204**	515	**–**	108
		1,069	1,294	**838**	860
Total liabilities		**8,402**	7,110	**6,196**	3,364
Net assets		**3,898**	5,940	**4,162**	4,429
Equity attributable to owners of the Company					
Share capital	25	**2,594**	2,594	**2,594**	2,594
Retained earnings		**718**	2,668	**1,568**	1,835
		3,312	5,262	**4,162**	4,429
Non-controlling interests		**586**	678	**–**	–
Total equity		**3,898**	5,940	**4,162**	4,429
Total equity and liabilities		**12,300**	13,050	**10,358**	7,793

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 2011

		Attributable to owners of the Company				
		Share capital (Note 25)	Retained earnings	Total	Non-controlling interests	Total equity
	Note	$'000	$'000	$'000	$'000	$'000
Group						
2011						
Balance at 1 January 2011		**2,594**	**2,668**	**5,262**	**678**	**5,940**
Total comprehensive income for the year		**–**	**(1,134)**	**(1,134)**	**54**	**(1,080)**
Share-based compensation expense		**–**	**–**	**–**	**381**	**381**
Dividends on ordinary shares	26	**–**	**(1,195)**	**(1,195)**	**–**	**(1,195)**
Dividends paid by subsidiaries		**–**	**–**	**–**	**(148)**	**(148)**
Transfer of interests in subsidiaries to non-controlling interests		**–**	**379**	**379**	**(379)**	**–**
Balance at 31 December 2011		**2,594**	**718**	**3,312**	**586**	**3,898**
2010						
Balance at 1 January 2010		2,594	1,816	4,410	383	4,793
Total comprehensive income for the year		–	2,343	2,343	180	2,523
Share-based compensation expense		–	–	–	167	167
Capital contribution by non-controlling interests		–	–	–	46	46
Dividends on ordinary shares	26	–	(1,589)	(1,589)	–	(1,589)
Transfer of interests in subsidiaries to non-controlling interests		–	98	98	(98)	–
Balance at 31 December 2010		2,594	2,668	5,262	678	5,940
Company						
2011						
Balance at 1 January 2011		**2,594**	**1,835**	**4,429**	**–**	**4,429**
Total comprehensive income for the year		**–**	**928**	**928**	**–**	**928**
Dividends on ordinary shares	26	**–**	**(1,195)**	**(1,195)**	**–**	**(1,195)**
Balance at 31 December 2011		**2,594**	**1,568**	**4,162**	**–**	**4,162**
2010						
Balance at 1 January 2010		2,594	1,417	4,011	–	4,011
Total comprehensive income for the year		–	2,007	2,007	–	2,007
Dividends on ordinary shares	26	–	(1,589)	(1,589)	–	(1,589)
Balance at 31 December 2010		2,594	1,835	4,429	–	4,429

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 2011

	Note	Group 2011 $'000	Group 2010 $'000
Cash flows from operating activities			
(Loss)/profit before tax from continuing operations		**(1,362)**	3,239
Loss before tax from discontinued operation		**–**	(486)
(Loss)/profit before tax, total		**(1,362)**	2,753
Adjustments for:			
Depreciation of property, plant and equipment	13	**1,235**	2,086
Amortisation of intangible assets	14	**8**	20
Loss/(gain) on disposal of property, plant and equipment	7,11	**144**	(272)
Share-based compensation expense	8	**381**	167
Interest income	5	**(1)**	(2)
Interest expenses	5	**85**	63
Total adjustments		**1,852**	2,062
Operating cash flows before changes in working capital		**490**	4,815
Changes in working capital:			
Decrease/(increase) in:			
Inventories		**(209)**	206
Trade and other receivables		**(933)**	(185)
Prepayments		**140**	(188)
Increase/(decrease) in:			
Trade payables		**38**	(195)
Other payables and accruals		**(161)**	198
Total changes in working capital		**(1,125)**	(164)
Cash flows (used in)/generated from operations		**(635)**	4,651
Interest received	5	**1**	2
Interest paid	5	**(85)**	(63)
Income taxes recovered/(paid) – net		**211**	(1,118)
Net cash flows (used in)/generated from operating activities		**(508)**	3,472
Cash flows from investing activities			
Purchase of property, plant and equipment		**(847)**	(2,675)
Proceeds from disposal of property, plant and equipment		**88**	400
Net cash flows used in investing activities		**(759)**	(2,275)

CONSOLIDATED CASH FLOW STATEMENT *(cont'd)*

For the financial year ended 31 December 2011

		Group	
		2011	2010
	Note	**$'000**	$'000
Cash flows from financing activities			
Dividends paid on ordinary shares	26	**(1,195)**	(1,589)
Capital contribution by non-controlling interests		**–**	46
Dividends paid to non-controlling interests		**(148)**	–
Proceeds from loans and borrowings		**1,895**	1,000
Repayment of loans and borrowings		**(977)**	(276)
Repayment of obligations under finance leases		**(221)**	(347)
Net cash flows used in financing activities		**(646)**	(1,166)
Net (decrease)/increase in cash and cash equivalents		**(1,913)**	31
Cash and cash equivalents at beginning of financial year		**5,844**	5,813
Cash and cash equivalents at end of financial year	A	**3,931**	5,844

Notes to the Consolidated Cash Flow Statement

A: Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	2011	2010
	$'000	$'000
Cash and bank balances	**4,335**	5,844
Less: Bank overdraft	**(404)**	–
Cash and cash equivalents	**3,931**	5,844

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

1. Corporate information

Singapore Medical Group Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and listed on the official list of SGX-Catalist.

The registered office of the Company is located at 290 Orchard Road #13-01 Paragon, Singapore 238859. The principal places of business of the Group are located at 290 Orchard Road, Level 9, 13, 14, 16 and 17, Paragon, Singapore 238859, 10 Sinaran Drive, Level 8, Novena Medical Center, Singapore 307506, 501 Orchard Road, #04-11 Wheelock Place, Singapore 238880 and 319 Joo Chiat Place, #02-06 Parkway East Medical Centre, Singapore 427989.

The principal activities of the Company are those relating to the operation of medical clinics and provision of general medical services and investment holdings. The principal activities of the subsidiaries are disclosed in Note 15.

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.

These financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

As at 31 December 2011, the Group's current liabilities exceed its current assets by $260,000. The financial statements have been prepared on a going concern basis as the Group has assessed that it will be able to generate sufficient operating cash flows for it to pay its debts as and when they fall due.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

During the financial year, the Group revised its estimate for the useful life of medical equipment. Details have been disclosed in Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 101 – *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
Amendments to FRS 107 *Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2013
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2013
FRS 110 *Consolidated Financial Statements*	1 January 2013
FRS 111 *Joint Arrangements*	1 January 2013
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013

Except for the Amendments to FRS 1 and FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 and FRS 112 are described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.3 Standards issued but not yet effective (cont'd)

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact on the financial position and financial performance of the Group when implemented in 2013.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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 and dividends are eliminated in full.

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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. An additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

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 end of the reporting period. 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 end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.17. 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Office equipment	1 – 3
Medical equipment	10
Furniture and fittings	3
Motor vehicles	5

The Group revised its estimate for the useful life of medical equipment from the original 5 years to 10 years on 1 January 2011 to better reflect the useful life of such assets. The revised depreciation rate is applied prospectively without adjustments to previously reported amounts. The change in this accounting estimate resulted in a decrease on the Group's current year loss after income tax by $679,000.

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, and adjusted prospectively, if appropriate.

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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.8 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 any accumulated impairment losses.

The Group's intangible assets comprise computer software. The computer software was acquired separately and is amortised on a straight line basis over its finite useful life of 3 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.9 Impairment of non-financial assets

The Group assesses at the reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing 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 or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, 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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.10 Subsidiaries

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

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

2.11 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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.

Subsequent measurement

Loans and receivables

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group has not classified its financial assets in other categories of financial assets.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 had been recognised in other comprehensive income is recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.12 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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 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 profit or loss.

(b) Financial 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.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand 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.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for on a weighted average basis.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.15 Provisions

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

Provisions are reviewed at the end of each reporting period 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.

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial liabilities

After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.16 Financial liabilities (cont'd)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that 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 substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 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 contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share-based compensation

Certain subsidiaries within the Group entered into separate service agreements with their respective medical/dental directors. According to such agreements, the medical/dental directors signed employment agreements with the subsidiaries for a number of years and are entitled to a certain percentage of ordinary shares in the subsidiaries when pre-defined performance targets are met at the end of each year.

The grant date is the date of the agreements. A valuation exercise is carried out to estimate what the price of those shares would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. The valuation technique shall be consistent with generally accepted valuation methodologies for pricing financial instruments, and shall incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.The achievement of certain performance targets are performance-based vesting conditions which shall not be taken into account in the measurement of fair value at grant date.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.18 Employee benefits (cont'd)

(b) Employee share-based compensation (cont'd)

This cost is recognised in profit or loss, with a corresponding increase in the capital contribution reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the share does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

Where the terms of an equity-settled transaction award are modified, then minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(c) Employee leave entitlement

No accrual of employee entitlements to annual leave is made at the balance sheet date as the employee is not allowed to carry forward the annual leave to the following year.

2.19 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) Finance lease

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 profit or loss. 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 life 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.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.19 Leases (cont'd)

(b) Operating lease

Operating lease payments are recognised as an expense in profit or loss 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.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

(a) Rendering of services

Revenue from the provision of consultations, clinical treatments, medical tests and operations are recognised upon the completion of the services rendered. Revenue from rendering of package services are recognised by reference to the stage of completion of the transaction at the balance sheet date, determined by the number of sessions utilised as a percentage of the total sessions sold in a package.

(b) Sale of medicine and related products

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

(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.

2.21 Taxes

(a) Current income tax

Current income 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 at the end of the reporting period, in the countries where the Group operates and generates taxable income.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.21 Taxes (cont'd)

(a) Current income tax (cont'd)

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

– Where the deferred tax liability arises from the initial recognition of goodwill or 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; and

– In respect of taxable 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 and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference 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; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it 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 the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

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

– Where the sales tax incurred on 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, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.22 Segment reporting

For business development, synergy and management purposes, the Group is organised into business segments based on their products and services. The management of the Company regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance 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.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.24 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

2.25 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies: (cont'd)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

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

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgement is involved in determining the 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 current income tax payable and deferred tax liabilities (net) as at 31 December 2011 are $126,000 (2010: income tax recoverable of $205,000) and $113,000 (2010: $515,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

3. Significant accounting estimates and judgements (cont'd)

3.2 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.

Useful lives of property, plant and equipment

Office equipment, furniture and fittings, medical equipment and motor vehicles are depreciated on a straight-line basis over their respective estimated useful lives as stated in Note 2.7. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The carrying amount of these assets of the Group as at 31 December 2011 is $4,745,000 (2010: $4,866,000). Changes in the expected level of usage and technological developments could impact the economic useful lives; therefore future depreciation charges could be revised.

4. Revenue

Revenue represents services rendered and sale of medicine, net of discounts.

	Group	
	2011	2010
	$'000	$'000
Rendering of services	**25,076**	28,193
Sale of medicine and related products	**6,244**	6,654
	31,320	34,847

5. Financial income/(expenses)

	Group	
	2011	2010
	$'000	$'000
Interest income from:		
– bank balances	**1**	2
Interest expense on:		
– loans and borrowings	**(61)**	(47)
– finance lease obligations	**(24)**	(16)
	(85)	(63)

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

6. Other income

	Group	
	2011	2010
	$'000	$'000
Grant income from Jobs Credit Scheme	**–**	47
Supplier rebates	**–**	229
Sponsorship from suppliers	**77**	73
Others	**96**	80
	173	429

7. (Loss)/profit before tax from continuing operations

The following items have been included in arriving at (loss)/profit before tax from continuing operations:

		Group	
		2011	2010
	Note	**$'000**	$'000
Depreciation of property, plant and equipment		**1,235**	1,844
Amortisation of intangible assets	14	**8**	20
Loss on disposal of property, plant and equipment		**144**	6
Operating lease expenses		**2,857**	2,461
Audit fees paid to auditors of the Company		**125**	114
Non-audit fees paid to auditors of the Company		**53**	55
Personnel expenses*	8	**12,014**	9,004

* Includes directors' remuneration and remuneration of key management personnel as disclosed in Note 9.

8. Personnel expenses

	Group	
	2011	2010
	$'000	$'000
Salaries and bonuses	**10,593**	7,745
Central Provident Fund contributions	**645**	559
Share-based compensation expense	**381**	167
Other personnel expenses	**395**	533
	12,014	9,004

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

9. Related party transactions

Other than those related party information disclosed elsewhere in the consolidated financial statements, the Group had no significant related party transactions during the year.

Compensation of key management personnel

Related party transactions with key management personnel are as follows:

	Group	
	2011	2010
	$'000	$'000
Salaries and Central Provident Fund contributions to key management personnel		
Salaries and bonuses	**2,120**	1,814
Central Provident Fund contributions	**64**	53
	2,184	1,867
Comprises amounts paid to:		
– Directors of the Company*	**1,560**	1,400
– Other key management personnel	**624**	467
	2,184	1,867

* Included in amounts paid to directors of the Company is directors' fee of $130,000 (2010: $115,000).

10. Income tax

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

		Group	
		2011	2010
	Note	**$'000**	$'000
Statement of comprehensive income:			
Current income tax – continuing operations:			
– current income taxation		**69**	213
– under/(over) provision in respect of previous years		**51**	(414)
		120	(201)
Deferred income tax – continuing operations:			
– origination and reversal of temporary differences		**(269)**	201
– (over)/under provision in respect of previous years		**(133)**	230
		(402)	431
Income tax attributable to continuing operations		**(282)**	230
Income tax attributable to discontinuing operation	11	**–**	–
Income tax (credit)/expense recognised in profit or loss		**(282)**	230

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

10. Income tax (cont'd)

Relationship between tax (credit)/expense and accounting (loss)/profit

A reconciliation of the tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable tax rate are as follows:

		Group	
		2011	2010
	Note	**$'000**	$'000
(Loss)/profit before tax from continuing operations		**(1,362)**	3,239
Loss before tax from discontinued operation	11	**–**	(486)
Accounting (loss)/profit before tax		**(1,362)**	2,753
Tax at the applicable tax rate of 17%		**(232)**	468
Tax effects of:			
– non-deductible expenses		**39**	206
– income not subjected to taxation		**(9)**	(8)
– deferred tax assets not recognised		**73**	–
– effect of partial tax exemption and tax relief		**(71)**	(161)
– over provision in respect of prior years		**(82)**	(184)
– others		**–**	(91)
Income tax (credit)/expense recognised in profit or loss		**(282)**	230

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately $430,000 (2010: $Nil) that is available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with the relevant provisions of the tax legislation in Singapore.

11. Discontinued operation

On 1 November 2010, the Company disposed of its sports medicine business under the trademark of Singapore Sports Medicine Centre ("SSMC") for a consideration of $400,000. This business was previously reported under the Sports cluster. The disposal is to allow the Group to enhance its financial position and improve its working capital for future expansion of the Group's other businesses. For the financial year ended 31 December 2010, its results are presented separately in the statement of comprehensive income as "Loss from discontinued operation, net of tax".

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

11. Discontinued operation (cont'd)

Income statement disclosures

The results of the sports medicine business for the years ended 31 December are as follows:

	Group	
	2011	2010
	$'000	$'000
Revenue	**–**	1,374
Expenses	**–**	(2,138)
Loss from operations	**–**	(764)
Gain from disposal of property, plant and equipment relating to discontinued operation	**–**	278
Loss before tax from discontinued operation	**–**	(486)
Income tax	**–**	–
Loss from discontinued operation, net of tax	**–**	(486)

Cash flow statement disclosures

The cash flows attributable to the sports medicine business are as follows:

	Group	
	2011	2010
	$'000	$'000
Operating	**–**	(29)
Investing	**–**	395
Net cash inflows	**–**	366

Loss per share disclosures

	Group	
	2011	2010
	$'000	$'000
Loss per share from discontinued operation attributable to owners of the Company (cents per share)		
Basic	**–**	(0.3)
Diluted	**–**	(0.3)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings per share computation in Note 12(a).

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

12. (Loss)/earnings per share

(a) Continuing operations

(Loss)/earnings per share from continuing operations are calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of 145,736,000 (2010: 145,736,000) ordinary shares during the financial year.

The basic and diluted (loss)/earnings per share from continuing operations of the Group are the same as there were no potential dilutive ordinary shares as at 31 December 2011 and 2010.

(b) (Loss)/earnings per share computation

The basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted (loss)/earnings per share computation in Note 12(a) above.

13. Property, plant and equipment

	Office equipment $'000	Medical equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Group					
Cost:					
At 1 January 2010	384	4,674	2,402	83	7,543
Additions	121	2,151	889	–	3,161
Disposals	(68)	(244)	(778)	–	(1,090)
At 31 December 2010 and 1 January 2011	437	6,581	2,513	83	9,614
Additions	84	744	432	86	1,346
Disposals	(1)	(315)	–	–	(316)
At 31 December 2011	**520**	**7,010**	**2,945**	**169**	**10,644**
Accumulated depreciation:					
At 1 January 2010	284	1,891	1,424	24	3,623
Depreciation charge for the year	119	1,152	799	16	2,086
Disposals	(60)	(181)	(720)	–	(961)
At 31 December 2010 and 1 January 2011	343	2,862	1,503	40	4,748
Depreciation charge for the year	93	479	636	27	1,235
Disposals	–	(84)	–	–	(84)
At 31 December 2011	**436**	**3,257**	**2,139**	**67**	**5,899**
Net carrying amount:					
At 31 December 2010	94	3,719	1,010	43	4,866
At 31 December 2011	**84**	**3,753**	**806**	**102**	**4,745**

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

	Office equipment	Medical equipment	Furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Company					
Cost:					
At 1 January 2010	273	3,009	1,487	83	4,852
Additions	27	–	87	–	114
Disposals	(59)	(225)	(778)	–	(1,062)
At 31 December 2010 and 1 January 2011	241	2,784	796	83	3,904
Additions	28	22	56	86	192
At 31 December 2011	**269**	**2,806**	**852**	**169**	**4,096**
Accumulated depreciation					
At 1 January 2010	220	1,609	1,080	24	2,933
Depreciation charge for the year	58	594	348	17	1,017
Disposals	(55)	(163)	(720)	–	(938)
At 31 December 2010 and 1 January 2011	223	2,040	708	41	3,012
Depreciation charge for the year	28	114	52	26	220
At 31 December 2011	**251**	**2,154**	**760**	**67**	**3,232**
Net carrying amount:					
At 31 December 2010	18	744	88	42	892
At 31 December 2011	**18**	**652**	**92**	**102**	**864**

Assets held under finance lease

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $499,000 (2010: $486,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $847,000 (2010: $2,675,000).

The carrying amount of the Group's medical equipment held under finance leases as at 31 December 2011 is $1,103,000 (2010: $581,000). Such assets are pledged as security for the related finance lease liabilities (Note 22).

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

14. Intangible assets

	Computer software $'000
Group and Company	
Cost:	
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	61
Accumulated amortisation:	
At 1 January 2010	32
Amortisation charge for the year	20
At 31 December 2010 and 1 January 2011	52
Amortisation charge for the year	8
At 31 December 2011	**60**
Net carrying amount:	
At 31 December 2010	9
At 31 December 2011	**1**

Intangible assets of the Group and Company pertain to computer software licenses purchased from vendors. Intangible assets are recognised at cost and amortised over 3 years. The amortisation of intangible assets is included in the "Administrative expenses" line item in the statement of comprehensive income.

15. Investment in subsidiaries

	Company	
	2011	2010
	$'000	$'000
Unquoted shares, at cost	**887**	987

The Company had the following subsidiaries as at 31 December:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2011	2010
Singapore Vision Centre Pte. Ltd.[(a)]	Singapore	Provision of general ophthalmological services	**100**	100
Cancer Centre Pte. Ltd.[(a)]	Singapore	Provision of oncology services	**60**	60

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

15. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	2010
Singapore Aesthetic Centre Pte. Ltd.[(a)]	Singapore	Provision of aesthetic medicine services	**70**	70
The Lasik Surgery Clinic Pte. Ltd. [(a)]	Singapore	Provision of LASIK services	**100**	100
The Dental Studio Pte. Ltd. [(a)]	Singapore	Provision of dental services	**65**	65
Singapore Sports Medicine Centre Pte. Ltd. [(b)] [(f)]	Singapore	Dormant company	**100**	100
Singapore Lipo, Body & Face Centre Pte. Ltd. [(a)]	Singapore	Provision of aesthetic services	**100**	100
Singapore Sports Orthopaedic Surgery Centre Pte. Ltd. [(b)]	Singapore	Dormant company	**100**	100
SMG International Partners Pte. Ltd. [(a)]	Singapore	Provision of business consultancy services	**100**	100
Singapore Eye & Cornea Transplant Centre Pte. Ltd. [(a)] [(1)]	Singapore	Provision of cornea transplant services and other general ophthalmological services	**60**	80
Premium Lasik Surgery Clinic Pte. Ltd.[(a)]	Singapore	Provision of premium eye correction (Lasik) services	**100**	100
The Obstetrics & Gynaecology Centre Pte. Ltd. [(a)(1)]	Singapore	Provision of obstetrics and gynaecology services	**65**	85
SMG Vaccination Centre Pte. Ltd. [(b)]	Singapore	Dormant company	**100**	100
Singapore Dermatology Centre Pte. Ltd.[(c)]	Singapore	Dormant company	**–**	100

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

15. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	2010
Centre For Eye Surgery Pte. Ltd.[(a) (1)]	Singapore	Provision of LASIK services	**90**	100
Eyesee Pte. Ltd. [(c)]	Singapore	Dormant company	**–**	100
Centre for Joint & Cartilage Surgery Pte. Ltd. [(a) (1)]	Singapore	Provision of joint & cartilage surgery services	**60**	100
TOGC@Parkway East Hospital Pte. Ltd. [(a) (1)]	Singapore	Provision of obstetrics and gynaecology services	**77**	97
PT Singapore Medical Group [(b)]	Indonesia	Dormant company	**65**	65
Centre for Spine & Scoliosis Surgery Pte. Ltd. [(a) (d) (1)]	Singapore	Provision of spine & scoliosis surgery services	**90**	–
SMG Orthopaedic Group Pte. Ltd. [(b) (d) (e)]	Singapore	Provision of orthopaedic related services	**92**	–
Centre for Wellness & Healthy Aging Pte. Ltd. [(b) (d)]	Singapore	Provision of health screening services	**100**	–
Singapore Medical Group (HK) Limited [(b) (d)]	Hong Kong	Investment holding	**100**	–

(a) Audited by Ernst & Young LLP, Singapore, for the year ended 31 December 2011.

(b) Not required to file statutory financial statements for the year ended 31 December 2011. Audited by Ernst & Young LLP, Singapore, for the purposes of consolidation.

(c) These companies were officially struck off pursuant to Section 344 of the Companies Act, Cap.50 on 21 March 2011.

(d) These subsidiaries are newly incorporated during the year.

(e) The direct ownership interest held by the Company is 52%. The remaining 40% of the ownership interest is held by the subsidiaries.

(f) The company has submitted application to the Singapore Registrar of Companies for striking off pursuant to Section 344 of the Companies Act, Cap. 50 on 22 March 2012.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

15. Investment in subsidiaries (cont'd)

[1] The Company and certain subsidiaries entered into separate service agreements with their respective medical directors to transfer a certain percentage of the issued and paid-up capital ("IPC") of the subsidiaries.

Singapore Eye & Cornea Transplant Centre Pte. Ltd. ("SECTC")
20% of the IPC of SECTC to be transferred at the joining date. 10% of the IPC of SECTC to be transferred at the end of FY2009, FY2010 and a final 9% at the end of FY2011 (totalling 29%) if the pre-determined performance targets are met.

During the financial year ended 31 December 2011, the pre-determined performance targets were removed and 20% of the IPC of SECTC was transferred to the medical director. The remaining 9% of the IPC of SECTC will be transferred to the medical director on 1 January 2012.

The Obstetrics & Gynaecology Centre Pte. Ltd. ("TOGC")
5% of the IPC of TOGC to be transferred at the joining date. 10% of the IPC of TOGC to be transferred at the end of FY2010. 10% of the IPC of TOGC to be transferred at the end of FY2011 and FY2012 (totalling 20%) if the pre-determined performance targets are met.

During the financial year ended 31 December 2011, the pre-determined performance targets were removed and 20% of the IPC of TOGC was transferred to the medical director. The transfer is subject to the fulfilment of the 5-year contract by the medical director, failing which, the medical director will be required to return all the 35% shares in TOGC to the Company with no compensation.

TOGC@Parkway East Hospital Pte. Ltd. ("PWE")
1% of the IPC of PWE to be transferred at the joining date. 2% of the IPC of PWE to be transferred at the end of FY2010 (no pre-determined performance targets are required). 5% of the IPC of PWE to be transferred at the end of FY2011, FY2012 and a final 2% at the end of 30 June 2013 (totalling 12%) if the pre-determined performance targets are met.

No transfer of IPC of PWE to the medical director of PWE during the financial year ended 31 December 2011 as the predetermined targets were not met.

During the financial year ended 31 December 2011, the Company transferred 20% of the IPC of PWE to the medical director of TOGC in consideration for her serving as the medical director of PWE and acting as a mentor to the medical director of PWE at no charge.

Centre For Eye Surgery Pte. Ltd. ("CES")
10% of the IPC of CES to be transferred at the joining date. 10% of the IPC of CES to be transferred at the end of FY2011 and FY2012 (totalling 20%) if the pre-determined performance targets are met.

The Company transferred 10% of the IPC of CES to the medical director at the joining date.

Centre For Joint & Cartilage Surgery Pte. Ltd. ("CJCS")
10% of the IPC of CJCS to be transferred at the joining date. 10% of the IPC of CJCS to be transferred at the end of FY2011 and FY2012 (totalling 20%) if the pre-determined performance targets are met. In the event that the performance targets for FY2011 and FY2012 are achieved, the Company would grant the medical director a call option on 1 January 2016 or 1 January 2017, when exercised by the medical director, will allow him to purchase 10% of the total IPC of CJCS at fair market value from the Company.

The Company transferred 10% of the IPC of CJCS to the medical director at the joining date. During the financial year ended 31 December 2011, the pre-determined performance targets were removed and 30% of the IPC of CJCS (including the 10% call option) was transferred to the medical director. The transfer is subject to the fulfilment of the 5-year contract by the medical director, failing which, the medical director will be required to return all the 40% shares in CJCS to the Company with no compensation.

Centre For Spine & Scoliosis Singapore Surgery Pte. Ltd. ("CSS")
10% of the IPC of CSS to be transferred at the joining date. 10% of the IPC of CCS to be transferred at the end of FY2011 and FY2012 (totalling 20%) if the pre-determined performance targets are met. In the event that the performance targets for FY2011 and FY2012 are achieved, the Company would grant the medical director a call option on 1 January 2016 or 1 January 2017, when exercised by the medical director, will allow him to purchase 10% of the total paid-up capital of CSS at fair market value from the Company.

The Company transferred 10% of the IPC of CSS to the medical director at the joining date.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

15. Investment in subsidiaries (cont'd)

[1] (cont'd)

The fair value of the shares were assessed by independent valuers, taking into accounts the terms and conditions upon which the shares were to be granted. The weighted average fair value was determined to range from $2.84 to $4,125 per share (2010: $1.36 to $4,125 per share). The total expense under the service agreements, amounting to $381,000 (2010: $167,000), has been recognised in profit or loss (Note 8) during the financial year.

Fair value of the shares determined using the Black-Scholes valuation model are set out below. The following table lists the inputs to the valuation model:

	SECTC	TOGC
Discount values	51.30%	51.30%
Earnings Multiples	22.94x	22.94x
Turnover Multiples	1.35x	1.35x
EBITDA Multiples	8.60x	8.60x
Weighted average cost of capital ("WACC")	10.66%	10.66%
Volatility	41.58%	41.58%
Dividend rate	0%	0%
Fair value per share	$3.44	$4,125
Number of shares	500,000	100

Fair value of the shares determined using the Discounted Cash Flow Method are set out below. The following table lists the input to the valuation model:

	CJCS	PWE
Weighted average cost of capital ("WACC")	16.5%	16.5%
Re-levered beta	0.84	0.84
Terminal growth rate	3.0%	3.0%
Discount for lack of control	24.2%	24.2%
Fair value per share	$4,000	$967
Number of shares	100	100

No dividend was estimated in the estimation of the fair values of the shares.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

16. Inventories

Inventories consist of drugs and medicines, consumables and others.

Inventories amounting to $6,225,000 (2010: $7,817,000) was recognised as an expense in cost of sales.

17. Trade receivables

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade receivables	**655**	100	**–**	–

Trade receivables are non-interest bearing. Sales are normally settled on cash basis with credit sales terms determined on a case-to-case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

There are no trade receivables impaired as at the balance sheet date.

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to approximately $655,000 (2010: $100,000) and $Nil (2010: $Nil) respectively that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade receivables past due:				
Less than 30 days	**343**	62	**–**	–
30 to 60 days	**93**	16	**–**	–
60 to 90 days	**98**	9	**–**	–
More than 90 days	**121**	13	**–**	–
	655	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

18. Other receivables

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Non-current:				
Deposits	**390**	553	**390**	553
Current:				
Deposits	**557**	351	**447**	322
Other receivables	**430**	95	**319**	1
	987	446	**766**	323
Total other receivables	**1,377**	999	**1,156**	876

Other receivables are not past due.

19. Due from/(to) related companies

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Due from related companies:				
Due from subsidiaries	**–**	–	**6,760**	4,129
Due to related companies:				
Due to subsidiaries	**–**	–	**(2,236)**	(1,121)

These balances are unsecured, non-interest bearing, repayable on demand, and are to be settled in cash.

20. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

21. Other payables and accruals

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Advertising payables	**832**	909	**165**	29
Goods and services tax payables, net	**338**	367	**–**	55
Medisave payable to patients	**85**	119	**–**	–
Accrued operating expenses	**1,709**	1,689	**422**	286
Others	**489**	505	**280**	293
	3,453	3,589	**867**	663
Advances from customers	**372**	397	**12**	12
	3,825	3,986	**879**	675

These balances are unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms.

22. Obligations under finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2011		2010	
	Minimum lease payments	**Present value of payments**	Minimum lease payments	Present value of payments
	$'000	**$'000**	$'000	$'000
Group				
Not later than 1 year	**356**	**318**	185	173
Later than 1 year but not later than 5 years	**438**	**417**	302	284
Total minimum lease payments	**794**	**735**	487	457
Less: Amounts representing finance charges	**(59)**	**–**	(30)	–
Present value of minimum lease payments	**735**	**735**	457	457

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

22. Obligations under finance leases (cont'd)

	2011		2010	
	Minimum lease payments	**Present value of payments**	Minimum lease payments	Present value of payments
	$'000	**$'000**	$'000	$'000
Company				
Not later than 1 year	**330**	**306**	149	140
Later than 1 year but not later than 5 years	**422**	**390**	274	257
Total minimum lease payments	**752**	**696**	423	397
Less: Amounts representing finance charges	**(56)**	**–**	(26)	–
Present value of minimum lease payments	**696**	**696**	397	397

There are no restrictions placed upon the Group by entering into the leases. These leases have an average life of 3 years as at 31 December 2011 (2010: 3 years). The range of discount rate implicit in the leases is 2.2% to 3.0% (2010: 2.2% to 3.0%) per annum for the financial year ended 31 December 2011. The outstanding amount of finance lease obligations is secured by way of a legal mortgage on the underlying lease assets (Note 13).

The Company's finance leases are entered into for the assets purchased by the subsidiaries. Thus, the Company's finance leases are secured by legal mortgage on the underlying lease assets in the subsidiaries.

23. Loans and borrowings

	Group and Company	
	2011	2010
	$'000	$'000
Current		
Term loan I [(1)]	**142**	243
Term loan II [(2)]	**–**	325
Term loan III [(3)]	**290**	–
Term loan IV [(4)]	**101**	–
Revolving credit [(5)]	**1,000**	–
Bank overdraft[(6)]	**404**	–
	1,937	568
Non-current		
Term loan III [(3)]	**242**	495
Term loan IV [(4)]	**206**	–
	448	495
Total loans and borrowings	**2,385**	1,063

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

23. Loans and borrowings (cont'd)

[1] Term loan I bears interest at Local Enterprise Finance Scheme ("LEFS") fixed rate of 5% per annum. The loan is repayable in 48 equal monthly instalments of $9,000 each commencing May 2009 but shall be repayable on demand by the bank. The loan was previously guaranteed by a director, Dr. Xiaoyan Baumann Geb.Bi and an ex-director in financial year ended 31 December 2010. These guarantees were removed in the new banking facility letter signed during the financial year ended 31 December 2011.

[2] Term loan II is unsecured and bears interest at LEFS fixed rate of 6% per annum. The loan was repayable in 36 equal monthly instalments of $30,000 each commencing June 2010 and was fully repaid during the financial year ended 31 December 2011.

[3] Term loan III is unsecured and bears interest rate of 2.5% per annum above the bank's cost of fund rate for Singapore Dollar. The loan is repayable in 24 equal monthly instalments of $24,000 each commencing October 2011.

[4] Term loan IV is unsecured and bears interest at 4.2% per annum. The loan is repayable in 36 equal monthly instalments of $9,000 each commencing November 2011.

[5] Revolving credit is unsecured and bears interest at 2.5% per annum above the bank's cost of funds rate for Singapore Dollar.

[6] Bank overdraft is unsecured and bears interest at the bank's Prime Rate calculated on daily basis. The average interest rate for the year is 5.25% per annum.

24. Deferred tax

(i) Deferred tax assets

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

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Unutilised tax losses	**141**	–	**141**	–
Excess of net book values over tax written down values of property, plant and equipment	**(50)**	–	**(100)**	–
	91	–	**41**	–

(ii) Deferred tax liabilities

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

Excess of net book values over tax written down values of property, plant and equipment	**(204)**	(515)	**–**	(108)

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

25. Share capital

	Group and Company			
	2011		2010	
	No. of shares '000	**$'000**	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January and 31 December	**145,736**	**2,594**	145,736	2,594

The ordinary shares have no par value. All the above issued ordinary shares are fully paid. 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.

26. Dividends

	Group and Company	
	2011	2010
	$'000	$'000
Dividends paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for year ended 2010: 0.82 cent per share (2010: 0.27 cent for year ended 2009)	**1,195**	394
– Interim exempt (one-tier) dividend for year ended 2011: nil cent per share (2010: 0.82 cent for year ended 2010)	**–**	1,195
	1,195	1,589

27. Commitments

Operating lease commitments

During the financial year, the Group entered into commercial leases relating to the rental of office premises and equipments. Future minimum lease payments under the operating leases are as follows:

	Group and Company	
	2011	2010
	$'000	$'000
Not later than 1 year	**2,484**	2,311
Later than 1 year but not later than 5 years	**2,016**	2,278
	4,500	4,589

The leases do not contain escalation clauses and restrictions on the Group's activities concerning dividends, additional debt or further leasing.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

28. Segment information

For business development, synergy and management purposes, the Group is organised into business segments based on their products and services. The Group has five reportable operating segments as follows:

I. The Eye Cluster is the Group's first and flagship specialist medical practice. Services provided by the Eye Cluster are refractive surgery services as well as general ophthalmological services such as implantable contact lens, cataract surgery, glaucoma and retinal disease treatment. Other services available in the Eye Cluster include cornea and stem cell transplant services.

II. The Orthopaedics and Sports Cluster provides comprehensive orthopaedic care to the general public, young and old, and recreational and professional sports persons alike. The range of services includes treatments for joint and cartilage injuries, knee and hip replacements, fractures, musculoskeletal and sports injuries, trauma care and general orthopaedics. The Cluster also specialises in the care of all spinal diseases, including degenerative conditions of the neck and back, inflammatory spinal condition, spinal injuries, spinal tumours and infection, and spinal deformities (scoliosis).

III. The Aesthetics and Wellness Cluster offers a comprehensive range of dental services as well as an extensive range of evidence-based healthcare services related to the improvement of physical appearances. Dental services offered include general dental services, prosthodontics, orthodontics, implant dentistry, oral surgery and gum treatment. Medical services related to the improvement of physical appearances include facial aesthetics, body aesthetics, facial and breast fillers, IPL, lasers, Botox, microdermabrasion, minimally invasive Silhouette threadlift and VASER-assisted LipoSelection.

IV. The Critical Illness Cluster provides cancer and cancer-related services, as well as a broad spectrum of obstetrical and gynaecological services. Cancer services include the prevention, diagnosis and treatment of cancer, cancer screening and cancer genetic and risk assessment. Cancer treatment options include chemotherapy, targeted therapy, and hormonal therapy. The range of obstetrical and gynaecological services includes in-vitro fertilisation and the management of high-risk pregnancies.

V. The Others segment is involved in group-level corporate services as well as business consultancy functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the chief operating decision makers ("CODM"), Executive Chairman and Chief Executive Officer, solely based on gross profit or loss. Certain expenses, other income and income taxes are managed on a group basis and are not allocated to operating segments.

Based on the management reporting to the CODM, the segment assets and liabilities are not regularly provided for their review of the financial performance. Therefore, the segment assets and liabilities amounts are not disclosed in the segment information.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

28. Segment information (cont'd)

	Eye $'000	Orthopaedics and Sports $'000	Aesthetics and Wellness $'000	Critical Illness $'000	Others $'000	Adjustments and eliminations $'000	Total $'000
2011							
Revenue:							
External customers	**16,135**	**3,013**	**5,220**	**6,940**	**12**	**–**	**31,320**
Inter-segment	**155**	**11**	**47**	**24**	**86**	**(323)**	**–**
Total revenue	**16,290**	**3,024**	**5,267**	**6,964**	**98**	**(323)**	**31,320**
Segment results:							
Segment gross profit	**7,780**	**957**	**2,416**	**1,882**	**(47)**	**(86)**	**12,902**
Depreciation and amortisation	**(592)**	**(63)**	**(133)**	**(298)**	**(157)**	**–**	**(1,243)**
Share based compensation	**(327)**	**(35)**	**–**	**(19)**	**–**	**–**	**(381)**
Financial income	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Financial expenses	**(9)**	**–**	**–**	**(1)**	**(75)**	**–**	**(85)**
Unallocated expenses, net							**(12,556)**
Loss before tax							**(1,362)**

	Eye $'000	Sports (Discontinued Operation) $'000	Aesthetics and Wellness $'000	Critical Illness $'000	Others $'000	Adjustments and eliminations $'000	Total $'000
2010							
Revenue:							
External customers	23,017	1,374	5,064	6,733	33	–	36,221
Inter-segment	55	1	23	26	151	(256)	–
Total revenue	23,072	1,375	5,087	6,759	184	(256)	36,221
Segment results:							
Segment gross profit	13,979	769	2,923	2,543	182	(152)	20,244
Depreciation and amortisation	(1,077)	(242)	(295)	(379)	(113)	–	(2,106)
Financial income	–	–	–	–	2	–	2
Financial expenses	(2)	–	–	(1)	(60)	–	(63)
Unallocated expenses, net							(15,324)
Profit before tax							2,753

Geographical information

There is no geographical segment information provided as the Group mainly operates in Singapore.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

29. Financial risk management policies and objectives

The Group's and the Company's principal financial instruments comprise obligations under finance leases, bank loans and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's and the Company's operations. The Group and the Company has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from their operations.

The main risks arising from the Group's and the Company's financial instruments are interest rate risks (both fair value and cash flow), liquidity risk, and credit risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks during the years ended 31 December 2010 and 2011.

It is, and has been throughout the years under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

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 floating rate cash at bank balances as well as interest rate changes relating to the Group's and the Company's interest-bearing loans and borrowings for the financial years ended 31 December 2010 and 2011. The Group's policy is to obtain the most favourable interest rates available and place surplus funds with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in Note 23 on the Group's loans and borrowings.

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 100 (2010: 100) basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been $16,000 (2010: Group's profit net of tax would have been $40,000 higher/lower) lower/higher, arising mainly as a result of lower/higher interest income on floating rate cash at bank balances and higher/lower interest expense on floating rate loans and borrowings.

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 risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	Note	One year or less $'000	One to five years $'000	Total $'000
Group				
2011				
Financial assets				
Trade receivables	17	**655**	**–**	**655**
Other receivables	18	**987**	**390**	**1,377**
Cash and bank balances		**4,335**	**–**	**4,335**
Total undiscounted financial assets		**5,977**	**390**	**6,367**
Financial liabilities				
Trade payables	20	**1,127**	**–**	**1,127**
Other payables and accruals*	21	**3,453**	**–**	**3,453**
Obligations under finance leases	22	**356**	**438**	**794**
Loans and borrowings		**1,954**	**457**	**2,411**
Total undiscounted financial liabilities		**6,890**	**895**	**7,785**
Total net undiscounted financial liabilities		**(913)**	**(505)**	**(1,418)**
2010				
Financial assets				
Trade receivables	17	100	–	100
Other receivables	18	446	553	999
Cash and bank balances		5,844	–	5,844
Total undiscounted financial assets		6,390	553	6,943
Financial liabilities				
Trade payables	20	1,089	–	1,089
Other payables and accruals*	21	3,589	–	3,589
Obligations under finance leases	22	185	302	487
Loans and borrowings		623	517	1,140
Total undiscounted financial liabilities		5,486	819	6,305
Total net undiscounted financial assets/(liabilities)		904	(266)	638

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Note	One year or less $'000	One to five years $'000	Total $'000
Company				
2011				
Financial assets				
Other receivables	18	**766**	**390**	**1,156**
Due from related companies	19	**6,760**	**–**	**6,760**
Cash and bank balances		**605**	**–**	**605**
Total undiscounted financial assets		**8,131**	**390**	**8,521**
Financial liabilities				
Other payables and accruals*	21	**867**	**–**	**867**
Due to related companies	19	**2,236**	**–**	**2,236**
Obligations under finance leases	22	**330**	**422**	**752**
Loans and borrowings		**1,954**	**457**	**2,411**
Total undiscounted financial liabilities		**5,387**	**879**	**6,266**
Total net undiscounted financial assets/(liabilities)		**2,744**	**(489)**	**2,255**
2010				
Financial assets				
Other receivables	18	323	553	876
Due from related companies	19	4,129	–	4,129
Cash and bank balances		487	–	487
Total undiscounted financial assets		4,939	553	5,492
Financial liabilities				
Other payables and accruals*	21	663	–	663
Due to related companies	19	1,121	–	1,121
Obligations under finance leases	22	149	274	423
Loans and borrowings		623	517	1,140
Total undiscounted financial liabilities		2,556	791	3,347
Total net undiscounted financial assets/(liabilities)		2,383	(238)	2,145

* Other payables and accruals exclude "Advances from customers".

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

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 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 minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's and Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who wish to obtain services on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and Company's exposure to bad debts is not significant.

The Group assessed the concentration of the credit risk and concluded it to be low.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank balances 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

30. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances, current trade and other receivables (Note 17 and 18), amounts due from/(to) related companies (Note 19) as well as current trade, other payables and accruals (Note 20 and 21), short-term loans and borrowings (Note 23) and long-term loans and borrowings (Note 23).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date. The interest rate on the fixed rate long-term loans and borrowings approximates year-end market rates since they are entered into near the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Set out below is a comparison by category of the carrying amounts and fair values of all of the Group and Company's financial instruments that are carried in the financial statements at other than fair values:

	2011		2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Group				
Financial assets:				
Other receivables (non-current) (Note 18)	**390**	**388**	553	533
Financial liabilities:				
Obligations under finance leases (Note 22)	**735**	**729**	457	439
Company				
Financial assets:				
Other receivables (non-current) (Note 18)	**390**	**388**	553	533
Financial liabilities:				
Obligations under finance leases (Note 22)	**696**	**691**	397	381

Determination of fair value

Other receivables (non-current) (Note 18) and obligations under finance leases (Note 22).

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

(c) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group and Company's financial instruments that are carried in the financial statements:

2011 Group	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Assets			
Property, plant and equipment	–	4,745	4,745
Intangible assets	–	1	1
Other receivables, non-current	390	–	390
Deferred tax assets	–	91	91
Inventories	–	926	926
Trade receivables	655	–	655
Prepayments	–	170	170
Other receivables, current	987	–	987
Cash and bank balances	4,335	–	4,335
	6,367	5,933	12,300

2011 Group	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Trade payables	1,127	–	1,127
Other payables and accruals	3,453	372	3,825
Obligation under finance leases, current	318	–	318
Loan and borrowings, current	1,937	–	1,937
Income tax payable	–	126	126
Obligation under finance leases, non-current	417	–	417
Loans and borrowings, non-current	448	–	448
Deferred tax liabilities	–	204	204
	7,700	702	8,402

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

(c) Classification of financial instruments (cont'd)

2010 Group	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Assets			
Property, plant and equipment	–	4,866	4,866
Intangible assets	–	9	9
Other receivables, non-current	553	–	553
Inventories	–	717	717
Trade receivables	100	–	100
Prepayments	–	310	310
Other receivables, current	446	–	446
Income tax recoverable	–	205	205
Cash and bank balances	5,844	–	5,844
	6,943	6,107	13,050

2010 Group	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Trade payables	1,089	–	1,089
Other payables and accruals	3,589	397	3,986
Obligation under finance leases, current	173	–	173
Loan and borrowings, current	568	–	568
Obligation under finance leases, non-current	284	–	284
Loans and borrowings, non-current	495	–	495
Deferred tax liabilities	–	515	515
	6,198	912	7,110

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

(c) Classification of financial instruments (cont'd)

2011 Company	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Assets			
Property, plant and equipment	–	864	864
Intangible assets	–	1	1
Investment in subsidiaries	–	887	887
Other receivables, non-current	390	–	390
Deferred tax assets	–	41	41
Prepayments	–	44	44
Other receivables, current	766	–	766
Due from related companies	6,760	–	6,760
Cash and bank balances	605	–	605
	8,521	1,837	10,358

2011 Company	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Other payables and accruals	867	12	879
Due to related companies	2,236	–	2,236
Obligation under finance leases, current	306	–	306
Loan and borrowings, current	1,937	–	1,937
Obligation under finance leases, non-current	390	–	390
Loans and borrowings, non-current	448	–	448
	6,184	12	6,196

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

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

(c) Classification of financial instruments (cont'd)

2010 Company	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Assets			
Property, plant and equipment	–	892	892
Intangible assets	–	9	9
Investment in subsidiaries	–	987	987
Other receivables, non-current	553	–	553
Prepayments	–	112	112
Other receivables, current	323	–	323
Income tax recoverable	301	–	301
Due from related companies	4,129	–	4,129
Cash and bank balances	487	–	487
	5,793	2,000	7,793

2010 Company	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Other payables and accruals	663	12	675
Due to related companies	1,121	–	1,121
Obligation under finance leases, current	140	–	140
Loan and borrowings, current	568	–	568
Obligation under finance leases, non-current	257	–	257
Loans and borrowings, non-current	495	–	495
Deferred tax liabilities	–	108	108
	3,244	120	3,364

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Company is required by the banks to maintain certain gearing ratios and other financial ratios. These externally imposed capital requirements have been complied with by the Company for the financial years ended 31 December 2011 and 2010.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 2011.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

31 December 2011

31. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, obligations under finance leases and bank loans less cash and cash equivalents and advances to customers. Capital consists of equity attributable to the equity holders of the Company.

		Group	
		2011	2010
	Note	**$'000**	$'000
Trade payables	20	**1,127**	1,089
Other payables and accruals*	21	**3,453**	3,589
Obligations under finance leases	22	**735**	457
Loans and borrowings	23	**2,385**	1,063
Less: Cash and bank balances		**(4,335)**	(5,844)
Net debt		**3,365**	354
Equity attributable to shareholders of the Company		**3,312**	5,262
Total capital		**3,312**	5,262
Capital and net debt		**6,677**	5,616
Gearing ratio		**50.4%**	6.3%

* Other payables and accruals exclude "Advances from customers".

32. Event occurring after the balance sheet date

On 1 January 2012, the Company incorporated a wholly-owned subsidiary in Singapore known as SMG Insurance Corporation Pte. Ltd. ("SMGIC") which is registered with an issued and paid-up capital of $100, comprising 100 ordinary shares. The principal activity of SMGIC is to act as a medical insurance agent.

33. Reclassification of comparatives

During the year, the Group reclassified operating lease expenses from administrative expenses to cost of sales to better reflect the nature of the expense. The effects of the reclassification for the financial year ended 31 December 2010 are as follows:

		Group	
	As previously reported	**Reclassification**	**As restated**
	$'000	**$'000**	**$'000**
Profit or loss			
Cost of sales	(15,372)	(2,717)	(18,089)
Administrative expenses	(13,105)	2,717	(10,388)

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 23 March 2012.

SHAREHOLDERS' STATISTICS AND DISTRIBUTION

As at 15 March 2012

Number of shares	:	145,736,000
Issued and fully paid-up capital	:	S$2,754,560.00
Class of shares	:	Ordinary share fully paid
Voting rights	:	One vote per ordinary share

Substantial shareholders

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 15 March 2012 are as follows:–

	Direct Interest	%	Deemed Interest	%
Felix Huang[1]	29,775,000	20.43	–	–
Dr Xiaoyan Baumann Geb. Bi[1]	75,992,700	52.14	–	–

Note:

1. Mr Felix Huang is the husband of Dr Xiaoyan Baumann Geb. Bi. As both Mr Felix Huang and Dr Xiaoyan Baumann Geb. Bi are Directors, by virtue of Section 164(15)(a) of the Companies Act, they are not deemed to be interested in the Shares held by the other. Mr Felix Huang and Dr Xiaoyan Baumann Geb. Bi. have also confirmed that they are not deemed to be interested in the Shares held by the other by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore.

Free float

On the basis of information available to the Company as at 15 March 2012, approximately 25.05% of the total issued ordinary shares of the Company was held in the hands of the public. The Company did not hold any treasury shares as at 15 March 2012.

Accordingly, the Company has complied with Rule 723 of the Rules of Catalist.

SHAREHOLDERS' STATISTICS AND DISTRIBUTION *(cont'd)*

As at 15 March 2012

Twenty largest shareholders as at 15 March 2012

	Name of Shareholder	No. of Shares	% of Shares
1	DR. XIAOYAN BAUMANN GEB.BI	75,992,700	52.14
2	FELIX HUANG KEMING	29,775,000	20.43
3	JIMMY YIM WING KUEN	3,375,000	2.32
4	YIM WING SOON	2,384,000	1.64
5	HSBC (SINGAPORE) NOMINEES PTE LTD	2,310,000	1.59
6	NG PEI LING, SHERONA	2,025,000	1.39
7	DR HO CHOON HOU	1,457,300	1.00
8	DR KEVIN TEH TZE CHEN	1,350,000	0.93
9	GAN SENG TIONG	1,226,000	0.84
10	TAN CHIN HWEE	700,000	0.48
11	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	680,000	0.47
12	TAN JIEMIN	574,000	0.39
13	KOK TZE SHONG	500,000	0.34
14	LIM TIONG KHENG STEVEN	440,000	0.30
15	WONG WENG HOA	440,000	0.30
16	TAN KIANG NGIAP	401,000	0.28
17	LOW YIK JIN	400,000	0.27
18	TAN SIAH HWEE	400,000	0.27
19	PHILLIP SECURITIES PTE LTD	392,000	0.27
20	DBS NOMINEES PTE LTD	347,000	0.24
	Total:	**125,169,000**	**85.89**

Distribution of shareholders by size of shareholdings as at 15 March 2012

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	–	–	–	–
1,000 – 10,000	239	39.05	1,626,000	1.12
10,001 – 1,000,000	364	59.48	24,215,000	16.61
1,000,001 and above	9	1.47	119,895,000	82.27
Total	**612**	**100.00**	**145,736,000**	**100.00**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Singapore Medical Group Limited (the "Company") will be held at Regional Language Centre – Cairnhill Room 603, Level 6, 30 Orange Grove Road, Singapore 258352 on Thursday, 19 April 2012 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2.30 p.m. on the same day and at the same place) for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Report, Statement of Directors and Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 94 of the Company's Articles of Association:

   Mr Lew Foon Keong, Charles **(Resolution 2)**
   Mr Felix Huang Keming **(Resolution 3)**

   Mr Lew Foon Keong, Charles will, upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Rules of Catalist").

3. To approve the payment of Directors' fees of S$130,000 for the financial year ended 31 December 2011. **(Resolution 4)**

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

5. To transact any other ordinary business which may properly be transacted at an annual general meeting.

Special Business

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

6. GENERAL AUTHORITY TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY (THE "SHARE ISSUE MANDATE")

   "That, pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "Act") and Rule 806(2) of the Rules of Catalist, authority be and is hereby given to the Directors of the Company to:–

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

NOTICE OF ANNUAL GENERAL MEETING *(cont'd)*

(ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities 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 shall in their absolute discretion deem fit, and

(b) (notwithstanding 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 always that:–

(i) 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 one hundred per cent. (100%) of the total issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below) or such other limit as may be prescribed by the Rules of Catalist as at the date this Resolution is passed, of which the aggregate number of shares to be issued other than on a pro-rata basis to the then existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below) or such other limit as may be prescribed by the Rules of Catalist as at the date this Resolution is passed.

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total issued shares (excluding treasury shares) shall be based on the total issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities outstanding and/or subsisting at the time this authority is given;

(b) new shares arising from the 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 Rules of Catalist; and

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

NOTICE OF ANNUAL GENERAL MEETING *(cont'd)*

(iii) in exercising the authority conferred by this Resolution, the Directors shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act, and otherwise, and the Articles of Association for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting), such authority conferred by this Resolution shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is earlier."

[See Explanatory Note (i)] **(Resolution 6)**

7. AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES UNDER THE SMG EMPLOYEE SHARE OPTION SCHEME

"That, pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the SMG Employee Share Option Scheme (the "Scheme") and to allot and issue such shares as may be required to be issued pursuant to the exercise of the options granted under the Scheme, provided always that the aggregate number of new ordinary shares to be allotted and issued pursuant to the Scheme, (including options granted under the Scheme and any other scheme or plan for the time being of the Company), shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is earlier."

[See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Felix Huang
Executive Chairman

Singapore, 4 April 2012

NOTICE OF ANNUAL GENERAL MEETING *(cont'd)*

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above AGM until the date of the next annual general meeting, to allot and issue shares and/or Instruments (as defined above) in the capital of the Company. The aggregate number of shares and/or convertible securities which the Directors may allot and issue under this Resolution, shall not exceed one hundred per cent. (100%) of the total issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and/or convertible securities other than on a pro-rata basis to all shareholders of the Company, shall not exceed fifty per cent. (50%) of the total issued shares excluding treasury shares in the capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at 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 earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any convertible securities issued under this authority.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the above AGM until the date of the next annual general meeting, to grant options and to allot and issue shares pursuant to the exercise of the options under the Scheme, (including options granted under the Scheme and any other scheme or plan for the time being of the Company) of up to a number not exceeding in total fifteen per cent. (15%) of the total issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 290, Orchard Road, #13-01 Paragon, Singapore 238859 not less than forty-eight (48) hours before the time for holding the AGM.

SINGAPORE MEDICAL GROUP LIMITED
Company Registration Number 200503187W
(Incorporated in the Republic of Singapore)

PROXY FORM

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

I/We ______________________________ NRIC/Passport No.: ______________________

of ____(Address)
being a member/members of SINGAPORE MEDICAL GROUP LIMITED (the "Company") hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company (the "Meeting") to be held at Regional Language Centre – Cairnhill Room 603, Level 6, 30 Orange Grove Road, Singapore 258352 on Thursday, 19 April 2012 at 4.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2.30 p.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Meeting.

No.	Resolutions Relating to:	For	Against
1.	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2011		
2.	Re-election of Mr Lew Foon Keong, Charles as a Director		
3.	Re-election of Mr Felix Huang Keming as a Director		
4.	Approval of Directors' fees for the financial year ended 31 December 2011		
5.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company		
6.	General authority to issue and allot shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore		
7.	Authority to allot and issue shares pursuant to the SMG Employee Share Option Scheme		

Dated this ____________day of ____________2012

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at **290, Orchard Road, #13-01 Paragon, Singapore 238859**, not less than 48 hours before the time set for the Meeting.

6. 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 common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney 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.

General:

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

SMG
SINGAPORE MEDICAL GROUP

Singapore Medical Group Limited
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SMG International Partners
Tel: (65) 9697 1000

SMG Hanoi Medical Rep Office
Tel: (84) 12 56 333 666

SMG HCM City Medical Rep Office
Tel: (84) 8 39 111 000

SMG Jakarta Medical Rep Office
Tel: (6221) 3190 8800

SMG Beijing Medical Rep Office
Tel: (8610) 8440 0816

EYE CLUSTER

The Lasik Surgery Clinic™

The Lasik Surgery Clinic @ *Paragon*
290 Orchard Road #13-01/06
Paragon Singapore 238859
Tel: (65) 6836 1000 Fax: (65) 6836 8385

The Lasik Surgery Clinic @ *Wheelock*
501 Orchard Road #04-11
Wheelock Place Singapore 238880
Tel: (65) 6735 3000 Fax: (65) 6735 1500

Singapore Vision Centre

Singapore Vision Centre
290 Orchard Road #13-01/06
Paragon Singapore 238859
Tel: (65) 6836 1000 Fax: (65) 6836 8385

Premium
Lasik Surgery Clinic

Premium Lasik Surgery Clinic
290 Orchard Road #17-03/04
Paragon Singapore 238859
Tel: (65) 6838 1000 Fax: (65) 6736 2979

The Eye & Cornea Transplant Centre

The Eye & Cornea Transplant Centre
290 Orchard Road #17-03/04
Paragon Singapore 238859
Tel: (65) 6838 1000 Fax: (65) 6736 2979

Centre for Eye Surgery

Centre for Eye Surgery
501 Orchard Road #04-11
Wheelock Place Singapore 238880
Tel: (65) 6735 3000 Fax: (65) 6735 1500

ORTHOPAEDICS & SPORTS CLUSTER

Singapore Sports Orthopaedic Surgery Centre

Singapore Sports Orthopaedic Surgery Centre
290 Orchard Road #09-09/10
Paragon Singapore 238859
Tel: (65) 6836 8000 Fax: (65) 6836 7617

SMG ORTHOPAEDIC GROUP

SMG Orthopaedic Group @ *Paragon*
290 Orchard Road #09-09/10
Paragon Singapore 238859
Tel: (65) 6887 5000 Fax: (65) 6836 7617

SMG Orthopaedic Group @ *Mt Elizabeth*
3 Mt Elizabeth #08-01
Mt Elizabeth Medical Centre Singapore 228510
Tel: (65) 6836 8000 Fax: (65) 6836 7617

Centre for Joint & Cartilage Surgery

Centre for Joint & Cartilage Surgery
290 Orchard Road #09-09/10
Paragon Singapore 238859
Tel: (65) 6836 8000 Fax: (65) 6836 7617

Centre for Spine & Scoliosis Surgery

Centre for Spine & Scoliosis Surgery
290 Orchard Road #09-09/10
Paragon Singapore 238859
Tel: (65) 6887 5000 Fax: (65) 6836 7617

AESTHETICS & WELLNESS CLUSTER

The Dental Studio
aesthetic and implant dentistry

The Dental Studio
290 Orchard Road #13-01/06
Paragon Singapore 238859
Tel: (65) 6836 0050 Fax: (65) 6836 8385

Singapore Lipo, Body & Face Centre

Singapore Lipo, Body & Face Centre
10 Sinaran Drive #08-05/06
Novena Medical Center Singapore 307506
Tel: (65) 6736 1000 Fax: (65) 6397 7107

Singapore Aesthetic Centre

Singapore Aesthetic Centre
10 Sinaran Drive #08-12/13
Novena Medical Center Singapore 307506
Tel: (65) 6837 1000 Fax: (65) 6397 2553

Centre for Wellness & Healthy Aging

Centre for Wellness & Healthy Aging
10 Sinaran Drive #08-12/13
Novena Medical Center Singapore 307506
Tel: (65) 6253 1000 Fax: (65) 6397 2553

CRITICAL ILLNESS CLUSTER

The Obstetrics & Gynaecology Centre

The Obstetrics & Gynaecology Centre @ *Paragon*
290 Orchard Road #16-07/08
Paragon Singapore 238859
Tel: (65) 6238 1000 Fax: (65) 6836 8131

The Obstetrics & Gynaecology Centre @ *Parkway East*
319 Joo Chiat Place #02-06
Parkway East Medical Centre Singapore 427989
Tel: (65) 6346 3000 Fax: (65) 6346 6350

The Cancer Centre

The Cancer Centre @ *Paragon*
290 Orchard Road #17-05/06
Paragon Singapore 238859
Tel: (65) 6835 1000 Fax: (65) 6235 2261

The Cancer Centre @ *Mt Elizabeth*
3 Mt Elizabeth #07-09
Mt Elizabeth Medical Centre Singapore 228510
Tel: (65) 6735 1000 Fax: (65) 6235 2261

SINGAPORE MEDICAL GROUP

Singapore Medical Group Limited

Company Registration Number: 200503187W

Incorporated in the Republic of Singapore on 10 March 2005

290 Orchard Road #13-01 Paragon Singapore 238859