

FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

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 Statement of Profit or Loss	Third Quarter			Year-To-Date		
	Q3 2017 S\$'000	Q3 2016 S\$'000	Change %	30/09/2017 S\$'000	30/09/2016 S\$'000	Change %
Revenue	119,585	119,280	0.3	354,588	355,092	(0.1)
Other operating income	184	2	nm	911	1,999	(54.4)
Inventories and consumables used	(13,844)	(12,931)	7.1	(40,452)	(39,218)	3.1
Purchased and contracted services	(9,229)	(10,192)	(9.4)	(28,104)	(29,936)	(6.1)
Staff costs	(62,643)	(61,384)	2.1	(185,300)	(182,864)	1.3
Depreciation of property, plant and equipment	(3,568)	(3,683)	(3.1)	(10,718)	(10,771)	(0.5)
Amortisation of intangible assets	(101)	(90)	12.2	(305)	(269)	13.4
Operating lease expenses	(3,305)	(3,499)	(5.5)	(10,190)	(10,415)	(2.2)
Other operating expenses	(8,689)	(8,940)	(2.8)	(24,375)	(26,377)	(7.6)
Profit from operating activities	18,390	18,563	(0.9)	56,055	57,241	(2.1)
Finance income	226	315	(28.3)	719	898	(19.9)
Finance expenses	(42)	(39)	7.7	(135)	(111)	21.6
Profit before tax	18,574	18,839	(1.4)	56,639	58,028	(2.4)
Tax expense	(2,722)	(3,062)	(11.1)	(9,575)	(10,915)	(12.3)
Profit for the period	15,852	15,777	0.5	47,064	47,113	(0.1)
Profit attributable to :						
Owners of the Company	16,397	16,242	1.0	48,705	48,440	0.5
Non-controlling interests	(545)	(465)	17.2	(1,641)	(1,327)	23.7
Profit for the period	15,852	15,777	0.5	47,064	47,113	(0.1)

Note: nm denotes not meaningful

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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).

Consolidated Statement of Comprehensive Income	Third Quarter			Year-To-Date		
	Q3 2017	Q3 2016	Change	30/09/2017	30/09/2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	15,852	15,777	0.5	47,064	47,113	(0.1)
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	856	601	42.4	(671)	(3,817)	(82.4)
Total comprehensive income for the period	16,708	16,378	2.0	46,393	43,296	7.2
Total comprehensive income attributable to:						
Owners of the company	17,088	16,812	1.6	48,143	45,767	5.2
Non-controlling interests	(380)	(434)	(12.4)	(1,750)	(2,471)	(29.2)
Total comprehensive income for the period	16,708	16,378	2.0	46,393	43,296	7.2

Explanatory notes to the Consolidated Statement of Profit or Loss

- Higher inventories and consumables used were due to increased sales of medical supplies and services.
- Decrease in effective tax rate was due to utilisation of tax losses and tax incentive.
- Profit from operating activities before taxation includes the following:

Group	Third Quarter		Year-To-Date	
	Q3 2017	Q3 2016	30/09/2017	30/09/2016
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Other operating income				
Gain on disposal of property, plant and equipment	4	-	4	-
(b) Other operating expenses				
Allowance for doubtful receivables	492	655	1,348	1,662
Property, plant and equipment written off	28	66	84	71
Write-off for stock obsolescence	49	52	115	138
Donations	403	6	409	12

- The adjustment for tax in respect of prior years is as follows:

Group	Third Quarter		Year-To-Date	
	Q3 2017	Q3 2016	30/09/2017	30/09/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense				
Under provision in respect of prior years	113	-	70	22

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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.

Statements of Financial Position	Group		Company	
	30/09/2017 S\$'000	31/12/2016 S\$'000	30/09/2017 S\$'000	31/12/2016 S\$'000
Non-current assets				
Property, plant and equipment	267,846	270,066	8,747	8,040
Intangible assets and goodwill	29,570	30,660	93	93
Investment properties	479,042	371,472	-	-
Subsidiaries	-	-	551,606	451,431
Deferred tax assets	1,130	437	-	-
Trade and other receivables	3,325	4,711	8,161	7,658
	<u>780,913</u>	<u>677,346</u>	<u>568,607</u>	<u>467,222</u>
Current assets				
Inventories	9,190	9,994	2,492	2,643
Trade and other receivables	94,362	101,408	108,023	103,234
Cash and cash equivalents	114,933	111,883	11,343	32,619
	<u>218,485</u>	<u>223,285</u>	<u>121,858</u>	<u>138,496</u>
Total assets	<u>999,398</u>	<u>900,631</u>	<u>690,465</u>	<u>605,718</u>
Equity attributable to owners of the Company				
Share capital	340,135	314,165	340,135	314,165
Reserves	369,951	352,223	265,389	242,894
	<u>710,086</u>	<u>666,388</u>	<u>605,524</u>	<u>557,059</u>
Non-controlling interests	17,828	15,456	-	-
Total equity	<u>727,914</u>	<u>681,844</u>	<u>605,524</u>	<u>557,059</u>
Non-current liabilities				
Loans and borrowings	39,986	16,947	-	-
Trade and other payables	7,182	4,397	68	96
Other financial liabilities	5,685	8,377	-	-
Deferred tax liabilities	4,762	4,853	722	722
	<u>57,615</u>	<u>34,574</u>	<u>790</u>	<u>818</u>
Current liabilities				
Loans and borrowings	34,309	13,451	30,368	9,518
Current tax liabilities	13,083	14,163	850	1,644
Trade and other payables	151,331	144,728	52,933	36,679
Other financial liabilities	-	166	-	-
Insurance contract provisions	15,146	11,705	-	-
	<u>213,869</u>	<u>184,213</u>	<u>84,151</u>	<u>47,841</u>
Total liabilities	<u>271,484</u>	<u>218,787</u>	<u>84,941</u>	<u>48,659</u>
Total equity and liabilities	<u>999,398</u>	<u>900,631</u>	<u>690,465</u>	<u>605,718</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. Investment properties increased by S\$107.6 million, largely due to the investment property development expenditure pertaining to projects for Raffles Hospital Extension, Raffles Medical Shanghai Hospital and Raffles Medical Chongqing Hospital.
2. The decrease in other financial liabilities was due to the adjustment to the present value of the exercise price of written put options with the non-controlling shareholders in respect of the subsidiaries acquired in Q4 2015.
3. The increase in loans and borrowings was due to bank loans to finance the construction of Raffles Hospital Extension and Raffles Medical Shanghai Hospital.
4. Insurance contract provisions increased by S\$3.4 million, mainly due to higher provision for unearned premiums resulting from billings for premium from the Group's insurance business.

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

Amount repayable in one year or less, or on demand

As at 30/09/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	34,309	-	13,451

Amount repayable after one year

As at 30/09/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	39,986	-	16,947

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 2017	Q3 2016
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	15,852	15,777
<i>Adjustments for :</i>		
Amortisation of intangible assets	101	90
Depreciation of property, plant and equipment	3,568	3,683
Equity-settled share-based payment transactions	575	737
Finance expenses	42	39
Finance income	(226)	(315)
Gain on disposal of property, plant and equipment	(4)	-
Property, plant and equipment written off	28	66
Tax expense	2,722	3,062
	<u>22,658</u>	<u>23,139</u>
<i>Changes in working capital :</i>		
Inventories	25	(142)
Trade and other receivables	5,464	(1,561)
Trade and other payables	4,687	(3,184)
Insurance contract provisions	(3,938)	(6,151)
Cash generated from operations	28,896	12,101
Tax paid	(4,242)	(3,964)
Interest paid	(168)	-
Net cash from operating activities	<u>24,486</u>	<u>8,137</u>
Cash flows from investing activities		
Interest received	240	323
Proceeds from disposal of property, plant and equipment	7	-
Purchase of property, plant and equipment	(4,316)	(8,694)
Payment for investment properties under development	(30,929)	(6,334)
Net cash used in investing activities	<u>(34,998)</u>	<u>(14,705)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(8,854)	(8,734)
Dividends paid to non-controlling interests	-	(116)
Proceeds from issue of shares under share option scheme	650	618
Proceeds from bank loans	45,514	22,839
Repayment of bank loans	(24,188)	(22,689)
Net cash from / (used in) financing activities	<u>13,122</u>	<u>(8,082)</u>
Net increase / (decrease) in cash and cash equivalents	2,610	(14,650)
Cash and cash equivalents at 1 July	112,363	123,546
Effect of exchange rate fluctuations on cash held	(40)	89
Cash and cash equivalents at 30 September	<u>114,933</u>	<u>108,985</u>

Explanatory notes to the Statement of Cash Flows

The Group's cash and cash equivalents increased by S\$2.6 million to S\$114.9 million as at 30 September 2017. This was mainly due to strong operating cash flows generated by the Group and financing from bank loans, partly offset by dividend payment of S\$8.9 million and payment of S\$30.9 million for investment properties under development.

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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	Translation reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Other 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 2016	312,710	(4,392)	22,273	1,712	(8,150)	310,123	634,276	16,885	651,161
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	16,242	16,242	(465)	15,777
Other comprehensive income									
Foreign currency translation differences - foreign operations	-	570	-	-	-	-	570	31	601
Total other comprehensive income for the period	-	570	-	-	-	-	570	31	601
Total comprehensive income for the period	-	570	-	-	-	16,242	16,812	(434)	16,378
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	618	-	-	-	-	-	618	-	618
Value of employee services received for issue of share options	-	-	737	-	-	-	737	-	737
Interim dividend paid of 0.5 cent per ordinary share – Cash	-	-	-	-	-	(8,734)	(8,734)	-	(8,734)
Dividends distributed to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	(116)	(116)
Total contributions by and distributions to owners	618	-	737	-	-	(8,734)	(7,379)	(116)	(7,495)
Changes in ownership interests in subsidiaries									
Present value of the exercise price of written put options	-	-	-	-	1,341	-	1,341	-	1,341
Total changes in ownership interests in subsidiaries	-	-	-	-	1,341	-	1,341	-	1,341
Total transactions with owners	618	-	737	-	1,341	(8,734)	(6,038)	(116)	(6,154)
At 30 September 2016	313,328	(3,822)	23,010	1,712	(6,809)	317,631	645,050	16,335	661,385

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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	Translation reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Other 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 2017	339,485	(5,345)	25,044	1,712	(6,615)	345,416	699,697	18,208	717,905
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	16,397	16,397	(545)	15,852
Other comprehensive income									
Foreign currency translation differences - foreign operations	-	691	-	-	-	-	691	165	856
Total other comprehensive income for the period	-	691	-	-	-	-	691	165	856
Total comprehensive income for the period	-	691	-	-	-	16,397	17,088	(380)	16,708
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	650	-	-	-	-	-	650	-	650
Value of employee services received for issue of share options	-	-	575	-	-	-	575	-	575
Interim dividend paid of 0.5 cent per ordinary share – Cash	-	-	-	-	-	(8,854)	(8,854)	-	(8,854)
Total contributions by and distributions to owners	650	-	575	-	-	(8,854)	(7,629)	-	(7,629)
Changes in ownership interests in subsidiaries									
Present value of the exercise price of written put options	-	-	-	-	930	-	930	-	930
Total changes in ownership interests in subsidiaries	-	-	-	-	930	-	930	-	930
Total transactions with owners	650	-	575	-	930	(8,854)	(6,699)	-	(6,699)
At 30 September 2017	340,135	(4,654)	25,619	1,712	(5,685)	352,959	710,086	17,828	727,914

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 2016	312,710	22,273	158,873	493,856
Total comprehensive income for the period				
Profit for the period	-	-	65,296	65,296
Total comprehensive income for the period	-	-	65,296	65,296
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	618	-	-	618
Value of employee services received for issue of share options	-	737	-	737
Interim dividend paid of 0.5 cent per ordinary share – Cash	-	-	(8,734)	(8,734)
Total contributions by and distributions to owners	618	737	(8,734)	(7,379)
At 30 September 2016	313,328	23,010	215,435	551,773
At 1 July 2017	339,485	25,044	195,635	560,164
Total comprehensive income for the period				
Profit for the period	-	-	52,989	52,989
Total comprehensive income for the period	-	-	52,989	52,989
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	650	-	-	650
Value of employee services received for issue of share options	-	575	-	575
Interim dividend paid of 0.5 cent per ordinary share – Cash	-	-	(8,854)	(8,854)
Total contributions by and distributions to owners	650	575	(8,854)	(7,629)
At 30 September 2017	340,135	25,619	239,770	605,524

- 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 2017, the Company issued a total of 1,052,000 new ordinary shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share (Post Share Split)	S\$0.26	S\$0.55	S\$0.73	S\$0.78	S\$1.07
Number of new shares issued	416,000	27,000	69,000	348,000	192,000

As at 30 September 2017, there were outstanding options for conversion into 61,108,000 (30 September 2016: 63,819,000) ordinary shares. The Company does not hold any treasury shares as at 30 September 2017 (30 September 2016: 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.**

	30/09/2017	31/12/2016
Number of issued shares excluding treasury shares	1,770,885,970	1,748,164,318

- 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 30 September 2017 (31 December 2016: 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 third quarter ended 30 September 2017 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 third quarter ended 30 September 2017 are consistent with those applied in the financial statements for the year ended 31 December 2016, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2017. 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 2017	Q3 2016	30/09/2017	30/09/2016
Earnings per ordinary share for the year based on 1(a) above :-				
(i) Basic earnings per share [A]	0.93 cents	0.93 cents	2.77 cents	2.79 cents
(ii) Diluted earnings per share [B]	0.92 cents	0.92 cents	2.76 cents	2.77 cents

[A] The calculation of earnings per ordinary share for the quarter and 9 months ended 30 September 2017 were based on weighted average number of shares 1,770,595,916 (Q3 2016: 1,746,759,851) and 1,757,608,359 (9 months ended 30 September 2016: 1,734,475,096) 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 2017 were based on weighted average number of shares of 1,777,447,344 (Q3 2016: 1,764,175,656) and 1,767,545,217 (9 months ended 30 September 2016: 1,750,856,421) 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	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value per ordinary share [C]	40.10 cents	38.12 cents	34.19 cents	31.87 cents

[C] The calculation of net asset value per ordinary share was based on 1,770,885,970 shares as at 30 September 2017 (31 December 2016: 1,748,164,318).

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 recorded a quarterly revenue of **S\$119.6** million in Q3 2017, a marginal increase from **S\$119.3** million in Q3 2016. Revenue from Hospital Services division grew by **3.1%**, while revenue from Healthcare Services division decreased **4.2%**. The growth in revenue from Hospital Services division was contributed mainly by the increase in local patient load. The decrease in revenue from Healthcare Services division was due to lower renewal of international healthcare plans for expatriates.

The Group's net profit after tax attributable to owners of the Company recorded an increase of **1.0%** from **S\$16.2** million in Q3 2016 to **S\$16.4** million in Q3 2017.

The continued strong operating cashflows generated from the Group's business operations contributed to a healthy cash position of **S\$114.9** million as at 30 September 2017. This was after accounting for the distribution of interim dividend of **S\$8.9** million and payment of **S\$30.9** million for investment properties under development.

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 2017 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.**

RafflesMedical continues to expand its network of clinics in 2017 with the opening of new clinics at Changi Airport Terminal 4 and Transit 4 in the fourth quarter of 2017. Two new in-house clinics in Dover and Tampines were opened in August 2017. Northpoint City re-opened in September 2017 after the mall's retrofitting. Through these new clinics, **RafflesMedical** continues to offer greater convenience for our patients.

RafflesHospital continues to grow its patient base, in line with the expansion and growth of the Group. With the planned opening of **RafflesHospital Extension** by the fourth quarter this year, **RafflesHospital** will have capacity to serve more patients and corporate clients.

Constructions of **RafflesHospital Chongqing** and **RafflesHospital Shanghai** are progressing according to plan. These hospitals are targeted to be operational by second half 2018 and second half 2019 respectively.

Despite the economic slowdown and increasing competition from regional countries for foreign patients, the Group is prepared and ready to meet these challenging conditions. The Group will also continue to be vigilant and respond to new opportunities that may arise.

Based on the current economic outlook and barring unforeseen circumstances, the Directors expect the Group to remain profitable in 2017.

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 third quarter ended 30 September 2017.

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.

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 2017 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720 (1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1) of the Listing Manual.

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
30 October 2017