

Financial Statement For The Quarter Ended 30 September 2005

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Third Quarter			Year-To-Date		
	Q3 2005	Q3 2004	Change	30/09/2005	30/09/2004	Change
	S\$'000	Restated S\$'000	%	S\$'000	Restated S\$'000	%
Revenue	29,580	25,632	15.4	82,478	75,817	8.8
Other operating income	262	100	162.0	752	308	144.2
Inventories and consumables used	(3,601)	(2,909)	23.8	(9,917)	(8,943)	10.9
Staff costs	(15,602)	(14,469)	7.8	(45,082)	(42,613)	5.8
Depreciation of property, plant and equipment	(823)	(743)	10.8	(2,221)	(2,290)	(3.0)
Other operating expenses	(6,071)	(5,264)	15.3	(16,652)	(14,827)	12.3
Profit from operations	3,745	2,347	59.6	9,358	7,452	25.6
Finance costs	(24)	(18)	33.3	(54)	(57)	(5.3)
Share of profits in a jointly controlled entity	329	334	(1.5)	1,038	910	14.1
Profit before taxation	4,050	2,663	52.1	10,342	8,305	24.5
Income tax expense	(828)	(546)	51.6	(2,073)	(1,762)	17.7
Profit after taxation	3,222	2,117	52.2	8,269	6,543	26.4
Attributable to :						
Shareholders of the company	3,198	2,112	51.4	8,223	6,547	25.6
Minority interests	24	5	NM	46	(4)	NM
	3,222	2,117	52.2	8,269	6,543	26.4

Note : NM denotes not meaningful

Profit from ordinary activities before taxation includes the following:

Group	Third Quarter		Year-To-Date	
	Q3 2005 S\$'000	Q3 2004 S\$'000	30/09/2005 S\$'000	30/09/2004 S\$'000
(a) Other operating income				
Interest income	203	100	551	231
Foreign exchange gain	59	-	201	77
(b) Other operating expenses				
Allowance for doubtful trade receivables (net)	124	57	97	(122)
Amortisation expense	13	13	39	39
Property, plant and equipment written off	24	16	33	110
Foreign exchange loss	-	64	-	145

The adjustment for under and over provision of tax in respect of prior years are as follows:

Group	Third Quarter		Year-To-Date	
	Q3 2005 S\$'000	Q3 2004 S\$'000	30/09/2005 S\$'000	30/09/2004 S\$'000
Under/(Over) provision in respect of prior years :				
Current taxation	-	-	-	31
Deferred taxation	-	-	-	54

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/09/2005 S\$'000	31/12/2004 S\$'000 Restated	30/09/2005 S\$'000	31/12/2004 S\$'000 Restated
Non-current assets				
Property, plant and equipment	21,555	19,354	2,853	2,417
Interests in subsidiaries	-	-	74,873	73,087
Interest in jointly controlled entity	52,672	51,680	-	-
Membership rights, at cost	88	88	68	68
Intangible assets	270	309	-	-
Deferred tax assets	505	1,004	-	-
	<u>75,090</u>	<u>72,435</u>	<u>77,794</u>	<u>75,572</u>
Current assets				
Investment in commercial notes	13,000	9,500	5,000	1,500
Inventories	2,800	2,568	1,047	804
Trade and other receivables	13,641	11,005	12,111	11,284
Cash and cash equivalents	30,189	32,181	23,599	28,694
	<u>59,630</u>	<u>55,254</u>	<u>41,757</u>	<u>42,282</u>
Current liabilities				
Trade and other payables	25,444	21,956	16,133	11,516
Interest-bearing liabilities	2,301	2,076	2,006	1,916
Current tax payable	2,830	2,635	1,813	1,869
	<u>30,575</u>	<u>26,667</u>	<u>19,952</u>	<u>15,301</u>
Net current assets	<u>29,055</u>	<u>28,587</u>	<u>21,805</u>	<u>26,981</u>
	<u>104,145</u>	<u>101,022</u>	<u>99,599</u>	<u>102,553</u>
Non-current liabilities				
Deferred tax liabilities	712	712	175	175
	<u>103,433</u>	<u>100,310</u>	<u>99,424</u>	<u>102,378</u>
Share capital	39,930	39,175	39,930	39,175
Reserves	63,306	60,984	59,494	63,203
Shareholders' equity	<u>103,236</u>	<u>100,159</u>	<u>99,424</u>	<u>102,378</u>
Minority interests	197	151	-	-
Total equity	<u>103,433</u>	<u>100,310</u>	<u>99,424</u>	<u>102,378</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/09/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$2,301,144	S\$0	S\$2,075,770

Amount repayable after one year

As at 30/09/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$0	S\$0	S\$0

Details of any collateral

Nil

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter		Year-To-Date	
	Q3 2005	Q3 2004	30/09/2005	30/09/2004
	S\$'000	Restated S\$'000	S\$'000	Restated S\$'000
Cash flows from operating activities				
Profit before taxation	4,050	2,663	10,342	8,305
Adjustments for :-				
Amortisation expense	13	13	39	39
Depreciation of property, plant and equipment	823	743	2,221	2,290
Equity share option expense	106	183	394	387
Finance costs	24	18	54	57
Foreign exchange (gain)/loss	(59)	64	(201)	68
Interest income	(203)	(100)	(551)	(231)
Property, plant and equipment written off	24	16	33	110
Share of profits in a jointly controlled entity	(329)	(334)	(1,038)	(910)
Operating profit before working capital changes	4,449	3,266	11,293	10,115
Changes in working capital :-				
Inventories	3	147	(230)	176
Trade and other receivables	(37)	1,691	(2,451)	6,167
Trade and other payables	(415)	603	3,482	1,938
Cash generated from operations	4,000	5,707	12,094	18,396
Income tax paid	(412)	(779)	(1,305)	(1,812)
Interest paid	(24)	(18)	(54)	(57)
Dividend paid	-	-	(7,975)	(7,804)
Cash flows from operating activities	3,564	4,910	2,760	8,723
Investing activities				
Interest received	52	105	377	275
Purchase of property, plant and equipment	(3,062)	(516)	(5,010)	(1,397)
Proceeds from sale of property, plant and equipment	567	1	567	168
Investment in commercial notes	-	13,000	(3,500)	18,020
Cash flows (used in)/from investing activities	(2,443)	12,590	(7,566)	17,066
Financing activities				
Interest bearing liabilities	-	-	26	-
Proceeds from issue of shares	155	61	2,580	1,114
Cash flows from financing activities	155	61	2,606	1,114
Net increase/(decrease) in cash & cash equivalents	1,276	17,561	(2,200)	26,903
Cash and cash equivalents at beginning of the period	28,546	19,994	32,021	10,649
Effect of exchange rate changes on cash & cash equivalents held in foreign currency	72	3	73	6
Cash and cash equivalents at end of the period	29,894	37,558	29,894	37,558
Cash and cash equivalents at end of the period include the following :				
Cash & fixed deposits	30,189	37,792	30,189	37,792
Bank overdrafts	(295)	(234)	(295)	(234)
	29,894	37,558	29,894	37,558

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to Equity Holders of Raffles Medical Group Ltd							
	Share capital	Share premium	Equity compensation reserve	Exchange translation reserve	Accumulated profits	Total	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2004, as previously reported	39,077	53,867	-	(176)	1,409	94,177	139	94,316
Effects of adopting FRS 102	-	-	270	-	(270)	-	-	-
At 1 July 2004, restated	39,077	53,867	270	(176)	1,139	94,177	139	94,316
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	19	42	-	-	-	61	-	61
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	73	-	73	-	73
Net profit for the period	-	-	-	-	2,112	2,112	5	2,117
Equity share option issued	-	-	183	-	-	183	-	183
At 30 September 2004	39,096	53,909	453	(103)	3,251	96,606	144	96,750
At 1 July 2005	39,885	55,790	924	(69)	3,235	99,765	173	99,938
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	45	110	-	-	-	155	-	155
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	12	-	12	-	12
Net profit for the period	-	-	-	-	3,198	3,198	24	3,222
Equity share option issued	-	-	106	-	-	106	-	106
At 30 September 2005	39,930	55,900	1,030	(57)	6,433	103,236	197	103,433

Company	Share capital S\$'000	Share premium S\$'000	Equity compensation reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
At 1 July 2004, as previously reported	39,077	53,867	-	5,850	98,794
Effects of adopting FRS 102	-	-	128	(128)	-
At 1 July 2004, restated	39,077	53,867	128	5,722	98,794
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	19	42	-	-	61
Net profit for the period	-	-	-	927	927
Equity share option issued	-	-	89	-	89
At 30 September 2004	39,096	53,909	217	6,649	99,871
At 1 July 2005	39,885	55,790	448	2,155	98,278
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	45	110	-	-	155
Net profit for the period	-	-	-	931	931
Equity share option issued	-	-	60	-	60
At 30 September 2005	39,930	55,900	508	3,086	99,424

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the quarter ended 30 September 2005, the Company issued 451,000 new shares. 20,000, 117,000, 176,000 and 138,000 shares were issued at S\$0.43, S\$0.33, S\$0.285 and S\$0.42 respectively, upon the exercise of options under the Raffles Medical Group Employee's Share Option Scheme.

As at 30 September 2005, there were outstanding options for conversion into 30,700,000 (30/09/2004 : 37,065,900) ordinary shares of S\$0.10 each.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements for the quarter ended 30 September 2005 have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Accounting policies and methods of computation used in the consolidated financial statements for the quarter ended 30 September 2005 are consistent with those applied in the financial statements for the year ended 31 December 2004 except for the adoption of new/revised Financial Reporting Standards ("FRS") which came into effect on 1 January 2005 as highlighted in Note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Impact of new Financial Reporting Standards
FRS 102 Share-based payment

FRS 102 is effective for the financial year beginning on 1 January 2005. FRS 102 requires the Group and the Company to recognise an expense in the profit and loss account with a corresponding increase in equity for share options granted under Raffles Medical Group Employees' Share Option Scheme after 22 November 2002 and not vested by 1 January 2005. The total amount to be recognised as an expense in the profit and loss account is determined by reference to the fair value of the options at the date of the grant and the number of options to be vested by vesting date.

The impact of adopting FRS 102 retrospectively in respect of Raffles Medical Group Employees' Share Option Scheme are as follows:

- (1) opening accumulated profits as at 1 July 2004 for the Group and the Company have decreased by S\$270,000 and S\$128,000 respectively, due to the accounting of share option expenses for FY 2003 and first half year ended 30 June 2004;
- (2) the accumulated profits and accordingly, the reserves of the Group and the Company as at 31 December 2004 have decreased by S\$636,000 and S\$306,000 respectively, due to the cumulative adjustments for the share option expenses applied retrospectively; and
- (3) the effect on third quarter 2005 and 2004, quarter and year-to-date results are as follows:

Group	Third Quarter		Year-To-Date	
	Q3 2005	Q3 2004	30/09/2005	30/09/2004
	S\$'000	S\$'000	S\$'000	S\$'000
Net profit before changes in accounting policy	3,304	2,295	8,617	6,934
Effect of adopting FRS 102	(106)	(183)	(394)	(387)
Net profit for the period	<u>3,198</u>	<u>2,112</u>	<u>8,223</u>	<u>6,547</u>

Saved for the effects of adopting FRS 102, the other new/revised FRS are currently assessed to have no material impact on the Group's results.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Third Quarter		Year-To-Date	
	Q3 2005	Q3 2004 Restated	30/09/2005	30/09/2004 Restated
6.(a) Earnings per ordinary share for the period based on 1(a) above :-				
(i) Based on existing issued share capital [A]	0.80 cents	0.54 cents	2.07 cents	1.68 cents
(ii) On a fully diluted basis [B]	0.79 cents	0.53 cents	2.04 cents	1.66 cents

[A] The calculation of earnings per ordinary share for the quarter and 9-month ended 30/09/2005 are based on weighted average shares of 398,992,064 (Q3 2004 : 390,912,521) and 396,655,603 (30/09/2004 : 389,544,627) in issue during the period.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) for the quarter and 9-month ended 30/09/2005 are based on weighted average shares of 404,992,667 (Q3 2004 : 394,943,305) and 402,377,863 (30/09/2004 : 393,333,550), respectively in issue during the period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	30/09/2005	31/12/2004	30/09/2005	31/12/2004
7.(a) Net asset value per ordinary share [C]	25.85 cents	25.57 cents	24.90 cents	26.13 cents

[C] The calculation of net asset value per ordinary share is based on 399,302,999 (31 December 2004 : 391,747,999) shares as at 30 September 2005.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group generated revenue growth of **15.4%** from S\$25.6 million in Q3 2004 to S\$29.6 million in Q3 2005. Hospital division being an important growth area of the Group, generated revenue growth of **28.9%** this quarter when compared with Q3 2004.

In line with strong revenue growth, Hospital division's profit after taxation (PAT) grew by **128.6%** over the same period last year.

The Group's PAT grew **52.2%** from S\$2.1 million in Q3 2004 to S\$3.2 million in Q3 2005. Together with PAT growth, the Group's EBITDA grew **42.9%** from S\$3.4 million in Q3 2004 to S\$4.9 million in Q3 2005.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The current financial period's results are in line with the Directors' expectations as disclosed in the Group's Q2 2005 results announcement.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Hospital division is expected to continue its strong growth into the fourth quarter as more local and foreign patients receive outpatient and inpatient care at *RafflesHospital*.

Healthcare services division has added another clinic to its stable this quarter making a total of six new clinics opened this year.

The Directors are optimistic that the Group will perform well for the rest of 2005.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the quarter ended 30 September 2005.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total	0	0

BY ORDER OF THE BOARD

Koh Lin
Company Secretary
7 November 2005