

Financial Statement and Related Announcement For The Third Quarter Ended 30 September 2013

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.

	Third Quarter			Year-To-Date		
	Q3 2013	Q3 2012	Change	30/09/2013	30/09/2012	Change
Consolidated Income Statement	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	85,050	78,737	8.0	252,978	228,587	10.7
Other operating income	1	-	nm	45	55	(18.2)
Inventories and consumables used	(9,241)	(9,482)	(2.5)	(29,266)	(27,754)	5.4
Purchased and contracted services	(6,639)	(6,046)	9.8	(19,009)	(17,500)	8.6
Staff costs	(42,195)	(38,952)	8.3	(124,771)	(112,646)	10.8
Depreciation of property, plant and equipment	(2,065)	(1,968)	4.9	(6,189)	(5,746)	7.7
Operating lease expenses	(1,836)	(1,808)	1.5	(5,393)	(5,338)	1.0
Other operating expenses	(6,292)	(5,390)	16.7	(17,749)	(15,336)	15.7
Profit from operating activities	16,783	15,091	11.2	50,646	44,322	14.3
Finance income	216	121	78.5	554	294	88.4
Finance expenses	(3)	(50)	(94.0)	(48)	(163)	(70.6)
Profit before tax	16,996	15,162	12.1	51,152	44,453	15.1
Tax expense	(3,032)	(2,503)	21.1	(9,144)	(7,611)	20.1
Profit for the period	13,964	12,659	10.3	42,008	36,842	14.0
Attributable to :						
Owners of the Company	13,865	12,572	10.3	41,740	36,611	14.0
Non-controlling interests	99	87	13.8	268	231	16.0
Profit for the period	13,964	12,659	10.3	42,008	36,842	14.0

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- 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).

	Third Quarter			Year-To-Date		
	Q3 2013	Q3 2012	Change	30/09/2013	30/09/2012	Change
Consolidated statement of comprehensive income	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	13,964	12,659	10.3	42,008	36,842	14.0
Other comprehensive income						
Foreign currency translation differences for foreign operations	(256)	35	nm	(255)	76	nm
Total comprehensive income for the period	13,708	12,694	8.0	41,753	36,918	13.1
Attributable to:						
Owners of the company	13,609	12,607	7.9	41,485	36,687	13.1
Non-controlling interests	99	87	13.8	268	231	16.0
Total comprehensive income for the period	13,708	12,694	8.0	41,753	36,918	13.1

Note: nm denotes not meaningful

Explanatory notes to the Consolidated Income Statement

- Staff costs increased in tandem with higher volume of business in the Group. Annual staff wage increments also contributed to the higher staff cost for Q3 2013.
- Other operating expenses also increased with growth in business activities, including insurance, property taxes, professional fees as well as bank and credit card charges.
- Profit from operating activities before taxation includes the following:

Group	Third Quarter		Year-To-Date	
	Q3 2013	Q3 2012	30/09/2013	30/09/2012
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Other operating income				
Gain on disposal of property, plant and equipment	1	-	45	55
(b) Other operating expenses				
Allowance for doubtful receivables	337	323	1,009	1,060
Property, plant and equipment written off	2	20	79	90
Loss on disposal of property, plant and equipment	1	-	2	-
Inventory obsolescence	33	-	33	-

- The Group's effective tax rate is higher when compared to the corresponding period last year. The Group previously enjoyed a concessionary tax rate of 10% for profits from specialist healthcare business, pursuant to Development & Expansion Incentive Scheme, which had since expired.

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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	
	30/09/2013 S\$'000	31/12/2012 S\$'000	30/09/2013 S\$'000	31/12/2012 S\$'000
Non-current assets				
Property, plant and equipment	152,824	153,888	4,458	4,155
Intangible assets	164	164	93	93
Investment properties	96,500	194,500	-	-
Subsidiaries	-	-	264,207	263,070
	<u>249,488</u>	<u>348,552</u>	<u>268,758</u>	<u>267,318</u>
Current assets				
Inventories	8,381	5,442	1,870	1,270
Trade and other receivables	38,969	38,169	74,921	66,236
Cash and cash equivalents	146,103	102,482	104,977	77,223
Assets classified as held for sale	98,117	-	-	-
	<u>291,570</u>	<u>146,093</u>	<u>181,768</u>	<u>144,729</u>
Total assets	<u>541,058</u>	<u>494,645</u>	<u>450,526</u>	<u>412,047</u>
Equity attributable to owners of the Company				
Share capital	227,677	207,188	227,677	207,188
Reserves	200,179	181,234	124,752	105,395
	<u>427,856</u>	<u>388,422</u>	<u>352,429</u>	<u>312,583</u>
Non-controlling interests	1,154	994	-	-
Total equity	<u>429,010</u>	<u>389,416</u>	<u>352,429</u>	<u>312,583</u>
Non-current liabilities				
Deferred tax liabilities	1,670	1,670	302	302
	<u>1,670</u>	<u>1,670</u>	<u>302</u>	<u>302</u>
Current liabilities				
Trade and other payables	79,944	66,318	92,317	94,372
Insurance contract provisions	12,887	6,162	-	-
Interest-bearing liabilities	4,388	19,747	4,388	3,747
Current tax payable	12,979	11,332	1,090	1,043
Liabilities classified as held for sale	180	-	-	-
	<u>110,378</u>	<u>103,559</u>	<u>97,795</u>	<u>99,162</u>
Total liabilities	<u>112,048</u>	<u>105,229</u>	<u>98,097</u>	<u>99,464</u>
Total equity and liabilities	<u>541,058</u>	<u>494,645</u>	<u>450,526</u>	<u>412,047</u>

Explanatory notes to the Statement of Financial Position

1. Investment properties decreased by S\$98.0 million mainly due to the reclassification of a commercial property at 30 Bideford Road to "Assets classified as held for sale". The Company had announced on 13 August 2013 and 26 August 2013 that it had entered into a Sale and Purchase Agreement to dispose of all its interests in its subsidiary Orchard Investment Holdings Pte Ltd (formerly known as Raffles Medical Management Pte Ltd now "OIH") by 31 October 2013. OIH holds the Group's investment property at 30 Bideford Road. Consequently, the Group also reclassified S\$0.1 million and S\$0.2 million of other assets and liabilities to "Assets classified as held for sale" and "Liabilities classified as held for sale", respectively.
2. Inventories increased in tandem with higher business volume.
3. The Group's cash position increased from S\$102.5 million as at 31 December 2012 to S\$146.1 million as at 30 September 2013. This was attributed mainly to strong operating cash flows offset by payment of dividends of S\$9.9 million and the repayment of bank loan of S\$16.0 million in February 2013. Consequently, the interest-bearing liabilities decreased by about S\$15.4 million.
4. The increase in the Group's trade and other payables was mainly driven by higher business volume.
5. Insurance contract provisions increased by S\$6.7 million mainly due to higher unearned premiums arising from insurance premium billings.

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

Amount repayable in one year or less, or on demand

As at 30/09/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	4,388	-	19,747

Amount repayable after one year

As at 30/09/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collateral

Nil.

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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.**

	Q3 2013	Q3 2012
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	16,996	15,162
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	2,065	1,968
Equity-settled share-based payment transactions	801	593
Finance expenses	3	50
Finance income	(216)	(121)
Gain on disposal of property, plant and equipment	(1)	-
Loss on disposal of property, plant and equipment	1	-
Property, plant and equipment written off	2	20
	<u>19,651</u>	<u>17,672</u>
<i>Changes in working capital :-</i>		
Inventories	(598)	66
Trade and other receivables	(447)	(1,106)
Trade and other payables	10,769	2,853
Insurance contract provisions	(1,668)	(1,355)
Cash generated from operations	<u>27,707</u>	<u>18,130</u>
Taxes paid	(2,352)	(2,661)
Interest paid	(3)	(54)
Net cash from operating activities	<u>25,352</u>	<u>15,415</u>
Cash flows from investing activities		
Interest received	191	142
Proceeds from sale of property, plant and equipment	19	-
Purchase of property, plant and equipment	(1,386)	(2,291)
Net cash used in investing activities	<u>(1,176)</u>	<u>(2,149)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(5,535)	(9,111)
Proceeds from issue of shares under share option scheme	481	601
Proceeds from bank loan	12,463	3,063
Repayment of bank loan	(11,967)	(4,054)
Net cash used in financing activities	<u>(4,558)</u>	<u>(9,501)</u>
Net increase in cash and cash equivalents	19,618	3,765
Cash and cash equivalents at 1 July	126,371	84,244
Effect of exchange rate changes on balances held in foreign currency	114	(25)
Cash and cash equivalents at 30 September	<u>146,103</u>	<u>87,984</u>

Explanatory note to the Statement of Cash Flows

The Group's cash and cash equivalents increased by S\$19.7 million from S\$126.4 million as at 30 June 2013 to S\$146.1 million as at 30 September 2013, as the Group continued to generate strong cash flows from its operations in the Q3 2013. This was partially offset by payment of interim dividends of S\$5.5 million during the quarter under review.

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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 July 2012	193,270	(76)	11,565	157,480	362,239	778	363,017
Comprehensive income for the period							
Profit for the period	-	-	-	12,572	12,572	87	12,659
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	35	-	-	35	-	35
Total comprehensive income for the period	-	35	-	12,572	12,607	87	12,694
Transactions with owners, recorded 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	601	-	-	-	601	-	601
Value of employee services received for issue of share options	-	-	593	-	593	-	593
Issue of shares in lieu of cash dividend of 3.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	12,435	-	-	-	12,435	-	12,435
Final dividend paid of 3.0 cents per ordinary share – Cash	-	-	-	(3,673)	(3,673)	-	(3,673)
Final dividend paid of 3.0 cents per ordinary share – Scrip	-	-	-	(12,435)	(12,435)	-	(12,435)
Interim dividend paid of 1.0 cent per ordinary share – Cash	-	-	-	(5,438)	(5,438)	-	(5,438)
Total contributions by and distributions to owners	13,036	-	593	(21,546)	(7,917)	-	(7,917)
At 30 September 2012	206,306	(41)	12,158	148,506	366,929	865	367,794

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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 July 2013	227,196	(84)	13,932	177,456	418,500	1,055	419,555
Comprehensive income for the year							
Profit for the year	-	-	-	13,865	13,865	99	13,964
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	(256)	-	-	(256)	-	(256)
Total comprehensive income for the year	-	(256)	-	13,865	13,609	99	13,708
Transactions with owners, recorded 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	481	-	-	-	481	-	481
Value of employee services received for issue of share options	-	-	801	-	801	-	801
Interim dividend paid of 1.0 cent per ordinary share – Cash	-	-	-	(5,535)	(5,535)	-	(5,535)
Total contributions by and distributions to owners	481	-	801	(5,535)	(4,253)	-	(4,253)
At 30 September 2013	227,677	(340)	14,733	185,786	427,856	1,154	429,010

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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 July 2012	193,270	11,565	110,976	315,811
Comprehensive income for the period				
Profit for the period	-	-	870	870
Total comprehensive income for the period	-	-	870	870
Transactions with owners, recorded 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	601	-	-	601
Value of employee services received for issue of share options	-	593	-	593
Issue of shares in lieu of cash dividend of 3.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	12,435	-	-	12,435
Final dividend paid of 3.0 cents per ordinary share - Cash	-	-	(3,673)	(3,673)
Final dividend paid of 3.0 cents per ordinary share - Scrip	-	-	(12,435)	(12,435)
Interim dividend paid of 1.0 cent per ordinary share - Cash	-	-	(5,438)	(5,438)
Total contributions by and distributions to owners	13,036	593	(21,546)	(7,917)
At 30 September 2012	206,306	12,158	90,300	308,764
At 1 July 2013	227,196	13,932	114,542	355,670
Comprehensive income for the year				
Profit for the year	-	-	1,012	1,012
Total comprehensive income for the year	-	-	1,012	1,012
Transactions with owners, recorded 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	481	-	-	481
Value of employee services received for issue of share options	-	801	-	801
Interim dividend paid of 1.0 cent per ordinary share – Cash	-	-	(5,535)	(5,535)
Total contributions by and distributions to owners	481	801	(5,535)	(4,253)
At 30 September 2013	227,677	14,733	110,019	352,429

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- 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 third quarter ended 30 September 2013, the Company issued 382,000 new shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$0.42	S\$0.71	S\$0.78	S\$1.15	S\$1.66	S\$2.20	S\$2.34
Number of new shares issued	37,000	70,000	115,000	9,000	46,000	42,000	63,000

As at 30 September 2013, there were outstanding options for conversion into 21,676,000 (30 September 2012: 21,742,000) ordinary shares. The Company does not hold any treasury shares as at 30 September 2013 (30 September 2012 : 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.**

	30/09/2013	31/12/2012
Number of issued shares excluding treasury shares	553,543,862	544,817,317

- 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 during the quarter ended 30 September 2013.

- 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 third quarter ended 30 September 2013 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.

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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 third quarter ended 30 September 2013 are consistent with those applied in the financial statements for the year ended 31 December 2012, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2013. The adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

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.

Please refer to Item 4 above.

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 2013	Q3 2012	30/09/2013	30/09/2012
Earnings per ordinary share for the period based on 1(a) above :-				
(i) Basic earnings per share [A]	2.51 cents	2.31 cents	7.60 cents	6.80 cents
(ii) Diluted earnings per share [B]	2.47 cents	2.29 cents	7.51 cents	6.72 cents

[A] The calculation of earnings per ordinary share for the quarter and 9 months ended 30 September 2013 were based on weighted average number of shares 553,439,579 (Q3 2012 : 543,558,763) and 548,922,197 (9 months ended 30 September 2012 : 538,386,656) respectively in issue during the period.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) for the quarter and 9 months ended 30 September 2013 were based on weighted average number of shares of 560,305,151 (Q3 2012 : 550,031,659) and 555,903,733 (9 months ended 30 September 2012 : 544,469,023) respectively in issue during the period.

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	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Net asset value per ordinary share [C]	77.29 cents	71.29 cents	63.67 cents	57.37 cents

[C] The calculation of net asset value per ordinary share was based on 553,543,862 shares as at 30 September 2013 (31 December 2012 : 544,817,317).

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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 registered a quarterly revenue of **S\$85.1** million in Q3 2013, an increase of **8.0%** as compared to **S\$78.7** million in Q3 2012. Revenue from Hospital Services and Healthcare Services divisions increased by 9.4% and 5.7% respectively.

Revenue growth from increasing patient load and improved operating efficiencies contributed to the improved operating profit of **S\$16.8** million in Q3 2013, an increase of **11.2%** from **S\$15.1** million in Q3 2012. The Group's net profit after tax grew **10.3%** to **S\$14.0** million from **S\$12.7** million in the corresponding quarter last year.

The Group had a healthy cash position of S\$146.1 million as at 30 September 2013, after distribution of interim dividends of S\$5.5 million in Q3 2013. This healthy cash position is the result of the continued strong operating cashflows from the Group's various business units.

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 2013 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 continues to grow with strong demand for all hospital services. It is expected to contribute positively to the Group's performance.

The Group is working with its team of consultants and the relevant Government authorities on the extension of the Raffles Hospital premises at North Bridge Road. The hospital extension will enable the Group to build on and increase its clinical services and specialist offerings in the existing Raffles Hospital premise.

In the meantime, the Group is refurbishing various facilities and specialist clusters as well as acquiring additional advanced technologies to continually maintain its position as a premier private hospital delivering compassionate healthcare.

RafflesMedical clinics saw an improved performance with new corporate clientele. The stronger performance should carry through into the final quarter of 2013, with new branches opening in major shopping and population regions and continued growth in corporate sales.

RafflesHealthInsurance recorded strong revenue growth from the expansion of Singapore group employee benefits and global health insurance segments.

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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 (Cont'd).**

Further to the announcement on 26th August 2013, the Company entered into a Sale and Purchase Agreement with Diamante Holdings Limited to dispose of all its interest in Orchard Investment Holdings Pte Ltd (formerly known as Raffles Medical Management Pte Ltd now "OIH"). The sale of OIH is expected to be completed by 31 October 2013.

Outlook

With new public and private hospitals being developed in Singapore and the region, the healthcare landscape will remain competitive. The more measured pace of economic growth in China and Singapore may have a dampening effect on healthcare demand. However, the Group continues to be vigilant and responsive to new opportunities that may arise. Barring unforeseen circumstances, the Directors are optimistic that the Group will continue to grow for the rest of the year.

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/recommended, a statement to that effect.**

No dividend has been declared or recommended for the quarter ended 30 September 2013.

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.

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14. Confirmation pursuant to Rule 705 (5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company for the third quarter ended 30 September 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
28 October 2013