

Audited Full Year Financial Statement and Related Announcement For The Year Ended 31 December 2014

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

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

Consolidated Income Statement	2014	2013	Change
	S\$'000	S\$'000	%
Revenue	374,641	340,989	9.9
Other operating income	4,230	24,331	(82.6)
Inventories and consumables used	(39,829)	(38,237)	4.2
Purchased and contracted services	(34,368)	(24,625)	39.6
Staff costs	(182,094)	(170,091)	7.1
Depreciation of property, plant and equipment	(9,646)	(8,268)	16.7
Operating lease expenses	(8,561)	(7,271)	17.7
Other operating expenses	(24,046)	(22,501)	6.9
Profit from operating activities	80,327	94,327	(14.8)
Finance income	1,012	960	5.4
Finance expenses	(58)	(49)	18.4
Profit before tax	81,281	95,238	(14.7)
Tax expense	(13,319)	(9,943)	34.0
Profit for the year	67,962	85,295	(20.3)
Attributable to :			
Owners of the Company	67,639	84,892	(20.3)
Non-controlling interests	323	403	(19.9)
Profit for the year	67,962	85,295	(20.3)
Profit excluding exceptional items			
Profit before tax	81,281	95,238	(20.3)
Less: Gain on disposal of a subsidiary	-	(20,388)	nm
Change in fair value of investment properties	(3,000)	(3,900)	(23.1)
Profit before tax excluding exceptional items	78,281	70,950	10.3
Tax expense	(13,319)	(9,943)	34.0
Profit for the year excluding exceptional items	64,962	61,007	6.5

Excluding the gain on disposal of a subsidiary in 2013 and fair value gain on investment properties, the Group's results showed a **10.3%** increase in profit before tax and a **6.5%** increase in profit for the year.

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd).

	2014	2013	Change
	S\$'000	S\$'000	%
Consolidated statement of comprehensive income			
Profit for the year	67,962	85,295	(20.3)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	(106)	(30)	nm
Total comprehensive income for the year	<u>67,856</u>	<u>85,265</u>	(20.4)
Total comprehensive income attributable to:			
Owners of the company	67,533	84,862	(20.4)
Non-controlling interests	323	403	(19.9)
Total comprehensive income for the year	<u>67,856</u>	<u>85,265</u>	(20.4)

Note: nm denotes not meaningful

Explanatory notes to the Consolidated Income Statement

- More purchased and contracted services were mainly attributed to higher insurance claims in tandem with increased insurance premiums.
- Depreciation increased mainly due to purchase of more medical equipment and computers for the year.
- Higher operating lease expenses were in line with more new leases resulting from the expansion of clinics.
- Profit from operating activities before taxation includes the following:

Group	2014	2013
	S\$'000	S\$'000
(a) Other operating income		
Changes in fair value of investment properties	3,000	3,900
Gain on disposal of a subsidiary	-	20,388
Gain on disposal of property, plant and equipment	77	43
(b) Other operating expenses		
Allowance for doubtful receivables	1,342	707
Loss on disposal of property, plant and equipment	2	2
Property, plant and equipment written off	62	102
Write-off for stock obsolescence	200	119

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

Group	2014	2013
	S\$'000	S\$'000
Deferred tax expense		
Under provision in respect of prior years	139	-
Current tax expense		
Over provision in respect of prior years	147	983

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

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Non-current assets				
Property, plant and equipment	228,209	153,656	5,775	4,422
Intangible assets	164	164	93	93
Investment properties	228,300	100,400	-	-
Subsidiaries	-	-	421,346	241,584
Trade and other receivables	2,694	-	1,614	-
	<u>459,367</u>	<u>254,220</u>	<u>428,828</u>	<u>246,099</u>
Current assets				
Inventories	8,526	9,080	2,159	2,062
Trade and other receivables	36,955	44,228	17,250	16,660
Cash and cash equivalents	150,179	265,907	93,604	220,046
	<u>195,660</u>	<u>319,215</u>	<u>113,013</u>	<u>238,768</u>
Total assets	<u>655,027</u>	<u>573,435</u>	<u>541,841</u>	<u>484,867</u>
Equity attributable to owners of the Company				
Share capital	254,257	228,160	254,257	228,160
Reserves	284,543	244,344	177,070	152,217
	<u>538,800</u>	<u>472,504</u>	<u>431,327</u>	<u>380,377</u>
Non-controlling interests	1,472	1,289	-	-
Total equity	<u>540,272</u>	<u>473,793</u>	<u>431,327</u>	<u>380,377</u>
Non-current liabilities				
Trade and other payables	6,913	-	174	-
Deferred tax liabilities	2,979	2,127	523	435
	<u>9,892</u>	<u>2,127</u>	<u>697</u>	<u>435</u>
Current liabilities				
Trade and other payables	74,486	72,664	102,043	98,830
Insurance contract provisions	11,094	9,700	-	-
Interest-bearing liabilities	6,391	4,755	6,391	4,755
Current tax liabilities	12,892	10,396	1,383	470
	<u>104,863</u>	<u>97,515</u>	<u>109,817</u>	<u>104,055</u>
Total liabilities	<u>114,755</u>	<u>99,642</u>	<u>110,514</u>	<u>104,490</u>
Total equity and liabilities	<u>655,027</u>	<u>573,435</u>	<u>541,841</u>	<u>484,867</u>

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

Explanatory notes to the Statement of Financial Position

1. Property, plant and equipment increased by S\$74.6 million, largely due to reclassification of investment properties amounting to S\$67.2 million to property, plant and equipment. This is due to premises previously leased to third party are now owner-occupied.
2. Investment properties increased by S\$127.9 million, largely due to the acquisition of two properties for Raffles Hospital Extension and Raffles Holland Village. This is partially offset by the reclassification of investment properties to property, plant and equipment amounting to S\$67.2 million.
3. Trade and other receivables classified under current assets decreased mainly due to the deposit paid for the acquisition of the property for Raffles Holland Village in 2013 amounting to S\$5.5 million which was subsequently capitalised as investment properties under development in 2014. Trade and other receivables classified under non-current assets relate mainly to deposits paid under tenancy agreements.
4. The Group's net cash position decreased from S\$261.2 million as at 31 December 2013 to S\$143.8 million as at 31 December 2014. This was mainly attributed to the payments for investment properties under development amounting to S\$189.4 million and cash dividends of S\$12.6 million, offset by strong operating cash flows generated by the Group.
5. Trade and other payables classified under non-current liabilities relate to payment received for non-cancellable agreement from a third party.
6. Insurance contract provisions increased by S\$1.4 million, mainly due to higher provision for unearned premiums.

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

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 31/12/2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	6,391	-	4,755

Amount repayable after one year

Nil.

Details of any collateral

Nil.

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

	2014	2013
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the year	67,962	85,295
<i>Adjustments for :-</i>		
Changes in fair value of investment properties	(3,000)	(3,900)
Depreciation of property, plant and equipment	9,646	8,268
Equity-settled share-based payment transactions	3,363	2,946
Finance expenses	58	49
Finance income	(1,012)	(960)
Gain on disposal of a subsidiary	-	(20,388)
Gain on disposal of property, plant and equipment	(77)	(43)
Loss on disposal of property, plant and equipment	2	2
Property, plant and equipment written off	62	102
Tax expense	13,319	9,943
	<u>90,323</u>	<u>81,314</u>
<i>Changes in working capital :-</i>		
Inventories	554	(3,638)
Trade and other receivables	4,558	(6,093)
Trade and other payables	6,638	6,512
Insurance contract provisions	1,394	3,538
Cash generated from operations	103,467	81,633
Tax paid	(9,971)	(10,422)
Interest paid	-	(20)
Net cash from operating activities	<u>93,496</u>	<u>71,191</u>
Cash flows from investing activities		
Interest received	1,032	892
Proceeds from disposal of property, plant and equipment	88	138
Proceeds from disposal of a subsidiary	-	119,232
Purchase of property, plant and equipment	(17,699)	(8,186)
Payment for investment properties under development	(189,390)	(922)
Net cash (used in) / from investing activities	<u>(205,969)</u>	<u>111,154</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(12,428)	(9,854)
Dividends paid to non-controlling interests	(140)	(108)
Proceeds from issue of shares under share option scheme	7,828	6,128
Proceeds from bank loans	62,174	49,873
Repayment of bank loans	(60,756)	(65,024)
Net cash used in financing activities	<u>(3,322)</u>	<u>(18,985)</u>
Net (decrease) / increase in cash and cash equivalents	(115,795)	163,360
Cash and cash equivalents at 1 January	265,907	102,482
Effect of exchange rate fluctuations on cash held	67	65
Cash and cash equivalents at 31 December	<u>150,179</u>	<u>265,907</u>

Explanatory note to the Statement of Cash Flows

The Group's cash and cash equivalents decreased by S\$115.7 million from S\$265.9 million as at 31 December 2013 to S\$150.2 million as at 31 December 2014. This was mainly attributed to the payments for investment properties under development amounting to S\$189.4 million and dividends of S\$12.6 million, offset by strong operating cash flows generated by the Group.

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	Share capital S\$'000	Currency translation reserve S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2013	207,188	(85)	12,575	168,744	388,422	994	389,416
Total comprehensive income for the year							
Profit for the year	-	-	-	84,892	84,892	403	85,295
Other comprehensive income							
Foreign currency translation differences - foreign operations	-	(30)	-	-	(30)	-	(30)
Total comprehensive income for the year	-	(30)	-	84,892	84,862	403	85,265
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	6,128	-	-	-	6,128	-	6,128
Issue of shares in lieu of cash dividends of 3.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	14,844	-	-	-	14,844	-	14,844
Value of employee services received for issue of share options	-	-	2,946	-	2,946	-	2,946
Final dividend paid of 3.5 cents per ordinary share - Cash	-	-	-	(4,319)	(4,319)	-	(4,319)
Final dividend paid of 3.5 cents per ordinary share - Scrip	-	-	-	(14,844)	(14,844)	-	(14,844)
Interim dividend paid of 1.0 cent per ordinary share - Cash	-	-	-	(5,535)	(5,535)	-	(5,535)
Dividends distributed to non-controlling shareholder of a subsidiary	-	-	-	-	-	(108)	(108)
Total contributions by and distributions to owners	20,972	-	2,946	(24,698)	(780)	(108)	(888)
At 31 December 2013	228,160	(115)	15,521	228,938	472,504	1,289	473,793

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 (Cont'd).

Group	Share capital S\$'000	Currency translation reserve S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2014	228,160	(115)	15,521	228,938	472,504	1,289	473,793
Total comprehensive income for the year							
Profit for the year	-	-	-	67,639	67,639	323	67,962
Other comprehensive income							
Foreign currency translation differences - foreign operations	-	(106)	-	-	(106)	-	(106)
Total comprehensive income for the year	-	(106)	-	67,639	67,533	323	67,856
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	7,828	-	-	-	7,828	-	7,828
Issue of shares in lieu of cash dividends of 4.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	18,269	-	-	-	18,269	-	18,269
Value of employee services received for issue of share options	-	-	3,363	-	3,363	-	3,363
Final dividend paid of 4.0 cents per ordinary share - Cash	-	-	-	(3,977)	(3,977)	-	(3,977)
Final dividend paid of 4.0 cents per ordinary share - Scrip	-	-	-	(18,269)	(18,269)	-	(18,269)
Interim dividend paid of 1.5 cents per ordinary share - Cash	-	-	-	(8,451)	(8,451)	-	(8,451)
Dividends distributed to non-controlling shareholder of a subsidiary	-	-	-	-	-	(140)	(140)
Total contributions by and distributions to owners	26,097	-	3,363	(30,697)	(1,237)	(140)	(1,377)
At 31 December 2014	254,257	(221)	18,884	265,880	538,800	1,472	540,272

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 (Cont'd).

Company	Share capital S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
At 1 January 2013	207,188	12,575	92,820	312,583
Total comprehensive income for the year				
Profit for the year	-	-	68,574	68,574
Total comprehensive income for the year	-	-	68,574	68,574
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	6,128	-	-	6,128
Issue of shares in lieu of cash dividends of 3.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	14,844	-	-	14,844
Value of employee services received for issue of share options	-	2,946	-	2,946
Final dividend paid of 3.5 cents per ordinary share - Cash	-	-	(4,319)	(4,319)
Final dividend paid of 3.5 cents per ordinary share - Scrip	-	-	(14,844)	(14,844)
Interim dividend paid of 1.0 cent per ordinary share - Cash	-	-	(5,535)	(5,535)
Total contributions by and distributions to owners	20,972	2,946	(24,698)	(780)
At 31 December 2013	228,160	15,521	136,696	380,377
At 1 January 2014	228,160	15,521	136,696	380,377
Total comprehensive income for the year				
Profit for the year	-	-	52,187	52,187
Total comprehensive income for the year	-	-	52,187	52,187
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	7,828	-	-	7,828
Issue of shares in lieu of cash dividends of 4.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	18,269	-	-	18,269
Value of employee services received for issue of share options	-	3,363	-	3,363
Final dividend paid of 4.0 cents per ordinary share - Cash	-	-	(3,977)	(3,977)
Final dividend paid of 4.0 cents per ordinary share - Scrip	-	-	(18,269)	(18,269)
Interim dividend paid of 1.5 cents per ordinary share - Cash	-	-	(8,451)	(8,451)
Total contributions by and distributions to owners	26,097	3,363	(30,697)	(1,237)
At 31 December 2014	254,257	18,884	158,186	431,327

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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 year ended 31 December 2014, the Company issued a total of 10,312,972 new ordinary shares due to the allotment and issue of 5,603,972 ordinary shares arising from the application of Raffles Medical Group Ltd Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2013, as well as the allotment and issue of 4,709,000 new ordinary shares pursuant to the exercise by options holders under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$0.33	S\$0.42	S\$0.71	S\$0.78	S\$1.15
Number of new shares issued	142,000	142,000	241,000	809,000	460,000

Exercise price per share	S\$1.24	S\$1.66	S\$2.20	S\$2.34	S\$3.28
Number of new shares issued	368,000	525,000	729,000	832,000	461,000

On 1 April 2014, options to subscribe for 6,250,000 ordinary shares at an exercise price of S\$3.20 were granted to 525 eligible participants pursuant to the Raffles Medical Group (2010) Share Option Scheme.

As at 31 December 2014, there were outstanding options for conversion into 21,921,000 (31 December 2013: 21,200,000) ordinary shares. The Company does not hold any treasury shares as at 31 December 2014 (31 December 2013: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.

	31/12/2014	31/12/2013
Number of issued shares excluding treasury shares	564,160,834	553,847,862

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2014 (31 December 2013 : Nil).

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

The financial statements on consolidated results for the year ended 31 December 2014 have been audited in accordance with Singapore Standards on Auditing.

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

As attached.

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 year ended 31 December 2014 are consistent with those applied in the financial statements for the year ended 31 December 2013, except for those as disclosed under item 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.

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The Group continues to consolidate its investment in subsidiaries and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

Disclosure of interests in other entities

FRS 112 *Disclosure of Interests in Other Entities* requires the Group to disclose its interests in subsidiaries to enable users of financial statements to evaluate the nature, risks and financial effects of these interests.

The adoption of FRS 112 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Offsetting of financial assets and financial liabilities

Under the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The adoption of the amendment to FRS 32 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

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.

	2014	2013
Earnings per ordinary share for the year based on 1(a) above :-		
(i) Basic earnings per share [A]	12.09 cents	15.43 cents
(ii) Diluted earnings per share [B]	11.96 cents	15.24 cents

[A] The calculation of earnings per ordinary share was based on weighted average number of shares 559,426,440 (2013: 550,127,837) in issue during the year.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) was based on weighted average number of shares of 565,508,120 (2013: 556,905,918) in issue during the year.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

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

	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset value per ordinary share [C]	95.50 cents	85.31 cents	76.45 cents	68.68 cents

[C] The calculation of net asset value per ordinary share was based on 564,160,834 shares as at 31 December 2014 (31 December 2013 : 553,847,862).

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 attained a record revenue of **S\$374.6** million for the full year 2014, an increase of **9.9%** from **S\$341.0** million recorded in 2013. Revenue growth was contributed by all divisions of the Group. Revenue from Healthcare and Hospital Services increased by **12.5%** and **8.4%** respectively, with revenue growth driven by higher patient load from an expanding clinic network and the addition of more specialist consultants to the Group. The Group's healthcare insurance services also generated higher revenue for the Group in 2014.

Excluding the gain of **S\$20.4** million in 2013 arising from the disposal of a subsidiary, which held the property at 30 Bideford Road and the fair value gain on investment properties, the Group's profit before tax grew by **10.3%** from **S\$71.0** million in 2013 to **S\$78.3** million in 2014. This increase in profit is the result of improved revenue performance and operating leverage. The higher effective tax rate of 17% for the Group in 2014, up from 14% in 2013, was mainly due to the full utilisation of Productivity and Innovation Credit (PIC) benefits. Consequently, the Group's profit after tax increased by **6.5%** from **S\$61.0** million to **S\$65.0** million year-on-year.

The Group is in a healthy cash position of **S\$150.2** million as at 31 December 2014, which will contribute towards the funding of the Group's development projects in *RafflesHospital Extension* and *Raffles Holland Village*.

The Directors are pleased to recommend a final dividend of **4.0** cents per share amounting approximately to S\$22.6 million. Including the interim dividend of 1.5 cents per share paid in August 2014, the total dividends for the financial year ended 31 December 2014 increased by 0.5 cent (10%) to **5.5** cents per share as compared to the financial year ended 31 December 2013.

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 Q3 2014 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.**

RafflesHospital will continue to offer new services such as Trauma Orthopaedics to further increase the breadth and depth of our expertise and enhance our one-stop patient experience. **RafflesHospital** will also begin accepting SCDF ambulance cases from the middle of 2015 under the Emergency Care Collaboration announced by Mr Gan, Minister of Health, at **RafflesHospital's** ground breaking ceremony for its extension on 1 December 2014.

RafflesHospital Extension - Construction works on the **RafflesHospital Extension** project (the Extension) commenced in December 2014. This development, on a site adjacent to **RafflesHospital**, will add an additional 220,000 square feet to its present 300,000 square feet of gross floor area. The Extension and the existing **RafflesHospital** building will be connected to function as an integrated medical complex that will support the expansion of **RafflesHospital's** range of specialty services, healthcare training and clinical research. When completed in the first quarter of 2017, the Extension will offer significant scope for **RafflesHospital's** expansion and growth over the next 10 years.

Raffles Holland Village - Construction works on the 5-storey commercial building on the site of the former POSB Building in Holland Village is in progress. When the project is completed in the first quarter of 2016, approximately 9,000 square feet from a total gross floor area of 65,000 square feet will be dedicated to the expansion of the Group's medical and specialist services to cater to both local and expatriate patients. The remaining commercial space will be leased to DBS Bank and other tenants offering specialty lifestyle, food and beverage and retail services.

RafflesMedical and **RafflesDental** are expected to continue to benefit from the government initiated Community Health Assist Scheme (CHAS) and Pioneer Generation (PG) package. The new Flexi-Medisave scheme announced by the Government in January 2015 should also have a positive impact on **RafflesMedical**. Most of the Group's clinics are accredited to serve Singaporeans under CHAS and PG.

RafflesHealthinsurance will continue to experience strong growth on the back of the Group's **RafflesOne** marketing model, which has continued to gain positive traction with the Group's corporate clients during the year.

Competition in the healthcare sector is likely to remain keen with new hospitals being developed in Singapore and the region. The more measured pace of economic growth in China and Singapore may have a dampening effect on healthcare demand. However, the ageing population in Singapore and the region will continue to generate demand for reliable curative healthcare services. The Group is well-placed to capture growth for the future with the **RafflesHospital Extension** and **Raffles Holland Village** projects. The Group will continue to be vigilant and to proactively respond to new opportunities that may arise.

Based on current economic outlook and barring unforeseen circumstances, the Directors are optimistic that the Group will continue to grow for the year 2015.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	1.5 cents per ordinary share (one tier tax)
Tax Rate	Tax Exempt

Name of Dividend	Proposed Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	4.0 cents per ordinary share (one tier tax)
Tax Rate	Tax Exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	1.0 cent per ordinary share (one tier tax)
Tax Rate	Tax Exempt

Name of Dividend	Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	4.0 cents per ordinary share (one tier tax)
Tax Rate	Tax Exempt

11. Dividend (Cont'd)

(c) Date payable

The Directors are pleased to recommend a final dividend of 4.0 cents per share amounting approximately to S\$22.6 million in respect of the financial year ended 31 December 2014 for approval by the shareholders at the next Annual General Meeting to be convened on 23 April 2015. Including the interim dividend of 1.5 cents per share paid in August 2014, the total dividends for the financial year ended 31 December 2014 would amount to 5.5 cents per share, an increase of 0.5 cent (10.0%) as compared to the financial year ended 31 December 2013.

The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be announced at a later date.

(d) Books closure date

The books closure date will be announced at a later date.

(e) Scrip dividend scheme

The Scrip Dividend Scheme will be applicable to the final dividend. The issue price of a new share shall not be set at more than 10% discount to, nor shall it exceed the average of the last dealt prices of a share on the SGX-ST for each of the market days during the price determination period (being the period commencing on the day on which the shares are first quoted ex-dividend and ending on the books closure date to determine the entitlements to the final dividend). Further details will be announced at a later date.

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

Not applicable.

13. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not obtain a general mandate from shareholders for IPTs.

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

14. **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.**

Business Segments

	Healthcare services S\$'000	Hospital services S\$'000	Investment holdings S\$'000	Total S\$'000
2014				
Revenue and expenses				
External revenue	140,073	250,821	14,727	405,621
Inter-segment revenue	1,995	15,138	13,847	30,980
Finance expenses	(58)	-	-	(58)
Depreciation of property, plant and equipment	(2,694)	(4,172)	(194)	(7,060)
Reportable segment profit before tax	12,293	60,811	10,763	83,867
Reportable segment assets	581,003	134,152	433,750	1,148,905
Capital expenditure	4,132	13,551	191,469	209,152
Reportable segment liabilities	145,533	59,587	363,927	569,047
	Healthcare services S\$'000	Hospital services S\$'000	Investment holdings S\$'000	Total S\$'000
2013				
Revenue and expenses				
External revenue	124,481	231,302	10,285	366,068
Inter-segment revenue	1,657	14,758	8,664	25,079
Finance expenses	(34)	-	(15)	(49)
Depreciation of property, plant and equipment	(2,286)	(3,332)	(177)	(5,795)
Reportable segment profit before tax	10,603	56,829	9,891	77,323
Reportable segment assets	511,212	120,329	245,831	877,372
Capital expenditure	3,141	4,245	1,722	9,108
Reportable segment liabilities	132,593	54,086	203,383	390,062

14 Business Segments (Cont'd)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2014	2013
	S\$'000	S\$'000
Revenues		
Total revenue for reportable segments	405,621	366,068
Elimination of inter-segment revenue	(30,980)	(25,079)
Consolidated revenue	<u>374,641</u>	<u>340,989</u>
Profit or loss		
Total profit for reportable segments	83,867	77,323
Adjustment for depreciation of property, plant and equipment	(2,586)	(2,473)
Gain on disposal of a subsidiary	-	20,388
Consolidated profit before tax	<u>81,281</u>	<u>95,238</u>
Assets		
Total assets for reportable segments	1,148,905	877,372
Elimination of inter-segment assets	(493,878)	(303,937)
Consolidated total assets	<u>655,027</u>	<u>573,435</u>
Liabilities		
Total liabilities for reportable segments	569,047	390,062
Elimination of inter-segment liabilities	(470,163)	(302,943)
Unallocated amounts – current tax and deferred tax liabilities	15,871	12,523
Consolidated total liabilities	<u>114,755</u>	<u>99,642</u>

Other material items

	Reportable segment totals S\$'000	Adjustments S\$'000	Consolidated totals S\$'000
2014			
Depreciation of property, plant and equipment	7,060	2,586	<u>9,646</u>
2013			
Depreciation of property, plant and equipment	5,795	2,473	<u>8,268</u>

The hospital building at North Bridge Road is owned by a subsidiary and classified as investment property in the subsidiary's standalone financial statements. In accordance with the Group's accounting policies, investment property is measured at fair value and not depreciated.

14 Business Segments (Cont'd)

For the preparation of the consolidated financial statements, the hospital building is reclassified from investment property to property, plant and equipment as the building is used in the supply of hospital services by the Group. Accordingly, the carrying value of the hospital building is depreciated over its useful life in the consolidated financial statements of the Group.

The amount of \$2,586,000 (2013: \$2,473,000) relates to the depreciation of the hospital building for the year ended 31 December 2014.

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

Please refer to Item 8.

16. A breakdown of sales.

		Group		
		2014 S\$'000	2013 S\$'000	Change %
16(a)	Revenue reported for first half year	180,150	167,928	7.3
16(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	30,304	28,044	8.1
16(c)	Revenue reported for second half year	194,491	173,061	12.4
16(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	37,658	57,251	(34.2)

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

	2014 S\$'000	2013 S\$'000
Interim Ordinary Dividend	8,451	5,535
Final Ordinary Dividend	22,566*	22,246
Total	31,017	27,781

* Financial year 2014 final proposed ordinary dividend, which is based on estimated number of shares outstanding as at the end of the financial year.

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

The Board of Directors hereby confirms that none of the personnel occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
16 February 2015