

# Raffles Medical Q1 net profit up 27.7% to \$7.8m

**Growth driven by better operating efficiencies, rise in health care services**

By CHEN HUIFEN

DESPITE a slowdown in topline growth, health care services provider Raffles Medical Group managed to turn in a 27.7 per cent year-on-year jump in first-quarter net profit to \$7.8 million, buoyed by a combination of better operating efficiencies and brisk business in its health care services segment.

Revenue for the three months to March 31 edged up 7.6 per cent to \$51 million, lower than the double-digit growth that it had seen when the economy was robust. But executive chairman Loo Choon Yong said that the group's local patient load remained stable, while the number of foreign patients had climbed 8 per cent year-on-year for Q1.

"We wish it's higher but this year, obviously there's a world economic crisis going on affecting the region

from where our patients come," said Dr Loo.

The health care services segment, which included its GP clinics and the health insurance unit, grew at 10.8 per cent, while turnover at its hospital went up 5.2 per cent. Raffles Medical did not give a breakdown of revenue at the two divisions.

Over the same period, staff costs edged up 4.1 per cent to \$24.9 million.

The cost of purchased and contracted services, an item recently presented in its income statement, went

up 16.9 per cent to \$3.8 million. This included insurance claims paid to patients using doctors outside the group's GP network and payments for outsourced cleaning and meals services, both of which used to be lumped as "other operating expenses".

At a media briefing yesterday morning, Dr Loo paid tribute to his staff who have been keeping a tight lid on costs, and cutting wastages. Only 40 per cent of staff costs are fixed.

"We always tell our staff we must keep fixed costs

low . . . because that's survival," said Dr Loo. "Better all of us have lower fixed wages and don't get retrenched, than to have high fixed cost and the company's got to chop you. And then, when the results are good, you pay your staff bonuses."

For the three months ended March, basic earnings per share went up to 1.50 cents, from 1.18 cent a year ago. Group net asset value per share rose to 44.32 cents, from 42.87 cents as at end-December 2008.

The group ended Q1 with a net cash position of \$21.8 million, and is eyeing China, India and Vietnam for overseas expansion but no concrete plans have yet been made.

With the global economic environment appearing to be a little brighter, Dr Loo said that prospects for the group are looking up as well, and the company expects to perform well if "there are no nasty surprises".

Shares of Raffles Medical ended two cents higher at 86.5 cents yesterday.