

Raffles Medical Group

Strong healthcare demand fueling growth

- 2Q07 earnings boosted by property gains:** Raffles Medical Group (RFMD) reports a two fold increase in 1H07 earnings to S\$19.9 million due to a 24.2% increase in revenue of S\$79.1 million. This was due to a gain on the fair value of Raffles Hospital for S\$12.5 million in 2Q07. Stripping out this gain, the company would have recorded a 46.4% Y/Y increase in net profits for 2Q07 to S\$5.6 million. The company posted a 1H07 EPS of S\$0.0198, in line with our estimate of S\$0.021 and above consensus of S\$0.013.
- Both healthcare and hospital division posts strong growth:** Revenue from healthcare and hospital services division posted double digit growth in revenue, increasing by 17.6% and 33.2%, respectively. We continue to witness strong operating leverage from Raffles Medical Group's operations and expect overall EBIT margins to improve by 2.8ppt to 19.6% in FY07E and by 2.0ppt to 21.6% in FY08E.
- Trades on 31x and 23x FY07-08E ex-cash P/E multiples:** We maintain our Overweight recommendation and our June 2008 price target of S\$2.10 based on our DCF valuation with a WACC of 6.1% and terminal growth of 2%. Key risks to our price target are Raffles Medical Group's ability to fill the hospital's planned expanded bed capacity and stronger regional competition.

Reuters: RAFG.SI, Bloomberg: RFMD SP
S\$ in millions, year-end December 31

	2006	2007E	2008E	2009E
Revenue (\$MM)	134.2	163.2	199.7	237.5
Net profit (\$MM)	15.7	46.9	30.7	37.5
*Recurring net profit (\$MM)	15.7	21.9	30.7	37.5
*EPS (S cents)	3.4	4.5	6.0	7.3
DPS (S cents) - Net	4.0	4.8	5.5	6.5
Sales growth (%)	18.9%	21.5%	22.4%	18.9%
*Net profit growth (%)	31.4%	39.4%	40.2%	22.2%
*EPS growth (%)	31.4%	32.3%	33.4%	22.2%
*ROE (%)	13.9%	11.0%	15.3%	18.3%
P/E (x)	46.3	35.0	26.3	21.5
NAV per share (S¢)	24.3	38.6	39.1	39.9
Net dividend yield (%)	2.5%	3.0%	3.5%	4.1%

Source: Company reports, JPMorgan estimates. *Based on weighted shares outstanding.

Overweight

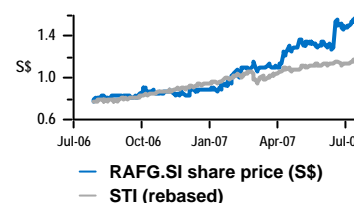
S\$1.57

30 July 2007
Price Target: S\$2.10

Singapore
Hospitals

James Sekchuan Tan^{AC}
(65) 6882-2367
james.s.tan@jpmorgan.com

Price Performance



	YTD	-1M	-3M	-12M
Absolute	73.5%	2.7%	17.7%	96.8%
Relative	56.5%	3.1%	14.9%	53.0%

Source: RIMES, Reuters.

Company data

52-week range	S\$0.79 - 1.61
Market cap (\$MM)	807
Market cap (US\$MM)	533
Shares outstanding (MM)	514
Avg daily Volume (MM)	0.7
Avg daily value (\$MM)	1.0
Avg daily value (US\$MM)	0.7
STI	3,526
Exchange rate	S\$1.514/US\$

Source: Bloomberg.

Highlights of 1H07 results

Table 1: 1H07 results summary

S\$ in millions

The company recorded a one-off gain from the fair value gain of an investment property of S\$12.5 million. Stripping out this gain and the tax deferment for this gain, the company's net profit would have been c.S\$5.6 million, a 46.4% Y/Y increase in core earnings in 2Q07.

The company continues to witness gross margins and EBIT margin expansion for its overall operations as it sees higher GP visits and higher average billing/day from its healthcare and hospital divisions.

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	Chg % Y/Y
Sales	30.912	32.770	35.021	35.545	37.681	41.393	26.3
Cost of goods sold	(21.632)	(21.929)	(22.749)	(22.927)	(25.249)	(26.102)	19.0
Gross profit	9.280	10.841	12.272	12.618	12.432	15.291	41.0
Other income	0.386	0.415	0.432	0.634	0.509	0.488	17.6
Other opex	(6.220)	(6.753)	(7.592)	(7.103)	(7.959)	(9.271)	37.3
EBIT	3.060	4.088	4.088	6.343	4.499	6.038	47.7
Non-oper. income	0.000	0.000	0.000	0.000	0.000	0.000	
Interest income	0.386	0.415	0.415	0.415	0.483	0.470	13.3
Interest expense	(0.028)	(0.028)	(0.028)	(0.025)	(0.024)	(0.024)	-14.3
Share of associates	0.330	0.318	0.318	(0.023)	0.190	12.871	3947.5
Pretax profit	3.748	4.793	4.793	6.710	5.148	19.355	303.8
Tax	(0.847)	(0.991)	(0.991)	(1.448)	(1.014)	(3.575)	260.7
Minority interests	(0.009)	(0.003)	(0.003)	(0.039)	(0.021)	(0.026)	766.7
Net profit	2.892	3.799	3.799	5.223	4.113	15.754	314.7
Margins (%)							
Gross margin	30.0	33.1	35.0	35.5	31.0	34.6	
SGA % sales	20.1	20.6	21.7	20.0	20.0	20.5	
EBITDA margin	12.6	15.0	0.0	0.0	11.9	0.0	
EBIT margin	9.9	12.5	11.7	17.8	11.9	14.6	
Pre-tax margin	12.1	14.6	13.7	18.9	13.7	46.8	
Net Margin	9.4	11.6	12.3	13.7	8.8	0.0	
Depr % of sales	2.7	2.6	0.0	0.0	2.6	0.0	
Effective tax rate %	23	21	21	22	20	18	

Source: Company reports, JPMorgan estimates.

The company is currently exploring investment, consultancy and management opportunities in hospitals and medical centers in China, Malaysia, India, Vietnam and the Middle East.

YTD, the company has increased its operational beds to 175 from 150 in FY06 and continues to see more intensive cases.

Table 2: Key assumptions—Raffles Hospital

Raffles Hospital	FY05	FY06	FY07E	FY08E	FY09E
No. of beds - licensed	380	380	380	380	380
No. of beds - operational	150	150	200	200	250
Average occupancy (%)	60	60	50	60	55
Average length of stay (days)	2.80	3.00	3.00	3.00	3.00
Average billing/day (S\$)	1,833	2,238	2,462	2,536	2,612
Operating revenue	60.2	73.5	89.9	111.1	131.1
Y/Y increase (%)	29.5	22.1	22.2	23.6	18.0
Operating costs (S\$MM)	(50.3)	(60.6)	(71.8)	(84.9)	(99.4)
EBIT (S\$MM)	9.9	12.9	18.1	26.2	31.7
EBIT margins (%)	16.5	17.6	20.1	23.6	24.2
EBITDA (S\$MM)	11.7	15.0	22.0	30.1	35.6
EBITDA margins (%)	19.4	20.3	24.4	27.1	27.2

Source: Company reports, JPMorgan estimates.

Despite having the largest family medicine network in Singapore (c60 clinics islandwide, treating approximately one million Singaporeans p.a., including >5,000 corporate clients), Raffles Medical Clinics is expected to continue to expand from 60 to 75 clinics domestically, and four to eight clinics regionally over the next three years.

YTD, the company has increased its clinics by 62 and is targeting to hit 65 clinics by this year-end.

Table 3: Key assumptions—Raffles Medical Clinics

Raffles medical clinics	FY05	FY06	FY07E	FY08E	FY09E
Total number of clinics	64	64	71	77	83
Singapore	60	60	65	70	75
Hong Kong	4	4	5	6	7
Others	-	-	1	1	1
Average revenue per clinic per day (S\$)	2,252.0	2,597.4	2,826.9	3,150.7	3,510.0
Growth in revenue per clinic per day (%)	-10.1	15.3	8.8	11.5	11.4
Operating revenue (S\$MM)	52.6	60.7	73.3	88.5	106.3
Y/Y increase (%)	-4.2	15.3	20.7	20.9	20.1
Operating costs (S\$MM)	(49.3)	(54.6)	(64.8)	(77.0)	(92.0)
EBIT (S\$MM)	3.3	6.1	8.4	11.5	14.4
EBIT margin (%)	6.3	10.0	11.5	13.0	13.5
EBITDA (S\$MM)	4.5	7.2	9.6	12.7	15.5
EBITDA margin (%)	8.5	11.9	13.1	14.3	14.6

Source: Company reports, JPMorgan estimates.

Table 4: Regional healthcare comparisons

Company name	Ticker	Last price (local curr)	Mkt cap USD MM	Dividend yield (%)	P/B	P/S	P/E (x)			ROE	Liquidity USD MM	Operating margin %
							FY06	FY07E	FY08E			
Australia												
Healthscope	HSP	5.43	1005	3.7	1.7	1.1	21.7	17.7	16.1	9.3	1.3	8.8
Primary healthcare	PRY	12.02	1174	3.5	3.8	6.0	30.5	26.0	22.3	12.8	0.2	30.8
Ramsay healthcare	RHC	10.87	1465	2.5	3.1	1.0	26.1	19.9	16.9	13.3	0.4	9.4
Country average			1215	3.3	2.9	2.7	26.1	21.2	18.4	11.8	0.7	16.3
India												
Apollo Hospital	APHS	495.75	580	0.9	4.1	2.7	26.5	29.9	24.8	9.9	0.0	10.8
Singapore												
Parkway	PWAY	3.82	1923	0.0	6.6	3.5	47.0	34.4	29.2	13.2	1.2	15.5
Thomson Medical	THOM	0.695	133	3.5	2.6	4.4	29.9	23.2	19.3	9.1	0.2	19.7
Raffles Medical	RFMD	1.57	527	0.0	6.3	5.3	46.3	35.0	26.3	14.3	0.4	14.3
Pacific Healthcare	PACH	0.39	71	163.3	2.2	1.5	23.1	13.9	11.2	10.0	0.6	9.3
Country average			663	41.7	4.4	3.6	36.2	26.6	21.5	11.6	0.6	14.7
Thailand												
Bangkok Dusit Medical	BGH	45.0	1590	0.0	5.4	3.2	45.1	31.6	25.1	15.0	0.0	12.9
Bumrungrad Hospital	BH	48.00	1038	0.0	9.8	4.4	31.0	28.7	24.4	37.2	0.0	20.2
Bangkok Chain Hospital	KH	10.10	285	0.0	3.7	2.8	23.4	20.2	18.0	17.1	0.1	21.0
Country average			971	0.0	6.3	3.4	33.2	26.8	22.5	23.1	0.0	18.0
Regional average			857	11.5	4.4	3.1	30.5	26.1	21.8	14.1	0.3	15.0

Source: Bloomberg, Company reports, JPMorgan estimates. Note: share prices and valuations updated as of July 30, 2007.

Valuation and recommendation

Based on our price target of S\$2.10, this implies a 34% upside potential to the current share price.

We maintain our June 2008 price target of S\$2.10: On a relative valuation to peers, the stock is trading at a 20% premium to regional healthcare peers trading at 21.8x FY08 P/E. We maintain our Overweight recommendation and our June 2008 price target of S\$2.10 based on our DCF valuation on a WACC of 6.1% and terminal growth rate of 2%.

Key risks to our price target

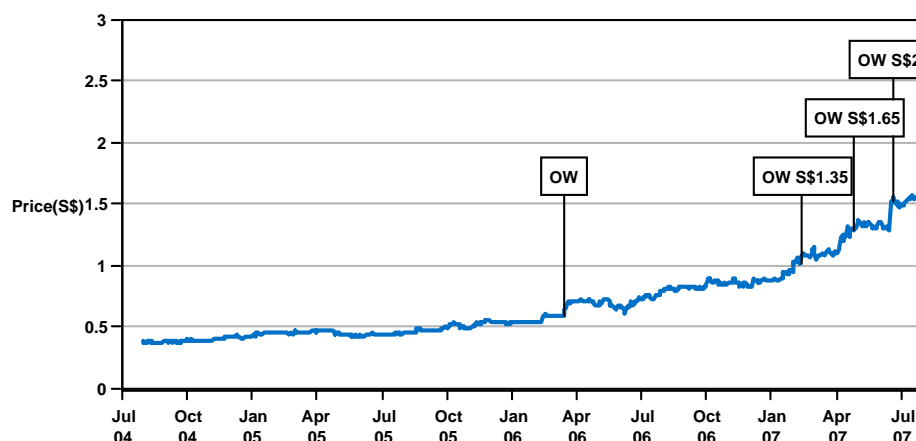
Key risks to our price target are Raffles Medical Group's ability to fill the hospital's planned expanded bed capacity and stronger regional competition. We maintain our Overweight recommendation.

Analyst Certification:

The research analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect his or her personal views about any and all of the subject securities or issuers; and (2) no part of any of the research analyst’s compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report.

Important Disclosures

Raffles Medical Group (RAFG.SI) Price Chart



Date	Rating	Share Price (S\$)	Price Target (S\$)
15-Mar-06	OW	0.59	-
12-Feb-07	OW	1.02	1.35
26-Apr-07	OW	1.29	1.65
19-Jun-07	OW	1.52	2.10

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends. Initiated coverage Mar 15, 2006. This chart shows JPMorgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. JPMorgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

Explanation of Equity Research Ratings and Analyst(s) Coverage Universe:

JPMorgan uses the following rating system: **Overweight** [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst’s (or the analyst’s team’s) coverage universe.] **Neutral** [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst’s (or the analyst’s team’s) coverage universe.] **Underweight** [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst’s (or the analyst’s team’s) coverage universe.] The analyst or analyst’s team’s coverage universe is the sector and/or country shown on the cover of each publication. See below for the specific stocks in the certifying analyst(s) coverage universe.

Coverage Universe: **James Sekchuan Tan:** China Milk Products Group (CHNM.SI), ComfortDelgro (CMDG.SI), FerroChina Limited (FERR.SI), Gems TV Holdings Ltd (GEMS.SI), Hong Leong Asia Limited (HLAA.SI), LMA International NV (LMAI.SI), Olam International Limited (OLAM.SI), Parkway Holdings Ltd (PARM.SI), Petra Foods Limited (PEFO.SI), Raffles Medical Group (RAFG.SI), SMRT (SMRT.SI), SingPost (Singapore Post) (SPOS.SI), Singapore Press Holdings (SPRM.SI), Tat Hong Holdings Limited (TAT.SI), Yellow Pages (Singapore) Limited (YELP.SI)

JPMorgan Equity Research Ratings Distribution, as of June 29, 2007

	Overweight (buy)	Neutral (hold)	Underweight (sell)
JPM Global Equity Research Coverage	44%	41%	16%
IB clients*	50%	50%	38%
JPM SI Equity Research Coverage	40%	47%	13%
IB clients*	69%	62%	48%

*Percentage of investment banking clients in each rating category.

For purposes only of NASD/NYSE ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category.

Valuation and Risks: Please see the most recent company-specific research report for an analysis of valuation methodology and risks on any securities recommended herein. Research is available at <http://www.morganmarkets.com>, or you can contact the analyst named on the front of this note or your JPMorgan representative.

Analysts' Compensation: The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

Other Disclosures

Options related research: If the information contained herein regards options related research, such information is available only to persons who have received the proper option risk disclosure documents. For a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options, please contact your JPMorgan Representative or visit the OCC's website at <http://www.optionsclearing.com/publications/risks/riskstoc.pdf>.

Legal Entities Disclosures

U.S.: JPMSI is a member of NYSE, NASD and SIPC. J.P. Morgan Futures Inc. is a member of the NFA. JPMorgan Chase Bank, N.A. is a member of FDIC and is authorized and regulated in the UK by the Financial Services Authority. **U.K.:** J.P. Morgan Securities Ltd. (JPMSL) is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. Registered in England & Wales No. 2711006. Registered Office 125 London Wall, London EC2Y 5AJ. **South Africa:** J.P. Morgan Equities Limited is a member of the Johannesburg Securities Exchange and is regulated by the FSB. **Hong Kong:** J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong. **Korea:** J.P. Morgan Securities (Far East) Ltd, Seoul branch, is regulated by the Korea Financial Supervisory Service. **Australia:** J.P. Morgan Australia Limited (ABN 52 002 888 011/AFS Licence No: 238188) is regulated by ASIC and J.P. Morgan Securities Australia Limited (ABN 61 003 245 234/AFS Licence No: 238066) is a Market Participant with the ASX and regulated by ASIC. **Taiwan:** J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Commission. **India:** J.P. Morgan India Private Limited is a member of the National Stock Exchange of India Limited and The Stock Exchange, Mumbai and is regulated by the Securities and Exchange Board of India. **Thailand:** JPMorgan Securities (Thailand) Limited is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Indonesia:** PT J.P. Morgan Securities Indonesia is a member of the Jakarta Stock Exchange and Surabaya Stock Exchange and is regulated by the BAPEPAM. **Philippines:** J.P. Morgan Securities Philippines Inc. is a member of the Philippine Stock Exchange and is regulated by the Securities and Exchange Commission. **Brazil:** Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. **Japan:** This material is distributed in Japan by JPMorgan Securities Japan Co., Ltd., which is regulated by the Japan Financial Services Agency (FSA). **Singapore:** This material is issued and distributed in Singapore by J.P. Morgan Securities Singapore Private Limited (JPMSS) [mica (p) 069/09/2006 and Co. Reg. No.: 199405335R] which is a member of the Singapore Exchange Securities Trading Limited and is regulated by the Monetary Authority of Singapore (MAS) and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore) which is regulated by the MAS. **Malaysia:** This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-x) which is a Participating Organization of Bursa Malaysia Securities Bhd and is licensed as a dealer by the Securities Commission in Malaysia. **Pakistan:** J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan.

Country and Region Specific Disclosures

U.K. and European Economic Area (EEA): Issued and approved for distribution in the U.K. and the EEA by JPMSL. Investment research issued by JPMSL has been prepared in accordance with JPMSL's Policies for Managing Conflicts of Interest in Connection with Investment Research which can be found at <http://www.jpmorgan.com/pdfdoc/research/ConflictManagementPolicy.pdf>. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Germany:** This material is distributed in Germany by J.P. Morgan Securities Ltd. Frankfurt Branch and JPMorgan Chase Bank, N.A., Frankfurt Branch who are regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht. **Australia:** This material is issued and

distributed by JPMSAL in Australia to “wholesale clients” only. JPMSAL does not issue or distribute this material to “retail clients.” The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of JPMSAL. For the purposes of this paragraph the terms “wholesale client” and “retail client” have the meanings given to them in section 761G of the Corporations Act 2001. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for persons licensed by or registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months’ prior.) J.P. Morgan Broking (Hong Kong) Limited is the liquidity provider for derivative warrants issued by J.P. Morgan International Derivatives Ltd and listed on The Stock Exchange of Hong Kong Limited. An updated list can be found on HKEx website: <http://www.hkex.com.hk/prod/dw/Lp.htm>. **Korea:** This report may have been edited or contributed to from time to time by affiliates of J.P. Morgan Securities (Far East) Ltd, Seoul branch. **Singapore:** JPMSI and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Legal Disclosures section above. **India:** For private circulation only not for sale. **Pakistan:** For private circulation only not for sale. **New Zealand:** This material is issued and distributed by JPMSAL in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. JPMSAL does not issue or distribute this material to members of “the public” as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of JPMSAL.

General: Additional information is available upon request. Information has been obtained from sources believed to be reliable but JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively JPMorgan) do not warrant its completeness or accuracy except with respect to any disclosures relative to JPMSI and/or its affiliates and the analyst’s involvement with the issuer that is the subject of the research. All pricing is as of the close of market for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein. JPMSI distributes in the U.S. research published by non-U.S. affiliates and accepts responsibility for its contents. Periodic updates may be provided on companies/industries based on company specific developments or announcements, market conditions or any other publicly available information. Clients should contact analysts and execute transactions through a JPMorgan subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

Revised June 25, 2007.

Copyright 2007 JPMorgan Chase & Co. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of JPMorgan.

Raffles Medical Group: Summary of financials

S\$ in millions, year-end December

Profit and loss statement					Cash flow statement				
	2006	2007E	2008E	2009E		2006	2007E	2008E	2009E
Revenues	134.2	163.2	199.7	237.5	Net Income	15.7	46.9	30.7	37.5
% change Y/Y	18.9%	21.5%	22.4%	18.9%	Depreciation & amortisation	3.4	5.2	5.2	5.2
Gross margin (%)	36.0%	36.1%	36.1%	36.1%	Other non-cash items	2.3	5.3	6.9	8.4
EBITDA	22.6	31.9	43.2	51.5	Change in working capital	0.7	2.9	3.6	3.7
% change Y/Y	36.4%	41.5%	35.2%	19.3%	Cash flow from operations	22.1	60.3	46.4	54.9
EBITDA margin (%)	16.8%	19.6%	21.6%	21.7%	CAPEX	-2.3	-71.9	-5.0	-5.0
EBIT	19.2	26.7	37.9	46.3	Disposal/ (purchase)	0.4	0.0	0.0	0.0
% change Y/Y	42.3%	39.0%	42.1%	22.0%	Cash flow from investing	-1.9	-71.9	-5.0	-5.0
EBIT margin (%)	14.3%	16.4%	19.0%	19.5%	Equity raised/(repaid)	0.0	63.0	0.0	0.0
Net interest	-0.1	-0.4	-1.3	-1.3	Debt raised/(repaid)	4.8	80.0	0.0	0.0
Associate	0.9	0.9	0.9	0.9	Other	0.0	0.0	0.0	0.0
Exceptional gains/ (losses)	0.0	25.0	0.0	0.0	Dividends	-15.5	-24.4	-28.2	-33.4
Earnings before tax	20.0	52.2	37.6	45.9	Cash flow from financing	-10.7	118.6	-28.2	-33.4
Tax	-4.3	-5.2	-6.8	-8.3	Net changes in cash	9.5	107.1	13.2	16.5
as % of EBT	-21.3%	-9.9%	-18.0%	-18.0%	Beginning cash	34.8	41.9	143.8	150.2
Net income	15.7	46.9	30.7	37.5	Ending cash	41.9	143.8	150.2	158.5
Net profit ex exceptional	15.7	21.9	30.7	37.5	DPS (S cts)	4.0	4.8	5.5	6.5
% change Y/Y	31.4%	198.5%	-34.5%	22.2%	Free cash flows	19.8	-11.5	41.4	49.9
*Weighted shares	463.5	488.5	513.5	513.5	*FCF per share (S\$)	0.04	-0.02	0.08	0.10
*EPS (S cts)	3.4	4.5	6.0	7.3	*Net cash per share (S\$)	0.12	0.16	0.16	0.18
Balance Sheet					Ratio Analysis				
	2006	2007E	2008E	2009E		2006	2007E	2008E	2009E
Cash and Cash Equivalents	41.9	143.9	150.3	158.5	Gross Margin (%)	36.0%	36.1%	36.1%	36.1%
Accounts receivable	16.8	20.4	24.9	29.6	EBIT Margin (%)	16.8%	19.6%	21.6%	21.7%
Inventories	3.4	3.4	3.4	3.4	Net profit margin (%)	11.7%	28.7%	15.4%	15.8%
Others	14.3	14.3	14.3	14.3	COGS/sales (%)	64.0%	63.9%	63.9%	63.9%
Current assets	76.4	181.9	192.9	205.9	SG&A/sales (%)	19.2%	16.5%	14.5%	14.4%
LT investments	54.0	54.0	54.0	54.0	*Sales per share growth (%)	18.9%	15.3%	22.4%	18.9%
Net fixed assets	20.2	86.8	86.6	86.3	Sales growth (%)	18.9%	21.5%	22.4%	18.9%
Intangible assets	1.3	1.3	1.3	1.3	EBIT growth (%)	42.3%	39.0%	42.1%	22.0%
Total Assets	151.8	324.0	334.7	347.5	*Net profit growth (%)	31.4%	39.4%	40.2%	22.2%
ST bank loans	2.0	2.0	2.0	2.0	*EPS growth (%)	31.4%	32.3%	33.4%	22.2%
Payables	30.0	36.5	44.6	53.1	Interest Coverage (x)	176.2	66.8	29.2	35.6
Others	5.9	5.9	5.9	5.9	Inventory Turnover (x)	20.2	24.6	30.1	35.8
Total current liabilities	37.9	44.4	52.6	61.0	Sales/Assets (%)	175.8%	89.7%	103.5%	115.4%
Long term debt	0.0	80.0	80.0	80.0	Assets/Equity (%)	134.5%	163.3%	166.6%	169.5%
Other liabilities	1.0	1.2	1.3	1.4	*ROE (%)	13.9%	11.0%	15.3%	18.3%
Total liabilities	39.0	125.6	133.9	142.4	*ROCE (%)	12.5%	6.6%	9.1%	10.8%
Shareholder's equity	112.9	198.4	200.9	205.0	Net Gearing (%)	Net cash	Net cash	Net cash	Net cash
Total liabilities and equity	151.8	324.0	334.7	347.5	Price to Book (x)	6.2	3.9	3.9	3.8
BVPS (S\$)	0.24	0.39	0.39	0.40	FCF yield	2.7%	-1.5%	5.3%	7.1%

Source: Company reports, JPMorgan estimates. *Based on weighted shares outstanding.