

Raffles Medical's Q2 profit rises 10.1% to \$11.63m

Revenue up 14.3%; hospital, healthcare services divisions post healthy growth

By **NISHA RAMCHANDANI**

RAFFLES Medical Group registered a 10.1 per cent year-on-year increase in net profit to \$11.63 million for the second quarter ended June 30 while revenue grew 14.3 per cent to \$67 million on the back of double-digit growth from both its hospital services and healthcare services divisions.

Revenue from its healthcare and hospital services divisions increased by 12.2 per cent and 14.5 per cent respectively as a higher patient load, a wider range of medical specialities, higher patient acuity and improved operating efficiencies helped the group deliver a better performance.

Earnings per share were 2.2 cents for the quarter, up from 2.02 cents in 2Q10.

For the six months ended June 30, net profit was 12.6 per cent higher at \$22.1 million while reve-

nue rose 14.5 per cent to \$131.4 million.

The group, which celebrates 35 years on July 31, has declared an interim dividend of one cent per ordinary share, payable on Sept 2.

In an update on its expansion of Raffles Hospital, it said it had received the grant of provisional permission from the Urban Redevelopment Authority (URA). The project consultants are reviewing the technical compliances required by URA.

The group's net cash op-

sition fell from \$71 million as at March 31, 2011, to a net debt position of \$3.2 million as at June 30 due to payment of the \$83 million outstanding balance for the purchase of Thong Sia Building in April, which was offset by an operating cash flow of \$9.4 million in 2Q11.

The specialist medical centre at Bideford Road is expected to start operations in 2H2012.

The group said: "The healthcare landscape remains competitive, with additional beds of new public

and private hospitals coming onstream over the next few years. Whilst adding more space to Raffles Hospital, the group continues to be vigilant and responsive to new opportunities that may arise."

CIMB maintained its outperform rating on the stock with a target price of \$2.64 while DBS Vickers maintained its "hold" recommendation with a target price of \$2.40, up from \$2.32 previously.

Shares in Raffles Medical closed one cent higher at \$2.35 yesterday.