

Financial Statement And Dividend Announcement For The Quarter Ended 30 September 2008

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

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

Group	Third Quarter			Year-To-Date		
	Q3 2008 S\$'000	Q3 2007 S\$'000	Change %	30/09/2008 S\$'000	30/09/2007 S\$'000	Change %
Revenue	51,309	43,841	17.0	149,345	122,915	21.5
Other operating income	55	849	(93.5)	494	1,846	(73.2)
Inventories and consumables used	(5,398)	(4,782)	12.9	(16,890)	(14,357)	17.6
Staff costs	(25,081)	(21,473)	16.8	(73,693)	(61,481)	19.9
Depreciation of property, plant and equipment	(1,665)	(924)	80.2	(4,865)	(2,692)	80.7
Operating lease expenses	(1,146)	(2,910)	(60.6)	(3,615)	(8,632)	(58.1)
Other operating expenses	(7,842)	(7,020)	11.7	(22,712)	(18,528)	22.6
Profit from operating activities	10,232	7,581	35.0	28,064	19,071	47.2
Finance expenses	(158)	(24)	558.3	(467)	(72)	548.6
Share of profits in a jointly-controlled entity	-	555	(100.0)	-	13,616	(100.0)
Profit before income tax	10,074	8,112	24.2	27,597	32,615	(15.4)
Income tax expense	(1,860)	(1,567)	18.7	(5,521)	(6,156)	(10.3)
Profit for the period	8,214	6,545	25.5	22,076	26,459	(16.6)
Attributable to :						
Equity holders of the Company	8,188	6,550	25.0	22,008	26,417	(16.7)
Minority interests	26	(5)	nm	68	42	61.9
Profit for the period	8,214	6,545	25.5	22,076	26,459	(16.6)

The net profit attributable to the equity holders of the Company for the 9 months ended 30 September 2008 decreased by 16.7% because of the fair value gain of an investment property and its associated deferred tax charge in Q2 2007. Excluding the result of this one-off event, the Group's results show a **36.1%** increase in profit after tax and minority interests from **S\$16.2** million to **S\$22.0** million for the 9 months ended 30 September 2008.

Explanatory notes to the Income Statement

- Staff costs, inventories and consumables used and other operating expenses increased in tandem with higher volume of business in the Group. However, the Group has been able to achieve a lower rate of increase in these costs in Q3 2008 as compared with the growth in revenue.
- The acquisition in 2007 of the Raffles Hospital building resulted in the increase in depreciation of property, plant and equipment offset by a reduction in operating lease expenses.
- Profit from ordinary activities before taxation** includes the following:

Group	Third Quarter		Year-To-Date	
	Q3 2008 S\$'000	Q3 2007 S\$'000	30/09/2008 S\$'000	30/09/2007 S\$'000
(a) Other operating income				
Exchange gain	-	-	91	44
Interest income from fixed deposits and commercial notes	55	746	176	1,699
Gain on disposal of equity securities – held for trading	-	103	227	103
(b) Other operating expenses				
Allowance for doubtful receivables	397	327	1,028	854
Amortisation of intangible assets	30	13	55	39
Exchange loss	58	2	58	2
Net change in fair value of equity securities – held for trading	-	-	44	-
Property, plant and equipment written off	5	12	31	18
Write off for stock obsolescence	-	-	-	17
(c) Share of profits in a jointly-controlled entity				
Fair value gain of an investment property included in share of profits in a jointly-controlled entity	-	-	-	12,500

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

Group	Third Quarter		Year-To-Date	
	Q3 2008 S\$'000	Q3 2007 S\$'000	30/09/2008 S\$'000	30/09/2007 S\$'000
Deferred tax liabilities				
Adjustment due to change in tax rates in respect of prior periods	-	-	-	75
Deferred tax assets				
Under-provision in respect of prior periods	-	-	15	15
Adjustment due to change in tax rates in respect of prior periods	-	-	-	105
Current taxation				
Underprovision in respect of prior periods	-	-	2	-

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

	Group		Company	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	150,076	150,794	3,302	2,270
Intangible assets	252	307	135	152
Investment properties	84,400	84,400	-	-
Subsidiaries	-	-	202,328	202,650
Membership rights, at cost	164	164	93	93
Deferred tax assets	887	1,315	-	-
	235,779	236,980	205,858	205,165
Current assets				
Investment in equity securities, held for trading	-	704	-	-
Inventories	4,752	3,803	1,478	1,150
Trade and other receivables	27,398	20,231	12,365	9,887
Cash and cash equivalents	34,959	19,744	21,078	7,223
	67,109	44,482	34,921	18,260
Total assets	302,888	281,462	240,779	223,425
Equity attributable to equity holders of the Company				
Share capital	171,278	170,047	171,278	170,047
Reserves	40,860	30,763	20,835	14,912
	212,138	200,810	192,113	184,959
Minority interests	276	224	-	-
Total equity	212,414	201,034	192,113	184,959
Non-current liabilities				
Deferred tax liabilities	1,160	737	121	121
Interest-bearing liabilities	22,000	-	-	-
	23,160	737	121	121
Current liabilities				
Trade and other payables	55,389	47,716	44,450	33,997
Interest-bearing liabilities	3,945	25,260	1,674	1,711
Current tax payable	7,980	6,715	2,421	2,637
	67,314	79,691	48,545	38,345
Total liabilities	90,474	80,428	48,666	38,466
Total equity and liabilities	302,888	281,462	240,779	223,425

Explanatory notes to the Balance Sheet

1. Subsequent to 31 December 2007, the Group had refinanced the interest-bearing liabilities with a 5-year bank loan of S\$25 million. The Group also has existing banking facilities to meet the working capital requirements of the Group.
2. Both Trade and other receivables and Trade and other payables increased in tandem with higher volume of business in the Group.

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

Amount repayable in one year or less, or on demand

As at 30/09/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$3,945,199	S\$23,549,451	S\$1,710,860

Amount repayable after one year

As at 30/09/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$22,000,000	S\$0	S\$0

Details of any collateral

As at 31 December 2007, the bank loan was secured on the Raffles Hospital building. During the first quarter ended 31 March 2008, the Group refinanced the bank loan which is now unsecured.

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

	Q3 2008	Q3 2007
	S\$'000	S\$'000
Operating activities		
Profit before income tax	10,074	8,112
Adjustments for :-		
Amortisation of intangible assets	30	13
Depreciation of property, plant and equipment	1,665	924
Equity-settled share-based payment transactions	311	260
Exchange gain	58	2
Finance expenses	158	24
Gain on disposal of equity securities – held for trading	-	(103)
Interest income from fixed deposits and commercial notes	(55)	(746)
Property, plant and equipment written off	5	12
Share of profits in a jointly-controlled entity	-	(555)
Operating profit before working capital changes	12,246	7,943
Changes in working capital :-		
Inventories	(328)	(95)
Trade and other receivables	3,418	6,309
Trade and other payables	1,712	3,945
Cash generated from operations	17,048	18,102
Income taxes paid	(1,128)	(1,265)
Interest paid	(158)	(24)
Cash flows from operating activities	15,762	16,813
Investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(64,001)
Interest received	70	882
Investment in equity securities - held for trading	-	(960)
Proceeds from sale of commercial notes	-	11,750
Proceeds from sale of equity securities, held for trading	-	1,063
Purchase of property, plant and equipment	(1,647)	(1,539)
Cash flows used in investing activities	(1,577)	(52,805)
Financing activities		
Dividends paid to equity holders of the Company	(5,175)	(5,144)
Proceeds from issue of shares under share option scheme	53	590
Proceeds from bank loan	-	1,775
Repayment of bank loan	(1,000)	(51,775)
Cash flows from financing activities	(6,122)	(54,554)
Net increase in cash and cash equivalents	8,063	(90,546)
Cash and cash equivalents at beginning of the period	26,637	113,724
Effect of exchange rate changes on balances held in foreign currency	(12)	(28)
Cash and cash equivalents at end of the period	34,688	23,150
Cash and cash equivalents at end of the period include the following :		
Cash & fixed deposits	34,959	23,150
Bank overdrafts	(271)	-
	34,688	23,150

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 equity holders of the Company S\$'000	Minority interests S\$'000	Total equity S\$'000
At 1 July 2007	169,381	(286)	2,124	17,624	188,843	310	189,153
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	590	-	-	-	590	-	590
Translation differences relating to financial statements of foreign subsidiaries	-	(50)	-	-	(50)	-	(50)
Net profit for the period	-	-	-	6,550	6,550	(5)	6,545
Total recognised income and expense for the period	-	(50)	-	6,550	6,500	(5)	6,495
Value of employee services received for issue of share options	-	-	260	-	260	-	260
Interim dividends paid of 1.0 cent per ordinary share	-	-	-	(5,144)	(5,144)	-	(5,144)
At 30 September 2007	169,971	(336)	2,384	19,030	191,049	305	191,354
At 1 July 2008	171,225	(322)	3,191	34,544	208,638	250	208,888
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	53	-	-	-	53	-	53
Translation differences relating to financial statements of foreign subsidiaries	-	123	-	-	123	-	123
Net profit for the period	-	-	-	8,188	8,188	26	8,214
Total recognised income and expense for the period	-	123	-	8,188	8,311	26	8,337
Value of employee services received for issue of share options	-	-	311	-	311	-	311
Interim dividends paid of 1.0 cent per ordinary share	-	-	-	(5,175)	(5,175)	-	(5,175)
At 30 September 2008	171,278	(199)	3,502	37,557	212,138	276	212,414

Company	Share capital S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
At 1 July 2007	169,381	1,109	10,158	180,648
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	590	-	-	590
Net profit for the period	-	-	6,040	6,040
Total recognised income and expense for the period	-	-	6,040	6,040
Value of employee services received for issue of share options	-	126	-	126
Interim dividends paid of 1.0 cent per ordinary share	-	-	(5,144)	(5,144)
At 30 September 2007	169,971	1,235	11,054	182,260
At 1 July 2008	171,225	1,664	22,924	195,813
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	53	-	-	53
Net profit for the period	-	-	1,245	1,245
Total recognised income and expense for the period	-	-	1,245	1,245
Value of employee services received for issue of share options	-	177	-	177
Interim dividends paid of 1.0 cent per ordinary share	-	-	(5,175)	(5,175)
At 30 September 2008	171,278	1,841	18,994	192,113

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 2008, the Company issued 131,000 new shares, upon the exercise of options under the Raffles Medical Group (2000) Share Option Scheme.

Exercise price per share	S\$0.30	S\$0.71	S\$1.15
Number of new shares issued	100,000	29,000	2,000

For the Second Quarter ended 30 June 2008, the Company issued 1,648,000 new shares, upon the exercise of options under the Raffles Medical Group (2000) Share Option Scheme.

Exercise price per share	S\$0.32	S\$0.23	S\$0.30- S\$0.33	S\$0.40- S\$0.42	S\$0.68- S\$0.71	S\$1.14- S\$1.15
Number of new shares issued	130,000	79,000	109,000	448,000	608,000	274,000

For the First Quarter ended 31 March 2008, the Company issued 667,000 new shares, upon the exercise of options under the Raffles Medical Group (2000) Share Option Scheme.

Exercise price per share	S\$0.16	\$0.185	S\$0.23	S\$0.32	S\$0.33	S\$0.42	S\$0.71
Number of new shares issued	400,000	13,000	129,000	30,000	19,000	42,000	34,000

On 1 April 2008, 3,300,000 options were granted to 6 independent directors of the Company and subsidiaries and 318 full-time employees, pursuant to the Raffles Medical Group (2000) Share Option Scheme to subscribe for ordinary shares at an exercise price of S\$1.24.

As at 30 September 2008, there were outstanding options for conversion into 16,418,000 (30 September 2007 : 16,362,000) ordinary shares.

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.

	30/09/2008	31/12/2007
Number of issued shares excluding treasury shares	517,557,393	515,111,393

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 2008 (31 December 2007 : Nil).

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 30 September 2008 have not been audited or reviewed.

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

Not applicable.

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

Accounting policies and methods of computation used in the consolidated financial statements for the quarter ended 30 September 2008 are consistent with those applied in the financial statements for the year ended 31 December 2007.

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.

Not applicable.

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 2008	Q3 2007	30/09/2008	30/09/2007
Earnings per ordinary share for the period based on 1(a) above :-				
(i) Basic earnings per share [A]	1.58 cents	1.27 cents	4.26 cents	5.53 cents
(ii) Diluted earnings per share [B]	1.57 cents	1.25 cents	4.20 cents	5.44 cents

[A] The calculation of earnings per ordinary share for the quarter and 9 months ended 30 September 2008 were based on weighted average shares of 517,466,295 (Q3 2007 : 514,273,132) and 516,611,083 (30 September 2007 : 447,884,137), 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 2008 were based on weighted average shares of 523,137,972 (Q3 2007 : 523,434,292) and 524,267,913 (30 September 2007 : 485,946,092), 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	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
Net asset value per ordinary share [C]	40.99 cents	38.98 cents	37.12 cents	35.91 cents

[C] The calculation of net asset value per ordinary share is based on 517,557,393 (31 December 2007 : 515,111,393) shares as at 30 September 2008.

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 continued to generate strong cash flows from operating activities of **S\$29.4** million for the 9 months ended 30 September 2008. With this, the Group achieved a healthy net cash position of more than S\$9.0 million at the end of the quarter.

Revenue for the Group grew **17.0%** achieving a record revenue of **S\$51.3** million in Q3 2008 as compared to **S\$43.8** million for the corresponding quarter last year. All divisions continued to contribute positively to the growth of the Group. Revenue from Healthcare Services and Hospital Services divisions increased by **17.1%** and **16.9%** respectively.

The **35%** increase in operating profit from **S\$7.6** million in Q3 2008 to **S\$10.2** million in Q3 2008 resulted from increasing local and foreign patient load, the recruitment of more specialist consultants and improved operating efficiencies. This was the first time that the Group achieved operating profit exceeding **S\$10** million in a quarter.

The net profit attributable to the equity holders of the Company for the 9 months ended 30 September 2008 decreased by 16.7% because of the fair value gain of an investment property and its associated deferred tax charge in Q2 2007. Excluding the result of this one-off event, the Group's results show a **36.1%** increase in profit after tax and minority interests from **S\$16.2** million to **S\$22.0** million for the 9 months ended 30 September 2008.

Net profit attributable to equity holders of the Company

Group	Third Quarter			Year-To-Date		
	Q3 2008 S\$'000	Q3 2007 S\$'000	Change %	30/09/2008 S\$'000	30/09/2007 S\$'000	Change %
Net profit attributable to equity holders of the Company	8,188	6,550	25.0	22,008	26,417	(16.7)
(Less)/Add :						
(i) Fair value gain of an investment property included in share of profits in a jointly-controlled entity	-	-		-	(12,500)	
(ii) Deferred tax charge attributable to (i) above which was included in the income tax expense	-	-		-	2,250	
Net profit excluding the items above	8,188	6,550	25.0	22,008	16,167	36.1

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 2008 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 current financial turmoil and global economic slowdown will pose many challenges. However, the sound underlying business fundamentals of the Raffles Medical Group will continue to underpin the Group's performance.

Continuing growth in patient loads at **RafflesHospital** is expected drive the Group's performance. Measures taken over the years to diversify the patient base, have helped to avoid over-reliance on any single market. Currently, the Hospital's foreign patients come from more than 100 countries. Growing patient load will continue to enhance margins arising from operating leverage.

The Group will also benefit from a full year's effect of the acquisition of the remaining 50% ownership of Raffles Hospital building which has enabled the Hospital to optimize the use of hospital and clinic space as well as to reduce its operating lease expenses.

RafflesMedical continues to grow with more services to increasing corporate and private patients. **International Medical Insurers** is expanding its corporate and customer base especially with the IMI-BUPA International Health plan launched in May.

The Directors expect the Group to continue to perform well for the rest of the year.

Going forward, the continuing global financial crisis and weaker economic environment will make 2009 a more challenging year. However, with a sustainable business model, strong operating cash flows, a net-cash balance sheet and an experienced management team, the Group is better positioned to weather the difficulties ahead.

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.

Not applicable.

13. Confirmation pursuant to Rule 705(4) of the Listing Manual

We, Dr Loo Choon Yong and Assoc Professor Wee Beng Geok, being two directors of Raffles Medical Group Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the third quarter 30 September 2008 to be false or misleading.

On behalf of the board of directors

Dr Loo Choon Yong
Chairman

Assoc Professor Wee Beng Geok
Director

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Company Secretary
30 October 2008