

Financial Statement And Dividend Announcement For The Quarter Ended 30 June 2009

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	Second Quarter			Year-To-Date		
	Q2 2009 S\$'000	Q2 2008 S\$'000	Change %	30/6/2009 S\$'000	30/6/2008 S\$'000	Change %
Revenue	53,910	50,626	6.5	104,926	98,036	7.0
Other operating income	33	291	(88.7)	85	439	(80.6)
Inventories and consumables used	(6,424)	(5,808)	10.6	(11,850)	(11,492)	3.1
Purchased and contracted services	(4,183)	(3,266)	28.1	(7,987)	(6,520)	22.5
Staff costs	(25,509)	(24,673)	3.4	(50,439)	(48,612)	3.8
Depreciation of property, plant and equipment	(1,707)	(1,634)	4.5	(3,446)	(3,200)	7.7
Operating lease expenses	(1,380)	(1,388)	(0.6)	(2,627)	(2,469)	6.4
Other operating expenses	(3,758)	(4,316)	(12.9)	(8,010)	(8,350)	(4.1)
Profit from operating activities	10,982	9,832	11.7	20,652	17,832	15.8
Finance expenses	(101)	(158)	(36.1)	(230)	(309)	(25.6)
Profit before income tax	10,881	9,674	12.5	20,422	17,523	16.5
Income tax expense	(2,077)	(1,927)	7.8	(3,784)	(3,661)	3.4
Profit for the period	8,804	7,747	13.6	16,638	13,862	20.0
Attributable to: -						
Owners of the Company	8,782	7,717	13.8	16,574	13,820	19.9
Minority interest	22	30	(26.7)	64	42	52.4
Profit for the period	8,804	7,747	13.6	16,638	13,862	20.0

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

Statement of Comprehensive Income	Second Quarter			Year-To-Date		
	Q2 2009 S\$'000	Q2 2008 S\$'000	Change %	30/6/2009 S\$'000	30/6/2008 S\$'000	Change %
Profit for the period	8,804	7,747	13.6	16,638	13,862	20.0
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	448	(226)	nm	(56)	12	nm
Total comprehensive income for the period	<u>9,252</u>	<u>7,521</u>	23.0	<u>16,582</u>	<u>13,874</u>	19.5
Attributable to: -						
Owners of the Company	9,230	7,491	23.2	16,518	13,832	19.4
Minority interest	22	30	(26.7)	64	42	52.4
Profit for the period	<u>9,252</u>	<u>7,521</u>	23.0	<u>16,582</u>	<u>13,874</u>	19.5

Note: nm denotes not meaningful.

Explanatory notes to the Income Statement

- Staff costs increased in tandem with higher volume of business in the Group. However, the Group has been able to achieve a lower rate of increase for staff costs in Q2 2009 as compared with the growth in revenue.
- Inventories and consumables used increased due to higher costs as a result of precautionary measures to curb the spread of H1N1 Influenza as well as increased sales of flu-related medical supplies and services.
- More purchased and contracted services were mainly attributed to higher insurance claims resulting from growth in the Group's insurance premiums.
- Other operating expenses decreased mainly due to reduction of insurance commission expenses paid to brokers.
- Profit from ordinary activities before taxation** includes the following: -

Group	Second Quarter		Year-To-Date	
	Q2 2009 S\$'000	Q2 2008 S\$'000	30/6/2009 S\$'000	30/6/2008 S\$'000
(a) Other operating income				
Exchange gain	-	15	-	91
Interest income from fixed deposits	33	49	85	121
Gain on disposal of equity securities held for trading	-	227	-	227
(b) Other operating expenses				
Allowance for doubtful receivables	315	370	627	631
Amortisation of intangible assets	13	13	25	25
Exchange loss / (gain)	(113)	-	10	-
Property, plant and equipment written off	113	21	118	26
Loss on disposal of property, plant and equipment	8	-	17	-
Net change in fair value of equity securities held for trading	-	79	-	44
6. The adjustment for under and overprovision of tax in respect of prior periods are as follows: -				
Deferred tax expense				
Underprovision in respect of prior periods	-	14	88	15
Current tax expense				
(Over)/Underprovision in respect of prior periods	-	2	(217)	2

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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	
	30/06/2009 S\$'000	31/12/2008 S\$'000	30/06/2009 S\$'000	31/12/2008 S\$'000
Non-current assets				
Property, plant and equipment	148,229	150,251	3,318	3,273
Intangible assets	230	255	152	152
Investment properties	84,400	84,400	-	-
Subsidiaries	-	-	195,407	197,165
Membership rights, at cost	164	164	93	93
Deferred tax assets	635	1,179	-	-
	<u>233,658</u>	<u>236,249</u>	<u>198,970</u>	<u>200,683</u>
Current assets				
Inventories	5,243	4,750	1,703	1,544
Trade and other receivables	26,631	24,901	15,067	11,807
Cash and cash equivalents	52,880	44,501	40,343	30,788
	<u>84,754</u>	<u>74,152</u>	<u>57,113</u>	<u>44,139</u>
Total assets	<u>318,412</u>	<u>310,401</u>	<u>256,083</u>	<u>244,822</u>
Equity attributable to owners of the Company				
Share capital	171,675	171,347	171,675	171,347
Reserves	60,071	50,578	39,001	25,311
	<u>231,746</u>	<u>221,925</u>	<u>210,676</u>	<u>196,658</u>
Minority interests	290	321	-	-
Total equity	<u>232,036</u>	<u>222,246</u>	<u>210,676</u>	<u>196,658</u>
Non-current liabilities				
Deferred tax liabilities	1,522	742	209	121
Interest-bearing liabilities	21,000	22,000	-	-
	<u>22,522</u>	<u>22,742</u>	<u>209</u>	<u>121</u>
Current liabilities				
Trade and other payables	50,750	51,503	41,284	42,637
Interest-bearing liabilities	4,428	4,614	2,289	2,234
Current tax payable	8,676	9,296	1,625	3,172
	<u>63,854</u>	<u>65,413</u>	<u>45,198</u>	<u>48,043</u>
Total liabilities	<u>86,376</u>	<u>88,155</u>	<u>45,407</u>	<u>48,164</u>
Total equity and liabilities	<u>318,412</u>	<u>310,401</u>	<u>256,083</u>	<u>244,822</u>

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Explanatory notes to the Balance Sheet

1. The Group has a net cash position of S\$27.5 million as of 30 June 2009 as compared to that of S\$17.9 million in 2008. Strong operating cashflows generated by the Group in line with higher volume of business in the Group have resulted in improvements in cash position.
2. Trade and other receivables 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 30/06/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
Nil	S\$4,428,198	Nil	S\$4,614,224

Amount repayable after one year

As at 30/06/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
Nil	S\$21,000,000	Nil	S\$22,000,000

Details of any collateral

Nil.

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

	Q2 2009	Q2 2008
	S\$'000	S\$'000
Operating activities		
Profit before income tax	10,881	9,674
Adjustments for: -		
Amortisation of intangible assets	13	13
Depreciation of property, plant and equipment	1,707	1,634
Equity-settled share-based payment transactions	431	315
Exchange gain	(113)	(15)
Finance expenses	101	158
Gain on disposal of equity securities held for trading	-	(227)
Interest income from fixed deposits	(33)	(49)
Net change in fair value of equity securities held for trading	-	79
Property, plant and equipment written off	113	21
Loss on disposal of property, plant and equipment	8	-
Operating profit before working capital changes	<u>13,108</u>	<u>11,603</u>
Changes in working capital: -		
Inventories	(417)	(169)
Trade and other receivables	111	(4,676)
Trade and other payables	3,101	5,114
Cash generated from operations	<u>15,903</u>	<u>11,872</u>
Income taxes paid	(1,895)	(1,267)
Interest paid	<u>(100)</u>	<u>(158)</u>
Cash flows generated from operating activities	<u>13,908</u>	<u>10,447</u>
Investing activities		
Interest received	33	85
Proceeds from sale of equity securities held for trading	-	2,138
Purchase of property, plant and equipment	<u>(747)</u>	<u>(1,998)</u>
Cash flows (used in)/generated from investing activities	<u>(714)</u>	<u>225</u>
Financing activities		
Dividends paid to owners of the Company	(7,777)	(7,752)
Dividends paid to minority shareholders of the subsidiary	(35)	(16)
Proceeds from issue of shares under share option scheme	165	1,024
Cash flows used in financing activities	<u>(7,647)</u>	<u>(6,744)</u>
Net increase in cash and cash equivalents	5,547	3,928
Cash and cash equivalents at beginning of the period	47,176	22,717
Effect of exchange rate changes on balances held in foreign currency	18	(8)
Cash and cash equivalents at end of the period	<u>52,741</u>	<u>26,637</u>
Cash and cash equivalents at end of the period include the following: -		
Cash & fixed deposits	52,880	27,141
Bank overdrafts	<u>(139)</u>	<u>(504)</u>
	<u>52,741</u>	<u>26,637</u>

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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	Minority interest S\$'000	Total equity S\$'000
At 1 April 2008	170,201	(96)	2,876	34,579	207,560	236	207,796
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	1,024	-	-	-	1,024	-	1,024
Value of employee services received for issue of share options	-	-	315	-	315	-	315
Final dividend paid of 1.5 cents per ordinary share	-	-	-	(7,752)	(7,752)	-	(7,752)
Dividends distributed to minority shareholder	-	-	-	-	-	(16)	(16)
Total comprehensive income for the period	-	(226)	-	7,717	7,491	30	7,521
At 30 June 2008	<u>171,225</u>	<u>(322)</u>	<u>3,191</u>	<u>34,544</u>	<u>208,638</u>	<u>250</u>	<u>208,888</u>
At 1 April 2009	171,510	(859)	4,158	54,888	229,697	303	230,000
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	165	-	-	-	165	-	165
Value of employee services received for issue of share options	-	-	431	-	431	-	431
Final dividend paid of 1.5 cents per ordinary share	-	-	-	(7,777)	(7,777)	-	(7,777)
Dividends distributed to minority shareholder	-	-	-	-	-	(35)	(35)
Total comprehensive income for the period	-	448	-	8,782	9,230	22	9,252
At 30 June 2009	<u>171,675</u>	<u>(411)</u>	<u>4,589</u>	<u>55,893</u>	<u>231,746</u>	<u>290</u>	<u>232,036</u>

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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 April 2008	170,201	1,487	14,663	186,351
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	1,024	-	-	1,024
Value of employee services received for issue of share options	-	177	-	177
Final dividend paid of 1.5 cents per ordinary share	-	-	(7,752)	(7,752)
Total comprehensive income for the period	-	-	16,013	16,013
At 30 June 2008	171,225	1,664	22,924	195,813
At 1 April 2009	171,510	4,158	22,382	198,050
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	165	-	-	165
Value of employee services received for issue of share options	-	431	-	431
Final dividend paid of 1.5 cents per ordinary share	-	-	(7,777)	(7,777)
Total comprehensive income for the period	-	-	19,807	19,807
At 30 June 2009	171,675	4,589	34,412	210,676

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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 second quarter ended 30 June 2009, the Company issued 234,000 new shares, upon the exercise of options under the Raffles Medical Group (2000) Share Option Scheme.

Exercise price per share	S\$0.42	S\$0.71
Number of new shares issued	4,000	230,000

On 1 April 2009, options to subscribe for 8,000,000 ordinary shares at an exercise price of S\$0.78 were granted to 369 eligible participants, pursuant to the Raffles Medical Group (2000) Share Option Scheme.

As at 30 June 2009, there were outstanding options for conversion into 22,969,000 (30 June 2008: 16,595,000) 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.

	30/06/2009	31/12/2008
Number of issued shares excluding treasury shares	518,479,393	517,725,393

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 June 2009 (31 December 2008 : 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 second quarter ended 30 June 2009 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 June 2009 are consistent with those applied in the financial statements for the year ended 31 December 2008.

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.

	Second Quarter		Year-To-Date	
	Q2 2009	Q2 2008	30/06/2009	30/06/2008
Earnings per ordinary share for the period based on 1(a) above: -				
(i) Basic earnings per share [A]	1.69 cents	1.49 cents	3.20 cents	2.68 cents
(ii) Diluted earnings per share [B]	1.68 cents	1.47 cents	3.17 cents	2.64 cents

[A] The calculations of earnings per ordinary share for the quarter and half year ended 30 June 2009 were based on weighted average shares of 518,443,217 (Q2 2008: 516,850,041) and 518,173,802 (First Half 2008: 516,178,778), respectively in issue during the period.

[B] The calculations of earnings per ordinary share (on a fully diluted basis) for the quarter and half year ended 30 June 2009 were based on weighted average shares of 524,043,420 (Q2 2008: 523,751,175) and 522,990,342 (First Half 2008: 524,136,253), 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	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
Net asset value per ordinary share [C]	44.70 cents	42.87 cents	40.63 cents	37.99 cents

[C] The calculation of net asset value per ordinary share is based on 518,479,393 shares as at 30 June 2009 (31 December 2008 : 517,725,393).

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.

Notwithstanding the impacts of the global recession and Influenza A (H1N1) pandemic, the Group registered another record quarterly revenue of **S\$53.9** million in Q2 2009, an increase of **6.5%** as compared to **S\$50.6** million in Q2 2008. This was attributed to growth in revenue from Healthcare Services and Hospital Services divisions, of **12.3%** and **4.8%** respectively.

Improved operating efficiencies and operating leverage contributed to the **11.7%** growth in operating profit to **S\$11.0** million as well as the **13.6%** growth in net profit after tax to **S\$8.8** million this quarter. This result has been achieved in the face of increased cost due to temperature screening and other public health measures as a result of the H1N1 pandemic.

With a strong cash flow from operating activities of **S\$13.9** million for Q2 2009, the Group continued to build up its healthy net cash position to **S\$27.5** million as at 30 June 2009.

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 Q1 2009 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.

While global financial market conditions appeared to have stabilized with more positive sentiments, uncertainty remains as to the strength and timing of the full recovery of the real economy. The prevailing Influenza A (H1N1) pandemic could also pose a potential challenge. The Group will remain vigilant and prudently manage its businesses and their costs.

RafflesHospital will continue its focus on quality and value-driven curative healthcare services. With its well-diversified foreign patient base and growth in specialists and competencies, the hospital is expected to perform well and contribute to the Group's performance.

RafflesMedical will also continue to contribute to the Group's performance, with more services and cost-effective solutions to their growing corporate clients and individual patients. The Influenza A (H1N1) pandemic will increase the demand for seasonal flu vaccination, Tamiflu and protective disposables and **RafflesMedical** will continue to be responsive in catering to these demands.

With sound underlying business fundamentals, continued accumulation of healthy operating cash flows, and a healthy balance sheet, the Directors expect the Group to perform well for the rest of 2009, barring any further shocks to the improving economic environment.

11. Dividend

(a) Current Financial Period Reported On

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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

The dividend will be paid on 4 September 2009.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 20 August 2009 on which day no share transfer will be effected.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00, Singapore 068906, up to the close of business at 5.00 p.m. on 19 August 2009 will be registered to determine shareholders' entitlements to the Dividend.

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

Not applicable.

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

The Board has confirmed that to the best of its knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial statements for the second quarter 30 June 2009 to be false or misleading.

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Company Secretary
27 July 2009