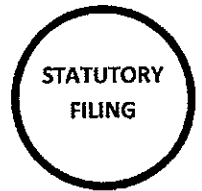


Company Registration No: 199205095C
Charity Registration No: 1036
IPC No: HEF0004/G



ST. LUKE'S HOSPITAL
(Incorporated in Singapore)
AND ITS SUBSIDIARY

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

31 MARCH 2011

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

31 MARCH 2011

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ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

REPORT OF THE DIRECTORS - 31 MARCH 2011

The directors are pleased to present their report to the members together with the audited consolidated financial statements of St. Luke's Hospital (the "Company") and its subsidiary (hereinafter collectively referred the "Group") for the financial year ended 31 March 2011 and the Company's audited balance sheet as at 31 March 2011, and statements of financial activities and income and expenditure, and statement of changes in funds of the Company for the year then ended.

1 Directors

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

| | |
|------------------------|---|
| Foong Daw Ching | (Alternate director: Choo Eng Beng) |
| Peng Chung Mien | (Alternate director: Allan Wong) |
| Jeyaraj Indra Raj | (Alternate director: Danny Ng Bock Hon) |
| Tan Wee Liang | (Alternate director: Johnny Lau) |
| Ernest Chew Chin Tiong | (Alternate director: Quek Mong Hua) |
| Mark Chan Boon Kiong | (Appointed 23 August 2010) |
| | (Alternate director: Loke Mun Kead Alick) |
| John Lau Tai Chong | (Alternate director: Francis Maniam) |
| Ho Yew Kee | |
| Judy Chor Swee Suet | (Appointed 24 January 2011) |
| | (Alternate director: Tan Wee King) |
| Chua Song Khim | (Appointed 1 March 2011) |

2 Directors' Interest in Shares, Debentures, Dividends and Share Options

The Company and its subsidiary are limited by guarantee and do not have share capital. All matters relating to the issue of shares, debentures, dividends and share options are thus not applicable.

3 Directors' Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201 (8) of the Companies Act, Cap. 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

4 Conflict of Interest

Statement of Purpose and Authority

Pursuant to the letter on "Good Governance for the Larger Institutions of a Public Character (IPCs)" Under the Ministry of Health dated 27 June 2007, the Audit Committee (AC) has established a policy on the avoidance of conflict of interest for the Company.

**ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)**

REPORT OF THE DIRECTORS - 31 MARCH 2011

4 Conflict of Interest (cont'd)

Statement of Purpose and Authority (cont'd)

The Company's basic policy on avoidance of conflict of interest rests on three premises:

- a. Understanding what is a 'Conflict of Interest';
- b. Declaration of Conflict of Interest; and
- c. Abstention from decision making where Conflict of Interest has been declared or exists.

Definition of 'Conflict of Interest'

An operational definition of conflict of interest is when an individual is aware of "any interest in a transaction or arrangement that will affect his/her professional judgment to obtain the best value for the Company or to protect the interests of the Company."

Some of the more obvious conflicts of interest relate to:

- Procurement of goods or services (Contract with vendors);
- Hiring and personnel management pertaining to a close relationship with current board/committee members or decision makers;
- Provision of services or subsidies;
- Vested interest in other organisations that have dealings/relationships with the Company;
- Interest in joint ventures; and
- Major donors or representatives from major donors.

All key staff and directors must acknowledge that they understand the definition of 'Conflict of Interests' as above and they acknowledge that they will subscribe to the 'Avoidance of Conflict of Interest Policy' of the Company. This includes a declaration whenever there is a conflict or potential conflict and the individual will abstain from all decisions regarding that conflict of interest.

At the beginning of each financial year, the acknowledgement of the 'Conflict of Interest' notice is served to individuals and the 'Declaration of Conflict of Interest' notice at the end of each financial year. Members must declare the existence of a conflict of interest as soon as the individual becomes aware of the situation. To aid the members in discharging their responsibility in relation to the existence of a possible conflict of interest, members are required to declare their membership or significant involvement or interests in organisations that may pose a possible conflict of interest to the Company.

Abstention from Decision Making

Once an individual is aware of the existence of a conflict of interest, he/she must abstain from the decision making process pertaining to the possible conflict of interest. This means the individual should not influence the decision process. This does not necessarily prevent the individual from providing relevant and expert knowledge on the issue or participate in the discussion but he/she should only do so with wisdom so as not to influence the decision.

**ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)**

REPORT OF THE DIRECTORS - 31 MARCH 2011

5 Reserve Policy

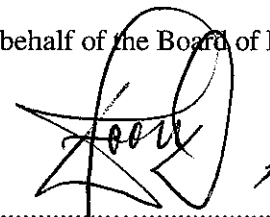
The Group's and the Company's primary objective is to provide medical, nursing, rehabilitative care and day care services to the needy and sick elderly, regardless of their race and religion. It strives to provide comprehensive and seamless care for its patients and clients and its services include inpatient services, mainly rehabilitative, sub-acute and continuing care, and community-based services like home medical, home nursing, home therapy, day rehabilitation, day care, health maintenance and wellness programme.

Pursuant to the Code of Governance for Charities and IPCs Guideline 6.3.1, the Board has established a reserve policy ("Reserve Policy") for the Group and the Company. In setting the Reserve Policy, the Board feels that it is more reasonable to use net liquid assets available to meet expenditure obligations as a reserve measurement instead of unrestricted funds as some of these unrestricted funds may not represent cash or cash equivalent or liquid assets which can be used to meet its expenditure obligations. Net liquid assets available to meet expenditure obligations is calculated as total assets less property, plant and equipment and inventories less total restricted funds and total current liabilities. The reserves of the Group and the Company provide financial stability and the means for the development of their operations and activities. The Group intends to maintain the reserves at a level sufficient for its operating needs and the Board regularly reviews the amount of reserves that are required to ensure that they are adequate to fulfill its continuing obligations.

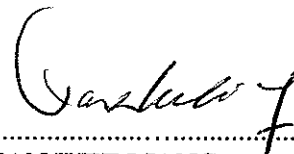
6 Independent Auditors

The independent auditors, Moore Stephens LLP, Public Accountants and Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors



.....
FOONG DAW CHING
Director



.....
TAN WEE LIANG
Director

Singapore
25 July 2011

**ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)**

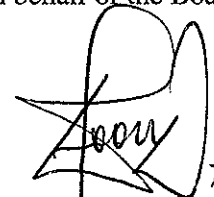
STATEMENT BY DIRECTORS

31 MARCH 2011

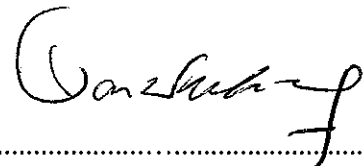
In the opinion of the directors;

- (a) the consolidated financial statements of the Group and of the Company as set out on pages 7 to 64 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2011, and of the results, changes in funds of the Group and of the Company, and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



.....
FOONG DAW CHING
Director



.....
TAN WEE LIANG
Director

Singapore
25 July 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**ST. LUKE'S HOSPITAL
(Incorporated in Singapore)**

We have audited the accompanying financial statements of St. Luke's Hospital (the "Company") and its subsidiary (the "Group") as set out on pages 7 to 64, which comprise the balance sheets as at 31 March 2011 and the statements of financial activities and income and expenditure, statements of changes in funds of the Group and the Company, and the consolidated cash flow statement of the Group for the financial 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 of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**ST. LUKE'S HOSPITAL
(Incorporated in Singapore)**

(cont'd)

Opinion

In our opinion, the financial statements of the Group and 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 March 2011 and the results, changes in funds of the Group and of the Company, and the cash flows of the Group for the year ended 31 March 2011.

Report on Other Legal and Regulatory Requirements

During the course of our audit, nothing came to our attention that caused us to believe that the Group and Company did not comply with the requirements of Regulation 15(1) of the Charities Act, Cap. 37 (Institutions of a Public Character) Regulations 2007 which states that the total fund-raising and sponsorship expenses for the financial year should not exceed 30% of the total gross receipts from fund-raising and sponsorships for the period; and the use of donation money received is not in accordance with the Group and the Company's objectives.

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP

Moore Stephens LLP
Public Accountants and
Certified Public Accountants

Singapore
25 July 2011

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

| 1 April 2010 to 31 March 2011 Group | Note | ← Unrestricted Funds → | | | | | | | Restricted Funds | | Fair Value Reserve | Total Funds |
|--|-------------|-------------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|-----------------------|-------------------------|-----------------|---------------------------|--------------------|
| | | General Fund | Building Fund - General | Building Fund - Chapel | Building Fund - Hospital | New Project Fund⁽¹⁾ | Asset Replacement Fund | Eldercare Fund | Scholarship Fund | Subtotal | | |
| | | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Incoming Resources | | | | | | | | | | | | |
| Incoming resources from charitable activities | 4 | 18,599,721 | - | - | - | - | - | - | 18,599,721 | - | - | 18,599,721 |
| Incoming resources from generated funds | | | | | | | | | | | | |
| - Voluntary income | 5 | 3,209,589 | - | - | - | - | - | - | 3,209,589 | 493,472 | - | 3,703,061 |
| - Activities for generating funds | 5 | 1,075,614 | - | - | - | - | - | - | 1,075,614 | - | - | 1,075,614 |
| Other incoming resources | 6 | 243,838 | - | - | - | - | - | - | 243,838 | 3,441 | - | 247,279 |
| Investment income | 7 | 221,296 | - | - | - | - | 4,074 | 1,105 | 227,028 | 4,231 | - | 231,259 |
| Total incoming resources | | 23,350,058 | - | - | - | - | 4,074 | 1,105 | 23,355,790 | 501,144 | - | 23,856,934 |
| Resources Expended | | | | | | | | | | | | |
| Cost of generating funds | | | | | | | | | | | | |
| -Charitable activities expenses | 8 | 21,856,609 | - | - | - | - | - | - | 21,856,609 | 510,814 | - | 22,367,423 |
| Governance costs | 9 | 683,640 | - | - | - | - | - | - | 683,640 | - | - | 683,640 |
| Fund raising expenses | | 239,018 | - | - | - | - | - | - | 239,018 | - | - | 239,018 |
| Total resources expended | | 22,779,267 | - | - | - | - | - | - | 22,779,267 | 510,814 | - | 23,290,081 |
| Net Incoming Resources before Transfers | 10 | 570,791 | - | - | - | - | 4,074 | 1,105 | 576,523 | (9,670) | - | 566,853 |
| Transfers between funds | | 100,000 | - | - | (7,000,000) | 7,000,000 | - | - | (100,000) | - | - | - |
| Utilisation of operation grant | | 85,553 | - | - | - | - | - | - | 85,553 | (85,553) | - | - |
| Net Incoming/(Outgoing) Resources before other recognised gains | | 756,344 | - | - | (7,000,000) | 7,000,000 | 4,074 | 1,105 | (99,447) | (95,223) | - | 566,853 |
| Other Recognised Gains | | | | | | | | | | | | |
| Gain on disposal of available-for-sale financial assets | 6 | 53,014 | - | - | - | - | - | - | 53,014 | - | - | 53,014 |
| Net Movements in Funds | | 809,358 | - | - | (7,000,000) | 7,000,000 | 4,074 | 1,105 | (99,447) | (95,223) | - | 619,867 |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

(cont'd)

| | Note | ← Unrestricted Funds → | | | | | | | | Restricted Funds | | Fair Value Reserve S\$ | Total Funds S\$ |
|--|-----------|------------------------|--------------------------------|-------------------------------|---------------------------------|--|-------------------------------|-----------------------|-------------------------|-------------------|------------------------------|---------------------------|--------------------|
| | | General Fund S\$ | Building Fund - General S\$ | Building Fund - Chapel S\$ | Building Fund - Hospital S\$ | New Project Fund ⁽¹⁾ S\$ | Asset Replacement Fund S\$ | Eldercare Fund S\$ | Scholarship Fund S\$ | Subtotal S\$ | Other Funds (Note 21) S\$ | | |
| 1 April 2010 to 31 March 2011 | | | | | | | | | | | | | |
| Group (cont'd) | | | | | | | | | | | | | |
| Total Funds Brought Forward | | 9,572,513 | 1,639,905 | 163,159 | 7,000,000 | - | 1,785,441 | 501,159 | 350,646 | 21,012,823 | 2,409,727 | 341,374 | 23,763,924 |
| Amortisation expenses net of depreciation of property, plant and equipment credited to charitable activities expenses | 20 and 21 | - | (103,032) | (10,248) | - | - | - | - | - | (113,280) | (40,000) | - | (153,280) |
| Available-for-sale financial assets: Net fair value gain on available-for-sale financial assets recognised in fair value reserve | 22 | - | - | - | - | - | - | - | - | - | - | 376,062 | 376,062 |
| Reclassification adjustments for losses included in profit or loss | 22 | - | - | - | - | - | - | - | - | - | - | (27,623) | (27,623) |
| Total Funds Carried Forward | | 10,381,871 | 1,536,873 | 152,911 | - | 7,000,000 | 1,789,515 | 502,264 | 251,199 | 21,614,633 | 2,274,504 | 689,813 | 24,578,950 |

⁽¹⁾ The New Project Fund was set up by the Company during the financial year with S\$7,000,000 transferred from the Building Fund-Hospital. The purpose of the Fund is to provide funds for future new project requirements as the Hospital's management does not foresee building a new hospital in the near future in view of the construction of the new Jurong Community Hospital in the same vicinity.

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

(cont'd)

| | Note | ← Unrestricted Funds → | | | | | | | Restricted Funds | | Total Funds S\$ | |
|--|------|------------------------|--------------------------------|-------------------------------|---------------------------------|-------------------------------|--------------------------|-------------------------|------------------|------------------------------|--------------------|---------------------------|
| | | General Fund S\$ | Building Fund - General S\$ | Building Fund - Chapel S\$ | Building Fund - Hospital S\$ | Asset Replacement Fund S\$ | Eldercare Fund S\$ | Scholarship Fund S\$ | Subtotal S\$ | Other Funds (Note 21) S\$ | | Fair Value Reserve S\$ |
| 1 April 2009 to 31 March 2010 | | | | | | | | | | | | |
| Group | | | | | | | | | | | | |
| Incoming Resources | | | | | | | | | | | | |
| Incoming resources from charitable activities | 4 | 16,505,781 | - | - | - | - | - | - | 16,505,781 | 2,210 | - | 16,507,991 |
| Incoming resources from generated funds | | | | | | | | | | | | |
| - Voluntary income | 5 | 3,348,855 | - | - | - | - | - | - | 3,348,855 | 474,368 | - | 3,823,223 |
| - Activities for generating funds | 5 | 753,614 | - | - | - | - | - | - | 753,614 | - | - | 753,614 |
| Other incoming resources | 6 | 168,051 | - | - | - | - | - | - | 168,051 | 1,066 | - | 169,117 |
| Investment income | 7 | 158,185 | - | - | - | 7,864 | 3,149 | 646 | 169,844 | 8,767 | - | 178,611 |
| Total incoming resources | | 20,934,486 | - | - | - | 7,864 | 3,149 | 646 | 20,946,145 | 486,411 | - | 21,432,556 |
| Resources Expended | | | | | | | | | | | | |
| Cost of generating funds | | | | | | | | | | | | |
| -Charitable activities expenses | 8 | 17,653,019 | - | - | - | - | - | - | 17,653,019 | 375,827 | - | 18,028,846 |
| Governance costs | 9 | 617,044 | - | - | - | - | - | - | 617,044 | - | - | 617,044 |
| Fund raising expenses | | 77,244 | - | - | - | - | - | - | 77,244 | - | - | 77,244 |
| Total resources expended | | 18,347,307 | - | - | - | - | - | - | 18,347,307 | 375,827 | - | 18,723,134 |
| Net Incoming Resources before Transfers | | | | | | | | | | | | |
| Transfers between funds | 10 | 2,587,179 | - | - | - | 7,864 | 3,149 | 646 | 2,598,838 | 110,584 | - | 2,709,422 |
| Utilisation of operation grant | | 674,534 | - | - | - | - | (824,534) ⁽¹⁾ | 100,000 ⁽²⁾ | (50,000) | 50,000 ⁽³⁾ | - | - |
| | | 27,514 | - | - | - | - | - | - | 27,514 | (27,514) | - | - |
| Net Incoming/(Outgoing) Resources before other recognised gains | | 3,289,227 | - | - | - | 7,864 | (821,385) | 100,646 | 2,576,352 | 133,070 | - | 2,709,422 |
| Other Recognised Gains | | | | | | | | | | | | |
| Gain on disposal of available-for-sale financial assets | 6 | 40,145 | - | - | - | - | - | - | 40,145 | - | - | 40,145 |
| Net Movements in Funds | | 3,329,372 | - | - | - | 7,864 | (821,385) | 100,646 | 2,616,497 | 133,070 | - | 2,749,567 |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

(cont'd)

| <u>1 April 2009 to 31 March 2010</u> Group (cont'd) | Note | ← Unrestricted Funds → | | | | | | | Restricted | Fair Value Reserve S\$ | Total Funds S\$ | |
|--|-----------|------------------------|--------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|--------------------------|----------------------------|-----------------|------------------------------|-----------------------|------------------------------------|
| | | General Fund S\$ | Building Fund - General S\$ | Building Fund - Chapel S\$ | Building Fund - Hospital S\$ | Asset Replacement Fund S\$ | Eldercare Fund S\$ | Scholarship Fund S\$ | Subtotal S\$ | | | Other Funds (Note 21) S\$ |
| Total Funds Brought Forward | | 6,243,141 | 1,742,936 | 173,410 | 7,000,000 | 1,777,577 | 1,322,544 | 250,000 | 18,509,608 | 2,316,657 | (110,994) | 20,715,271 |
| Amortisation expenses net of depreciation of property, plant and equipment credited to charitable activities expenses | 20 and 21 | - | (103,031) | (10,251) | - | - | - | - | (113,282) | (40,000) | - | (153,282) |
| Available-for-sale financial assets: Net fair value gain on available-for-sale financial assets recognised in fair value reserve | 22 | - | - | - | - | - | - | - | - | - | 441,767 | 441,767 |
| Reclassification adjustments for gains included in profit or loss | 22 | - | - | - | - | - | - | - | - | - | 10,601 | 10,601 |
| Total Funds Carried Forward | | 9,572,513 | 1,639,905 | 163,159 | 7,000,000 | 1,785,441 | 501,159 | 350,646 | 21,012,823 | 2,409,727 | 341,374 | 23,763,924 |

- (1) \$824,534 was transferred from eldercare fund to general fund as the Hospital's management does not foresee any major utilisation of the fund in view of the healthy reserve built up over the years by the eldercare operations.
- (2) A scholarship fund was set up by St Luke's Eldercare Ltd ("SLEC") during the previous financial year with \$100,000 transferred from the general fund. The purpose of the Fund is to provide scholarships to students doing physiotherapy to attract them to join SLEC after they had completed their studies.
- (3) The patient welfare fund in SLEC was increased by \$50,000 transferred from the general fund. The fund is to provide financial assistance to needy clients.

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

(cont'd)

| <u>1 April 2010 to 31 March 2011</u> Company | Note | ← Unrestricted Funds → | | | | | | | | Restricted Funds | | Fair Value Reserve | Total Funds |
|---|------|------------------------|-------------------------|------------------------|--------------------------|---------------------------------|------------------------|----------------|-------------------|------------------|------------------------|--------------------|-------------------|
| | | General Fund | Building Fund - General | Building Fund - Chapel | Building Fund - Hospital | New Project Fund ⁽¹⁾ | Asset Replacement Fund | Eldercare Fund | Scholarship Fund | Subtotal | Other Funds (Note 2.1) | | |
| | | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Incoming Resources | | | | | | | | | | | | | |
| Incoming resources from charitable activities | 4 | 15,104,922 | - | - | - | - | - | - | 15,104,922 | - | - | - | 15,104,922 |
| Incoming resources from generated funds | | | | | | | | | | | | | |
| - Voluntary income | 5 | 2,566,258 | - | - | - | - | - | - | 2,566,258 | 493,472 | - | - | 3,059,730 |
| - Activities for generating funds | 5 | 437,654 | - | - | - | - | - | - | 437,654 | - | - | - | 437,654 |
| Other incoming resources | 6 | 321,180 | - | - | - | - | - | - | 321,180 | 3,441 | - | - | 324,621 |
| Investment income | 7 | 218,521 | - | - | - | - | 3,144 | 1,105 | 223,323 | 4,231 | - | - | 227,554 |
| Total incoming resources | | 18,648,535 | - | - | - | - | 3,144 | 1,105 | 18,653,337 | 501,144 | - | - | 19,154,481 |
| Resources Expended | | | | | | | | | | | | | |
| Cost of generating funds | | | | | | | | | | | | | |
| - Charitable activities expenses | 8 | 17,603,036 | - | - | - | - | - | - | 17,603,036 | 510,814 | - | - | 18,113,850 |
| Governance costs | 9 | 552,912 | - | - | - | - | - | - | 552,912 | - | - | - | 552,912 |
| Fund raising expenses | | 148,224 | - | - | - | - | - | - | 148,224 | - | - | - | 148,224 |
| Total resources expended | | 18,304,172 | - | - | - | - | - | - | 18,304,172 | 510,814 | - | - | 18,814,986 |
| Net Incoming Resources before Transfers | 10 | 344,363 | - | - | - | - | 3,144 | 1,105 | 349,165 | (9,670) | - | - | 339,495 |
| Transfers between funds | | - | - | - | (7,000,000) | 7,000,000 | - | - | - | - | - | - | - |
| Net Incoming Resources before Other recognised gains | | 344,363 | - | - | (7,000,000) | 7,000,000 | 3,144 | 1,105 | 349,165 | (9,670) | - | - | 339,495 |
| Other Recognised Gains | | | | | | | | | | | | | |
| Gain on disposal of available-for-sale financial assets | 6 | 53,014 | - | - | - | - | - | - | 53,014 | - | - | - | 53,014 |
| Net movements in Funds | | 397,377 | - | - | (7,000,000) | 7,000,000 | 3,144 | 1,105 | 402,179 | (9,670) | - | - | 392,509 |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

(cont' d)

| <u>1 April 2010 to 31 March 2011</u> Company (cont'd) | Note | ← Unrestricted Funds → | | | | | | | | Restricted Funds | | Fair Value Reserve S\$ | Total Funds S\$ |
|--|-----------|------------------------|--------------------------------|-------------------------------|---------------------------------|--|-------------------------------|-----------------------|-------------------------|------------------|------------------------------|---------------------------|--------------------|
| | | General Fund S\$ | Building Fund - General S\$ | Building Fund - Chapel S\$ | Building Fund - Hospital S\$ | New Project Fund ⁽¹⁾ S\$ | Asset Replacement Fund S\$ | Eldercare Fund S\$ | Scholarship Fund S\$ | Subtotal S\$ | Other Funds (Note 21) S\$ | | |
| Total Funds Brought Forward | | 6,817,097 | 1,639,905 | 163,159 | 7,000,000 | - | 1,364,581 | 501,159 | 250,646 | 17,736,547 | 2,057,355 | 341,374 | 20,135,276 |
| Amortisation expenses net of depreciation of property, plant and equipment credited to charitable activities expenses | 20 and 21 | - | (103,032) | (10,248) | - | - | - | - | - | (113,280) | - | - | (113,280) |
| Available-for-sale financial assets: Net fair value gain on available-for-sale financial assets recognised in fair value reserve | 22 | - | - | - | - | - | - | - | - | - | - | 376,062 | 376,062 |
| Reclassification adjustments for losses included in profit or loss | 22 | - | - | - | - | - | - | - | - | - | - | (27,623) | (27,623) |
| Total Funds Carried Forward | | 7,214,474 | 1,536,873 | 152,911 | - | 7,000,000 | 1,367,725 | 502,264 | 251,199 | 18,025,446 | 2,047,685 | 689,813 | 20,762,944 |

⁽¹⁾ The New Project Fund was set up by the Company during the financial year with S\$7,000,000 transferred from the Building Fund-Hospital. The purpose of the Fund is to provide funds for future new project requirements as the Hospital's management does not foresee building a new hospital in the near future in view of the construction of the new Jurong Community Hospital in the same vicinity.

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

(cont'd)

| <u>1 April 2009 to 31 March 2010</u> Company | Note | ← Unrestricted Funds → | | | | | | | Restricted Funds | | Fair Value Reserve S\$ | Total Funds S\$ |
|---|------|------------------------|-----------------------------|----------------------------|------------------------------|----------------------------|--------------------------|----------------------|-------------------|---------------------------|------------------------|-------------------|
| | | General Fund S\$ | Building Fund - General S\$ | Building Fund - Chapel S\$ | Building Fund - Hospital S\$ | Asset Replacement Fund S\$ | Eldercare Fund S\$ | Scholarship Fund S\$ | Subtotal S\$ | Other Funds (Note 21) S\$ | | |
| Incoming Resources | | | | | | | | | | | | |
| Incoming resources from charitable activities | 4 | 14,124,119 | - | - | - | - | - | - | 14,124,119 | 2,210 | - | 14,126,329 |
| Incoming resources from generated funds | | | | | | | | | | | | |
| - Voluntary income | 5 | 2,426,692 | - | - | - | - | - | - | 2,426,692 | 474,368 | - | 2,901,060 |
| - Activities for generating funds | 5 | 380,012 | - | - | - | - | - | - | 380,012 | - | - | 380,012 |
| Other incoming resources | 6 | 254,171 | - | - | - | - | - | - | 254,171 | 1,066 | - | 255,237 |
| Investment income | 7 | 149,733 | - | - | - | 6,426 | 3,149 | 646 | 159,954 | 8,767 | - | 168,721 |
| Total incoming resources | | 17,334,727 | - | - | - | 6,426 | 3,149 | 646 | 17,344,948 | 486,411 | - | 17,831,359 |
| Resources Expended | | | | | | | | | | | | |
| Cost of generating funds | | | | | | | | | | | | |
| - Charitable activities expenses | 8 | 14,773,524 | - | - | - | - | - | - | 14,773,524 | 375,827 | - | 15,149,351 |
| Governance costs | 9 | 518,155 | - | - | - | - | - | - | 518,155 | - | - | 518,155 |
| Fund raising expenses | | 37,655 | - | - | - | - | - | - | 37,655 | - | - | 37,655 |
| Total resources expended | | 15,329,334 | - | - | - | - | - | - | 15,329,334 | 375,827 | - | 15,705,161 |
| Net Incoming Resources before Transfers | | | | | | | | | | | | |
| | 10 | 2,005,393 | - | - | - | 6,426 | 3,149 | 646 | 2,015,614 | 110,584 | - | 2,126,198 |
| Transfers between funds | | 824,534 | - | - | - | - | (824,534) ⁽¹⁾ | - | - | - | - | - |
| Net Incoming Resources before Other recognised gains | | 2,829,927 | - | - | - | 6,426 | (821,385) | 646 | 2,015,614 | 110,584 | - | 2,126,198 |
| Other Recognised Gains | | | | | | | | | | | | |
| Gain on disposal of available-for-sale financial assets | 6 | 40,145 | - | - | - | - | - | - | 40,145 | - | - | 40,145 |
| Net movements in Funds | | 2,870,072 | - | - | - | 6,426 | (821,385) | 646 | 2,055,759 | 110,584 | - | 2,166,343 |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

(cont'd)

| | Note | ← Unrestricted Funds → | | | | | | | Restricted | Fair Value Reserve | Total Funds | |
|---|-----------|------------------------|-------------------------|------------------------|--------------------------|------------------------|----------------|------------------|-------------------|--------------------|----------------|-----------------------|
| | | General Fund | Building Fund - General | Building Fund - Chapel | Building Fund - Hospital | Asset Replacement Fund | Eldercare Fund | Scholarship Fund | Subtotal | | | Other Funds (Note 21) |
| 1 April 2009 to 31 March 2010 Company (cont'd) | | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | |
| Total Funds Brought Forward | | 3,947,025 | 1,742,936 | 173,410 | 7,000,000 | 1,358,155 | 1,322,544 | 250,000 | 15,794,070 | 1,946,771 | (110,994) | 17,629,847 |
| Amortisation expenses net of depreciation of property, plant and equipment credited to charitable activities expenses | 20 and 21 | - | (103,031) | (10,251) | - | - | - | - | (113,282) | - | - | (113,282) |
| Available-for-sale financial assets | | | | | | | | | | | | |
| Net fair value gain on available-for-sale financial assets recognised in fair value reserve | 22 | - | - | - | - | - | - | - | - | - | 441,767 | 441,767 |
| Reclassification adjustments for gains included in profit or loss | 22 | - | - | - | - | - | - | - | - | - | 10,601 | 10,601 |
| Total Funds Carried Forward | | 6,817,097 | 1,639,905 | 163,159 | 7,000,000 | 1,364,581 | 501,159 | 250,646 | 17,736,547 | 2,057,355 | 341,374 | 20,135,276 |

(1) \$824,534 was transferred from Eldercare fund to General fund as the Hospital's management does not foresee any major utilisation of the fund in view of the healthy reserve built up over the years by the eldercare operations.

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

BALANCE SHEETS

AS AT 31 MARCH 2011

| | Note | Group | | Company | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | 2011 S\$ | 2010 S\$ | 2011 S\$ | 2010 S\$ |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 14 | 11,737,642 | 12,607,334 | 10,512,490 | 11,289,820 |
| Available-for-sale financial assets | 15 | 5,663,076 | 4,139,969 | 5,663,076 | 4,139,969 |
| | | <u>17,400,718</u> | <u>16,747,303</u> | <u>16,175,566</u> | <u>15,429,789</u> |
| Current Assets | | | | | |
| Available-for-sale financial assets | 15 | - | 507,200 | - | 507,200 |
| Inventories, at cost | | 212,100 | 141,037 | 212,100 | 141,037 |
| Accounts receivable | 16 | 990,931 | 988,179 | 980,951 | 981,550 |
| Other receivables and other current assets | 17 | 962,611 | 1,278,715 | 894,073 | 1,205,907 |
| Cash and cash equivalents | 18 | 13,896,240 | 12,646,327 | 10,168,540 | 9,515,197 |
| | | <u>16,061,882</u> | <u>15,561,458</u> | <u>12,255,664</u> | <u>12,350,891</u> |
| Total Assets | | <u>33,462,600</u> | <u>32,308,761</u> | <u>28,431,230</u> | <u>27,780,680</u> |
| FUNDS AND LIABILITIES | | | | | |
| FUNDS | | | | | |
| <u>Unrestricted Funds</u> | | | | | |
| General fund | 19 | 10,381,871 | 9,572,513 | 7,214,474 | 6,817,097 |
| Designated funds | | | | | |
| - Building fund - general | 20 | 1,536,873 | 1,639,905 | 1,536,873 | 1,639,905 |
| - Building fund - chapel | 20 | 152,911 | 163,159 | 152,911 | 163,159 |
| - Building fund - hospital | 20 | - | 7,000,000 | - | 7,000,000 |
| - New project fund | 20 | 7,000,000 | - | 7,000,000 | - |
| - Asset replacement fund | 20 | 1,789,515 | 1,785,441 | 1,367,725 | 1,364,581 |
| - Eldercare fund | 20 | 502,264 | 501,159 | 502,264 | 501,159 |
| - Scholarship fund | 20 | 251,199 | 350,646 | 251,199 | 250,646 |
| | | <u>21,614,633</u> | <u>21,012,823</u> | <u>18,025,446</u> | <u>17,736,547</u> |
| <u>Restricted Funds</u> | | | | | |
| Other funds | 21 | 2,274,504 | 2,409,727 | 2,047,685 | 2,057,355 |
| Fair value reserve | 22 | 689,813 | 341,374 | 689,813 | 341,374 |
| Total Funds | | <u>24,578,950</u> | <u>23,763,924</u> | <u>20,762,944</u> | <u>20,135,276</u> |
| LIABILITIES | | | | | |
| Non-Current Liabilities | | | | | |
| Deferred building grant | 23 | 5,911,834 | 6,192,272 | 5,384,439 | 5,745,897 |
| Deferred equipment grant | 24 | 35,370 | 50,437 | 35,370 | 50,437 |
| | | <u>5,947,204</u> | <u>6,242,709</u> | <u>5,419,809</u> | <u>5,796,334</u> |
| Current Liabilities | | | | | |
| Accounts payable | | 823,345 | 911,096 | 823,345 | 911,096 |
| Due to subsidiary | 25 | - | - | 22,779 | 17,390 |
| Other payables | 26 | 2,113,101 | 1,391,032 | 1,402,353 | 920,584 |
| | | <u>2,936,446</u> | <u>2,302,128</u> | <u>2,248,477</u> | <u>1,849,070</u> |
| Total Liabilities | | <u>8,883,650</u> | <u>8,544,837</u> | <u>7,668,286</u> | <u>7,645,404</u> |
| Total Funds and Liabilities | | <u>33,462,600</u> | <u>32,308,761</u> | <u>28,431,230</u> | <u>27,780,680</u> |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF CHANGES IN FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

| | Unrestricted <u>Funds</u> S\$ | Restricted <u>Funds</u> S\$ | Fair value <u>Reserve</u> S\$ | <u>Total</u> S\$ |
|---|-------------------------------------|-----------------------------------|-------------------------------------|---------------------|
| Group | | | | |
| Balance at 1 April 2010 | 21,012,823 | 2,409,727 | 341,374 | 23,763,924 |
| Net resources | | | | |
| Net incoming resources | 349,495 | (13,901) | - | 335,594 |
| Net investment income | 227,028 | 4,231 | - | 231,259 |
| Subtotal | 576,523 | (9,670) | - | 566,853 |
| Net transfers between funds | | | | |
| Transfers between funds | - | - | - | - |
| Utilisation of operation grants | 85,553 | (85,553) | - | - |
| Subtotal | 85,553 | (85,553) | - | - |
| Gain on disposal of available-for-sale financial assets | 53,014 | - | - | 53,014 |
| Amortisation expenses recognised in statements of financial activities and income and expenditure | (113,280) | (40,000) | - | (153,280) |
| Net fair value gain on available-for-sale financial assets recognised in fair value reserve | - | - | 348,439 | 348,439 |
| Balance at 31 March 2011 | 21,614,633 | 2,274,504 | 689,813 | 24,578,950 |
| Balance at 1 April 2009 | 18,509,608 | 2,316,657 | (110,994) | 20,715,271 |
| Net resources | | | | |
| Net incoming resources | 2,428,994 | 101,817 | - | 2,530,811 |
| Net investment income | 169,844 | 8,767 | - | 178,611 |
| Subtotal | 2,598,838 | 110,584 | - | 2,709,422 |
| Net transfers between funds | | | | |
| Transfers between funds | (50,000) | 50,000 | - | - |
| Utilisation of operation grants | 27,514 | (27,514) | - | - |
| Subtotal | (22,486) | 22,486 | - | - |
| Gain on disposal of available-for-sale financial assets | 40,145 | - | - | 40,145 |
| Amortisation expenses recognised in statements of financial activities and income and expenditure | (113,282) | (40,000) | - | (153,282) |
| Net fair value gain on available-for-sale financial assets recognised in fair value reserve | - | - | 452,368 | 452,368 |
| Balance at 31 March 2010 | 21,012,823 | 2,409,727 | 341,374 | 23,763,924 |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

STATEMENTS OF CHANGES IN FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

(cont'd)

| | Unrestricted <u>Funds</u> S\$ | Restricted <u>Funds</u> S\$ | Fair value <u>Reserve</u> S\$ | <u>Total</u> S\$ |
|---|-------------------------------------|-----------------------------------|-------------------------------------|---------------------|
| Company | | | | |
| Balance at 1 April 2010 | 17,736,547 | 2,057,355 | 341,374 | 20,135,276 |
| Net resources | | | | |
| Net incoming resources | 125,842 | (13,901) | - | 111,941 |
| Net investment income | 223,323 | 4,231 | - | 227,554 |
| Subtotal | 349,165 | (9,670) | - | 339,495 |
| Gain on disposal of available-for-sale financial assets | 53,014 | - | - | 53,014 |
| Amortisation expenses recognised in statements of financial activities and income and expenditure | (113,280) | - | - | (113,280) |
| Net fair value gain on available-for-sale financial assets recognised in fair value reserve | - | - | 348,439 | 348,439 |
| Balance at 31 March 2011 | 18,025,446 | 2,047,685 | 689,813 | 20,762,944 |
| Balance at 1 April 2009 | 15,794,070 | 1,946,771 | (110,994) | 17,629,847 |
| Net resources | | | | |
| Net incoming resources | 1,855,660 | 101,817 | - | 1,957,477 |
| Net investment income | 159,954 | 8,767 | - | 168,721 |
| Subtotal | 2,015,614 | 110,584 | - | 2,126,198 |
| Gain on disposal of available-for-sale financial assets | 40,145 | - | - | 40,145 |
| Amortisation expenses recognised in statements of financial activities and income and expenditure | (113,282) | - | - | (113,282) |
| Net fair value gain on available-for-sale financial assets recognised in fair value reserve | - | - | 452,368 | 452,368 |
| Balance at 31 March 2010 | 17,736,547 | 2,057,355 | 341,374 | 20,135,276 |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

| | <u>Note</u> | <u>2011</u> S\$ | <u>Group</u> <u>2010</u> S\$ |
|---|-------------|--------------------|------------------------------------|
| Cash Flows from Operating Activities | | | |
| Surplus for the year | | 619,867 | 2,749,567 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 14 | 1,542,695 | 1,362,835 |
| Interest income | 7 | (109,483) | (136,776) |
| Dividend income | 7 | (121,776) | (41,835) |
| Amortisation of deferred building & equipment grant | 14 | (585,096) | (473,540) |
| Amortisation of capital fund | 14 | (40,000) | (40,000) |
| Amortisation of building fund | | | |
| - General | 14 | (103,032) | (103,031) |
| - Chapel | 14 | (10,248) | (10,251) |
| (Gain)/loss on disposal of property, plant and equipment | | (150) | 116 |
| Gain on sale of available-for-sale financial assets | 6 | (53,014) | (40,145) |
| Impairment loss recognised on accounts receivable | 16 | 42,841 | 65,191 |
| Reversal of impairment loss on accounts receivable | 16 | (34,940) | (5,117) |
| Write-off against allowance for impairment loss | 16 | (12,315) | (22,223) |
| Surplus before movements in operating assets and liabilities | | <u>1,135,349</u> | <u>3,304,791</u> |
| Changes in operating assets and liabilities: | | | |
| Inventories | | (71,063) | 4,696 |
| Accounts receivable, other receivables and other current assets | | 320,967 | (469,178) |
| Accounts payable and other payables | | 634,318 | (369,616) |
| Net cash generated from operating activities | | <u>2,019,571</u> | <u>2,470,693</u> |
| Cash Flows from Investing Activities | | | |
| Purchase of available-for-sale financial assets | 15 | (1,416,659) | (1,618,511) |
| Purchase of property, plant and equipment | 14 | (673,003) | (1,081,087) |
| Proceeds from sale of available-for-sale financial assets | | 802,205 | 175,646 |
| Proceeds from disposal of property, plant and equipment | | 150 | 80 |
| Interest received | | 106,282 | 124,792 |
| Dividend received | 7 | 121,776 | 41,835 |
| Net cash used in investing activities | | <u>(1,059,249)</u> | <u>(2,357,245)</u> |
| Cash Flows from Financing Activity | | | |
| Grant received | | 289,591 | 340,791 |
| Net cash generated from financing activity | | <u>289,591</u> | <u>340,791</u> |
| Net increase in cash and cash equivalents | | 1,249,913 | 454,239 |
| Cash and cash equivalents at the beginning of the year | | <u>12,646,327</u> | <u>12,192,088</u> |
| Cash and cash equivalents at the end of the year | 18 | <u>13,896,240</u> | <u>12,646,327</u> |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

BALANCE SHEETS - SUPPLEMENTARY SCHEDULES AS AT 31 MARCH 2011

| 2011 Group | ← Unrestricted Funds → | | | | | | | Restricted Funds | | Total S\$ | |
|--|------------------------|--------------------------------------|-------------------------------------|---------------------------------------|--|-------------------------------------|--------------------------|----------------------------|-----------------------|----------------|-----------------------|
| | General Fund S\$ | Building Fund - General S\$ | Building Fund - Chapel S\$ | Building Fund - Hospital S\$ | New Project - Fund ⁽¹⁾ S\$ | Asset Replacement Fund S\$ | Eldercare Fund S\$ | Scholarship Fund S\$ | Other Funds S\$ | | Fair Value Reserve |
| Assets | | | | | | | | | | | |
| Non-Current assets | | | | | | | | | | | |
| Property, plant and equipment | 10,007,858 | 1,536,873 | 152,911 | - | - | - | - | - | 40,000 | - | 11,737,642 |
| Available-for-sale financial assets | - | - | - | - | 4,973,263 | - | - | - | - | 689,813 | 5,663,076 |
| | <u>10,007,858</u> | <u>1,536,873</u> | <u>152,911</u> | <u>-</u> | <u>4,973,263</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,000</u> | <u>689,813</u> | <u>17,400,718</u> |
| Current assets | | | | | | | | | | | |
| Available-for-sale financial assets | | | | | | | | | | | |
| Inventories | 212,100 | - | - | - | - | - | - | - | - | - | 212,100 |
| Accounts receivable | 990,931 | - | - | - | - | - | - | - | - | - | 990,931 |
| Other receivables and other current assets | 961,592 | - | - | - | - | 382 | 63 | 32 | 542 | - | 962,611 |
| Cash and cash equivalents | 7,093,040 | - | - | - | 2,026,737 | 1,789,133 | 502,201 | 251,167 | 2,233,962 | - | 13,896,240 |
| | <u>9,257,663</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,026,737</u> | <u>1,789,515</u> | <u>502,264</u> | <u>251,199</u> | <u>2,234,504</u> | <u>-</u> | <u>16,061,882</u> |
| Total assets | <u>19,265,521</u> | <u>1,536,873</u> | <u>152,911</u> | <u>-</u> | <u>7,000,000</u> | <u>1,789,515</u> | <u>502,264</u> | <u>251,199</u> | <u>2,274,504</u> | <u>689,813</u> | <u>33,462,600</u> |
| Non-Current liabilities | | | | | | | | | | | |
| Deferred building Grant | 5,911,834 | - | - | - | - | - | - | - | - | - | 5,911,834 |
| Deferred equipment Grant | 35,370 | - | - | - | - | - | - | - | - | - | 35,370 |
| | <u>5,947,204</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,947,204</u> |
| Current liabilities | | | | | | | | | | | |
| Accounts payable and other payables | 2,936,446 | - | - | - | - | - | - | - | - | - | 2,936,446 |
| Total liabilities | <u>8,883,650</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,883,650</u> |
| Net assets | <u>10,381,871</u> | <u>1,536,873</u> | <u>152,911</u> | <u>-</u> | <u>7,000,000</u> | <u>1,789,515</u> | <u>502,264</u> | <u>251,199</u> | <u>2,274,504</u> | <u>689,813</u> | <u>24,578,950</u> |

⁽¹⁾ The New Project Fund was set up by the Company during the financial year with S\$7,000,000 transferred from the Building Fund-Hospital. The purpose of the Fund is to provide Funds for future new project requirements as the Hospital's management does not foresee building a new hospital in the near future in view of the construction of the New Jurong Community Hospital in the same vicinity.

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

BALANCE SHEETS - SUPPLEMENTARY SCHEDULES AS AT 31 MARCH 2011

(cont'd)

| | ← Unrestricted Funds → | | | | | | Restricted Funds | | Fair Value Reserve | Total |
|--|------------------------|-------------------------|------------------------|--------------------------|------------------------|----------------|------------------|------------------|--------------------|-------------------|
| | General Fund | Building Fund - General | Building Fund - Chapel | Building Fund - Hospital | Asset Replacement Fund | Eldercare Fund | Scholarship Fund | Other Funds | | |
| 2010 Group | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | |
| Assets | | | | | | | | | | |
| Non-Current assets | | | | | | | | | | |
| Property, plant and equipment | 10,724,270 | 1,639,905 | 163,159 | - | - | - | - | 80,000 | - | 12,607,334 |
| Available-for-sale financial assets | - | - | - | 3,799,295 | - | - | - | - | 340,674 | 4,139,969 |
| | <u>10,724,270</u> | <u>1,639,905</u> | <u>163,159</u> | <u>3,799,295</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>80,000</u> | <u>340,674</u> | <u>16,747,303</u> |
| Current assets | | | | | | | | | | |
| Available-for-sale financial assets | - | - | - | 506,500 | - | - | - | - | 700 | 507,200 |
| Inventories | 141,037 | - | - | - | - | - | - | - | - | 141,037 |
| Accounts receivable | 988,179 | - | - | - | - | - | - | - | - | 988,179 |
| Other receivables and other current assets | 1,276,928 | - | - | - | 907 | 165 | 101 | 614 | - | 1,278,715 |
| Cash and cash equivalents | 4,986,936 | - | - | 2,694,205 | 1,784,534 | 500,994 | 350,545 | 2,329,113 | - | 12,646,327 |
| | <u>7,393,080</u> | <u>-</u> | <u>-</u> | <u>3,200,705</u> | <u>1,785,441</u> | <u>501,159</u> | <u>350,646</u> | <u>2,329,727</u> | <u>700</u> | <u>15,561,458</u> |
| Total assets | <u>18,117,350</u> | <u>1,639,905</u> | <u>163,159</u> | <u>7,000,000</u> | <u>1,785,441</u> | <u>501,159</u> | <u>350,646</u> | <u>2,409,727</u> | <u>341,374</u> | <u>32,308,761</u> |
| Non-Current liabilities | | | | | | | | | | |
| Deferred building Grant | 6,192,272 | - | - | - | - | - | - | - | - | 6,192,272 |
| Deferred equipment Grant | 50,437 | - | - | - | - | - | - | - | - | 50,437 |
| | <u>6,242,709</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,242,709</u> |
| Current liabilities | | | | | | | | | | |
| Accounts payable and other payables | 2,302,128 | - | - | - | - | - | - | - | - | 2,302,128 |
| Total liabilities | <u>8,544,837</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,544,837</u> |
| Net assets | <u>9,572,513</u> | <u>1,639,905</u> | <u>163,159</u> | <u>7,000,000</u> | <u>1,785,441</u> | <u>501,159</u> | <u>350,646</u> | <u>2,409,727</u> | <u>341,374</u> | <u>23,763,924</u> |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

BALANCE SHEETS - SUPPLEMENTARY SCHEDULES AS AT 31 MARCH 2011

(cont'd)

| 2011 Company | ←————— Unrestricted Funds —————→ | | | | | | | Restricted Fund | | Fair Value Reserve S\$ | Total S\$ |
|--|----------------------------------|--------------------------------|-------------------------------|---------------------------------|---------------------------|-------------------------------|-----------------------|-------------------------|--------------------|---------------------------|--------------|
| | General Fund S\$ | Building Fund - General S\$ | Building Fund - Chapel S\$ | Building Fund - Hospital S\$ | New Project - Fund S\$ | Asset Replacement Fund S\$ | Eldercare Fund S\$ | Scholarship Fund S\$ | Other Funds S\$ | | |
| Assets | | | | | | | | | | | |
| Non-Current assets | | | | | | | | | | | |
| Property, plant and equipment | 8,822,706 | 1,536,873 | 152,911 | - | - | - | - | - | - | - | 10,512,490 |
| Available-for-sale financial assets | - | - | - | - | 4,973,263 | - | - | - | - | 689,813 | 5,663,076 |
| | 8,822,706 | 1,536,873 | 152,911 | - | 4,973,263 | - | - | - | - | 689,813 | 16,175,566 |
| Current assets | | | | | | | | | | | |
| Inventories | 212,100 | - | - | - | - | - | - | - | - | - | 212,100 |
| Accounts receivable | 980,951 | - | - | - | - | - | - | - | - | - | 980,951 |
| Other receivables and other current assets | 893,200 | - | - | - | - | 236 | 63 | 32 | 542 | - | 894,073 |
| Cash and cash equivalents | 3,973,803 | - | - | - | 2,026,737 | 1,367,489 | 502,201 | 251,167 | 2,047,143 | - | 10,168,540 |
| | 6,060,054 | - | - | - | 2,026,737 | 1,367,725 | 502,264 | 251,199 | 2,047,685 | - | 12,255,664 |
| Total assets | 14,882,760 | 1,536,873 | 152,911 | - | 7,000,000 | 1,367,725 | 502,264 | 251,199 | 2,047,685 | 689,813 | 28,431,230 |
| Non-Current liabilities | | | | | | | | | | | |
| Deferred building Grant | 5,384,439 | - | - | - | - | - | - | - | - | - | 5,384,439 |
| Deferred equipment Grant | 35,370 | - | - | - | - | - | - | - | - | - | 35,370 |
| | 5,419,809 | - | - | - | - | - | - | - | - | - | 5,419,809 |
| Current liabilities | | | | | | | | | | | |
| Accounts payable and other payables | 2,225,698 | - | - | - | - | - | - | - | - | - | 2,225,698 |
| Due to subsidiary | 22,779 | - | - | - | - | - | - | - | - | - | 22,779 |
| | 2,248,477 | - | - | - | - | - | - | - | - | - | 2,248,477 |
| Total liabilities | 7,668,286 | - | - | - | - | - | - | - | - | - | 7,668,286 |
| Net assets | 7,214,474 | 1,536,873 | 152,911 | - | 7,000,000 | 1,367,725 | 502,264 | 251,199 | 2,047,685 | 689,813 | 20,762,944 |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

BALANCE SHEETS - SUPPLEMENTARY SCHEDULES AS AT 31 MARCH 2011

(cont'd)

| <u>2010</u> Company | ← Unrestricted Funds → | | | | | | Restricted Funds | | Fair Value Reserve S\$ | Total S\$ |
|--|------------------------|--------------------------------|-------------------------------|---------------------------------|-------------------------------|-----------------------|-------------------------|--------------------|---------------------------|--------------|
| | General Fund S\$ | Building Fund - General S\$ | Building Fund - Chapel S\$ | Building Fund - Hospital S\$ | Asset Replacement Fund S\$ | Eldercare Fund S\$ | Scholarship Fund S\$ | Other Funds S\$ | | |
| Assets | | | | | | | | | | |
| Non-Current assets | | | | | | | | | | |
| Property, plant and equipment | 9,486,756 | 1,639,905 | 163,159 | - | - | - | - | - | - | 11,289,820 |
| Available-for-sale financial assets | - | - | - | 3,799,295 | - | - | - | - | 340,674 | 4,139,969 |
| | 9,486,756 | 1,639,905 | 163,159 | 3,799,295 | - | - | - | - | 340,674 | 15,429,789 |
| Current assets | | | | | | | | | | |
| Available-for-sale financial assets | - | - | - | 506,500 | - | - | - | - | 700 | 507,200 |
| Inventories | 141,037 | - | - | - | - | - | - | - | - | 141,037 |
| Accounts receivable | 981,550 | - | - | - | - | - | - | - | - | 981,550 |
| Other receivables and other current assets | 1,204,502 | - | - | - | 525 | 165 | 101 | 614 | - | 1,205,907 |
| Cash and cash equivalents | 2,648,656 | - | - | 2,694,205 | 1,364,056 | 500,994 | 250,545 | 2,056,741 | - | 9,515,197 |
| | 4,975,745 | - | - | 3,200,705 | 1,364,581 | 501,159 | 250,646 | 2,057,355 | 700 | 12,350,891 |
| Total assets | 14,462,501 | 1,639,905 | 163,159 | 7,000,000 | 1,364,581 | 501,159 | 250,646 | 2,057,355 | 341,374 | 27,780,680 |
| Non-Current liabilities | | | | | | | | | | |
| Deferred building Grant | 5,745,897 | - | - | - | - | - | - | - | - | 5,745,897 |
| Deferred equipment Grant | 50,437 | - | - | - | - | - | - | - | - | 50,437 |
| | 5,796,334 | - | - | - | - | - | - | - | - | 5,796,334 |
| Current liabilities | | | | | | | | | | |
| Accounts payable and other payables | 1,831,680 | - | - | - | - | - | - | - | - | 1,831,680 |
| Due to subsidiary | 17,390 | - | - | - | - | - | - | - | - | 17,390 |
| | 1,849,070 | - | - | - | - | - | - | - | - | 1,849,070 |
| Total liabilities | 7,645,404 | - | - | - | - | - | - | - | - | 7,645,404 |
| Net assets | 6,817,097 | 1,639,905 | 163,159 | 7,000,000 | 1,364,581 | 501,159 | 250,646 | 2,057,355 | 341,374 | 20,135,276 |

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

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General Information

St. Luke's Hospital (the "Company") is a public company limited by guarantee, and domiciled and incorporated in Singapore. The Company's registered office and principal place of business is 2 Bukit Batok Street 11, Singapore 659674.

The principal activity of the Company is to establish, carry on and maintain a hospital for the community including the elderly.

The principal activity of the subsidiary is to establish, carry on and maintain rehabilitation clinics and day care centres for the care of elderly persons and providing wellness programs.

There have not been any significant changes in the Group's principal activities during the financial year.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the date of the Statement by Directors.

2 Significant Accounting Policies

(a) Basis of Preparation

The financial statements, which are expressed in Singapore dollars, have been prepared in accordance with the provisions of the Singapore Companies Act, Cap.50, Charities Act, Cap. 37 (the "Act"), Singapore Financial Reporting Standards ("FRS") and Recommended Accounting Practice 6. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity are disclosed in Note 3 to the financial statements.

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(b) Adoption of New/Revised FRS and Charities Accounting Standard (CAS)

Adoption of New/Revised FRS

The Group and the Company adopted the new/revised FRS and Interpretations to FRS (INT FRS) that is mandatory for application and which are relevant to the Group and the Company. The adoption of these new and revised FRS and INT FRS did not have a material financial impact on the financial statements.

| | |
|----------------------|--|
| FRS 27 (revised) | Consolidated and Separate Financial Statements |
| FRS 103 (revised) | Business Combinations |
| Amendments to FRS 17 | Leases |

FRS 27 (revised) - Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The revised standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and the gain or loss recognised in the consolidated income statement. The Group has applied FRS 27 (revised) prospectively and the application of this standard did not have any impact on the financial position or financial performance of the Group.

FRS 103 (revised) - Business Combinations

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group has applied FRS 103 (revised) prospectively and the application of this standard did not have any impact on the financial position or financial performance of the Group.

Amendments to FRS 17 - Leases

The amendments to FRS 17 clarify the classification of leases. When a lease includes both the land and building elements, an entity assess the classification of each element as a finance or an operating lease separately. The application of this standard did not have a material impact on the financial position or financial performance of the Group and the Company.

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(b) Adoption of New/Revised FRS and Charities Accounting Standard (CAS) (cont'd)

New and Revised FRS Issued But Not Yet Effective for the Annual Period Beginning 1 April 2010

At the date of authorisation of these financial statements, the Group and the Company has not applied the following new or revised FRSs that have been issued and which are relevant to the Group but will only be effective for the Group and the Company for the annual period beginning 1 April 2011 onwards:

| | |
|-----------------------|---|
| FRS 24 (revised) | Related Party Disclosures |
| Amendments to FRS 103 | Business Combinations |
| Amendments to FRS 107 | Financial Instruments: Disclosures |
| Amendments to FRS 107 | Financial Instruments: Disclosures - Transfer of Financial Assets |

FRS 24 (revised) - Related Party Disclosures

The revised FRS 24 simplifies the definition of a related party and provides partial exemption for government-related entities. The revised FRS 24 applies retrospectively for annual periods beginning on or after 1 April 2011 but earlier application is permitted. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company and the Group upon implementation.

Amendments to FRS 103 - Business Combination

The amendments to FRS 103 clarifies:

- the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets, applies only to the instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value unless another measurement basis is required by a FRS.
- contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of the amendments to FRS 103 are to be accounted for in accordance with the guidance in the previous version of FRS 103, at initial recognition, i.e., contingent consideration is recognised at fair value if it is deemed to be probable of payment and can be measured reliably at the date of the acquisition. All subsequent changes in the contingent consideration are adjusted against the cost of the combination.

Under the amended FRS 103, at initial recognition, a contingent consideration is now required to be recognised at fair value even if it is deemed not to be probable of payment at the date of the acquisition. All subsequent changes in debt contingent consideration are recognised in the income statement, rather than against goodwill.

The changes are effective for accounting periods beginning on or after 1 April 2011. The application of this standard is not expected to have a material impact on the financial position or financial performance of the Group.

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(b) Adoption of New/Revised FRS and Charities Accounting Standard (CAS) (cont'd)

New and Revised FRS Issued But Not Yet Effective for the Annual Period Beginning 1 April 2010
(cont'd)

Amendments to FRS 107 - Financial Instruments: Disclosures

The amendments to FRS 107 include removal of the requirement to disclose the carrying amount of renegotiated financial assets that would be past due or impaired if not for the renegotiation. Clarification that disclosure of the amount that best represents the maximum exposure to credit risk is not required when this amount is presented by the carrying amount of the financial instrument and the requirement to disclose fair value of collateral and other credit enhancements is replaced with a description to disclose the financial effect of collateral and other credit enhancements. The changes are effective for accounting periods beginning on or after 1 April 2011. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented.

Amendments to FRS 107 - Financial Instruments: Disclosures – Transfer of Financial Assets

These amendments help users of financial statements to evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The new disclosure requirements apply only to the transfer of financial assets. The previous FRS 107 required an entity to disclose limited information on the transfer of financial assets which did not qualify for derecognition in their entirety. The amendments require an entity that has transferred financial assets to disclose:

- (i) information that enables users of its financial statements
 - to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and
 - to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets.
- (ii) entities must also provide additional disclosures if transfer activity is not evenly distributed in a reporting period (e.g. if transfer activity is concentrated around the end of reporting periods). This requirement addresses concerns over 'window-dressing' of the statement of financial position.

The amendments are effective for annual periods beginning on or after 1 July 2011. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented.

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(b) Adoption of New/Revised FRS and Charities Accounting Standard (CAS) (cont'd)

Charities Accounting Standard (CAS)

The Charities Accounting Standard (CAS) issued by Accounting Standards Council (ASC) is tailored to meet the needs of the charity sector and its stakeholders. The new standard will make financial reporting simpler and more relevant for charities while enhancing disclosures for greater transparency. The ASC had also set out the financial reporting framework for charities, which will apply to charities when they prepare their financial statements for financial periods beginning on or after 1 July 2011. The Company can choose to adopt the FRS or the CAS based on their own needs and operations.

(c) Currency Translation

Functional and presentation currency

Items included in the financial statements of the Group and Company are measured using the currency of the primary economic environment in which the entities in the Group and Company operate (the "functional currency"). The consolidated financial statements are presented in Singapore Dollars ("S\$"), which is the Group's and Company's functional and presentation currency, as it best reflects the economic substance of the underlying events and circumstances relevant to the Group and Company.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of financial activities and income and expenditure.

(d) Basis of Consolidation

Consolidation

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, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The subsidiary is consolidated from the date on which control is transferred to the Group. It is de-consolidated from the date on which control ceases.

Investment in subsidiary is stated at cost less accumulated impairment loss in the Company's balance sheet. On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the statements of financial activities and income and expenditure.

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(d) Basis of Consolidation (cont'd)

Consolidation (cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between the Company and the subsidiary are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of the subsidiary has been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to 31 March 2011. The financial statements of the subsidiary are prepared as of the same reporting date as the Company.

The subsidiary is 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.

Acquisition of Businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

Disposal of Subsidiary or Businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to the income statement or transferred directly to retained earnings if required by a specific FRS.

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(d) Basis of Consolidation (cont'd)

Disposal of Subsidiary or Businesses (cont'd)

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in the statements of financial activities and income and expenditure.

(e) Fund Accounting

Monies received for specific purposes, including transfers from the general fund, are credited directly to the respective fund financial statements. These include restricted funds and unrestricted funds. Restricted funds are funds held by the Group and Company that can only be applied for specific purposes. These funds are subject to specific trusts which may be declared by the donors or with their authority or created through legal process but are still within the wider objects of the Group and Company. Unrestricted funds are expendable at the discretion of the Company's Board of Directors in furtherance of the Group's and Company's objects. Designated fund is part of the unrestricted funds earmarks for a particular project. The designation is for administrative purpose only and does not restrict the board's discretion to apply the fund.

Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate. Common expenses, if any, are allocated on a reasonable basis to the funds based on a method suitable to this common expense. Assets and liabilities of the specific funds are pooled in the balance sheet.

Funds received for the purchase of depreciable assets are correspondingly recorded in their specific funds. These funds are transferred to the statements of financial activities and income and expenditure over the periods necessary to match the depreciation of property, plant and equipment to which the fund relates.

(f) Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. Subsequently, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | | |
|--------------------------------|---|--------------|
| Leasehold building | - | 30 years |
| Furniture and office equipment | - | 3 to 5 years |
| Hospital equipment | - | 5 years |
| Motor vehicles | - | 5 years |

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(f) Property, Plant and Equipment (cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted, as appropriate, at each balance sheet date. The effects of any revisions are recognised in the statements of financial activities and income and expenditure for the financial year in which the changes arise.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition to the month before disposal respectively.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. Other subsequent expenditure is recognised as repair and maintenance expenditure during the financial year in which it is incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is taken to the statements of financial activities and income and expenditure.

(g) Impairment of Non-financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. If such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the statements of financial activities and income and expenditures, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the statements of financial activities and income and expenditure, a reversal of that impairment is also recognised in the statements of financial activities and income and expenditure.

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(h) Financial Assets

Classification

The Group and the Company classifies its investments in financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group and the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in "accounts receivable" and "other receivables" on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

Recognition and derecognition

Purchases and sale of financial assets are recognised on trade date, which is the date on which the Group and the Company commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in statements of financial activities and income and expenditure.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of available-for-sale financial assets are recognised in the fair value reserve within funds. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within funds are included in the statements of financial activities and income and expenditure. Interest on available-for-sale financial assets, calculated using the effective interest method, is recognised in the statements of financial activities and income and expenditure.

ST. LUKE'S HOSPITAL AND ITS SUBSIDIARY
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

2 Significant Accounting Policies (cont'd)

(i) Impairment of Financial Assets

The Group and the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

An allowance for impairment of loans and receivables is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and default and delinquency of payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the statements of financial activities and income and expenditure.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statements of financial activities and income and expenditure – is removed from the fair value reserve within funds and recognised in the statements of financial activities and income and expenditure. Impairment losses are recognised in the statements of financial activities and income and expenditure on equity investments are not reversed through the statements of financial activities and income and expenditure, until the equity investments are disposed of.

(j) Financial Liabilities

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(k) Accounts Payable and Other Payables

Accounts payable and other payables, which are normally settled on 30 to 60 days term, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(l) Operating Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are taken to the statements of financial activities and income and expenditure on a straight-line basis over the year of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

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2 Significant Accounting Policies (cont'd)

(m) Inventories

Inventories comprising pharmaceutical and surgical products, linens and pyjamas are stated at the lower of cost and net realisable value. Cost is determined on an average cost basis and includes all costs in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and at bank, fixed deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Income Taxes

The Company and its subsidiary are approved charities under the Charities Act, Chapter 37 and an Institution of a Public Character under the Income Tax Act, Chapter 134. No provision for taxation has been made in the financial statements as the Company and its subsidiary are registered charities with income tax exemption.

(p) Revenue Recognition

Revenue from provision of services is recognised when such services are provided.

Cash donations which are still in collection containers at public and other premises or are in transit to the hospital are not recognised as income until they have been received by the hospital. Donations are recognised on a receipt basis. No value is ascribed to volunteer services, donated services, assets donated for continuing use or similar donations-in-kind, unless the benefit to the Group is reasonably quantifiable and measurable in which case an equivalent amount is recorded in expenditure, or capitalised as appropriate.

Donations-in-kind received for continuing use are capitalised and included in the balance sheet at a reasonable estimate or in the event that it is not practicable to do so, a nominal value of S\$1 is assigned to capitalise the useable assets.

Items received which are donated for resale, distribution or consumption are not recorded when received as it is usually not practical to ascertain the value of the items involved.

Interest income is recognised on a time proportion basis using the effective interest method.

(q) Grants

Grants received by the Group and the Company to cover a particular expenditure or programme are accounted for as income upon receipt of notification of the grant award, which normally coincides with the year when the related expenses, for which the grant is intended to cover, are incurred. The corresponding asset (grants receivable account) is also recognised then.

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2 Significant Accounting Policies (cont'd)

(q) Grants (cont'd)

Grants received for the purchase of depreciable assets are taken to a deferred building grant account. The deferred grants are recognised in the statements of financial activities and income and expenditure over the years necessary to match the depreciation of property, plant and equipment to which the grants relate.

(r) Expenditure

All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to that activity. Cost comprises direct expenditure including direct staff costs attributable to the activity.

Cost of generating funds

The cost of generating funds are those costs attributable to generating income for the Group and the Company, other than those costs incurred in undertaking charitable activities in furtherance of the Group's and the Company's objects.

Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Group and the Company. Those costs, where not wholly attributable, are apportioned between the categories of charitable expenditure. The total costs of each category of charitable expenditure therefore include an apportionment of support cost.

(s) Employee Benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current period and preceding financial years. The Group's and the Company's contributions to defined contribution plans are recognised in the financial year to which they relate.

Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(t) Fair Value Estimation

The carrying amounts of current financial assets and liabilities, carried at amortised cost, approximate their fair values. The fair values of non-current financial instruments are not disclosed unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

3 Critical Accounting Estimates, Assumptions and Judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

(i) *Critical accounting estimates and assumptions*

Estimated useful lives of property, plant and equipment

The Group's and the Company's management determines the useful lives and related depreciation charges for its property, plant and equipment. The estimate is based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amounts of the Group's and the Company's depreciable property, plant and equipment as at 31 March 2011 was S\$11,737,642 (2010: S\$12,607,334) and S\$10,512,490 (2010: S\$11,289,820) respectively.

A 10% difference in the expected useful life of these assets from management's estimates would result in increasing and decreasing the Group's and the Company statements of financial activities and income and expenditure for the year by approximately S\$154,270 (2010: S\$136,280) and S\$109,940 (2010: S\$105,380) respectively.

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

Impairment of accounts receivable and other receivables

The Group and the Company assess at each balance sheet date whether there is objective evidence that other receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated experience. During the financial year ended 31 March 2011, the Group and the Company provided for allowance of impairment loss amounting to S\$42,841 (2010: S\$65,191). As at 31 March 2011, the carrying amount of the accounts receivable and other receivable of the Group and the Company amounted to S\$1,755,954 (2010: S\$2,050,997) and S\$1,709,008 (2010: S\$1,998,710) respectively.

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3 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(ii) *Critical judgements made in applying accounting policies (cont'd)*

Impairment and depreciation of leasehold building

The building has been built with substantial grant from the MOH. The Group and the Company are not aware of any indications and conditions that may cause an impairment loss to the building. Having regard to their value to the Group and the Company as a going concern, the Group and the Company are of the opinion that the non current assets are stated in the Group's and the Company's balance sheets at an amount which does not exceed the amount which would be recoverable over their useful lives or on their disposal.

Grants from MOH are capitalised as building grant and amortised over the useful life of the leasehold building, which is 30 years. The difference between the carrying value of the leasehold building and the building grant is approximately S\$2,817,450 (2010: S\$4,000,000). If the lease would not be renewed, this amount would have to be written off to the statements of financial activities and income and expenditure. As at 31 March 2011, the carrying amount of the leasehold building of the Group and the Company amounted to S\$9,891,673 (2010: S\$10,514,985).

4 Incoming Resources From Charitable Activities

| | Group | | Company | |
|---|--------------|-------------|----------------|-------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ | S\$ | S\$ |
| <i>Unrestricted Funds:</i> | | | | |
| Ward charges | 2,935,942 | 2,796,805 | 2,935,942 | 2,796,806 |
| Treatment charges | 1,603,687 | 1,520,622 | 1,603,687 | 1,520,622 |
| Rehabilitation charges | 1,480,118 | 1,206,681 | 1,480,118 | 1,206,681 |
| Procedures and investigations | 513,492 | 464,728 | 513,492 | 464,728 |
| Pharmaceuticals | 929,252 | 807,442 | 929,252 | 807,442 |
| Consumables | 175,928 | 161,028 | 175,928 | 161,028 |
| X-ray services | 57,771 | 47,597 | 57,771 | 47,596 |
| Day rehabilitation & outpatient clinic | 377,059 | 369,222 | 377,059 | 369,222 |
| Daycare fees | 3,285,020 | 2,261,202 | - | - |
| Home care & home assessments | 65,323 | 59,752 | 65,323 | 59,752 |
| Ambulance & others services | 75,783 | 66,309 | 75,783 | 66,309 |
| Interim disability assistance programme for the elderly ("IDAPE") subsidy | 2,085 | 2,610 | 2,085 | 2,610 |
| <u>Government Subvention*:</u> | | | | |
| - Rehabilitation | 7,020,239 | 6,571,190 | 7,020,239 | 6,571,190 |
| - Continuing Care | 105,649 | 130,806 | 105,649 | 130,806 |
| - Day rehabilitation & home care | 144,237 | 100,208 | 144,237 | 100,208 |
| Funding from Ministry of Community Development, Youth and Sports | 173,713 | 57,947 | - | - |

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

4 Incoming Resources From Charitable Activities (cont'd)

| | Group | | Company | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <u>Government Grant:</u> | | | | |
| - Land lease rental | 628,916 | 552,471 | 628,916 | 552,471 |
| - Contingency funds and others | 88,243 | 335,713 | 52,177 | 273,200 |
| Hospital subsidies and discounts | (1,062,736) | (1,006,552) | (1,062,736) | (1,006,552) |
| | <u>18,599,721</u> | <u>16,505,781</u> | <u>15,104,922</u> | <u>14,124,119</u> |
| <u>Restricted Funds (Note 21):</u> | | | | |
| Funding from MOH | - | 2,210 | - | 2,210 |
| | <u>18,599,721</u> | <u>16,507,991</u> | <u>15,104,922</u> | <u>14,126,329</u> |

* Government subventions are recurrent grants which relate to subsidies from the Ministry of Health for patients in six bedded and eight bedded wards and from the Ministry of Community Development, Youth and Sports for clients in the daycare centres.

5 Incoming Resources From Generated Funds

| | Group | | Company | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <u>Voluntary Income</u> | | | | |
| <u>Unrestricted Funds:</u> | | | | |
| Donations - in cash | 3,021,543 | 3,199,193 | 2,548,212 | 2,417,030 |
| Donations - in kind | 18,046 | 9,662 | 18,046 | 9,662 |
| Church commitments | 170,000 | 140,000 | - | - |
| | <u>3,209,589</u> | <u>3,348,855</u> | <u>2,566,258</u> | <u>2,426,692</u> |
| <u>Restricted Funds (Note 21):</u> | | | | |
| Donations - in cash | 493,472 | 474,368 | 493,472 | 474,368 |
| | <u>3,703,061</u> | <u>3,823,223</u> | <u>3,059,730</u> | <u>2,901,060</u> |

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

5 Incoming Resources From Generated Funds (cont'd)

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <u>Activities for generating funds</u> | | | | |
| <i>Unrestricted Funds:</i> | | | | |
| Fundraising - flag day | 51,155 | 61,331 | 25,749 | 31,226 |
| Fundraising - charity golf | 67,750 | 360,321 | 67,750 | 96,943 |
| Fundraising - Wesley Easter | 215,996 | 169,373 | 215,996 | 169,373 |
| Fundraising - Bike and Blade | 396,121 | - | - | - |
| Fundraising - others | 344,592 | 162,589 | 128,159 | 82,470 |
| | <u>1,075,614</u> | <u>753,614</u> | <u>437,654</u> | <u>380,012</u> |

6 Other Incoming Resources

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <i>Unrestricted Funds:</i> | | | | |
| Gain/(Loss) on disposal of property, plant and equipment | 150 | (116) | 150 | (116) |
| Management fees | - | - | 74,664 | 76,044 |
| Professional service fees | 125,454 | 95,743 | 125,454 | 95,743 |
| Others | 118,234 | 72,424 | 120,912 | 82,500 |
| | <u>243,838</u> | <u>168,051</u> | <u>321,180</u> | <u>254,171</u> |
| <i>Restricted Funds (Note 21):</i> | | | | |
| Others | 2,461 | 656 | 2,461 | 656 |
| Sale of books | 980 | 410 | 980 | 410 |
| | <u>3,441</u> | <u>1,066</u> | <u>3,441</u> | <u>1,066</u> |
| | <u>247,279</u> | <u>169,117</u> | <u>324,621</u> | <u>255,237</u> |
| <i>Other Recognised Gains:</i> | | | | |
| Gain on disposal of available-for- sale financial assets | 53,014 | 40,145 | 53,014 | 40,145 |
| | <u>300,293</u> | <u>209,262</u> | <u>377,635</u> | <u>295,382</u> |

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7 Investment Income

| | Group | | Company | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <i>Unrestricted Funds:</i> | | | | |
| Dividend | | | | |
| - Available-for-sale financial assets | 121,776 | 41,835 | 121,776 | 41,835 |
| Interest | | | | |
| - Bank balances | 18,651 | 39,286 | 14,946 | 29,396 |
| - Available-for-sale financial assets | 86,601 | 88,723 | 86,601 | 88,723 |
| | <u>227,028</u> | <u>169,844</u> | <u>223,323</u> | <u>159,954</u> |
| <i>Restricted Funds (Note 21):</i> | | | | |
| Interest | | | | |
| - Bank balances | 4,231 | 8,767 | 4,231 | 8,767 |
| | <u>231,259</u> | <u>178,611</u> | <u>227,554</u> | <u>168,721</u> |

8 Costs of Generating Funds – Charitable Activities Expenses

| | Group | | Company | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <i>Unrestricted Funds:</i> | | | | |
| <u>Direct Operating Cost</u> | | | | |
| Salaries and related costs (Note 11) | 12,953,994 | 9,804,407 | 10,470,166 | 8,201,032 |
| Professional services | | | | |
| - Medical & Allied Health services | 550,896 | 605,974 | 550,896 | 605,974 |
| - Nursing & Therapist services | 195,867 | 245,371 | 195,867 | 245,371 |
| Catering | 746,317 | 682,079 | 509,688 | 483,907 |
| Pharmaceuticals | 673,060 | 572,330 | 673,060 | 572,330 |
| Consumables | 380,753 | 395,396 | 360,988 | 376,226 |
| Laundry services | 85,152 | 72,160 | 85,152 | 72,160 |
| Laboratory | 241,546 | 222,110 | 241,546 | 222,110 |
| X-ray | 74,348 | 67,387 | 74,348 | 67,387 |
| Program and social expenses | 26,459 | 8,501 | - | - |
| Motor and transport expenses | 197,312 | 148,847 | - | - |
| Ambulance and others | 72,780 | 64,103 | 65,817 | 53,215 |
| | <u>16,198,484</u> | <u>12,888,665</u> | <u>13,227,528</u> | <u>10,899,712</u> |
| <u>Indirect operating costs</u> | | | | |
| Salaries and related cost | 2,367,272 | 1,806,056 | 1,655,321 | 1,401,159 |
| Other | 3,290,853 | 2,958,298 | 2,720,187 | 2,472,653 |
| | <u>21,856,609</u> | <u>17,653,019</u> | <u>17,603,036</u> | <u>14,773,524</u> |

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8 Costs of Generating Funds – Charitable Activities Expenses (cont'd)

| | Group | | Company | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <i>Restricted Funds (Note 21):</i> | | | | |
| Financial aid for needy patients | 243,948 | 178,653 | 243,948 | 178,653 |
| Other operating costs | 266,866 | 197,174 | 266,866 | 197,174 |
| | <u>510,814</u> | <u>375,827</u> | <u>510,814</u> | <u>375,827</u> |
| | <u>22,367,423</u> | <u>18,028,846</u> | <u>18,113,850</u> | <u>15,149,351</u> |

9 Governance Costs

| | Group | | Company | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <i>Unrestricted/Restricted Funds:</i> | | | | |
| General administrative expenses | 321,680 | 307,606 | 308,674 | 290,311 |
| Audit fees | 72,993 | 58,240 | 36,550 | 37,050 |
| Insurance expenses | 982 | 26 | - | - |
| Professional fees | 21,041 | 28,285 | 19,850 | 26,285 |
| Salaries and related cost | 266,944 | 222,887 | 187,838 | 164,509 |
| | <u>683,640</u> | <u>617,044</u> | <u>552,912</u> | <u>518,155</u> |

10 Net Incoming Resources

This was arrived at after charging/(crediting) to the statements of financial activities and income and expenditure as other operating costs:

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Land lease rental | 628,916 | 534,568 | 628,916 | 534,568 |
| Operating lease expenses | | | | |
| - Equipment rental expenses | 17,475 | 29,802 | 17,475 | 29,802 |
| Allowance for impairment loss recognised during the year (Note 16) | 42,841 | 65,191 | 42,841 | 65,191 |
| Write-back of allowance for impairment loss (Note 16) | (34,940) | (5,117) | (34,940) | (5,117) |
| | <u>(34,940)</u> | <u>(5,117)</u> | <u>(34,940)</u> | <u>(5,117)</u> |

During the current financial year ended 31 March 2011, the Group and Company recovered an amount of S\$34,940 (2010: S\$5,117) which had been previously provided for and accordingly these have been written back during the year. An impairment loss of S\$42,841 (2010: S\$65,191) has been made for the current financial year ended 31 March 2011 as these amounts are considered not recoverable.

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11 Employee Compensation

| | Group | | Company | |
|---|-------------------|------------------|-------------------|------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ | S\$ | S\$ |
| <i>Included in Direct Operating Costs:</i> | | | | |
| <u>Salaries and related costs</u> | | | | |
| Wages and salaries | 10,925,360 | 8,474,903 | 8,763,810 | 7,051,129 |
| Government Job Credits | (15,714) | (514,966) | (10,317) | (429,362) |
| Employer's contribution to defined contribution plans including | | | | |
| Central Provident Fund | 1,253,755 | 1,003,321 | 1,019,979 | 818,848 |
| Other benefits | 790,593 | 841,149 | 696,694 | 760,417 |
| Total salaries and related costs (Note 8) | <u>12,953,994</u> | <u>9,804,407</u> | <u>10,470,166</u> | <u>8,201,032</u> |
| <i>Included in Indirect Operating and Governance Costs:</i> | | | | |
| <u>Manpower costs</u> | | | | |
| Wages and salaries | 2,329,686 | 1,962,882 | 1,634,063 | 1,457,422 |
| Government Job Credits | | (189,282) | - | (84,035) |
| Employer's contribution to defined contribution plans including | | | | |
| Central Provident Fund | 239,841 | 202,487 | 164,834 | 151,291 |
| Other benefits | 64,689 | 52,856 | 44,262 | 40,990 |
| Total salaries and related costs | <u>2,634,216</u> | <u>2,028,943</u> | <u>1,843,159</u> | <u>1,565,668</u> |
| Average no. of staff | <u>394</u> | <u>345</u> | <u>295</u> | <u>270</u> |

The increase in the average number of staff during the year is due to the increase in demand for health practitioners as the number of patients increased and the opening of two new centres by SLEC.

12 Income Tax

The Company and its subsidiary are approved charities under the Charities Act, Chapter 37 and an Institution of a Public Character under the Income Tax Act, Chapter 134. No provision for taxation has been made in the financial statements as the Company and its subsidiary are registered charities with income tax exemption. As required by the Charities Act (Chapter 37), the total fund-raising and sponsorship expenses of the Company and its subsidiary for the financial year did not exceed 30% of the total gross receipts from fund-raising and sponsorship for that financial year.

13 Subsidiary

The Company's wholly owned subsidiary, St. Luke's Eldercare Ltd, is a company, limited by guarantee, and domiciled and incorporated in Singapore. The address of the subsidiary's registered office is 2 Bukit Batok Street 11, Singapore 659674. At the balance sheet date, the Company considers St. Luke's Eldercare Ltd to be its subsidiary as the activities of the subsidiary are controlled by directors nominated by the Company for the benefit of St. Luke's Hospital and the community.

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13 Subsidiary (cont'd)

The details of the subsidiary are as follows:

| <u>Name of company and country of incorporation/operations</u> | <u>Principal activity</u> | <u>Cost of investment</u> | |
|--|--|---------------------------|--------------------|
| | | <u>2011</u> S\$ | <u>2010</u> S\$ |
| St. Luke's Eldercare Ltd Singapore | Establish, carry on and maintain rehabilitation clinics and day care centres and wellness programs for the care of elderly persons | - | - |

14 Property, Plant and Equipment

| <u>Group</u> | <u>Leasehold building</u> | <u>Furniture and office equipment</u> | <u>Hospital equipment</u> | <u>Motor Vehicles</u> | <u>Total</u> |
|---------------------------------|-------------------------------|---|-------------------------------|---------------------------|--------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| 2011 | | | | | |
| <u>Cost</u> | | | | | |
| At 1 April 2010 | 16,972,731 | 4,518,952 | 2,599,850 | 730,675 | 24,822,208 |
| Additions | 39,564 | 260,444 | 143,685 | 229,310 | 673,003 |
| Disposals/write-off | - | (2,459) | (12,160) | - | (14,619) |
| At 31 March 2011 | 17,012,295 | 4,776,937 | 2,731,375 | 959,985 | 25,480,592 |
| <u>Accumulated depreciation</u> | | | | | |
| At 1 April 2010 | 6,457,746 | 3,348,978 | 1,927,954 | 480,196 | 12,214,874 |
| Charge for the year | 662,876 | 455,958 | 325,808 | 98,053 | 1,542,695 |
| Disposals/write-off | - | (2,459) | (12,160) | - | (14,619) |
| At 31 March 2011 | 7,120,622 | 3,802,477 | 2,241,602 | 578,249 | 13,742,950 |
| <u>Net book value</u> | | | | | |
| At 31 March 2011 | 9,891,673 | 974,460 | 489,773 | 381,736 | 11,737,642 |
| 2010 | | | | | |
| <u>Cost</u> | | | | | |
| At 1 April 2009 | 16,941,927 | 3,778,208 | 2,456,716 | 572,605 | 23,749,456 |
| Additions | 30,804 | 741,279 | 150,934 | 158,070 | 1,081,087 |
| Disposals/write-off | - | (535) | (7,800) | - | (8,335) |
| At 31 March 2010 | 16,972,731 | 4,518,952 | 2,599,850 | 730,675 | 24,822,208 |
| <u>Accumulated depreciation</u> | | | | | |
| At 1 April 2009 | 5,804,567 | 3,024,863 | 1,624,927 | 405,821 | 10,860,178 |
| Charge for the year | 653,179 | 324,597 | 310,684 | 74,375 | 1,362,835 |
| Disposals/write-off | - | (482) | (7,657) | - | (8,139) |
| At 31 March 2010 | 6,457,746 | 3,348,978 | 1,927,954 | 480,196 | 12,214,874 |
| <u>Net book value</u> | | | | | |
| At 31 March 2010 | 10,514,985 | 1,169,974 | 671,896 | 250,479 | 12,607,334 |

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14 Property, Plant and Equipment (cont'd)

| Company | Leasehold Building | Furniture and office equipment | Hospital equipment | Total |
|---------------------------------|-------------------------------|---|-------------------------------|-------------------|
| | S\$ | S\$ | S\$ | S\$ |
| 2011 | | | | |
| <u>Cost</u> | | | | |
| At 1 April 2010 | 16,972,731 | 1,383,983 | 1,939,082 | 20,295,796 |
| Additions | 39,564 | 185,443 | 97,105 | 322,112 |
| Disposals/write-off | - | (2,459) | (12,160) | (14,619) |
| At 31 March 2011 | <u>17,012,295</u> | <u>1,566,967</u> | <u>2,024,027</u> | <u>20,603,289</u> |
| <u>Accumulated depreciation</u> | | | | |
| At 1 April 2010 | 6,457,746 | 1,118,603 | 1,429,627 | 9,005,976 |
| Charge for the year | 662,876 | 167,390 | 269,176 | 1,099,442 |
| Disposals/write-off | - | (2,459) | (12,160) | (14,619) |
| At 31 March 2011 | <u>7,120,622</u> | <u>1,283,534</u> | <u>1,686,643</u> | <u>10,090,799</u> |
| <u>Net book value</u> | | | | |
| At 31 March 2011 | <u>9,891,673</u> | <u>283,433</u> | <u>337,384</u> | <u>10,512,490</u> |
| 2010 | | | | |
| <u>Cost</u> | | | | |
| At 1 April 2009 | 16,941,927 | 1,292,395 | 1,907,182 | 20,141,504 |
| Additions | 30,804 | 92,123 | 39,700 | 162,627 |
| Disposals/write-off | - | (535) | (7,800) | (8,335) |
| At 31 March 2010 | <u>16,972,731</u> | <u>1,383,983</u> | <u>1,939,082</u> | <u>20,295,796</u> |
| <u>Accumulated depreciation</u> | | | | |
| At 1 April 2009 | 5,804,567 | 983,280 | 1,172,469 | 7,960,316 |
| Charge for the year | 653,179 | 135,805 | 264,815 | 1,053,799 |
| Disposals/write-off | - | (482) | (7,657) | (8,139) |
| At 31 March 2010 | <u>6,457,746</u> | <u>1,118,603</u> | <u>1,429,627</u> | <u>9,005,976</u> |
| <u>Net book value</u> | | | | |
| At 31 March 2010 | <u>10,514,985</u> | <u>265,380</u> | <u>509,455</u> | <u>11,289,820</u> |

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14 Property, Plant and Equipment (cont'd)

Net depreciation charged to the statements of financial activities and income and expenditure as indirect operating costs are:

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Depreciation for the year | 1,542,695 | 1,362,835 | 1,099,442 | 1,053,799 |
| Transfer from Building Fund | | | | |
| - General (Note 20) | (103,032) | (103,031) | (103,032) | (103,031) |
| - Chapel (Note 20) | (10,248) | (10,251) | (10,248) | (10,251) |
| Amortisation of capital fund (Note 21) | (40,000) | (40,000) | - | - |
| Amortisation of deferred building grant (Note 23) | (554,521) | (450,812) | (361,458) | (361,458) |
| Amortisation of deferred equipment grant (Note 24) | (30,575) | (22,728) | (30,575) | (22,728) |
| | <u>804,319</u> | <u>736,013</u> | <u>594,129</u> | <u>556,331</u> |

15 Available-for-Sale Financial Assets

| | Group and Company | |
|--|--------------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Balance at beginning of the year | 4,647,169 | 2,711,791 |
| Acquisitions | 1,416,659 | 1,618,511 |
| Fair value realised (loss)/gain on sale of available-for-sale financial assets | (27,623) | 10,601 |
| Net fair value unrealised gain recognised in fair value reserve | 376,062 | 441,767 |
| Disposals | (749,191) | (135,501) |
| Balance at end of the year | <u>5,663,076</u> | <u>4,647,169</u> |
| Less: Current portion | - | (507,200) |
| Non-current portion | <u>5,663,076</u> | <u>4,139,969</u> |

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15 Available-for-Sale Financial Assets (cont'd)

At the balance sheet date, available-for-sale financial assets included the following:

| | Group and Company | |
|---|--------------------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| At fair value: | | |
| Quoted bonds, convertible bonds, preference shares and equities | 5,319,283 | 3,584,502 |
| Unquoted bonds and investment funds | 343,793 | 1,062,667 |
| | <u>5,663,076</u> | <u>4,647,169</u> |

The effective interest rates for the interest-bearing financial assets are as follows:

| | Group and Company | |
|---------------------------|--------------------------|-------------|
| | <u>2011</u> | <u>2010</u> |
| | % | % |
| Quoted preference shares | 4.70 | - |
| Quoted convertible bonds | 2.95 | 3.0 |
| Quoted and unquoted bonds | <u>4.35</u> | <u>4.4</u> |

16 Accounts Receivable

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ | S\$ | S\$ |
| Patient's fees | 1,123,714 | 1,125,376 | 1,113,734 | 1,118,747 |
| Less: Allowance for impairment loss | (132,783) | (137,197) | (132,783) | (137,197) |
| | <u>990,931</u> | <u>988,179</u> | <u>980,951</u> | <u>981,550</u> |

Accounts receivable are stated net of allowance for impairment loss. Allowance for impairment loss on accounts receivable is analysed as follows:

| | Group and Company | |
|--|--------------------------|----------------|
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| Balance at the beginning of the year | 137,197 | 99,346 |
| Allowance for impairment loss recognised during the year (Note 10) | 42,841 | 65,191 |
| Write-back of allowance for impairment loss (Note 10) | (34,940) | (5,117) |
| Write-off against allowance for impairment loss | (12,315) | (22,223) |
| Balance at the end of the year | <u>132,783</u> | <u>137,197</u> |

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17 Other Receivables and Other Current Assets

| | Group | | Company | |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <u>Other receivables</u> | | | | |
| Interest receivable | 35,015 | 32,182 | 34,823 | 31,622 |
| Other receivables | 192,771 | 58,569 | 187,962 | 54,721 |
| Deposits | 67,505 | 204,531 | 35,540 | 181,743 |
| Government grant receivable | 469,732 | 767,536 | 469,732 | 749,074 |
| | <u>765,023</u> | <u>1,062,818</u> | <u>728,057</u> | <u>1,017,160</u> |
| <u>Other Current Assets</u> | | | | |
| Prepayments | 197,588 | 215,897 | 166,016 | 188,747 |
| | <u>962,611</u> | <u>1,278,715</u> | <u>894,073</u> | <u>1,205,907</u> |

Government grant receivable is non-trade, unsecured, interest-free and repayable on demand.

18 Cash and Cash Equivalents

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Fixed deposits placed with financial institutions | 9,554,305 | 10,748,861 | 7,479,773 | 8,678,396 |
| Cash and bank balances | 4,341,935 | 1,897,466 | 2,688,767 | 836,801 |
| | <u>13,896,240</u> | <u>12,646,327</u> | <u>10,168,540</u> | <u>9,515,197</u> |

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprised the following:

| | Group | | Company | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Cash and bank balances (as above) | <u>13,896,240</u> | <u>12,646,327</u> | <u>10,168,540</u> | <u>9,515,197</u> |

The weighted average effective interest rate earned on fixed deposits is 0.22% (2010: 0.31%) per annum with maturity dates ranging from 1 to 7 months (2010: 1 to 6 months).

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19 General Fund

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Balance at the beginning of the year | 9,572,513 | 6,243,141 | 6,817,097 | 3,947,025 |
| Net incoming resources before transfers (Note 10) | 570,791 | 2,587,179 | 344,363 | 2,005,393 |
| Transfers between funds | 100,000 | 674,534 | - | 824,534 |
| Utilisation of operation grant | 85,553 | 27,514 | - | - |
| Net incoming resources before other recognised gains | 756,344 | 3,289,227 | 344,363 | 2,829,927 |
| Gain on disposal of available-for-sale financial assets | 53,014 | 40,145 | 53,014 | 40,145 |
| Net movement in funds | 809,358 | 3,329,372 | 397,377 | 2,870,072 |
| Balance at the end of the year | <u>10,381,871</u> | <u>9,572,513</u> | <u>7,214,474</u> | <u>6,817,097</u> |

This fund is available to the Group and the Company to apply for the general purposes of the charity as set out in its governing document.

20 Designated Funds

(i) *Building Fund - General*

| | Group and Company | |
|-------------------------------------|--------------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Gross donations received | 3,090,918 | 3,090,918 |
| Amount amortised: | | |
| Balance at beginning of year | 1,451,013 | 1,347,982 |
| Amortisation for the year (Note 14) | 103,032 | 103,031 |
| Balance at end of the year | <u>1,554,045</u> | <u>1,451,013</u> |
| Net balance at end of the year | <u>1,536,873</u> | <u>1,639,905</u> |

The fund was set up for the building of the hospital. These amounts are amortised to net off the corresponding depreciation in the statements of financial activities and income and expenditure.

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20 Designated Funds (cont'd)

(ii) *Building Fund - Chapel*

| | Group and Company | |
|-------------------------------------|--------------------------|----------------|
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| Gross donations received | <u>307,518</u> | <u>307,518</u> |
| Amount amortised: | | |
| Balance at beginning of the year | 144,359 | 134,108 |
| Amortisation for the year (Note 14) | <u>10,248</u> | <u>10,251</u> |
| Balance at end of the year | <u>154,607</u> | <u>144,359</u> |
| Net balance at end of the year | <u>152,911</u> | <u>163,159</u> |

The fund was set up for the building of the chapel. These amounts are amortised to net off the corresponding depreciation in the statements of financial activities and income and expenditure.

(iii) *Building Fund - Hospital*

| | Group and Company | |
|----------------------------------|--------------------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| Balance at beginning of the year | 7,000,000 | 7,000,000 |
| Transfer to New Project Fund | <u>(7,000,000)</u> | <u>-</u> |
| Balance at end of the year | <u>-</u> | <u>7,000,000</u> |

The fund was transferred to New Project Fund during the financial year as the Hospital's management does not foresee building a new hospital in the near future in view of the construction of the Jurong Community Hospital in the same vicinity.

(iv) *New Project Fund*

| | Group and Company | |
|--|--------------------------|-------------|
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| Balance at beginning of the year | - | - |
| Transfer from Building Fund – Hospital (Note 20 (iii)) | <u>7,000,000</u> | <u>-</u> |
| Balance at end of the year | <u>7,000,000</u> | <u>-</u> |

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20 Designated Funds (cont'd)

(v) *Asset Replacement Fund*

| | Group | | Company | |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Balance at the beginning | 1,785,441 | 1,777,577 | 1,364,581 | 1,358,155 |
| Investment income | 4,074 | 7,864 | 3,144 | 6,426 |
| Balance at end of the year | <u>1,789,515</u> | <u>1,785,441</u> | <u>1,367,725</u> | <u>1,364,581</u> |

Asset replacement fund is set up to finance future building upgrading and equipment replacement.

(vi) *Eldercare Fund*

| | Group and Company | |
|------------------------------|--------------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Balance at the beginning | 501,159 | 1,322,544 |
| Investment income | 1,105 | 3,149 |
| Transfer to accumulated fund | - | (824,534) |
| Balance at end of the year | <u>502,264</u> | <u>501,159</u> |

Eldercare project fund is set up to finance the operations of the Eldercare Centres in Singapore.

(vii) *Scholarship Fund*

| | Group | | Company | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Balance at the beginning | 350,646 | 250,000 | 250,646 | 250,000 |
| Investment income | 553 | 646 | 553 | 646 |
| Transfer (to)/from accumulated fund | (100,000) | 100,000 | - | - |
| Balance at end of the year | <u>251,199</u> | <u>350,646</u> | <u>251,199</u> | <u>250,646</u> |

Scholarship fund is set up to attract medical and healthcare students to join the Company's healthcare team as doctors, nurses and therapists after they complete their studies.

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21 Other Funds

1 April 2010 to 31 March 2011

Group

| | Note | ← Restricted Funds → | | | | | Total Funds S\$ |
|--|------|------------------------------------|-----------------------------------|----------------------------------|---------------------------------|---------------------------------------|--------------------|
| | | Capital Fund ⁽ⁱ⁾ S\$ | Chaplaincy ⁽ⁱⁱ⁾ S\$ | Medifund ⁽ⁱⁱⁱ⁾ S\$ | Memorial ^(iv) S\$ | Patient Welfare ^(v) S\$ | |
| Incoming Resources | | | | | | | |
| Incoming resources from charitable activities | 4 | - | - | - | - | - | - |
| Incoming resources from generated funds | | - | - | - | - | - | - |
| - Voluntary income | 5 | - | 423,275 | - | - | 70,197 | 493,472 |
| Other incoming resources | 6 | - | 980 | - | - | 2,461 | 3,441 |
| Investment income | 7 | - | 1,543 | 1,455 | - | 1,233 | 4,231 |
| Total incoming resources | | - | 425,798 | 1,455 | - | 73,891 | 501,144 |
| Resources Expended | | | | | | | |
| Cost of generating funds | | - | - | - | - | - | - |
| - Charitable activities expenses | 8 | - | 266,866 | 195,718 | - | 48,230 | 510,814 |
| Total resources expended | | - | 266,866 | 195,718 | - | 48,230 | 510,814 |
| Net Incoming/(Outgoing) Resources before Transfers | | | | | | | |
| Transfers between funds | | - | 158,932 | (194,263) | - | 25,661 | (9,670) |
| Utilisation of operation grant | | - | - | - | - | (85,553) | (85,553) |
| Net Incoming/(Outgoing) Resources | | - | 158,932 | (194,263) | - | 25,661 | (95,223) |
| Total Funds Brought Forward | | 80,000 | 506,080 | 873,232 | 105,000 | 633,543 | 2,409,727 |
| Amortisation of expenses net of depreciation of property, plant and equipment credited to charitable activities expenses | 14 | (40,000) | - | - | - | - | (40,000) |
| Total Funds Carried Forward | | 40,000 | 665,012 | 678,969 | 105,000 | 659,204 | 2,274,504 |

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21 Other Funds (cont'd)

1 April 2009 to 31 March 2010

| Group | Note | ← Restricted Funds → | | | | | Total Funds | |
|--|-------------|--|---|--|---------------------------------------|---|--------------------|--|
| | | Capital Fund⁽ⁱ⁾ S\$ | Chaplaincy⁽ⁱⁱ⁾ S\$ | Medifund⁽ⁱⁱⁱ⁾ S\$ | Memorial^(iv) S\$ | Patient Welfare^(v) S\$ | | Operation Grant^(vi) S\$ |
| Incoming Resources | | | | | | | | |
| Incoming resources from charitable activities | 4 | - | - | 2,210 | - | - | - | 2,210 |
| Incoming resources from generated funds | | | | | | | | |
| - Voluntary income | 5 | - | 411,180 | - | - | 63,188 | - | 474,368 |
| Other incoming resources | 6 | - | 410 | - | - | 656 | - | 1,066 |
| Investment income | 7 | - | 1,345 | 5,648 | - | 1,774 | - | 8,767 |
| Total incoming resources | | - | 412,935 | 7,858 | - | 65,618 | - | 486,411 |
| Resources Expended | | | | | | | | |
| Cost of generating funds | | | | | | | | |
| - Charitable activities expenses | 8 | - | 197,174 | 145,502 | - | 33,151 | - | 375,827 |
| Total resources expended | | - | 197,174 | 145,502 | - | 33,151 | - | 375,827 |
| Net Incoming/(Outgoing) Resources before Transfers | | | | | | | | |
| Transfers between funds | | - | 215,761 | (137,644) | - | 32,467 | - | 110,584 |
| Utilisation of operation grant | | - | - | - | - | - | (27,514) | (27,514) |
| Net Incoming/(Outgoing) Resources | | - | 215,761 | (137,644) | - | 82,467 | (27,514) | 133,070 |
| Total Funds Brought Forward | | 120,000 | 290,319 | 1,010,876 | 105,000 | 551,076 | 239,386 | 2,316,657 |
| Amortisation of expenses net of depreciation of property, plant and equipment credited to charitable activities expenses | | | | | | | | |
| | 14 | (40,000) | - | - | - | - | - | (40,000) |
| Total Funds Carried Forward | | 80,000 | 506,080 | 873,232 | 105,000 | 633,543 | 211,872 | 2,409,727 |

⁽ⁱ⁾ S\$50,000 was transferred from general fund to patient welfare fund for the purpose of providing financial assistance to needy clients who have difficulties in paying fees.

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21 Other Funds (cont'd)

| <u>1 April 2010 to 31 March 2011</u> Company | Note | ← Restricted Funds → | | | | Total Funds S\$ |
|---|------|-----------------------------------|----------------------------------|---------------------------------|--|-----------------------|
| | | Chaplaincy ⁽ⁱⁱ⁾ S\$ | Medifund ⁽ⁱⁱⁱ⁾ S\$ | Memorial ^(iv) S\$ | Patient Welfare ^(v) S\$ | |
| Incoming Resources | | | | | | |
| Incoming resources from charitable activities | 4 | - | - | - | - | - |
| Incoming resources from generated funds | | | | | | |
| - Voluntary income | 5 | 423,275 | - | - | 70,197 | 493,472 |
| Other incoming resources | 6 | 980 | - | - | 2,461 | 3,441 |
| Investment income | 7 | 1,543 | 1,455 | - | 1,233 | 4,231 |
| Total incoming resources | | 425,798 | 1,455 | - | 73,891 | 501,144 |
| Resources Expended | | | | | | |
| Cost of generating funds | | | | | | |
| - Charitable activities expenses | 8 | 266,866 | 195,718 | - | 48,230 | 510,814 |
| Total resources expended | | 266,866 | 195,718 | - | 48,230 | 510,814 |
| Net Incoming/(Outgoing) | | | | | | |
| Resources before Transfers | | 158,932 | (194,263) | - | 25,661 | (9,670) |
| Transfers between funds | | - | - | - | - | - |
| Net Incoming/(Outgoing) Resources | | 158,932 | (194,263) | - | 25,661 | (9,670) |
| Total Funds Brought Forward | | 506,080 | 873,232 | 105,000 | 573,043 | 2,057,355 |
| Total Funds Carried Forward | | 665,012 | 678,969 | 105,000 | 598,704 | 2,047,685 |

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21 Other Funds (cont'd)

1 April 2009 to 31 March 2010

Company

| | Note | ← Restricted Funds → | | | | Total Funds S\$ |
|---|------|---|--|---------------------------------------|---|--------------------|
| | | <u>Chaplaincy⁽ⁱⁱ⁾</u> S\$ | <u>Medifund⁽ⁱⁱⁱ⁾</u> S\$ | <u>Memorial^(iv)</u> S\$ | <u>Patient Welfare^(v)</u> S\$ | |
| Incoming Resources | | | | | | |
| Incoming resources from charitable activities | 4 | - | 2,210 | - | - | 2,210 |
| Incoming resources from generated funds | | | | | | |
| - Voluntary income | 5 | 411,180 | - | - | 63,188 | 474,368 |
| Other incoming resources | 6 | 410 | - | - | 656 | 1,066 |
| Investment income | 7 | 1,345 | 5,648 | - | 1,774 | 8,767 |
| Total incoming resources | | <u>412,935</u> | <u>7,858</u> | <u>-</u> | <u>65,618</u> | <u>486,411</u> |
| Resources Expended | | | | | | |
| Cost of generating funds | | | | | | |
| - Charitable activities expenses | 8 | 197,174 | 145,502 | - | 33,151 | 375,827 |
| Total resources expended | | <u>197,174</u> | <u>145,502</u> | <u>-</u> | <u>33,151</u> | <u>375,827</u> |
| Net Incoming/(Outgoing) | | | | | | |
| Resources before Transfers | | 215,761 | (137,644) | - | 32,467 | 110,584 |
| Transfers between funds | | - | - | - | - | - |
| Net Incoming/(Outgoing) Resources | | <u>215,761</u> | <u>(137,644)</u> | <u>-</u> | <u>32,467</u> | <u>110,584</u> |
| Total Funds Brought Forward | | <u>290,319</u> | <u>1,010,876</u> | <u>105,000</u> | <u>540,576</u> | <u>1,946,771</u> |
| Total Funds Carried Forward | | <u>506,080</u> | <u>873,232</u> | <u>105,000</u> | <u>573,043</u> | <u>2,057,355</u> |

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21 Other Funds (cont'd)

- (i) Capital fund was set up for the purpose specified from the donors for the acquisition of property, plant and equipment of the subsidiary's eldercare centres. These amounts are amortised to net off the corresponding depreciation in the statements of financial activities and income and expenditure.
- (ii) Chaplaincy fund was set up to finance the chaplaincy ministry in the Hospital.
- (iii) Medifund is funded by the Ministry of Health to pay the fees of needy patients.
- (iv) Memorial fund was set up in memory of Mr and Mrs Lee Teck Hock. Monies in the fund are placed in fixed deposits and only the interest earned was used to finance the Hospital's operating expenditure.
- (v) Patient welfare fund was set up for the purpose specified from the donors to help those patients in financial hardship.
- (vi) The Operation grant was set up from the proceeds of a fundraising event organised by the Bukit Timah Citizens' Consultative committee for the purpose of financing the setting up of the Bukit Timah Eldercare centre. The grant is also used to fund the operating deficit of the centre for the first three years of its operations according to the quantum set out in the Memorandum of Understanding.

22 Fair Value Reserve

This arises from the changes in fair value of available-for-sale financial assets. Movement in fair value reserve is as follows:

| | Group and Company | |
|--|--------------------------|----------------|
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| Beginning of financial year | 341,374 | (110,994) |
| Net fair value unrealised gain | 376,062 | 441,767 |
| Reclassification adjustment for (loss)/gain included in profit or loss | <u>(27,623)</u> | <u>10,601</u> |
| End of financial year | <u>689,813</u> | <u>341,374</u> |

23 Deferred Building Grant

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ | S\$ | S\$ |
| <u>Capital grants received from Ministry of Health</u> | | | | |
| Balance at beginning of the year | 12,360,900 | 12,069,671 | 10,473,339 | 10,473,339 |
| Grants received during the year | 274,083 | 291,229 | - | - |
| Balance at end of the year | <u>12,634,983</u> | <u>12,360,900</u> | <u>10,473,339</u> | <u>10,473,339</u> |
| <u>Amortisation of grants</u> | | | | |
| Balance at beginning of the year | 6,168,628 | 5,717,816 | 4,727,442 | 4,365,984 |
| Amortisation for the year (Note 14) | 554,521 | 450,812 | 361,458 | 361,458 |
| Balance at end of the year | <u>6,723,149</u> | <u>6,168,628</u> | <u>5,088,900</u> | <u>4,727,442</u> |
| Net balance at end of the year | <u>5,911,834</u> | <u>6,192,272</u> | <u>5,384,439</u> | <u>5,745,897</u> |

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23 Deferred Building Grant (cont'd)

These are capital grants received from the Ministry of Health and Ministry of Community Development, Youth and Sports for the building of the hospital and the purchase of property, plant and equipment for the Group and the Company. These amounts are amortised to net off the corresponding depreciation in the statements of financial activities and income and expenditure.

24 Deferred Equipment Grant

| | Group and Company | |
|-------------------------------------|--------------------------|-------------------|
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| Balance at beginning of the year | 77,668 | 28,106 |
| Grants received during the year | 15,508 | 49,562 |
| Balance at end of the year | <u>93,176</u> | <u>77,668</u> |
| <u>Amortisation of grants</u> | | |
| Balance at beginning of the year | 27,231 | 4,503 |
| Amortisation for the year (Note 14) | 30,575 | 22,728 |
| Balance at end of the year | <u>57,806</u> | <u>27,231</u> |
| Net balance at end of the year | <u>35,370</u> | <u>50,437</u> |

25 Due to Subsidiary

| | Company | |
|---------------------------|----------------|---------------|
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| Due to subsidiary company | <u>22,779</u> | <u>17,390</u> |

The amount due to the subsidiary is unsecured, non-interest bearing and repayable on demand.

26 Other Payables

| | Group | | Company | |
|---|------------------|------------------|------------------|----------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ | S\$ | S\$ |
| Deposits and fees received from clients | 120,501 | 87,942 | - | - |
| Accruals | 1,605,809 | 950,813 | 1,045,882 | 655,084 |
| Other payables | 386,791 | 352,277 | 356,471 | 265,500 |
| | <u>2,113,101</u> | <u>1,391,032</u> | <u>1,402,353</u> | <u>920,584</u> |

Other payables are non-trade in nature, unsecured, interest-free and repayable on demand.

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27 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence on the party in making financial and operating decisions. The Company had the following significant transactions with related parties during the year at terms agreed, as detailed below:

| | Company | |
|--------------------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ |
| <i>With subsidiary company</i> | | |
| Management fee | 74,664 | 76,044 |
| Rental expenses | 7,200 | 7,200 |
| Course Fees | - | 3,738 |
| Newsletters | 292 | - |
| | <u>82,156</u> | <u>86,982</u> |

Balances outstanding with subsidiary at the balance sheet date are disclosed in Note 25.

28 Operating Lease Commitments

At the balance sheet date, the future minimum lease payment under non-cancellable operating leases with an original term of more than one year of the Group and Company as follow:

| | Group and Company | |
|---------------------------|--------------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Within one year | 26,400 | 26,400 |
| Between two to five years | 36,375 | 62,775 |
| | <u>62,775</u> | <u>89,175</u> |

The operating lease payments is for rental payable in respect of operating lease of office equipment.

29 Tax Deductible Receipts

The Group and Company are approved as an Institution of a Public Character ("IPC") under the provision of the Income Tax Act. Donors to the Group and Company are granted tax deduction.

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Tax deductible receipts issued for donations collected | <u>3,555,123</u> | <u>3,815,138</u> | <u>2,736,350</u> | <u>2,828,910</u> |

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30 Capital Commitment

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

| | Group | | Company | |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Capital commitment | <u>114,827</u> | <u>150,827</u> | <u>76,827</u> | <u>76,827</u> |

Capital commitment contracted for at the balance sheet date is for the purchase agreement signed with a third party during the financial year in relation to the purchases of fixed assets for operations purpose.

31 Key Management Remuneration

| | Group and Company | |
|--|--------------------------|-------------|
| | <u>2011</u> | <u>2010</u> |
| Number of top three key management staff in remuneration bands of: | | |
| S\$200,001 to S\$250,000 | 1 | 1 |
| S\$150,001 to S\$200,000 | 1 | 1 |
| S\$100,001 to S\$150,000 | <u>1</u> | <u>1</u> |
| | <u>3</u> | <u>3</u> |

Compensation of key management personnel

| | Group and Company | |
|----------------------------|--------------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Salaries and bonuses | 538,100 | 512,944 |
| Defined contribution plans | <u>23,223</u> | <u>28,184</u> |
| | <u>561,323</u> | <u>541,128</u> |

All directors do not receive any remuneration.

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32 Financial Instruments and Risk Management

The Group's activities expose it to a variety of financial risks: cash flow and fair value interest rate risk, currency risk, credit risk, liquidity risk and price risk. The Group and the Company have written risk management policies and guidelines and generally introduce a conservative strategy on its risk management and seeks to minimise potential adverse effects on the Group's and the Company's financial performance. In particular, the Group has an established investment policy where the Group and the Company prudently manages its investment fund with the objective of achieving stable and consistent capital appreciation and income growth. The Group and the Company manage its investments for long-term preservation of capital and risk tolerance. There were no changes in the Group's and Company's risk management policies during the financial year.

(a) Cash Flow and Fair Value Interest Rate Risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk is the risk that future cash flows of a financial instruments will fluctuate because of changes in market interest rates. For value interest rate risk is the risk that the value of a financial institution will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to changes in interest risk arises from its interest-bearing assets relating to its deposits placed with financial institutions. The Group's and the Company's exposure on its fixed deposits and investment in bonds is minimised as their interest rate is fixed. The Group and the Company has no interest-bearing obligations during the financial year.

The Group's and the Company's policy is to obtain the most favourable interest rates available for its borrowings and deposits.

The table below sets out the Group's and the Company's exposure to interest rate risks. Included in the table are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

| | Variable Rates | Fixed Rates | | | Non-interest bearing | Total |
|---|--------------------|-----------------------|-------------------|------------------|-------------------------|-------------------|
| | Within one year | Less than 6 months | 6 to 12 months | Over one year | | |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Group | | | | | | |
| 2011 | | | | | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 2,627,766 | 9,060,419 | 500,000 | - | 1,708,055 | 13,896,240 |
| Accounts receivable | - | - | - | - | 990,931 | 990,931 |
| Other receivables and other financial assets | - | - | - | 2,492,373 | 3,935,726 | 6,428,099 |
| Total financial assets | 2,627,766 | 9,060,419 | 500,000 | 2,492,373 | 6,634,712 | 21,315,270 |
| Liabilities | | | | | | |
| Accounts payable and other payables | - | - | - | - | 2,936,446 | 2,936,446 |
| Total liabilities | - | - | - | - | 2,936,446 | 2,936,446 |

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32 Financial Instruments and Risk Management (cont'd)

(a) Cash Flow and Fair Value Interest Rate Risks (cont'd)

| Group | Variable Rates Within <u>one year</u> S\$ | Fixed Rates | | | Non-interest bearing S\$ | <u>Total</u> S\$ |
|---|--|-------------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------|
| | | Less than 6 <u>months</u> S\$ | 6 to 12 <u>months</u> S\$ | Over <u>one year</u> S\$ | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 807,550 | 10,754,968 | - | - | 1,083,809 | 12,646,327 |
| Accounts receivable | - | - | - | - | 988,179 | 988,179 |
| Other receivables and other financial assets | - | - | 507,200 | 1,953,500 | 3,249,287 | 5,709,987 |
| Total financial assets | <u>807,550</u> | <u>10,754,968</u> | <u>507,200</u> | <u>1,953,500</u> | <u>5,321,275</u> | <u>19,344,493</u> |
| Liabilities | | | | | | |
| Accounts payable and other payables | - | - | - | - | 2,302,128 | 2,302,128 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,302,128</u> | <u>2,302,128</u> |
| Company | | | | | | |
| 2011 | | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents | 2,627,766 | 6,979,774 | 500,000 | - | 61,000 | 10,168,540 |
| Accounts receivable | - | - | - | - | 980,951 | 980,951 |
| Other receivables and other financial assets | - | - | - | 2,492,373 | 3,898,760 | 6,391,133 |
| Total assets | <u>2,627,766</u> | <u>6,979,774</u> | <u>500,000</u> | <u>2,492,373</u> | <u>4,940,711</u> | <u>17,540,624</u> |
| Liabilities | | | | | | |
| Accounts payable and other payables | - | - | - | - | 2,248,477 | 2,248,477 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,248,477</u> | <u>2,248,477</u> |
| 2010 | | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents | 807,550 | 8,678,396 | - | - | 29,251 | 9,515,197 |
| Accounts receivable | - | - | - | - | 981,550 | 981,550 |
| Other receivables and other financial assets | - | - | 507,200 | 1,953,500 | 3,203,629 | 5,664,329 |
| Total assets | <u>807,550</u> | <u>8,678,396</u> | <u>507,200</u> | <u>1,953,500</u> | <u>4,214,430</u> | <u>16,161,076</u> |
| Liabilities | | | | | | |
| Accounts payable and other payables | - | - | - | - | 1,849,070 | 1,849,070 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,849,070</u> | <u>1,849,070</u> |

No sensitivity analysis is prepared as the Group and Company do not expect any material effect on the Group's and Company's profit or loss arising from the possible fluctuation of interest rates.

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32 Financial Instruments and Risk Management (cont'd)

(b) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's and the Company's exposure to fluctuations in currency exchange rates is minimal as the Group's and the Company's operational activities are carried out in Singapore dollars.

(c) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's and the Company's credit risk was primarily attributable to its accounts receivable and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group and the Company do not require collateral in respect of financial assets.

Fixed deposits that are neither past due nor impaired are mainly deposit with reputable banks. Accounts receivable and other receivables of the Group and the Company of S\$1,234,912 (2010: S\$1,449,482) and S\$1,189,755 (2010: S\$1,397,195) respectively that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

The Company has no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset as indicated in the balance sheet.

The credit risk for accounts receivable and other receivables based on information provided to key management is as follows:

The aged analysis of accounts receivable and other receivables past due but not impaired is as follows:

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Total accounts receivable and other receivables | 521,042 | 601,515 | 519,253 | 601,515 |
| Past due 31 - 60 days | 378,638 | 382,838 | 377,112 | 382,838 |
| Past due 61 - 90 days | 58,078 | 45,288 | 57,890 | 45,288 |
| Past due > 90 days | 84,326 | 173,389 | 84,251 | 173,389 |
| | <u>521,042</u> | <u>601,515</u> | <u>519,253</u> | <u>601,515</u> |

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32 Financial Instruments and Risk Management (cont'd)

(c) Credit Risk (cont'd)

The aged analysis of accounts receivable past due and impaired is as follows:

| | Group | | Company | |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Past due >90 days | <u>132,783</u> | <u>137,197</u> | <u>132,783</u> | <u>137,197</u> |

The movement of the allowance for impairment loss is disclosed in Note 16 to the financial statement.

(d) Liquidity Risk

Liquidity (or funding) risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group and the Company adopts prudent liquidity risk management by maintaining sufficient cash and marketable financial instruments.

The current liabilities as at the balance sheet date approximates its expected contractual undiscounted cash outflows of financial liabilities as the impact of discounting are not significant.

(e) Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group and the Company hold marketable financial instruments, hence, is exposed to movements in market prices.

If prices for quoted bonds listed in Singapore change by 5% (2010: 5%) with all other variables including tax rate being held constant, the effects on net incoming/(outgoing) resources and funds will be:

| | Group and Company | |
|---------------------|--------------------------------|----------------|
| | Net Incoming/(outgoing) | |
| | Resources and Funds | |
| | <u>2011</u> | <u>2010</u> |
| | S\$ | S\$ |
| Listed in Singapore | | |
| - increased by | 265,964 | 179,225 |
| - decreased by | <u>265,964</u> | <u>179,225</u> |

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32 Financial Instruments and Risk Management (cont'd)

(f) Fair Value Measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

| | <u>Level 1</u> SGD | <u>Level 2</u> SGD | <u>Level 3</u> SGD | <u>Total</u> SGD |
|---|-----------------------|-----------------------|-----------------------|---------------------|
| Group and Company | | | | |
| <u>Assets</u> | | | | |
| <i>Available-for-sale financial assets</i> | | | | |
| 2011 | | | | |
| Quoted bonds | 2,027,000 | - | - | 2,027,000 |
| Quoted convertible bonds | 782,623 | - | - | 782,623 |
| Quoted equities | 2,509,660 | - | - | 2,509,660 |
| Unquoted investment funds | - | 343,793 | - | 343,793 |
| Total | 5,319,283 | 343,793 | - | 5,663,076 |
| 2010 | | | | |
| Quoted and unquoted bonds | 1,512,000 | 507,200 | - | 2,019,200 |
| Quoted convertible bonds | 740,312 | - | - | 740,312 |
| Quoted equities | 1,332,190 | - | - | 1,332,190 |
| Unquoted investment funds | - | 555,467 | - | 555,467 |
| Total | 3,584,502 | 1,062,667 | - | 4,647,169 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and Company is the current bid price. These instruments are included in Level 1.

There were no transfers between Level 1 and 2 in the period.

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32 Financial Instruments and Risk Management (cont'd)

(f) Fair Value Measurements (cont'd)

Others

The fair value information represents the Group's and the Company's best estimate of those values and may be subject to certain assumptions and limitations. The methodologies and assumptions used in the estimation of fair values depend on the terms and characteristics of the various financial instruments.

The Group's and the Company's financial assets and liabilities included accounts receivable and other receivables, available-for-sale financial assets, cash and cash equivalents, accounts payable and other payables, and amount due to subsidiary. The carrying amounts of these financial assets and liabilities with a maturity of less than one year approximate their fair values due to their short-term maturities.

(g) Reserve Policy

The Group's and the Company's primary objective is to provide medical, nursing, rehabilitative care and day care services to the needy and sick elderly, regardless of their race and religion. It strives to provide comprehensive and seamless care for its patients and clients and its services include inpatient services, mainly rehabilitative, sub-acute and continuing care, and community-based services like home medical, home nursing, home therapy, day rehabilitation, day care, health maintenance and wellness programme.

Pursuant to the Code of Governance for Charities and IPCs Guideline 6.3.1, the Board has established a reserve policy ("Reserve Policy") for the Group and the Company. In setting the Reserve Policy, the Board feels that it is more reasonable to use net liquid assets available to meet expenditure obligations as a reserve measurement instead of unrestricted funds as some of these unrestricted funds may not represent cash or cash equivalent or liquid assets which can be used to meet its expenditure obligations. Net liquid assets available to meet expenditure obligations is calculated as total assets less property, plant and equipment and inventories less total restricted funds and total current liabilities. The reserves of the Group and the Company provide financial stability and the means for the development of their operations and activities. The Group intends to maintain the reserves at a level sufficient for its operating needs and the Board regularly reviews the amount of reserves that are required to ensure that they are adequate to fulfill its continuing obligations.

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32 Financial Instruments and Risk Management (cont'd)

(g) Reserve Policy (cont'd)

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2011</u> S\$ | <u>2010</u> S\$ | <u>2011</u> S\$ | <u>2010</u> S\$ |
| Unrestricted funds (reserves) | 21,614,633 | 21,012,823 | 18,025,446 | 17,736,547 |
| Net liquid assets available to meet expenditure obligations | 16,301,908 | 14,848,535 | 13,410,478 | 12,443,398 |
| Total operating expenditure | <u>22,779,267</u> | <u>18,347,307</u> | <u>18,304,172</u> | <u>15,329,334</u> |
| Ratio of net liquid assets to total operating expenditure | <u>0.72</u> | <u>0.81</u> | <u>0.73</u> | <u>0.81</u> |

The Group and the Company is in compliance with all external imposed capital requirements for the financial years ended 31 March 2011 and 2010. There were no changes in the Group's and the Company's reserve policy during the financial year.

33 Comparative Figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the face of the cash flow statements. Comparative figures have been adjusted to conform with current year's presentation as follows:

| | <u>Before</u> <u>Reclassification</u> <u>2010</u> S\$ | <u>After</u> <u>Reclassification</u> <u>2010</u> S\$ | <u>Effect</u> <u>2010</u> S\$ |
|--|--|---|-------------------------------------|
| | <u>Cash flows</u> | | |
| Net cash used in investing activities | (2,016,454) | (2,357,245) | 340,791 |
| Net cash generated from financing activity | - | 340,791 | (340,791) |

Included under "Cash Flows from Investing Activities" was an amount of S\$340,791 relating to the grant received. The amount was reclassified from "Cash Flows from Investing Activities" to "Cash Flows from Financing Activity" to conform with the current year's presentation.

34 Subsequent Event

On 1 April 2011, the subsidiary took over an existing day care centre. The new centre provides wellness programmes, day care and rehabilitation services. The subsidiary now manages a total of 10 centres.