

## Financial Statement For The Quarter Ended 31 March 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	31/03/2005 S\$'000	31/03/2004 S\$'000 Restated	Change %
<b>Revenue</b>	25,181	24,873	1.2
Other operating income	202	58	248.3
Inventories and consumables used	(2,945)	(2,921)	0.8
Staff costs	(14,317)	(13,793)	3.8
Depreciation of property, plant and equipment	(695)	(797)	(12.8)
Other operating expenses	(4,890)	(4,897)	(0.1)
<b>Profit from operations</b>	<b>2,536</b>	<b>2,523</b>	<b>0.5</b>
Finance costs	(14)	(21)	(33.3)
Share of profits in a jointly controlled entity	338	247	36.8
<b>Profit from ordinary activities before taxation</b>	<b>2,860</b>	<b>2,749</b>	<b>4.0</b>
Income tax expense	(573)	(580)	(1.2)
<b>Profit from ordinary activities after taxation</b>	<b>2,287</b>	<b>2,169</b>	<b>5.4</b>
Minority interests	(7)	2	NM
<b>Profit after tax and minority interests (PATMI)</b>	<b>2,280</b>	<b>2,171</b>	<b>5.0</b>

Note : NM denotes not meaningful

**Profit from ordinary activities before taxation includes the following:**

<b>Group</b>	<b>31/03/2005</b> <b>S\$'000</b>	<b>31/03/2004</b> <b>S\$'000</b>
<b>(a) Other operating income</b>		
Interest income	165	58
Foreign exchange gain	37	-
<b>(b) Other operating expenses</b>		
Allowance for doubtful trade receivables (net)	(74)	36
Amortisation expense	13	13
Bad debts written off	-	-
Foreign exchange loss	-	81
Property, plant and equipment written off	1	88

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

<b>Group</b>	<b>31/03/2005</b> <b>S\$'000</b>	<b>31/03/2004</b> <b>S\$'000</b>
Under/(Over) provision in respect of prior years:	-	-
Current tax expense	-	-
Deferred tax expense	-	-

**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.**

	<b>Group</b>		<b>Company</b>	
	31/03/2005 S\$'000	31/12/2004 S\$'000 Restated	31/03/2005 S\$'000	31/12/2004 S\$'000 Restated
<b>Non-current assets</b>				
Property, plant and equipment	19,165	19,354	2,487	2,417
Interests in subsidiaries	-	-	73,087	73,087
Interest in jointly controlled entity	52,006	51,680	-	-
Membership rights, at cost	88	88	68	68
Intangible assets	296	309	-	-
Deferred tax assets	875	1,004	-	-
	<u>72,430</u>	<u>72,435</u>	<u>75,642</u>	<u>75,572</u>
<b>Current assets</b>				
Investment in commercial notes	13,000	9,500	5,000	1,500
Inventories	2,814	2,568	1,016	804
Trade & other receivables	13,630	11,005	11,931	11,284
Cash and cash equivalents	28,910	32,181	25,381	28,694
	<u>58,354</u>	<u>55,254</u>	<u>43,328</u>	<u>42,282</u>
<b>Current liabilities</b>				
Trade and other payables	21,748	21,956	10,989	11,516
Interest-bearing liabilities	1,959	2,076	1,927	1,916
Current tax payable	3,063	2,635	2,090	1,869
	<u>26,770</u>	<u>26,667</u>	<u>15,006</u>	<u>15,301</u>
<b>Net current assets</b>	<u>31,584</u>	<u>28,587</u>	<u>28,322</u>	<u>26,981</u>
	<u>104,014</u>	<u>101,022</u>	<u>103,964</u>	<u>102,553</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	712	712	175	175
	<u>103,302</u>	<u>100,310</u>	<u>103,789</u>	<u>102,378</u>
Share capital	39,345	39,175	39,345	39,175
Reserves	63,799	60,984	64,444	63,203
<b>Shareholders' equity</b>	<u>103,144</u>	<u>100,159</u>	<u>103,789</u>	<u>102,378</u>
<b>Minority interests</b>	158	151	-	-
<b>Total equity</b>	<u>103,302</u>	<u>100,310</u>	<u>103,789</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 31/03/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$1,958,800	S\$0	S\$2,075,770

**Amount repayable after one year**

As at 31/03/2005		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.

	Q1 2005	Q1 2004 restated
	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>		
<b>Profit from ordinary activities before taxation</b>	2,860	2,749
<b>Adjustments for :-</b>		
Amortisation of intangible assets	13	13
Depreciation of property, plant and equipment	695	797
Equity share option expense	182	22
Finance costs	14	21
Foreign exchange (gain)/loss	(37)	81
Interest income from fixed deposits and commercial notes	(165)	(58)
Property, plant and equipment written off	1	88
Share of profits in a jointly controlled entity	(338)	(247)
<b>Operating profit before working capital changes</b>	<u>3,225</u>	<u>3,466</u>
<b>Changes in working capital :-</b>		
Inventories	(245)	(296)
Trade and other receivables	(2,603)	5,031
Trade and other payables	(192)	1,696
<b>Cash generated from operations</b>	185	9,897
Interest paid	(14)	(21)
<b>Cash flows from operating activities</b>	<u>171</u>	<u>9,876</u>
<b>Investing activities</b>		
Investment in commercial notes	(3,500)	20
Interest received	147	97
Purchase of property, plant and equipment	(504)	(239)
<b>Cash flows used in investing activities</b>	<u>(3,857)</u>	<u>(122)</u>
<b>Financing activities</b>		
Proceeds from issue of shares	544	137
<b>Cash flows from financing activities</b>	<u>544</u>	<u>137</u>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	(3,142)	9,891
Cash and cash equivalents at beginning of the period	32,021	10,649
<b>Effect of exchange rate changes on cash &amp; cash equivalents held in foreign currency</b>	<u>-</u>	<u>9</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>28,879</u></u>	<u><u>20,549</u></u>

**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 S\$'000	Share premium S\$'000	Equity compen- -sation reserve S\$'000	Exchange translation reserve S\$'000	Accu- mulated profits S\$'000	Total S\$'000	Minority interests S\$'000	Total equity S\$'000
<b>At 1 January 2004, as previously reported in Annual Report</b>	38,734	53,157	-	(173)	4,574	96,292	148	96,440
Effects of adopting FRS 102	-	-	66	-	(66)	-	-	-
<b>At 1 January 2004, restated</b>	38,734	53,157	66	(173)	4,508	96,292	148	96,440
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	97	-	97	-	97
Net profit for the period	-	-	-	-	2,171	2,171	(2)	2,169
Issue of 415,000 shares at S\$0.10 each with a premium of S\$0.23 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	42	95	-	-	-	137	-	137
Equity share option issued	-	-	22	-	-	22	-	22
<b>At 31 March 2004</b>	38,776	53,252	88	(76)	6,679	98,719	146	98,865
<b>At 1 January 2005, as previously reported in Annual Report</b>	39,175	54,075	-	88	6,821	100,159	151	100,310
Effects of adopting FRS 102	-	-	636	-	(636)	-	-	-
<b>At 1 January 2005, restated</b>	39,175	54,075	636	88	6,185	100,159	151	100,310
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	(21)	-	(21)	-	(21)
Net profit for the period	-	-	-	-	2,280	2,280	7	2,287
Issue of 1,697,000 shares at S\$0.10 each, with 152,000, 853,000 and 692,000 shares at a premium of S\$0.33, S\$0.23 and S\$0.185 per share respectively upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	170	374	-	-	-	544	-	544
Equity share option issued	-	-	182	-	-	182	-	182
<b>At 31 March 2005</b>	39,345	54,449	818	67	8,465	103,144	158	103,302

<b>Company</b>	Share capital	Share premium	Equity compensation reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2004, as previously reported in Annual Report</b>	38,734	53,157	-	10,859	102,750
Effects of adopting FRS 102	-	-	30	(30)	-
<b>At 1 January 2004, restated</b>	38,734	53,157	30	10,829	102,750
Issue of 415,000 shares at S\$0.10 each with a premium of \$0.23 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	42	95	-	-	137
Equity share option issued	-	-	10	-	10
Net profit for the period	-	-	-	1,553	1,553
<b>At 31 March 2004</b>	<b>38,776</b>	<b>53,252</b>	<b>40</b>	<b>12,382</b>	<b>104,450</b>
<b>At 1 January 2005, as previously reported in Annual Report</b>	39,175	54,075	-	9,128	102,378
Effects of adopting FRS 102	-	-	306	(306)	-
<b>At 1 January 2005, restated</b>	39,175	54,075	306	8,822	102,378
Issue of 1,697,000 shares at S\$0.10 each, with 152,000, 853,000 and 692,000 shares at a premium of S\$0.33, S\$0.23 and S\$0.185 per share respectively upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	170	374	-	-	544
Equity share option issued	-	-	82	-	82
Net profit for the period	-	-	-	785	785
<b>At 31 March 2005</b>	<b>39,345</b>	<b>54,449</b>	<b>388</b>	<b>9,607</b>	<b>103,789</b>

**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 31 March 2005, the Company issued 1,697,000 new shares. 152,000, 853,000 and 692,000 shares were issued at S\$0.43, S\$0.33 and S\$0.285 respectively upon the exercise of options under the Raffles Medical Group Employee's Share Option Scheme.

As at 31 March 2005, there were outstanding options for conversion into 29,270,000 (Q1 2004 : 33,408,800) 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 statement on consolidated results for the quarter ended 31 March 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 31 March 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 January 2004 have been restated by S\$66,000 for FY 2003 share option expense;
- (2) for the financial year ended 31 December 2004, the profit and loss account have been restated by S\$570,000 for FY 2004 share option expense. Accordingly, opening accumulated profits as at 1 January 2005 have been restated by S\$636,000;
- (3) the effect on Q1 2005 and Q1 2004 results are as follows:

<b>Group</b>	<b>Q1 2005</b>	<b>Q1 2004</b>
	S\$'000	S\$'000
Net profit before changes in accounting policy	2,465	2,193
Effect of adopting FRS 102	185	22
Net profit for the period	2,280	2,171

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.**

		<b>Q1 2005</b>	<b>Q1 2004 restated</b>
6.(a)	Earnings per ordinary share for the period based on 1(a) above :-		
	(i) Based on existing issued share capital [A]	0.58 cents	0.56 cents
	(ii) On a fully diluted basis [B]	0.57 cents	0.55 cents

[A] The calculation of earnings per ordinary share is based on weighted average shares of 392,474,388 (Q1 2004 : 387,521,922) in issue during the period.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) is based on weighted average shares of 399,951,338 (Q1 2004 : 391,965,670) 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.**

		<b>Group</b>		<b>Company</b>	
		31/03/2005	31/12/2004	31/03/2005	31/12/2004
7. (a)	Net asset value per ordinary share [C]	26.22 cents	25.57 cents	26.38 cents	26.13 cents

[C] The calculation of net asset value per ordinary share is based on 393,444,999 (31 December 2004 : 391,747,999) shares as at 31 March 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's revenue grew 1.2% to S\$25.2 million in Q1 2005 compared with S\$24.9 million in Q1 2004. The strong revenue growth by the Hospital services division of 23.7% has more than offset lower revenue from the Healthcare services division with the discontinuation of Sars related projects. Excluding revenue from Sars related projects in Q1 2004, the Group's revenue would have grown by 10.8%.

Hospital services Profit Before Tax increased by 105.5% from S\$0.8 million in Q1 2004 to S\$1.7 million in Q1 2005. In this quarter, Specialist outpatient visits grew by 11.3% whilst hospital admissions grew by 20.2%.

The Group's net profit after tax grew by 5.4% to S\$2.3 million in Q1 2005 compared to the same period last year.

The strong growth from the Hospital services division made up for the lower profits from Healthcare services division, start-up expenses of the health insurance division as well as the additional cost of stock option expensing in accordance with FRS 102.

The Group's EBITDA stood at S\$3.6 million for Q1 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 full year 2004 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.**

The Group has been actively marketing the Hospital services to local and regional patients. It is also continuously recruiting Consultant Specialists in various fields and extending existing and adding new services to Raffles Hospital. These efforts will have a positive impact on the revenue of the Hospital services division.

The strong growth from the Hospital services division is expected to contribute more significantly to the Group's results.

Given the optimistic economic outlook for Singapore and the region, the Directors expect the Group to perform well in 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 31 March 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 May 2005