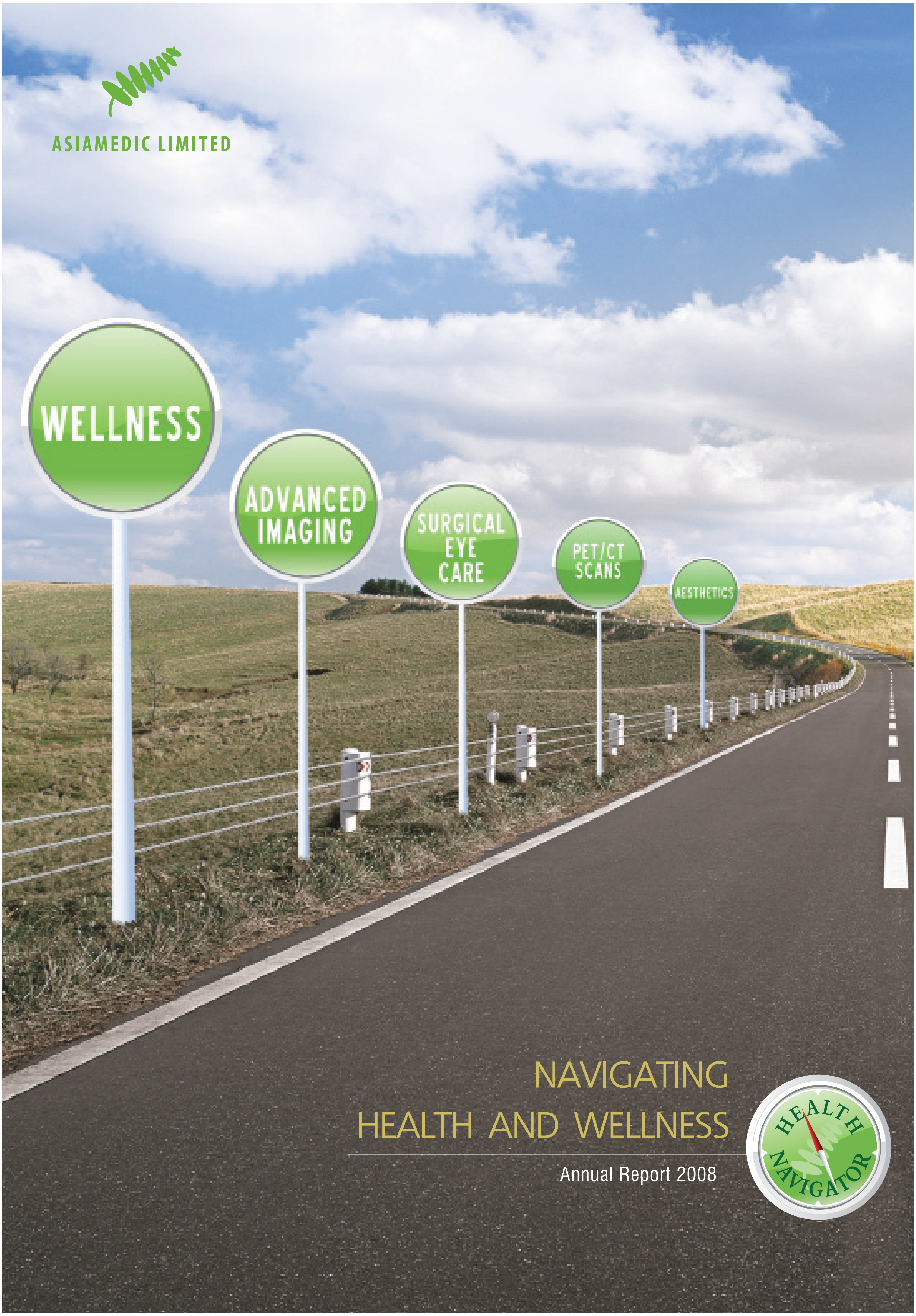
**ASIAMEDIC LIMITED**




# NAVIGATING HEALTH AND WELLNESS

Annual Report 2008

# CONTENTS



## Vision

To be a progressive healthcare leader in defining wellness through total health risk management.

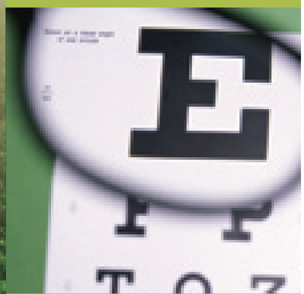
## Mission

Providing holistic solutions through integrated application of the latest medical technologies to prevent and detect early illnesses to achieve positive experiences and clinical outcomes for our patients.

Wellness

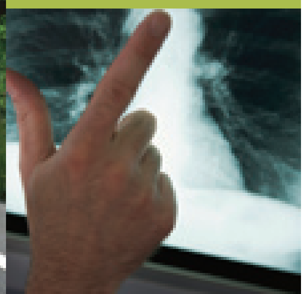
Aesthetics

Eye

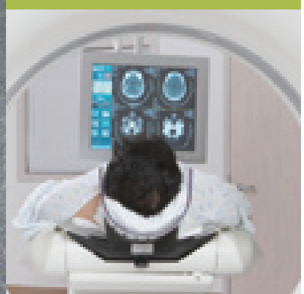




Imaging



PET/CT



# Values & Brand Promise

We are committed to serving our patients and clinical partners towards achieving the best clinical outcomes for early disease detection and preventive health management

**COMPETENCE**
Commitment to ensuring the highest professional standards of service and expertise

**CONVENIENCE**
Commitment to providing timely, appropriate and personalized healthcare information and continuity of care in an integrated one-stop wellness and diagnostic centre

**CARE**
Commitment to helping our clients navigate their health risks and needs through practical and personalised clinical solutions and strategies

**CONFIDENCE**
Commitment to ensuring patient confidence with a focus on safety, consistent processes and standards based on continuous service and clinical quality improvement and innovation

# Our Core Services

AsiaMedic's core services can be broadly categorised as per follows:

## Wellness and Preventive Management

Health Risk Assessments and Screenings; 24-hr BP Monitoring, Anti-Aging and Health Risk Management programmes for optimised healthy aging and wellness.

## Technologically Advanced Medical and Surgical Eye Care

Technologically Advanced Medical and Surgical Eye Care: Refractive (LASIK), Cataract Surgery and Cornea & External Disease Management; Specialised Eye Health Screening.

## Advanced Diagnostic Imaging

General and Subspecialty Imaging such as Cardiovascular, Neuroradiological, ENT and Musculoskeletal imagings. PET/CT imaging for diagnosis, staging, localisation and monitoring progress of cancer.

## Collaborative Health Management

Collaborative partnership with top specialists in the areas of Cancer, Heart Disease and Orthopaedic Surgery and many more.

# GROUP STRUCTURE

Everything we do is aimed at improving the health and well-being of people who depend on us.

## Wellness Assessment Centre

AsiaMedic Wellness Assessment Centre offers a comprehensive range of preventive health screening plans that can be customized to identify the different risk factors of different age groups of male and female patients. Services provided include physical examinations, patient history assessments, laboratory testing including tumor markers and diagnostic services. Supported by an experienced and caring medical team, screenings are conducted in a quiet and comfortable environment. AsiaMedic's clinical team aims to provide a holistic and integrated approach to help our clients navigate their health risks for the early detection, prevention and eradication of disease for optimal wellbeing.

AsiaMedic Aerovac Assistance Service offers rapid and direct medical and technical response, 24-hrs a day to acute medical emergencies. AsiaMedic's team co-ordinates with the patient's treating doctors, relatives, hospital authorities, insurance companies, airlines and government bodies for a seamless transition to ensure patients receive the best quality of care regardless where they are located.

## Advanced Imaging Centre

AsiaMedic Advanced Imaging Services comprise of Orchard Imaging Centre and Heart & Vascular Centre. Together they provide comprehensive range of general as well as subspecialty imaging which includes Cardiovascular imaging, Neuroradiological imaging, ENT and Musculoskeletal imaging. Imaging modalities available include general X-rays, Mammography, Ultrasound, 64-slice Computerized Tomography (CT) and Magnetic Resonance Imaging (MRI).

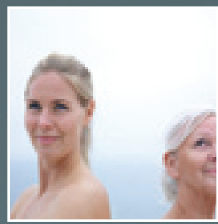
## Positron Emission Tomography (PET) Centre

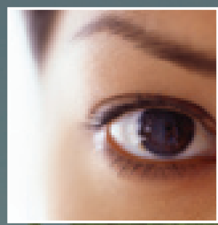
AsiaMedic PET Centre focuses on the use of radioactive tracers to image and accurately locate cancers anatomically within the body through the integrated use of X-ray CT technology. PET/CT imaging is a new, powerful and exciting imaging technology that holds great promise in cancer management; PET/CT imaging helps doctors diagnose, assess the extent, initiate treatment and monitor the progress of many types of cancers. The main benefit of our combined PET/CT scans are earlier diagnosis, accurate staging and localization, precise treatment and early monitoring of treatment response.

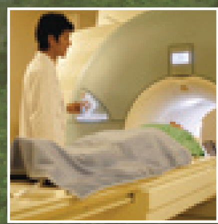
## AsiaMedic Eye Center

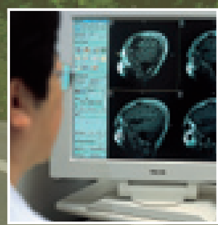
AsiaMedic Eye Centre – Centre for Presbyopia Correction – ranks amongst the leading ophthalmology centres in Singapore providing excellent, comprehensive and advanced eye services to ophthalmologists, patients and the public. The services provided include presbyopia correction, presbyopic lens surgery, LASIK, and eye diagnostic services, glaucoma treatment and laser photocoagulation treatment.

AsiaMedic Eye Centre utilizes the VISX STAR S4 IR Excimer Laser Machine with Intralase Blade-Free approach for its refractive eye surgery on patients with vision disorders such as myopia, high myopia, far-sightedness and irregular astigmatism.









## Aesthetic Medical Centre

Facilities are available for treatments ranging from non-surgical face rejuvenation such as Botox, Intense Pulsed Light Therapy to Laser Photorejuvenation, to assist clients achieve their appearance goals and redefine their confidence.

Dr Low Cze Hong
Chairman

**The strong foundations of our business and core competencies, enhanced by a clear and strategic focus, creates a platform for us to push ahead on our growth path amidst negative market sentiments to deliver value to our stakeholders over the long term.**

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present you with AsiaMedic Limited's Annual Report and Financial Statements for the financial year ended 31 December 2008 ("FY 2008").

FY 2008 was a challenging year for the Group. Despite the gloom of the financial crisis and progressively intense competition in the healthcare sector, AsiaMedic emerged relatively unscathed and recorded a healthy performance for the year. The Group successfully stabilized operations and is pleased to report that profit after tax attributable to shareholders increased by more than 15% from S$1.15m in FY 2007 to S$1.33m in FY 2008. This is mainly due to the much improved performance in the imaging and health screening businesses as a result of improved operating efficiencies and the introduction of tailored health screening packages.

In FY 2008, amidst the slowdown in global economies and competitive operating environment, the Group achieved consolidated revenue of S$12.26m, a 6%

increase over the S$11.58m revenue recorded in FY 2007. The increase in other income is contributed mainly by fixed deposit interest. With its ongoing focus on cost rationalisation and streamlining of operational processes to improve efficiency and promote effectiveness, the Group was able to increase its operating profit from S$1.11m to S$1.28m, a double-digit increase of 16%. EBITDA for FY2008 increased 13% year-on-year.

The Group ended the year with a strong balance sheet, with cash at hand amounting to S$8.75m, an increase of 10% compared to S$7.99m in FY2007. Net cash generated from operations increased 9% to S$2.25m from S$2.06m in the previous year, mainly due to improved operating profit. Net current assets increased from S$7.39m to S$8.47m. Overall, the Group's net asset value backing increased by more than 11% to 4.27 cents at the end of 2008.

Our financial results for the fiscal year indicate a healthy demand for AsiaMedic's services in spite of increasing local and regional competition. AsiaMedic is strongly differentiated by our integrated comprehensive one-stop, one-day turn-around capability of advance diagnostic imaging and preventive medicine. Organic growth has been supported by brand reinforcement, segmented product offerings as well as from continuous efforts to engage referring physicians and specialists through a collaborative care model. AsiaMedic is strategically positioned as a gate-keeper between the mass primary-level consumer-direct and primary physician referral markets and tertiary care hospitals.

2008 was a year in which AsiaMedic actively explored growth opportunities in potential markets globally and in the region, such as the Middle East, the Philippines and South Korea.

Our growth efforts came to fruition when we secured a consultancy and management agreement with Mubadala Healthcare for a Wellness and Diagnostic Centre in Abu Dhabi. Situated under one roof and at one convenient location, the centre will comprise a number of lifestyle medical clinics and diagnostic imaging facilities to address the significant demand in the region for these specialist treatments.

The state-of-the-art clinics at the centre will offer a host of services catering to women's health and aesthetics, wellness and comprehensive health screening, dentistry, dermatology, ENT and allergy, diagnostic cystoscopy (urology), endoscopy, general practice and Paediatrics specialists.

The duration of the contract for the mobilization phase is 25 months beginning from the execution of the contract till the commencement of the centre operations. The duration of the contract for the operations phase is 10 years with the possibility of renewal for another 10 years.

## Looking Ahead

The strong foundations of our business and core competencies, enhanced by a clear and strategic focus, creates a platform for us to push ahead on our growth path amidst negative market sentiments to deliver value to our stakeholders over the long term.

We will continue to forge ahead despite softer economic growth in 2009. We anticipated challenging conditions and have been preparing the Company accordingly. We have limit acquisitions, reduced our exposure to development risk and have planned our budget conservatively. At the same time, we will continue our sales efforts to improve our bottomline.

We believe that AsiaMedic, with strong brand equity, key strategic partnership and efficient capital management, is well positioned to weather the challenges ahead. It is all about having a clear strategy and the confidence to plan positively for the future, so that we can continue to meet our commitment to the people who count on us.

## Acknowledgement

On behalf of the Board of Directors, I would like to thank all our shareholders, corporate clients, business associates and partners for their continuous support and belief in us. Last but not least, the Management and Staff of AsiaMedic are to be commended on their hard work and dedication. Their contributions have placed AsiaMedic as a leading and progressive healthcare service provider of choice.

# BOARD OF DIRECTORS

**Dr Low Cze Hong** | Non Executive Chairman

MBBS (Singapore), FRCS

Ophthalmology (in England, Edinburgh and Glasgow)

FRCOphth (UK), FACS (USA), FICS (USA), FAMS (Singapore)

Dr Low is one of Asia's leading ophthalmologists and a recipient of the Singapore National Eye Centre (SNEC) Gold Medal and the Grand Awards Medal for Community Service. Dr Low is also a visiting professor of Ophthalmology of Tianjin Medical University. He is also honored as a VISX Global Medical Advisor.

**Mr Andi Solaiman** | Non Executive Director

BA and MBA, Dury University (USA)

Mr Solaiman is a director in several companies within the Salim Group. His involvement in the Salim Group includes the coverage of the Group's activitites in the petrochemical, chemical, real estate and food industries.

**Dr Khor Chin Kee** | Executive Director

MBBS

Dr Khor holds a medical degree from the National University of Singapore. He is the Chief Executive Officer of AsiaMedic Limited. He is primarily responsible to carry out the strategic plans and policies as established by the board of directors.

**Ms Suzanne Liau** | Non Executive Director

M.A., Cambridge University (England)

Ms Liau qualified to practice as a solicitor in England (1975) and in Singapore (1977). She was admitted to the California Bar in 1988. In her current practice, Ms Liau engages in transaction works both in Singapore and abroad.

**Mr Arthur Ng Boon Chye** | Independent Director

Drs-Doctorandus-Universitas Indonesia

Mr Ng is the President of International Business at Metro Private Limited. He is responsible for Metro's operations in Indonesia. Mr Ng started Metro Indonesia in 1991 and is the President Commissioner of the Indonesian Company.

**Mr Goh Kian Chee** | Independent Director

B.A. (Hons), Middlesex University (London, UK)

Mr Goh is the Chief Financial Officer at the National University of Singapore, Centre For the Arts. Widely experienced in regional finance, Mr Goh had previously held senior executive positions with large multinational companies such as Mobil Petrochemical Asia Pacific and John Hancock International.

**Dr Ho Lai Yun** | Independent Director

MBBS, M.Med (Paediatrics). FRCP, FRCPCH, FAAP, FAMS

Dr Ho Lai Yun is Senior Consultant Paediatrician with specialty interest in Neonatology and Developmental-Behavioural Paediatrics.

### Dr Khor Chin Kee

**Chief Executive Officer**

MBBS

Dr Khor holds a medical degree from the National University of Singapore. He has broad experience in both clinical services and healthcare management. Prior to joining the group, he was a director at Healthmark Investment Pte Ltd, a holding company focusing on integrated healthcare delivery in Asia Pacific region. Dr Khor was the CEO of United Vision Holdings Pte Ltd, a company that manages a grouping of seven primary care clinics in Singapore. He also previously held the positions of Medical Director of Northern Hope Medical Specialists, a stand-alone day surgery cum specialist centre as well as Medical Director, Family Physician and Corporate Panel Doctor of Healthway Medical Group.

### Dr Colin Koh

**Chief Operating Officer**

**General Manager – Wellness Assessment Centre**

MBBS

Dr Koh holds a MBBS degree from the National University of Singapore. Prior to joining AsiaMedic, Dr Koh was the Chief Operating Officer at Thomson Medical Centre. Dr Koh has extensive experience in both clinical services and healthcare management. He ran a successful corporate GP practice in the city for 8 years. As a health administrator he has worked at HMI Balestier Hospital where he was the Chief Operating Officer and also a medical advisor to IHP which is one of Singapore's largest managed care organizations. He has held the positions of Special Executive Assistant to the CEO and Head of Corporate Affairs at Tan Tock Seng Hospital and National University Hospital.

### Dr Kevin Chen

**Consultant Radiologist**

**General Manager - Advanced Imaging Centre**

MB ChB, MRCP, FRCR, FAMS

Dr Kevin Chen graduated from the University of Bristol Medical School in the UK. He is a member of the Royal College of Physicians (London), a Fellow of the Royal College of Radiologists and a Fellow of the Academy of Medicine, Singapore. Prior to joining AsiaMedic, Dr Chen was a consultant radiologist at the Singapore General Hospital where he was a director of the Advanced Imaging Centre and the SingHealth Centre for Noninvasive Advanced Cardiovascular Imaging. He has a special interest in cardiovascular imaging and has completed a Fellowship in this radiological sub-specialty at the Cleveland Clinic Foundation, Ohio, USA.

### Dr Gilbert Keng

**Consultant Radiologist**

**Clinical Director - PET/CT Centre**

MBBS FRCR (UK)

Dr Gilbert Keng holds a MBBS degree from the National University of Singapore. He is a fellow of the Royal College of Radiologists in the United Kingdom, FRCR (UK). He went on to specialize in the field of Nuclear Medicine and currently sub-specializes in the field of Positron Emission Tomography (PET) imaging. He is also a fellow of the Academy of Medicine, Singapore (FAMS). Presently he is a committee member in the Chapter of Nuclear Medicine within the College of Radiology in the Academy of Medicine, Singapore. Dr Keng joined AsiaMedic, he practiced as a consultant in the Department of Nuclear Medicine and PET in the Singapore General Hospital. He was also a member of the advisory panel to the School of Radiography, at Nanyang Polytechnic.

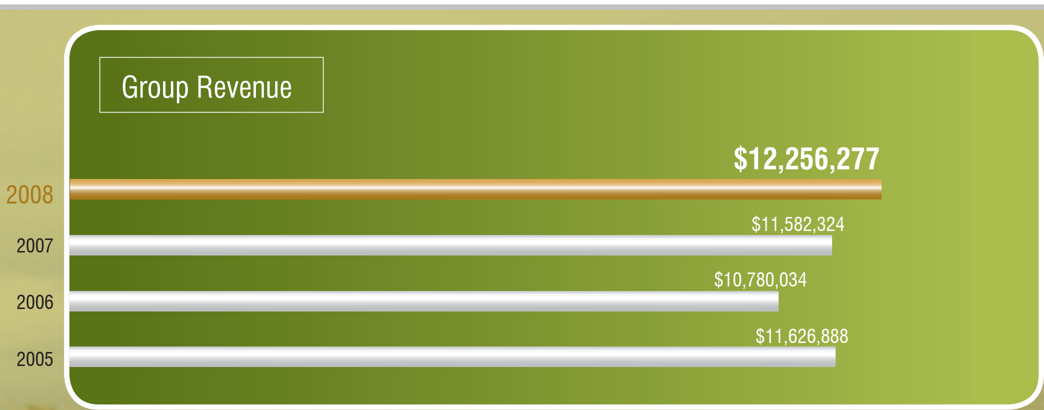
### Ms Soh Pick Har

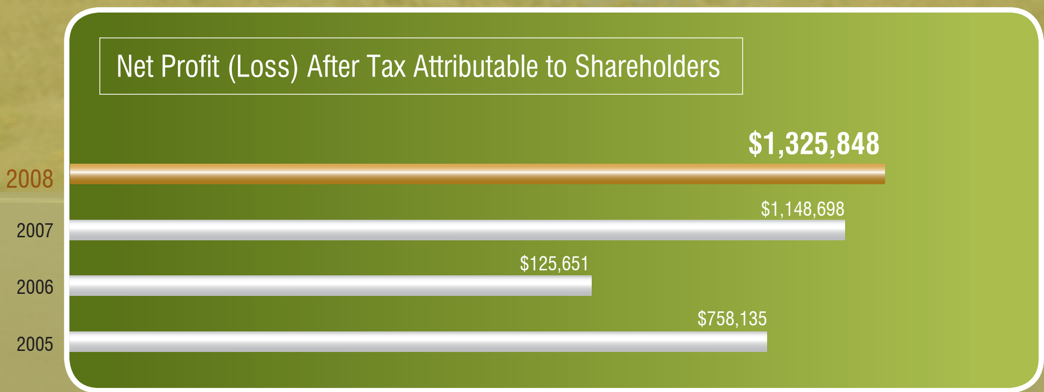
**Group Financial Controller**

B.S. (Hons), ACA, ACMA, CTA

Ms Soh holds a B. S. (Hons) from the London School of Economics & Political Science (UK). As the Group Financial Controller of AsiaMedic Limited, Ms Soh's main role is to provide accounting and financial leadership for the group, of which, she reviews and implements all aspects of finance and corporate governance including financial management, statutory reporting, financial planning and budgetary control, taxation and risk management. Ms Soh participates actively in financial evaluation of projects, business development plans and other ad hoc projects. Prior to joining AsiaMedic, Ms Soh has held various key management positions in both listed companies and financial institutions. She is the fellow member of the Institute of Chartered Accounts in England and Wales (ACA), Chartered Institute of Cost and Management Accountant (ACMA) and Chartered Institute of Taxation (CTA).

| Currency : S$ | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Turnover | 12,256,277 | 11,582,324 | 10,780,034 | 11,626,888 | 10,155,720 |
| Operating Profit/(Loss) | 1,277,996 | 1,106,410 | 317,413 | 1,597,273 | 1,941,360 |
| Pretax Profit/(Loss) | 1,241,835 | 1,134,617 | 203,586 | 1,252,596 | 1,632,596 |
| NPAT | 1,075,312 | 1,027,911 | 81,386 | 825,010 | 1,665,673 |
| NPAT attributable to shareholders | 1,325,848 | 1,148,698 | 125,651 | 758,135 | 1,381,050 |
| Earning/(Loss) per share (Cents) - Basic | 0.40 | 0.37 | 0.04 | 0.26 | 0.47 |
| Diluted | 0.39 | 0.37 | 0.04 | 0.26 | 0.47 |
| NAV | 4.27 | 3.86 | 2.32 | 2.71 | 2.57 |
| Dividends per share (Cents) | - | - | - | 0.17 | 0.17 |
| Total Equity | 14,764,175 | 13,664,422 | 7,617,022 | 7,942,341 | 7,516,548 |
| No of shares | 335,325,219 | 335,325,219 | 292,987,230 | 292,987,230 | 292,987,230 |
| Net Margin | 9% | 9% | 1% | 7% | 16% |




## Financial Review

Amidst the prevailing slowdown in global economies and competitive operating environment in FY 2008, the Group achieved consolidated revenue of S$12.26m, representing a 6% increase over revenue of S$11.58m recorded in FY 2007. The increase in Other Income is contributed mainly by fixed deposit interest. With an ongoing focus on cost rationalization and streamlining of operational processes, the Group was able to increase its profit from operations from S$1.11m to S$1.28m, a double digit increase of 16%, while EBITDA for FY 2008 increased by 13% year-on-year.

Profit after tax attributable to shareholders increased by more than 15% from S$1.15m in FY 2007 to S$1.33m in FY 2008. This is mainly due to the much improved performance in the imaging and health screening businesses. Earning per share on a fully diluted basis rose 5.4% from 0.37cents to 0.39 cents.

Higher rental costs for premises, increased costs of equipment maintenance beyond their warranty period and higher depreciation expenses incurred through the purchase of new equipment and office renovations resulted in an overall increase in expenses for the Group. Staff and related costs increased by 6%. Laboratory and consultancy fees, however, declined by 26%, due to lower turnover in the AsiaMedic Eye Centre. Finance costs in FY 2008 were lower compared to FY 2007 due to the full settlement on one of the equipment.

For a second consecutive year, Positron Tracers Pte Ltd ("PTPL"), one of the Group's associated companies, made a positive contribution of S$14k in profits to the Group's bottom line in 2008. On the other hand, the group recorded its share of loss of S$50k in the performance of AsiaMedic Eyecare Clinic ("AMEC"), another of the Group's associated companies, which was incorporated in February 2008.

The Group ended the year with a strong balance sheet, with cash at hand of S$8.75m, an increase of 10% compared to S$7.99m in FY2007. Net cash generated from operation increased by 9% to S$2.25m from S$2.06m in the previous year mainly due to better operating profit. Net current assets increased from S$7.39m to S$8.47m. Overall, the Group's net asset value backing increased by more than 11% to 4.27 cents by the end of 2008.

As at 31 December 2008, the Group's shareholders' fund increased by 8% to S$14.76m as compared to S$13.66m at 31 December 2007.


## Operations Review

In our mission to meet patients' health care needs amidst increasing globalization and medical tourism, we are keenly aware that we have to pitch ourselves against quality benchmarks of international standards. In the year under review, a new strategic planning process was undertaken to embark on the Customer Centric Initiative driven by Spring Singapore. Our participation in major customer-centric initiatives focused on Service Leadership which adopts a total approach to service excellence by developing and conducting organizational diagnoses, establishing service vision and setting service standards.

Moving forward, we will continue to strive in ensuring that internal processes are patient centric. Measures to improve service performance and customer satisfaction have been put in place in our commitment to achieving higher standards of care for our patients.

The Group is gearing up for more focused business development activities focusing on diversification efforts both in depth and breadth, locally as well as regionally. Priority for the Group will be the exploration and creation of new business opportunities, building strategic alliances and establishing a recognizable presence in the region by leveraging on our strengths in consultancy and management services.

In FY 2008, AsiaMedic successfully entered into a service agreement with Mubadala Healthcare to develop and manage a wellness and diagnostic centre in Abu Dhabi. Comprising a number of lifestyle medical clinics and diagnostic imaging facilities, the centre is targeted to be operational by the end of 2010. AsiaMedic will lend its expertise in conceptualising a service process framework in ensuring that patients experience a seamless system of care through the various medical units in this new diagnostic centre.

In the current year and beyond, AsiaMedic will continue to actively explore healthcare consultancy and management service opportunities to grow our business in the region. The business restructuring that commenced at the end of FY 2008 will continue into the current financial year. This exercise will further enhance and improve the performance of the Group's existing businesses by streamlining and strengthening its operations to prepare the Group in meeting the new challenges ahead.

## Nominating Commitee
Mr Arthur Ng Boon Chye (Chairman)
Mr Andi Solaiman
Mr Goh Kian Chee

## Audit Commitee
Mr Goh Kian Chee (Chairman)
Mr Arthur Ng Boon Chye
Dr Ho Lai Yun

## Remuneration Commitee
Dr Ho Lai Yun (Chairman)
Mr Arthur Ng Boon Chye
Mr Goh Kian Chee
Ms Suzanne Liau

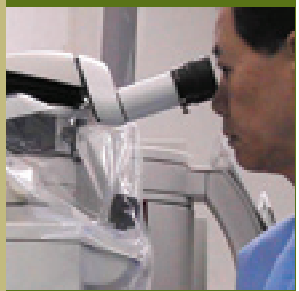
## Registrar and Share Transfer Office
KCK Corpserve Pte Ltd
333 North Bridge Road
#08-00
K H KEA Building
Singapore 188721

## Company Secretary
Ms Foo Soon Soo

## Auditors
Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Terry Wee
(Appointed with effect from financial year ended 31 December 2008)

## Registered Office
350 Orchard Road
#08-00 Shaw House
Singapore 238868
Tel: (65) 6789 8888
Fax: (65) 6738 4136
Email: info@asiamedic.com.sg
Website: www.asiamedic.com.sg

## Principal Bankers
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
Landesbank Baden-Wurttemberg



The Board of Directors of AsiaMedic Limited is committed to ensuring that high standards of corporate governance and transparency are practiced for the protection of shareholders' interest. This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance (the "Code") issued by the Ministry of Finance. The Company will continue to improve its systems and corporate governance processes in compliance with the Code.

## BOARD MATTERS

### The Board's Conduct of its Affairs

**Principle 1**
**Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.**

The Board of Directors (the "Board") comprises 1 *executive and 6 non-executive directors* having the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

1. *Dr Low Cze Hong*
2. *Mr Arthur Ng Boon Chye*
3. *Ms Suzanne Liau*
4. *Mr Goh Kian Chee*
5. *Mr Andi Solaiman*
6. *Dr Ho Lai Yun*
7. *Dr Khor Chin Kee*

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, sets directions and goals for the Management. It supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

Regular meetings are held to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

The Board has formed Board Committees namely the Audit Committee, the Nominating Committee and the Remuneration Committee to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Committee is also constantly reviewed by the Board.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 31 December 2008 : -

| | BOARD | AUDIT COMMITTEE | REMUNERATION COMMITTEE | NOMINATING COMMITTEE |
|---|---|---|---|---|
| Number of meetings held | 5 | 3 | 1 | 1 |
| Dr Low Cze Hong | 5 | 3 | NA | NA |
| Mr Arthur Ng Boon Chye | 4 | 3 | 1 | 1 |
| Ms Suzanne Liau | 5 | NA | 1 | NA |
| Mr Goh Kian Chee | 5 | 3 | 1 | 1 |
| Mr Andi Solaiman | 3 | NA | NA | 0 |
| Dr Ho Lai Yun | 5 | 3 | 1 | NA |
| Dr Khor Chin Kee | 5 | NA | NA | NA |

While the Board considers directors' attendance at Board meetings is important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

**Board Composition and Balance**

**Principle 2**
**There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

The Board now consists of 7 directors, of whom 3 are independent directors.

The criterion for independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgement of the conduct of the Group's affairs.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Key information regarding the directors is given in the 'Board of Directors' section of the annual report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries are set out in the Directors' Report on pages 22 to 26 of this annual report.

**Chairman and Chief Executive Officer**

**Principle 3**
**There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.**

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate and distinct, each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The posts of Chairman and CEO are held by Dr Low Cze Hong and Dr Khor Chin Kee respectively.

As non-executive Chairman, Dr Low Cze Hong chairs the meetings of the Board of Directors and is primarily responsible for the effective working of the Board. As the Company's CEO, Dr Khor Chin Kee is responsible for the day-to-day management affairs of the Group. The Chairman and the CEO of the Company are not related to each other.

**Board Membership**

**Principle 4**
**There should be a formal and transparent process for the appointment of new directors to the Board.**

The Nominating Committee ("NC") comprises 3 members, majority of whom are independent. The members of the NC are:

- *Mr Arthur Ng Boon Chye (Chairman)*
- *Mr Goh Kian Chee*
- *Mr Andi Solaiman*

The NC functions under the terms of reference which sets out its responsibilities include:

(a) To recommend to the Board on all board appointments, re-appointments and re-nominations;
(b) To ensure that independent Directors meet SGX-ST's guidelines and criteria; and
(c) To assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board.

The Articles of Association of the Company require one-third of the Board to retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

**Board Performance**

**Principle 5**
**There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.**

The Nominating Committee ("NC") examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

The NC has reviewed and evaluated the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board. Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Group.

**Access to Information**

**Principle 6**
**In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.**

All directors are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information.

Senior members of management staff are available to provide explanatory information in the form of briefings to the directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends all Board meetings and meetings of the Board committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board committees' meetings are circulated to the Board.

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

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

**Principle 7**
**There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

The Remuneration Committee ("RC") comprises 4 members, all of whom are non-executive and majority including its Chairman are independent Directors. The members of the RC are:

- *Dr Ho Lai Yun (Chairman)*
- *Ms Suzanne Liau*
- *Mr Arthur Ng Boon Chye*
- *Mr Goh Kian Chee*

The RC recommends to the Board a framework of remuneration for the Directors and Executive Officers, and determines specific remuneration package for each Executive Director. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The RC functions under the terms of reference which sets out its responsibilities:

(a) To recommend to the Board a framework for remuneration for the Directors and key executives of the Company;
(b) To determine specific remuneration packages for each Executive Director; and
(c) To review the appropriateness of compensation for Non-Executive Directors.

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

All aspects of remuneration, including but not limited to Directors' fee, salaries, allowances, bonuses, and benefits-in-kind shall be reviewed by the RC.

**Level and Mix of Remuneration**

Principle 8
The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In setting remuneration packages, the Remuneration Committee will take into consideration the pay and employment conditions within the industry and in comparable companies. The remuneration of Non-Executive Directors is also reviewed to ensure that the remuneration is commensurate with the contribution and responsibilities of the Directors.

The Company will submit the quantum of directors' fee of each year to the shareholders for approval at each AGM.

**Disclosure on Remuneration**

**Principle 9**
**Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.**

Details of the remuneration paid/ payable to the Directors of the Company for financial year ended 31 December 2008 are set out below:-

| | Number of directors | |
|---|---|---|
| | 2008 | 2007 |
| $500,000 and above | Nil | Nil |
| $250,000 to $499,999 | 1 | 1 |
| Below $250,000 | 6 | 6 |
| **Total** | **7** | **7** |

| | Salary | Bonus | Directors' Fees | Allowances and Other Benefits | Total Compensation |
|---|---|---|---|---|---|
| | % | % | % | % | % |
| **DIRECTORS** | | | | | |
| **Between S$250,000 and S$500,000** | | | | | |
| Dr Khor Chin Kee | 75% | 18% | Nil | 7% | 100% |
| **Below $250,000** | | | | | |
| Dr Low Cze Hong | Nil | Nil | 100% | Nil | 100% |
| Mr Arthur Ng Boon Chye | Nil | Nil | 100% | Nil | 100% |
| Ms Suzanne Liau | Nil | Nil | 100% | Nil | 100% |
| Mr Goh Kian Chee | Nil | Nil | 100% | Nil | 100% |
| Mr Andi Solaiman | Nil | Nil | 100% | Nil | 100% |
| Dr Ho Lai Yun | Nil | Nil | 100% | Nil | 100% |

**Key Executives Remuneration**

The Code recommends that the remuneration of at least the top five key executives who are not Directors be disclosed within bands of S$250,000. However, the Company believes that it is not in the best interest of the Company to disclose the details of the remuneration of its top 5 key executives given the highly competitive industry conditions.

### Immediate Family Member of Directors or Substantial Shareholders

No employee of the Company and its subsidiaries was an immediate family member of a Director and/or a Substantial Shareholder whose remuneration exceeded S$150,000 during the financial year ended 31 December 2008.

## ACCOUNTABILITY AND AUDIT

### Accountability

Principle 10
The Board should present a balanced and understandable assessment of the company's performance, 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 to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will available either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

### Audit Committee

Principle 11
The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises three members, all of whom independent directors. The AC comprises the following members:

- *Mr Goh Kian Chee (Chairman)*
- *Mr Arthur Ng Boon Chye*
- *Dr Ho Lai Yun*

The AC functions under the terms of reference which sets out its responsibilities as follows:

(a) To review the audit plans of both the internal and external auditors;
(b) To review the auditors' reports and their evaluation of the Company's and the Group's system of internal controls;
(c) To review the co-operation given by the Company's officers to the internal and external auditors;
(d) To review the financial statements of the Company and the Group before submission to the Board;
(e) To nominate and review appointment of internal and external auditors;
(f) To review with auditors and Management on the general internal control procedures;
(g) To review interested person transactions, if any.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC meets with both the external and internal auditors without the presence of the Management at least once a year.

The AC reviews the independence of the external auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, Ernst & Young LLP, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC recommended that Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming AGM.

The Company has in place a whistle-blowing framework where staff of the Company can raise concerns about improprieties.

**Internal Controls**

**Principle 12**
**The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.**

The Audit Committee will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management, is conducted annually. In this respect, the Audit Committee will review the audit plans, and the findings of the auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

**Internal Audit**

**Principle 13**
**The company should establish an internal audit function that is independent of the activities it audits.**

The Company has engaged Yang Lee & Associates as its internal auditor. The internal auditor reports directly to the Chairman of the Audit Committee on all internal audit matters.

The primary functions of internal audit are to:

(a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
(b) assess if operations of the business processes under review are conducted efficiently and effectively; and
(c) identify and recommend improvement to internal control procedures, where required.

The Audit Committee has reviewed the Company's internal control assessment and based on the internal auditors' and external auditors' reports and the internal controls in place, it is satisfied that there are adequate internal controls in the Company.

## COMMUNICATION WITH SHAREHOLDERS

**Communication with Shareholders**

**Principle 14**
Companies should engage in regular, effective and fair communication with shareholders.

**Principle 15**
Companies should encourage greater shareholder participation at Annual General Meetings ("AGM") and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

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

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;
(b) Annual Report prepared and issued to all shareholders;
(c) Press releases on major developments of the Group;
(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM"); and
(e) Company's website at www.asiamedic.com.sg at which shareholders can access information on the Group.

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meetings to answer any question relating to the work of these committees. The External Auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the AGM/EGMs to ensure high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

**Dealing In Securities**

The Company has in place a policy prohibiting share dealings by Directors and employees of the Company for the period of two weeks or one month prior to the announcement of the Company's half yearly and yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

**Interested Person Transactions Policy**

The Company adopted an internal policy in respect of any transactions with interested person and has established procedures for review and approval of the interested person transactions entered into by the Group. The Audit Committee has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders.

The interested person transactions transacted for the financial year ended 31 December 2008 by the Group are as follows:

| Name of Interested Person | Aggregate value of all interested person transactions conducted (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|
| **Nil** | **Nil** | **Nil** |

**Material Contracts**

There was no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the Group Chief Executive, any Director, or controlling shareholder.

# Financial Contents

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of AsiaMedic 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 2008.

## 1. Directors

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

Dr Low Cze Hong
Andi Solaiman
Suzanne Liau
Arthur Ng Boon Chye
Goh Kian Chee
Dr Ho Lai Yun
Dr Khor Chin Kee

In accordance with the Article 99 of the Company's Article of Association, Ms Suzanne Liau and Mr Goh Kian Chee retire and, being eligible, offer themselves for re-election.

## 2. Arrangements to enable Directors to acquire shares and debentures

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## 3. Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations as stated below :

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| **Name of Director** | **At 1.1.2008** | **At 31.12.2008** | **At 1.1.2008** | **At 31.12.2008** |
| **Ordinary shares of the Company** | | | | |
| ***Ordinary shares*** | | | | |
| Dr Low Cze Hong | 792,000 | 792,000 | 20,000 | 20,000 |
| Suzanne Liau | – | – | 600,000 | 600,000 |
| ***Share options of the Company*** | | | | |
| Dr Low Cze Hong | 500,000 | 500,000 | – | – |
| **Subsidiary of the Company - AsiaMedic Eye Centre Pte Ltd** | | | | |
| ***Ordinary shares*** | | | | |
| Dr Low Cze Hong | 600,000 | 600,000 | – | – |

## 3. Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2009.

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

## 4. Directors' contractual benefits

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

## 5. Options

***The Company's Employees' Share Option Scheme (the "ESOS")***

The Company's Employees' Share Option Scheme 2003 (the "ESOS") was approved by the members of the Company at the Extraordinary General Meeting held on 16 October 2003. The ESOS is administered by the Remuneration Committee comprising the following members:-

(i) Dr Ho Lai Yun, Chairman
(ii) Arthur Ng Boon Chye, Member
(iii) Goh Kian Chee, Member
(iv) Suzanne Liau, Member

Other statutory information regarding the Scheme are set out below :

(i) the exercise price of the options is determined at the average of the last dealt prices for the Company's shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") on the three consecutive business days immediately preceding the date of grant of such options;

(ii) the options vest 1 year after the grant date; and

(iii) the options granted expire 4 years after the vesting date unless they have been cancelled.

### 5. Options (cont'd)

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows :

| Date of grant of options | Exercise price per share | Options outstanding at 1.1.2008 | Options granted | Options exercised | Options cancelled/ lapsed | Options outstanding at 31.12.2008 | Number of option holders at 31.12.2008 | Exercise period |
|---|---|---|---|---|---|---|---|---|
| | $ | | | | | | | |
| 22.08.2007 | 0.100 | 1,580,000 | – | – | (245,000) | 1,335,000 | 13 | 22.08.2008 to 22.08.2012 |
| | | 1,580,000 | – | – | (245,000) | 1,335,000 | | |

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

Details of options granted to directors of the Company under the Scheme are as follows :

| Directors of Company | Options granted during 2008 | Aggregate options granted since commencement of scheme to 31.12.2008 | Aggregate options exercised/ lapsed since commencement of scheme to 31.12.2008 | Aggregate options outstanding as at 31.12.2008 |
|---|---|---|---|---|
| Dr Low Cze Hong | – | 500,000 | – | 500,000 |

Since the commencement of the Scheme till the end of the financial year :

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total options available under the Scheme;
- During the financial year ended 31 December 2008, no options have been exercised;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No share options have been granted at a discount.

## 6. Audit Committee

The Audit Committee members since the beginning of the year to the date of this report comprise :

| | |
|---|---|
| Goh Kian Chee | Chairman |
| Arthur Ng Boon Chye | Member |
| Dr Ho Lai Yun | Member |

The Audit Committee performs the functions specified in Section 201B of the Singapore Companies Act, Cap. 50, the Listing Manual and the Best Practices Guide of the Singapore Exchange.

The functions of the Audit Committee include the following:

(i) To review:

- with the auditors, their audit plan and the auditors' report;
- the assistance provided by the Company's officers to the auditors;
- the financial statements of the Company and the consolidated financial statements of the Group prior to the submission to the Directors of the Company for adoption;
- Review the nature and extent of non-audit services provided by the external auditors.

(ii) To review Interested Person Transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange), and

(iii) To nominate auditors.

During the year, the Audit Committee met to review the scope of work of the auditors, and the results arising therefrom. It followed up on outstanding matters contained in these reports, where appropriate.

The consolidated financial statements of the Group were reviewed by the Audit Committee prior to the submission to the Directors of the Company for adoption. Further, the Audit Committee also reviewed the Group's interim and annual announcements and reports before they were submitted to the Board for approval.

The Audit Committee has recommenced to the Board of Directors that Ernst & Young LLP, be nominated as auditors at the forthcoming Annual General Meeting of the Company.

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

## 7. Auditors

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

On behalf of the Board of Directors:

Dr Low Cze Hong
Director

Dr Khor Chin Kee
Director

Singapore
18 March 2009

We, Dr Low Cze Hong and Dr Khor Chin Kee, being two of the Directors of AsiaMedic Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors :

Dr Low Cze Hong
Director

Dr Khor Chin Kee
Director

Singapore
18 March 2009

# INDEPENDENT AUDITORS' REPORT

To the Members of AsiaMedic Limited

We have audited the accompanying financial statements of AsiaMedic Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 29 to 63, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company, the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibility**

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

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

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

**Opinion**

In our opinion,

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

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

Ernst & Young LLP
Public Accountants and Certified Public Accountants

Singapore
18 March 2009

| | Note | 2008 | 2007 |
|---|---|---|---|
| | | $ | $ |
| **Revenue** | 4 | 12,256,277 | 11,582,324 |
| Other income | | 95,842 | 57,709 |
| **Items of expense** | | | |
| Raw materials and other consumables used | | (995,513) | (942,439) |
| Employee benefits expense | 22 | (4,864,806) | (4,598,916) |
| Depreciation of property, plant and equipment | | (1,251,354) | (1,057,481) |
| Operating lease expenses | | (911,594) | (778,656) |
| Maintenance of equipment | | (671,351) | (541,394) |
| Laboratory and consultancy fees | | (1,026,108) | (1,386,309) |
| Finance costs | 5 | (45,875) | (62,052) |
| Other operating expenses | | (1,307,522) | (1,166,375) |
| Share of results of associates | | (36,161) | 28,206 |
| **Profit before tax** | 6 | 1,241,835 | 1,134,617 |
| Income tax expense | 7 | (166,523) | (106,706) |
| **Profit for the year** | | 1,075,312 | 1,027,911 |
| **Attributable to :** | | | |
| Equity holders of the Company | | 1,325,848 | 1,148,698 |
| Minority interests | | (250,536) | (120,787) |
| | | 1,075,312 | 1,027,911 |
| **Earnings per share attributable to equity holders of the Company (cents per share)** | | | |
| Basic | 8 | 0.40 | 0.37 |
| Diluted | 8 | 0.39 | 0.37 |

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

# BALANCE SHEETS
As at 31 December 2008

| | Note | Group 2008 $ | Group 2007 $ | Company 2008 $ | Company 2007 $ |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | 5,784,847 | 5,763,948 | 97,458 | 170,705 |
| Investment in subsidiaries | 10 | – | – | 1,751,412 | 1,745,367 |
| Investment in associates | 11 | 1,215,060 | 1,243,979 | 1,215,060 | 1,215,060 |
| Deferred tax assets | 12 | 33,627 | 33,627 | – | – |
| | | 7,033,534 | 7,041,554 | 3,063,930 | 3,131,132 |
| **Current assets** | | | | | |
| Inventories | 13 | 107,502 | 184,473 | – | – |
| Trade receivables | 14 | 1,154,834 | 1,087,610 | 2,878,813 | 4,836,770 |
| Other receivables | 15 | 525,980 | 337,060 | 234,547 | 137,508 |
| Prepayments | | 88,229 | 110,641 | 34,056 | 47,410 |
| Cash and cash equivalents | 16 | 8,745,105 | 7,992,892 | 7,313,421 | 5,899,415 |
| | | 10,621,650 | 9,712,676 | 10,460,837 | 10,921,103 |
| **Current liabilities** | | | | | |
| Trade payables | 17 | 358,039 | 470,025 | 607,930 | 1,266,891 |
| Other payables | 18 | 1,137,386 | 1,287,224 | 401,332 | 408,253 |
| Obligations under finance leases | 19 | 462,089 | 401,475 | 12,068 | 8,123 |
| Income tax payable | | 186,960 | 164,160 | 11,488 | – |
| | | 2,144,474 | 2,322,884 | 1,032,818 | 1,683,267 |
| **Net current assets** | | 8,477,176 | 7,389,792 | 9,428,019 | 9,237,836 |
| **Non-current liabilities** | | | | | |
| Obligations under finance leases | 19 | 412,614 | 603,889 | 7,866 | 19,930 |
| Deferred tax liabilities | 12 | 333,921 | 163,033 | – | – |
| | | 746,535 | 766,922 | 7,866 | 19,930 |
| **Net assets** | | 14,764,175 | 13,664,424 | 12,484,083 | 12,349,038 |
| **Equity attributable to shareholders of the Company** | | | | | |
| Share capital | 20 | 21,550,530 | 21,550,530 | 21,550,530 | 21,550,530 |
| Accumulated losses | | (7,284,798) | (8,610,646) | (9,110,377) | (9,220,983) |
| Employee share option reserve | 21 | 43,930 | 19,491 | 43,930 | 19,491 |
| | | 14,309,662 | 12,959,375 | 12,484,083 | 12,349,038 |
| **Minority interests** | | 454,513 | 705,049 | – | – |
| **Total equity** | | 14,764,175 | 13,664,424 | 12,484,083 | 12,349,038 |

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

| | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|
| | Share Capital | Accumulated losses | Employee share option reserve (Note 21) | Total share capital and reserves | Minority interests [1] | Total equity |
| | $ | $ | $ | $ | $ | $ |
| **Group** | | | | | | |
| Balance at 1 January 2007 | 16,550,530 | (9,759,344) | – | 6,791,186 | 825,836 | 7,617,022 |
| Additional placement of ordinary shares | 5,000,000 | – | – | 5,000,000 | – | 5,000,000 |
| Grant of equity-settled share options to employees | – | – | 19,491 | 19,491 | – | 19,491 |
| Profit for the year | – | 1,148,698 | – | 1,148,698 | (120,787) | 1,027,911 |
| Balance at 31 December 2007 and 1 January 2008 | 21,550,530 | (8,610,646) | 19,491 | 12,959,375 | 705,049 | 13,664,424 |
| Grant of equity-settled share options to employees | – | – | 24,439 | 24,439 | – | 24,439 |
| Profit for the year | – | 1,325,848 | – | 1,325,848 | (250,536) | 1,075,312 |
| Balance at 31 December 2008 | 21,550,530 | (7,284,798) | 43,930 | 14,309,662 | 454,513 | 14,764,175 |

[1] The minority shareholder is also one of the directors of the Company

# STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2008

| | Attributable to the equity holders of the Company | | | |
|---|---|---|---|---|
| | **Share capital** | **Accumulated losses** | **Employee share option reserve (Note 21)** | **Total** |
| | $ | $ | $ | $ |
| **Company** | | | | |
| Balance at 1 January 2007 | 16,550,530 | (8,920,918) | – | 7,629,612 |
| Additional placement of ordinary shares | 5,000,000 | – | – | 5,000,000 |
| Grant of equity-settled share options to employees | – | – | 19,491 | 19,491 |
| Loss for the year | – | (300,065) | – | (300,065) |
| Balance at 31 December 2007 and 1 January 2008 | 21,550,530 | (9,220,983) | 19,491 | 12,349,038 |
| Grant of equity-settled share options to employees | – | – | 24,439 | 24,439 |
| Profit for the year | – | 110,606 | – | 110,606 |
| Balance at 31 December 2008 | 21,550,530 | (9,110,377) | 43,930 | 12,484,083 |

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

| | 2008 | 2007 |
|---|---|---|
| | $ | $ |
| **Cash flows from operating activities** | | |
| Profit before tax | 1,241,835 | 1,134,617 |
| Adjustments : | | |
| Impairment loss on investment in an associate | 42,758 | – |
| Impairment loss on doubtful other receivables – associate | 75,000 | – |
| Impairment loss on doubtful trade receivables – third parties | 287 | 8,276 |
| Depreciation of property, plant and equipment | 1,251,354 | 1,057,481 |
| Loss on disposal of property, plant and equipment | 66,054 | 29,870 |
| Property, plant and equipment written off | 9,690 | 8,304 |
| Interest expense | 43,333 | 59,884 |
| Interest income | (65,648) | (54,243) |
| Grant of equity-settled share options to employees | 24,439 | 19,491 |
| Share of results of associates | 36,161 | (28,206) |
| **Operating profit before working capital changes** | 2,725,263 | 2,235,474 |
| Decrease/(increase) in inventories | 76,971 | (88,304) |
| Increase in trade and other receivables and prepayments | (309,019) | (367,535) |
| (Decrease)/Increase in trade and other payables | (261,824) | 303,024 |
| **Cash flows from operations** | 2,231,391 | 2,082,659 |
| Income tax refund/(paid) | 27,165 | (19,587) |
| **Net cash flows from operating activities** | 2,258,556 | 2,063,072 |
| **Cash flows from investing activities** | | |
| Interest received | 65,648 | 54,243 |
| Purchase of property, plant and equipment | (1,215,612) | (333,330) |
| Proceeds from disposal of property, plant and equipment | 277,618 | 36,448 |
| **Net cash flows used in investing activities** | (872,346) | (242,639) |
| **Cash flows from financing activities** | | |
| Interest paid | (43,333) | (59,884) |
| Repayment of obligations under finance lease | (540,664) | (846,300) |
| Investment in a newly incorporated associate | (50,000) | – |
| Additional placement of ordinary shares | – | 5,000,000 |
| **Net cash flows (used in)/from financing activities** | (633,997) | 4,093,816 |
| Net increase in cash and cash equivalents | 752,213 | 5,914,249 |
| Cash and cash equivalents at 1 January | 7,992,892 | 2,078,643 |
| **Cash and cash equivalents at 31 December** | 8,745,105 | 7,992,892 |

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

## 1. Corporate information

AsiaMedic Limited (the "Company") is a limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office and principal place of business of the Company is located at 350 Orchard Road, #08-00 Shaw House, Singapore 238868.

The principal activities of the Company are those relating to investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 10 of the financial statements.

## 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 a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $).

### *2.2 New and revised standards*

In the current financial year, the Group has adopted all of the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the accounts reported for the current or prior years.

### *2.3 Future changes in accounting policies*

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

| Reference | Description | Effective for annual periods beginning on or after |
|---|---|---|
| FRS 1 | – *Presentation of Financial Statements* – Revised presentation | 1 January 2009 |
| | – *Presentation of Financial Statements* – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation | 1 January 2009 |
| FRS 23 | *Borrowing Costs* | 1 January 2009 |
| FRS 27 | *Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* | 1 January 2009 |
| FRS 32 | *Financial Instruments: Presentation* – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation | 1 January 2009 |

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

### *2.3 Future changes in accounting policies (cont'd)*

| Reference | Description | Effective for annual periods beginning on or after |
|---|---|---|
| FRS 39 | *Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged items* | 1 July 2009 |
| FRS 101 | *First time Adoption of Financial Reporting Standards* – Amendments relating to Cost of an Investment in a Subsidiary, Jointly controlled entity of Associate | 1 January 2009 |
| FRS 102 | *Share-based payment* – Vesting conditions and cancellations | 1 January 2009 |
| FRS 108 | *Operating Segments* | 1 January 2009 |
| INT FRS 113 | *Customer Loyalty Programmes* | 1 July 2008 |
| INT FRS 116 | *Hedges of a Net investment in a Foreign Operation* | 1 October 2008 |

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

*FRS 1 Presentation of Financial Statements – Revised presentation*

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

*FRS 108 Operating Segments*

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

### *2.4 Basis of consolidation*

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

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

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

***2.4 Basis of consolidation (cont'd)***

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

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

***2.5 Transactions with minority interests***

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

***2.6 Functional and foreign currency***

(a) *Functional currency*

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

(b) *Foreign currency transactions*

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

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

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

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

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

| | | |
|---|---|---|
| Leasehold improvements | – | 6 years |
| Furniture, fittings, fixtures and office equipment | – | 3 to 6 years |
| Medical equipment | – | 7 to 10 years |

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

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

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

### *2.8 Impairment of non-financial assets*

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

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

Impairment losses are recognised in the income statement.

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

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

### *2.9 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, investment in subsidiaries are accounted for at cost less any impairment losses.

### *2.10 Associates*

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

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

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

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

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

### *2.11 Financial assets*

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

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

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

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

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

### *2.11 Financial assets (cont'd)*

*Loans and receivables*

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

### *2.12 Impairment of financial assets*

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

Assets carried at amortised cost

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

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

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

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

### *2.13 Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, at bank and fixed deposits placed with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### *2.14 Inventories*

Inventories, comprising medical supplies, are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in, first-out basis.

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

### *2.15 Provisions*

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

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

### *2.16 Financial liabilities*

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

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

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

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

### *2.17 Borrowing costs*

Borrowing costs are generally recognised to the income statement as incurred.

### *2.18 Employee benefits*

(a) *Defined contribution plans*

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 leave entitlement*

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

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

### *2.18 Employee benefits (cont'd)*

(c) *Employee share option scheme*

Employees (including senior executives) of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in the income statement, with a corresponding increase in the employee share option 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 options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

### *2.19 Leases*

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

Capitalised leased assets are depreciated over the shorter of the estimated useful 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.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### *2.20 Revenue*

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

(a) *Rendering of services*

Revenue is recognised when services are rendered to customers.

(b) *Interest income*

Interest income is recognised using the effective interest method.

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

***2.21 Income taxes***

(a) *Current tax*

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

(b) *Deferred tax*

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

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

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

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred taxes are recognised in the income statement

(c) *Sales tax*

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

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

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

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

### *2.21 Income taxes (cont'd)*

(c) *Sales tax (cont'd)*

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*

As all the principal subsidiaries are in the business of provision of specialised healthcare services, no business segment information is presented.

As all operations of the Group are in Singapore, no geographical segment information is presented.

## 3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. 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.

### *3.1 Judgements made in applying accounting policies*

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

*Income taxes*

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets at the balance sheet date were $186,960, $333,921 and $33,627 (2007: $164,160, $163,033 and $33,627) respectively.

### *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.

(a) *Useful lives of medical equipment*

The cost of medical equipment is depreciated on a straight-line basis over the medical equipment's estimated economic useful lives. Management estimates the useful lives of these medical equipment to be within 7 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's medical equipment was $4,954,511 (2007: $5,432,870).

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

(b) *Impairment of medical equipment*

The Group assessed whether certain of its medical equipment are impaired during the year. The assessment required an estimation of the value in use of the medical equipment which involves the estimation of the expected cash flows from the medical equipment and implementing a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of medical equipment subject to impairment review of the Group at 31 December 2008 was $4,954,511 (2007: $5,432,870).

### 4. Revenue

Revenue of the Group represents sales of services rendered, after eliminating inter-company transactions.

### 5. Finance costs

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | $ | $ |
| Interest expense on obligations under finance leases | 43,333 | 59,884 |
| Bank charges | 2,542 | 2,168 |
| | 45,875 | 62,052 |

### 6. Profit before tax

The following items have been included in arriving at profit before tax :

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | $ | $ |
| Interest income | (65,648) | (54,243) |
| Net foreign exchange (gain)/loss | (1,891) | 531 |
| Property, plant and equipment written off | 9,690 | 8,304 |
| Impairment loss on investment in an associate | 42,758 | – |
| Impairment loss on doubtful other receivables – associate | 75,000 | – |
| Loss on disposal of property, plant and equipment | 66,054 | 29,870 |
| Employee benefits expenses (Note 22) | 4,864,806 | 4,598,916 |
| Impairment loss on doubtful trade receivables – third parties | 287 | 8,276 |

## 7. Income tax expense

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

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| **Income statement** | | |
| Current income tax | | |
| - current income taxation | 187,322 | 129,008 |
| - (Over)/under provision in respect of previous years | (191,687) | 27,725 |
| Deferred income tax | | |
| - origination and reversal of temporary differences | (16,269) | 71,308 |
| - Under/(over) provision in respect of previous years | 187,157 | (102,486) |
| - Effect of tax reduction | – | (18,849) |
| Income tax expense recognised in the income statement | 166,523 | 106,706 |

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2008 and 2007 is as follows :

| | 2008 | 2007 |
|---|---|---|
| Profit before tax | 1,241,835 | 1,134,617 |
| Tax at Singapore statutory tax rate of 18% (2007: 18%) | 223,530 | 204,231 |
| Adjustments : | | |
| Effect of reduction in tax rate | – | (18,849) |
| Share of results of associates | 6,509 | (5,077) |
| Non-deductible expenses | 2,677 | 17,530 |
| (Over)/under provision in respect of prior years: | | |
| - current income tax | (191,687) | 27,725 |
| - deferred income tax | 187,157 | (102,486) |
| Recognition of tax benefits previously not recognised | (150,614) | – |
| Deferred tax assets not recognised | 132,205 | 58,922 |
| Effect of partial tax exemption | (39,821) | (54,900) |
| Others | (3,433) | (20,390) |
| Income tax expense recognised in the income statement | 166,523 | 106,706 |

The corporate tax rate applicable to the Singapore Companies of the Group will be reduced to 17% for the year of assessment 2010 onwards from 18% for the year of assessment of 2009

## 8. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and loss and share data used in the computation of basic and diluted earnings per share for the years ended 31 December :

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | $ | $ |
| Profit attributable to equity holders of the Company | 1,325,848 | 1,148,698 |
| | **Number of shares** | **Number of shares** |
| Weighted average number of ordinary shares for basic earnings per share computation | 335,325,219 | 308,994,470 |
| Effect of dilution : | | |
| Share options | 1,335,000 | 164,450 |
| Weighted average number of ordinary shares for diluted earnings per share computation | 336,660,219 | 309,158,920 |

## 9. Property, plant and equipment

| | Leasehold improvements | Furniture, fittings, fixtures, and office equipment | Medical equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Group** | | | | |
| **Cost:** | | | | |
| At 1 January 2007 | 2,500,811 | 901,324 | 11,209,972 | 14,612,107 |
| Additions | – | 43,809 | 469,521 | 513,330 |
| Disposals | – | (86,781) | (2,140,461) | (2,227,242) |
| Write offs | – | (11,660) | (44,164) | (55,824) |
| At 31 December 2007 and 1 January 2008 | 2,500,811 | 846,692 | 9,494,868 | 12,842,371 |
| Additions | 263,898 | 468,487 | 893,230 | 1,625,615 |
| Disposals | – | (31,947) | (371,000) | (402,947) |
| Write offs | – | (22,342) | (52,696) | (75,038) |
| At 31 December 2008 | 2,764,709 | 1,260,890 | 9,964,402 | 13,990,001 |
| **Accumulated depreciation and impairment losses:** | | | | |
| At 1 January 2007 | 2,171,864 | 742,730 | 5,314,792 | 8,229,386 |
| Depreciation charge for the year | 113,485 | 58,562 | 885,434 | 1,057,481 |
| Disposals | – | (58,556) | (2,102,368) | (2,160,924) |
| Write offs | – | (11,660) | (35,860) | (47,520) |
| At 31 December 2007 and 1 January 2008 | 2,285,349 | 731,076 | 4,061,998 | 7,078,423 |
| Depreciation charge for the year | 131,615 | 92,020 | 1,027,719 | 1,251,354 |
| Disposals | – | (23,625) | (35,650) | (59,275) |
| Write offs | – | (21,172) | (44,176) | (65,348) |
| At 31 December 2008 | 2,416,964 | 778,299 | 5,009,891 | 8,205,154 |
| **Net carrying amount:** | | | | |
| At 31 December 2007 | 215,462 | 115,616 | 5,432,870 | 5,763,948 |
| At 31 December 2008 | 347,745 | 482,591 | 4,954,511 | 5,784,847 |

**9. Property, plant and equipment (cont'd)**

| | Leasehold improvements | Furniture, fittings, fixtures, and office equipment | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Company** | | | |
| **Cost :** | | | |
| At 1 January 2007 | 590,222 | 261,782 | 852,004 |
| Additions | – | 10,616 | 10,616 |
| Disposal | – | (4,618) | (4,618) |
| Write offs | – | (11,660) | (11,660) |
| At 31 December 2007 and 1 January 2008 | 590,222 | 256,120 | 846,342 |
| Additions | – | 51,216 | 51,216 |
| Disposal | – | (19,763) | (19,763) |
| Write offs | – | (2,316) | (2,316) |
| At 31 December 2008 | 590,222 | 285,257 | 875,479 |
| **Accumulated depreciation :** | | | |
| At 1 January 2007 | 402,402 | 182,870 | 585,272 |
| Depreciation charge for the year | 73,208 | 33,435 | 106,643 |
| Disposal | – | (4,618) | (4,618) |
| Write offs | – | (11,660) | (11,660) |
| At 31 December 2007 and 1 January 2008 | 475,610 | 200,027 | 675,637 |
| Depreciation charge for the year | 73,208 | 44,457 | 117,665 |
| Disposal | – | (13,344) | (13,344) |
| Write offs | – | (1,937) | (1,937) |
| At 31 December 2008 | 548,818 | 229,203 | 778,021 |
| **Net carrying amount :** | | | |
| At 31 December 2007 | 114,612 | 56,093 | 170,705 |
| At 31 December 2008 | 41,404 | 56,054 | 97,458 |

During the financial year, the Group acquired property, plant and equipment at an aggregate cost of $1,625,615 (2007: $513,330) of which $410,000 (2007: $180,000) were acquired by means of finance lease arrangements.

**9. Property, plant and equipment (cont'd)**

The net carrying amounts of assets held under outstanding finance leases at the balance sheet date are as follows :

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| Furniture, fittings, fixtures and office equipment | 18,675 | 26,307 |
| Medical equipment | 1,852,797 | 1,740,070 |
| | 1,871,472 | 1,766,377 |

***Disposal of equipment to subsidiaries***

During the financial year, the Company disposed plant and equipment of carrying amount of $5,895 (2007: $nil) to its subsidiaries at a consideration of $5,895 (2007: $nil).

**10. Investment in subsidiaries**

| | Company | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| Shares, at cost | 2,599,413 | 2,593,368 |
| Impairment losses | (848,001) | (848,001) |
| | 1,751,412 | 1,745,367 |

**10. Investment in subsidiaries (cont'd)**

| Name of subsidiary (Country of incorporation) | Principal activities | Cost of investment | | Proportion of ownership interest | |
|---|---|---|---|---|---|
| | | 2008 | 2007 | 2008 | 2007 |
| | | $ | $ | % | % |
| Aesthetic Medical Centre Pte Ltd (Singapore) | Provision of aesthetic treatment facility services | 548,000 | 548,000 | 100 | 100 |
| AsiaMedic Eye Centre Pte. Ltd. (Singapore) | Provision of ophthalmology and facility services | 901,629 | 900,679 | 60 | 60 |
| The Orchard Imaging Centre Pte Ltd (Singapore) | Provision of imaging and image-based diagnostic services | 503,257 | 501,357 | 100 | 100 |
| Wellness Assessment Centre Pte Ltd (Singapore) | Provision of wellness medical services and treatment | 300,371 | 300,371 | 100 | 100 |
| AsiaMedic PET/CT Centre Pte Ltd (Singapore) | Provision of imaging and image based diagnostic services | 243,109 | 241,296 | 100 | 100 |
| AsiaMedic Heart & Vascular Centre Pte Ltd (Singapore) | Provision of imaging and image-based diagnostic services | 103,047 | 101,665 | 100 | 100 |
| | | 2,599,413 | 2,593,368 | | |

All the subsidiaries are audited by Ernst & Young LLP, Singapore.

## 11. Investment in associates

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $ | $ | $ | $ |
| Shares, at cost | 231,500 | 181,500 | 181,500 | 181,500 |
| Impairment losses | (42,758) | – | (181,500) | (181,500) |
| | 188,742 | 181,500 | – | – |
| Loan to an associate | 1,773,560 | 1,773,560 | 1,773,560 | 1,773,560 |
| Less: Allowance for impairment | – | – | (558,500) | (558,500) |
| Share of post-acquisition accumulated losses | (747,242) | (711,081) | – | – |
| | 1,215,060 | 1,243,979 | 1,251,060 | 1,215,060 |

Loan to an associate is quasi-equity in nature, unsecured, interest-free and is not expected to be repaid within the next 12 months.

The Group has not recognised losses relating to an associate where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the balance sheet date was $793 (2007: $nil) of which $793 (2007: $nil) was the share of current year losses. The Group has no obligation in respect of these losses.

| Name of associate (Country of incorporation) | Principal activities | Cost of investment | | Proportion of ownership interest | |
|---|---|---|---|---|---|
| | | 2008 | 2007 | 2008 | 2007 |
| | | $ | $ | % | % |
| [1] AsiaMedic Eyecare Clinic Pte Ltd (Singapore) | Provision of eye screening services | 50,000 | – | 30 | – |
| [2] Positron Tracers Pte Ltd (Singapore) | Manufacturing and selling of fludeoxyglucose (FDG) and other radioactive isotopes | 181,500 | 181,500 | 33 | 33 |
| | | 231,500 | 181,500 | | |

[1] Audited by Ernst & Young LLP, Singapore.
[2] Audited by KPMG LLP, Singapore.

On 6 February 2008, AsiaMedic Eye Centre Pte Ltd, a 60% owned subsidiary of the Group incorporated an associate, AsiaMedic Eyecare Clinic Pte Ltd with a paid up capital of $2. AsiaMedic Eye Centre Pte Ltd holds a 50% interest in the associate. Subsequently, AsiaMedic Eye Centre Pte Ltd subscribed for 49,999 ordinary shares at cash consideration of $49,999.

## 11. Investment in associates (cont'd)

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

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| ***Assets and liabilities*** | | |
| Current assets | 2,508,762 | 1,888,424 |
| Non-current assets | 1,853,639 | 2,253,955 |
| Total assets | 4,362,401 | 4,142,379 |
| Current liabilities | 571,849 | 372,749 |
| Non-current liabilities | 5,423,614 | 5,374,423 |
| Total liabilities | 5,995,463 | 5,747,172 |
| ***Results:*** | | |
| Revenue | 2,295,502 | 2,185,056 |
| (Loss)/Profit for the year | (127,373) | 85,474 |

## 12. Deferred tax assets/(liabilities)

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| Balance at 1 January | (129,406) | (179,433) |
| Charge to income statement during the financial year | (170,888) | 50,027 |
| Balance at 31 December | (300,294) | (129,406) |
| ***Deferred tax assets*** | | |
| Differences in depreciation for tax purposes | – | – |
| Unutilised capital allowance and tax losses | 33,627 | 33,627 |
| Provisions for unutilised leave | 2,427 | 960 |
| Others | – | 11,175 |
| | 36,054 | 45,762 |
| ***Deferred tax liabilities*** | | |
| Differences in depreciation for tax purposes | (336,348) | (175,168) |
| Net deferred tax liabilities | (300,294) | (129,406) |

## 12. Deferred tax assets/(liabilities) (cont'd)

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

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| Deferred tax assets | 33,627 | 33,627 |
| Deferred tax liabilities | (333,921) | (163,033) |
| | (300,294) | (129,406) |

At the balance sheet date, the Group has unutilised tax losses of approximately $2,541,000 (2007: $1,762,000), capital allowances of $1,071,000 (2007: $924,000), investment allowance of $649,000 (2007: $680,000) that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of Singapore.

## 13. Inventories

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| Medical supplies, at cost | 107,502 | 184,473 |

## 14. Trade receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $ | $ | $ | $ |
| Due from third parties | 1,163,578 | 1,096,067 | – | – |
| Due from subsidiaries | – | – | 4,989,278 | 6,947,235 |
| Allowance for impairment | | | | |
| - third parties | (8,744) | (8,457) | – | – |
| - subsidiaries | – | – | (2,110,465) | (2,110,465) |
| | 1,154,834 | 1,087,610 | 2,878,813 | 4,836,770 |
| Trade receivables | 1,154,834 | 1,087,610 | 2,878,813 | 4,836,770 |
| Add : Other receivables (Note 15) | 525,980 | 337,060 | 234,547 | 137,508 |
| Add : Cash and cash equivalents (Note 16) | 8,745,105 | 7,992,892 | 7,313,421 | 5,899,415 |
| Total loans and receivables | 10,425,919 | 9,417,562 | 10,426,781 | 10,873,693 |

## 14. Trade receivables (cont'd)

Trade receivables due from third parties are unsecured, non-interest bearing and are generally on 30 - 90 days' terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade receivables due from subsidiaries are unsecured, non-interest bearing and are repayable on demand.

***Receivables that are past due but not impaired***

The Group has trade receivables amounting to $642,439 (2007: $622,118) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | $ | $ |
| Trade receivable past due: | | |
| Lesser than 30 days | 345,051 | 394,388 |
| 30 to 60 days | 117,586 | 118,634 |
| 61 to 90 days | 35,992 | 35,072 |
| More than 90 days | 143,810 | 74,024 |
| | 642,439 | 622,118 |

***Receivables that are impaired***

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

| | | |
|---|---|---|
| Trade receivables | 8,744 | 8,457 |
| Less: Allowance for impairment | (8,744) | (8,457) |
| | – | – |
| Movement in allowance accounts : | | |
| At 1 January | 8,457 | 38,317 |
| Charge for the year | 287 | 8,276 |
| Written off | – | (38,136) |
| At 31 December | 8,744 | 8,457 |

For the year ended 31 December 2008, an impairment loss of $287 (2007: $8,276) was recognised in the income statement.

## 15. Other receivables

| | Group 2008 | Group 2007 | Company 2008 | Company 2007 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Deposits | 291,593 | 287,575 | 93,385 | 88,661 |
| Other debtors | 6,624 | 2,168 | 2,564 | 1,530 |
| Interest receivables | 112,965 | 47,317 | 112,965 | 47,317 |
| Due from associate | 114,798 | – | 25,633 | – |
| | 525,980 | 337,060 | 234,547 | 137,508 |

Amount due from an associate is unsecured, non-interest bearing and repayable on demand.

At the balance sheet date, the Group recorded an impairment loss of $75,000 (2007: $nil) on the amount due from an associate.

## 16. Cash and cash equivalents

| | Group 2008 | Group 2007 | Company 2008 | Company 2007 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Cash at banks and in hand | 2,745,105 | 2,392,892 | 1,313,421 | 299,415 |
| Fixed deposits | 6,000,000 | 5,600,000 | 6,000,000 | 5,600,000 |
| | 8,745,105 | 7,992,892 | 7,313,421 | 5,899,415 |

Fixed deposits are placed with financial institutions for varying periods of between one week and three months depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates ranging from 0.31% to 2.38% (2007: 0.75% to 2.65%) per annum.

## 17. Trade payables

| | Group 2008 | Group 2007 | Company 2008 | Company 2007 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Due to third parties | 358,039 | 370,519 | 37,552 | 37,610 |
| Due to a subsidiary | – | – | 570,378 | 1,229,281 |
| Due to a minority shareholder | – | 99,506 | – | – |
| | 358,039 | 470,025 | 607,930 | 1,266,891 |
| Trade payables | 358,039 | 470,025 | 607,930 | 1,266,891 |
| Add : Other payables (Note 18) | 1,137,386 | 1,287,224 | 401,332 | 408,253 |
| Add : Obligations under finance leases (Note 19) | 874,703 | 1,005,364 | 19,934 | 28,053 |
| Total financial liabilities carried at amortised cost | 2,370,128 | 2,762,613 | 1,029,196 | 1,703,197 |

## 17. Trade payables (cont'd)

The amounts due to third parties are unsecured, non-interest bearing and are normally settled on 60-day terms.

The amount due to a minority shareholder who is also a director of the Company is unsecured, non-interest bearing and repayable on demand.

## 18. Other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $ | $ | $ | $ |
| Accrued operating expenses | 1,084,335 | 1,225,607 | 368,368 | 382,580 |
| Provisions | 53,051 | 61,617 | 32,964 | 25,673 |
| | 1,137,386 | 1,287,224 | 401,332 | 408,253 |

## 19. Obligations under finance leases

The Group and Company have entered into finance lease arrangements for certain medical equipment and office equipment. These leases expire over the next 5 years. The discount rates implicit in the leases range from 4.14% to 6.5% (2007: 4.14% to 6.5%) per annum.

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

| | Group | | | |
|---|---|---|---|---|
| | 2008 | | 2007 | |
| | Minimum payments | Present value of minimum payments | Minimum payments | Present value of minimum payments |
| | $ | $ | $ | $ |
| Not later than one year | 491,879 | 462,089 | 437,724 | 401,475 |
| Later than one year but not later than five years | 441,877 | 412,614 | 628,069 | 603,889 |
| Total minimum lease payments | 933,756 | 874,703 | 1,065,793 | 1,005,364 |
| Less : Amounts representing finance charges | (59,053) | – | (60,429) | – |
| Present value of minimum lease payments | 874,703 | 874,703 | 1,005,364 | 1,005,364 |

## 19. Obligations under finance leases (cont'd)

| | Company | | | |
|---|---|---|---|---|
| | 2008 | | 2007 | |
| | Minimum payments | Present value of minimum payments | Minimum payments | Present value of minimum payments |
| | $ | $ | $ | $ |
| Not later than one year | 12,935 | 12,068 | 9,660 | 8,123 |
| Later than one year but not later than five years | 8,367 | 7,866 | 21,295 | 19,930 |
| Total minimum lease payments | 21,302 | 19,934 | 30,955 | 28,053 |
| Less : Amounts representing finance charges | (1,368) | – | (2,902) | – |
| Present value of minimum lease payments | 19,934 | 19,934 | 28,053 | 28,053 |

## 20. Share capital

| | Group and Company | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| At 1 January | | |
| 335,325,219 (2007: 292,987,230) ordinary shares | 21,550,530 | 16,550,530 |
| Additional placement of nil (2007: 42,337,989) ordinary shares | – | 5,000,000 |
| At 31 December | | |
| 335,325,219 (2007: 335,325,219) ordinary shares | 21,550,530 | 21,550,530 |

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.

The Company has an employee share option scheme under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

## 21. Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 22). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $ | $ | $ | $ |
| At 1 January | 19,491 | – | 19,491 | – |
| Grant of equity-settled share options | 24,439 | 19,491 | 24,439 | 19,491 |
| At 31 December | 43,930 | 19,491 | 43,930 | 19,491 |

## 22. Employee benefits expense

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $ | $ |
| Salaries and bonuses | 4,432,102 | 4,328,707 |
| Central Provident Fund contributions | 254,028 | 235,877 |
| Share-based payments (employee share option scheme) | 24,439 | 19,491 |
| Other short-term benefits | 154,237 | 14,841 |
| | 4,864,806 | 4,598,916 |

### *Employee Share Option Scheme*

At the Extraordinary General Meeting held on 16 February 1993, shareholders approved the adoption of the Employee Share Option Scheme ("ESOS"). The terms and condition of the ESOS were subsequently amended at the Extraordinary General Meetings of the Company held on 18 September 2006 and 16 October 2003. All employees who have been in service for one year as at 30 June 2007 are entitled to a grant of share options of the Company, under ESOS. The employees were offered the share options based on their job grades and performance grading. ESOS was granted on 22 August 2007.

The vesting of the options occurred one year after the grant date. The exercise price of the option is determined at the average of the last dealt prices of AsiaMedic Limited's shares on the Singapore Securities Exchange Trading Limited on the three consecutive business days preceding the date of the grant. The contractual life of the options is five years and there are no cash settlement alternatives.

## 22. Employee benefits expense (cont'd)

***Movement of share options during the financial year***

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Number of share options | WAEP $ | Number of share options | WAEP $ |
| Outstanding at 1 January | 1,580,000 | 0.10 | 3,230,000 | 0.10 |
| - Granted | – | – | 1,580,000 | 0.10 |
| - (Cancelled) | (245,000) | 0.10 | (3,230,000) | 0.10 |
| Outstanding at 31 December | 1,335,000 | 0.10 | 1,580,000 | 0.10 |
| Exercisable at 31 December | 1,335,000 | 0.10 | – | – |

***Fair value of share options granted***

The fair value of the share options granted under the ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted. No share options were granted during the financial year.

The following table lists the inputs to the option pricing models for the years ended 31 December 2008 and 2007:

| | ESOS (Binomial) | |
|---|---|---|
| | 2008 | 2007 |
| Expected volatility (%) | – | 0.38 |
| Risk-free interest rate (% per annum) | – | 0.03 |
| Expected life of option (years) | – | 5.00 |
| Weighed average share price ($) | – | 0.10 |

## 23. Related party transactions

(a) ***Sale and purchase of goods and services***

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

| | Group | |
|---|---|---|
| | 2008 $ | 2007 $ |
| Administration fee income from an associate | 12,000 | – |
| Purchase of consumables from an associate | (523,994) | (516,000) |
| Professional fees paid/payable to a director | (53,467) | (301,156) |

## 23. Related party transactions (cont'd)

(b) ***Compensation of key management personnel***

| | Group 2008 | Group 2007 |
|---|---|---|
| | $ | $ |
| Salaries and bonus | 1,697,064 | 1,324,824 |
| Central Provident Fund contributions | 33,405 | 31,329 |
| Other short-term benefits | 12,000 | 7,360 |
| Directors' fee | 122,500 | 128,000 |
| | 1,864,969 | 1,491,513 |
| Comprise amounts paid to : | | |
| - Directors of the Company | 479,889 | 413,982 |
| - Other key management personnel | 1,385,080 | 1,077,531 |
| | 1,864,969 | 1,491,513 |

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

***Director's interest in employee share option plan***

During the financial year, nil (2007: 500,000) share options were granted to a director under the ESOS at an exercise price of $0.10 each. At the balance sheet date, the total number of outstanding share options granted by the Company to a director under the ESOS amount to 500,000 (2007: 500,000).

| Director | Options granted during 2008 | Aggregate options granted since commencement of scheme to 31.12.2008 | Aggregate options lapsed since commencement of scheme to 31.12.2008 | Aggregate options outstanding as at 31.12.2008 |
|---|---|---|---|---|
| Dr Low Cze Hong | – | 500,000 | – | 500,000 |

## 24. Commitments

(a) ***Operating lease commitments – as lessee***

The Group has entered into an operating lease agreement for premises for use as office and clinics. The lease has a remaining lease term of 1 year and one month.

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

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | $ | $ |
| Not later than one year | 876,505 | 881,020 |
| Later than one year but not later than five years | 5,000 | 881,505 |
| | 881,505 | 1,762,525 |

(b) ***Capital commitments***

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

| | 2008 | 2007 |
|---|---|---|
| Capital commitment in respect of plant and equipment | 110,000 | 480,000 |

## 25. Fair value of financial instruments

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair values due to their short term nature.

The fair value of obligations under finance leases, which is estimated by discounting expected future cash flows at market incremental lending rates for similar types of leasing arrangements at the balance sheet date, approximates the carrying value as the market incremental lending rates did not deviate significantly from the interest rates.

The management determined that the non-current loan to an associate forms part of its investment in the associate. The fair value of the loan is not determinable as the timing of future cash flows arising from the loan cannot be estimated reliably.

## 26. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Board of Directors reviews and approves policies and procedures for the management of these risks and they are summarised below.

***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's maximum exposure to credit risk in is the carrying amount of loans and receivables as indicated in Note 14. It is the Group's policy to enter into dealing with creditworthy third parties and financial institutions.

At the balance sheet date, there were no significant concentrations of credit risk for the Group, while almost all of the Company's receivables were balances with subsidiaries.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings.

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

***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 market risk for changes in interest rates relates primarily to their fixed deposit placement with financial institutions and hire purchase obligations.

It is the Group's policy to place cash in fixed deposits and therefore changes in market interest rates will impact the Group's potential return on the fixed deposits and bank balances.

The Group has minimum interest rate risk in relations to obligations under hire purchase agreements as the interest rates are fixed upon inception of the leases.

***Liquidity risk***

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arise primarily from mismatches of the maturity of financial assets and liabilities. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, this excludes the potential impact of extraordinary events if any.

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

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

| | 1 year or less | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Group** | | | | |
| **2008** | | | | |
| Trade payables | 358,039 | – | – | 358,039 |
| Other payables | 1,137,386 | – | – | 1,137,386 |
| Obligations under finance lease | 491,879 | 441,877 | – | 933,756 |
| | 1,987,304 | 441,877 | – | 2,429,181 |
| **2007** | | | | |
| Trade payables | 470,025 | – | – | 470,025 |
| Other payables | 1,287,224 | – | – | 1,287,224 |
| Obligations under finance lease | 437,724 | 628,069 | – | 1,065,793 |
| | 2,194,973 | 628,069 | – | 2,823,042 |
| **Company** | | | | |
| **2008** | | | | |
| Trade payables | 607,930 | – | – | 607,930 |
| Other payables | 401,332 | – | – | 401,332 |
| Obligations under finance lease | 12,935 | 8,367 | – | 21,302 |
| | 1,022,197 | 8,367 | – | 1,030,564 |
| **2007** | | | | |
| Trade payables | 1,266,891 | – | – | 1,266,891 |
| Other payables | 408,253 | – | – | 408,253 |
| Obligations under finance lease | 9,660 | 21,295 | – | 30,955 |
| | 1,684,804 | 21,295 | – | 1,706,099 |

## 27. Capital management

The Group reviews and manages its capital structure to ensure optimal capital structure to maximise shareholder's returns taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flow, projected capital expenditures and projected strategic investment opportunities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtain new borrowings. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2007.

## 28. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Directors on 18 March 2009.

# SHAREHOLDING STATISTICS

As at 16 March 2009

Issued & Fully Paid-Up Capital : $21,550,529.50
Number & Class of Shares : 335,325,219 Ordinary shares

## ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 999 | 12 | 0.42 | 2,850 | 0.00 |
| 1,000 - 10,000 | 1,356 | 47.98 | 7,914,579 | 2.36 |
| 10,001 - 1,000,000 | 1,424 | 50.39 | 117,135,399 | 34.93 |
| 1,000,001 and above | 34 | 1.20 | 210,272,391 | 62.71 |
| Total: | 2,826 | 100.00 | 335,325,219 | 100.00 |

## LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

AS AT 16 MARCH 2009

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | GRANDIFLORA PTE LTD | 81,340,000 | 24.26 |
| 2 | UNITED OVERSEAS BANK NOMINEES | 18,715,000 | 5.58 |
| 3 | CITIBANK NOMS S'PORE PTE LTD | 11,180,000 | 3.33 |
| 4 | TAN YU SING LUCIENNE | 8,567,598 | 2.56 |
| 5 | TAN GUEK MING | 8,467,598 | 2.53 |
| 6 | DBS VICKERS SECS (S) PTE LTD | 8,346,000 | 2.49 |
| 7 | OCBC SECURITIES PRIVATE LTD | 7,412,000 | 2.21 |
| 8 | TAN WANG CHEOW | 7,201,396 | 2.15 |
| 9 | TAN AH SOON | 5,510,000 | 1.64 |
| 10 | DBS NOMINEES PTE LTD | 5,486,000 | 1.64 |
| 11 | SOH PICK HAR | 4,305,799 | 1.28 |
| 12 | HSBC (SINGAPORE) NOMS PTE LTD | 4,050,000 | 1.21 |
| 13 | CHAN MENG HUAT | 3,697,000 | 1.10 |
| 14 | KIM ENG SECURITIES PTE. LTD. | 3,188,000 | 0.95 |
| 15 | PHILLIP SECURITIES PTE LTD | 2,985,000 | 0.89 |
| 16 | LEONG CHONG HUAT | 2,450,000 | 0.73 |
| 17 | BNP PARIBAS NOMS S'PORE PL | 2,150,000 | 0.64 |
| 18 | SATINDER SINGH A S | 2,000,000 | 0.60 |
| 19 | NG MARY | 1,943,000 | 0.58 |
| 20 | DB NOMINEES (S) PTE LTD | 1,929,000 | 0.58 |
| Total: | | 190,923,391 | 56.94 |

## SHAREHOLDINGS IN THE HANDS OF THE PUBLIC
AS AT 16 MARCH 2009

Percentage of shareholdings held in the hands of the public is approximately 68.59%, which is more than 10% of the issued share capital of the Company. Therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

## SUBSTANTIAL SHAREHOLDERS
(As shown in the Register of Substantial Shareholders)

| | Direct Interest | % | Deemed Interest | % |
|---|---|---|---|---|
| Grandiflora Pte Ltd | 81,340,000 | 24.26 | - | - |
| Mr. Anthony Salim | - | - | 40,670,000 | 12.13 |
| Mr. Chairul Tanjung | - | - | 40,670,000 | 12.13 |
| Tan Wang Cheow | *14,091,396 | 4.20 | 8,467,598 | 2.53 |
| Tan Guek Ming | 8,467,598 | 2.53 | 14,091,396 | 4.20 |

Mr. Anthony Salim and Mr. Chairul Tanjung are deemed to be interested in 40,670,000 of the shares held by Grandiflora Pte Ltd.

Tan Wang Cheow and Tan Guek Ming are deemed to be interested in the shares held by each other.

* 6,890,000 shares held in the name of a nominee.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 350 Orchard Road, #08-00 Shaw House, Singapore 238868 on 18 April 2009 at 9:00 a.m. to transact the following businesses:-

**ORDINARY BUSINESS**

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

2. To approve the Directors' Fees of S$122,500.00 for the financial year ended 31 December 2008. (2007: S$128,000.00) **(Resolution 2)**

3. To re-elect the following Directors who are retiring in accordance with the Company's Articles of Association:-

    1. Ms Suzanne Liau **(Resolution 3)**
    2. Mr Goh Kian Chee **(Resolution 4)**

    Ms Suzanne Liau will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee.

    Mr Goh Kian Chee will, upon re-election as a Director of the Company, remain the Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as a member of the Nominating Committee and a member of the Remuneration Committee.

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

**SPECIAL BUSINESS**

To consider and if thought fit, pass the following ordinary resolution, with or without modifications:-

5. "(a) That pursuant to Section 161 of the Companies Act, and the listing rules of the SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

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

    (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority 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 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or
(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

(ii) the 50 per cent. limit in sub-paragraph (i) above may be increased to 100% for issues of shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are entitled to participate in the same on a pro-rata basis; and

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

**(Resolution 6)**

6. "That subject to and conditional upon the passing of Resolution 6 above, approval be and is hereby given to the directors of the Company at any time to issue shares (other than on a pro-rata basis to shareholders of the Company) at an issue price for each share which shall be determined by the directors of the Company in their absolute discretion provided that such price shall not represent a discount of more than 20 per cent. to the weighted average price of a share for trades done on the SGX-ST (as determined in accordance with the requirements of SGX-ST." **(Resolution 7)**

7. "That the Directors of the Company be and are hereby authorized to offer and grant from time to holders of options granted by the Company under The AsiaMedic Limited Employees' Share Option Scheme 2003 (the "Scheme") established by the Company and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time." **(Resolution 8)**

**ANY OTHER BUSINESS**

The Board of Directors would like shareholders to know that the Board has approved the payment of an interim dividend of 0.17 cents per share for the financial year ending 31 December 2009.

Dated this 1 Day of April 2009

**BY ORDER OF THE BOARD**

Foo Soon Soo
Company Secretary

**Notes:**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy and vote on his stead.

2. Such proxy need not be a member of the Company.

3. If the appointer 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 350 Orchard Road, #08-00 Shaw House Singapore 238868 not later than 48 hours before the time appointed for the Meeting.

**Explanatory Notes:**

1. (a) The Ordinary Resolution in item 5 above is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company of which (a) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) by way of a rights issue does not exceed 100% of the total number of issued shares excluding treasury shares, (b) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) to be issued on a pro rata but non-renounceable basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares, and (c) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares provided always the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) under (a), (b) and (c) shall not exceed 100% of the total number of issued shares excluding treasury shares.

   (b) The increased limit of up to 100% for renounceable rights issue will be effective up to 31 December 2010 pursuant to SGX-ST's notification dated 19 February 2009 and the increased limit is subject to the conditions that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

2. In the Ordinary Resolution in item 6, the increase in the discount limit of up to 20% for the issue of shares on a non-pro rata issue basis is effective up to 31 December 2010 pursuant to SGX-ST's notification dated 19 February 2009

3. The Ordinary Resolution in item 7 if passed, will empower the Directors of the Company to issue shares in the capital of the Company pursuant to the exercise of the options under the Scheme up to an amount in aggregate not exceeding 15 per centum (15%) of the issued share capital of the Company.

# NOTICE OF INTERIM DIVIDEND AND BOOK CLOSURE DATE

An interim tax-exempt dividend (1-tier) of 0.17 cents per share, in respect of the financial year ending 31 December 2009 will be paid on 12 May 2009 to shareholders whose names appear in the Register of Members on 27 April 2009 at 5:00 p.m. Accordingly, the Transfer Books and Register of Members of the Company will be closed after 5:00 p.m. on 27 April 2009 to 29 April 2009, for the purpose of determining shareholders' entitlements to the proposed first and final dividend.

Registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd. at 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721, up to 5:00 p.m. on 27 April 2009 will be registered before entitlements to the dividend are determined.

Dated this 1st Day of April 2009

**BY ORDER OF THE BOARD**

Foo Soon Soo
Company Secretary

# PROXY FORM

## ASIAMEDIC LIMITED

(Reg No: 197401556E)
(Incorporated in the Republic of Singapore)

**IMPORTANT**

1. For investors who have used their CPF monies to buy AsiaMedic Limited's shares, this Annual Report 2008 is forwarded to them at the request of their CPF Approved Nominees, and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We, ______________________________________________________________________

of ________________________________________________________________________

being *a member/members of AsiaMedic Limited (the "Company"), hereby appoint

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |
| And/or (delete as appropriate) | | | |
| | | | |

or failing him/her/ the Chairman of meeting as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at 350 Orchard Road, #08-00 Shaw House, Singapore 238868 on 18 April 2009 at 9:00 a.m. and at any adjournment thereof. The *proxy is/proxies are to vote for or against the Resolutions to be proposed at the AGM 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 other matter arising at the Meeting:-

| No | Ordinary Resolutions | | For | Against |
|---|---|---|---|---|
| | **Ordinary Business:** | | | |
| 1. | To receive and consider the Audited Accounts of the Company for the year ended 31 December 2008. | ***(Resolution 1)*** | | |
| 2. | To approve the Directors' fees of **S$122,500.00** for the financial year ended 31 December 2008.(2007: S$128,000.00) | ***(Resolution 2)*** | | |
| 3. | 1. To re-elect Ms Suzanne Liau as a Director. | ***(Resolution 3)*** | | |
| 4. | 2. To re-elect Mr Goh Kian Chee as a Director. | ***(Resolution 4)*** | | |
| 5. | To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. | ***(Resolution 5)*** | | |
| | **Special Business:** | | | |
| 6. | To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50. | ***(Resolution 6)*** | | |
| 7. | To authorize Directors to issue placement shares at an issue price of up to a maximum discount of 20% to the market price of the shares. | ***(Resolution 7)*** | | |
| 8. | To authorise the Directors to offer and grant options and issue shares in connection with the AsiaMedic Limited Employees' Share Option Scheme 2003. | ***(Resolution 8)*** | | |

*(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of Meeting.)*

Dated this ___________ day of ___________2009.

| Total Number of Shares Held |
|---|
| |

_____________________________________
Signature(s) of Member(s)/Common Seal
*Delete where applicable

**Notes:-**

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

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorized officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 350, Orchard Road, #08-00 Shaw House, Singapore 238868 not later than 48 hours before the time set for the Annual General Meeting.

6. 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, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in this 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 shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

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

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

**ASIAMEDIC LIMITED**

(Co. Reg. No. 197401556E)

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