

Financial Statement For the Quarter Ended 31 March 2006

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

	31/3/2006 S\$'000	31/3/2005 S\$'000	Change %
Group			
Revenue	30,912	25,181	22.8
Other operating income	386	202	91.1
Inventories and consumables used	(4,178)	(2,945)	41.9
Staff costs	(16,636)	(14,317)	16.2
Depreciation of property, plant and equipment	(818)	(695)	17.7
Other operating expenses	(6,220)	(4,890)	27.2
Profit from operations	3,446	2,536	35.9
Finance costs	(28)	(14)	100.0
Share of profits in a jointly-controlled entity	330	338	(2.4)
Profit from ordinary activities before taxation	3,748	2,860	31.0
Income tax expense	(847)	(573)	47.8
Profit from ordinary activities after taxation	2,901	2,287	26.8
Attributable to :			
Equity holders of the parent	2,892	2,280	26.8
Minority interests	9	7	28.6
Profit for the period	2,901	2,287	26.8

Profit from ordinary activities before taxation includes the following:

Group	31/3/2006	31/3/2005
	S\$'000	S\$'000
(a) Other operating income		
Exchange gain	-	37
Interest income from fixed deposits and commercial notes	386	165
(b) Other operating expenses		
Allowance for doubtful receivables	101	(74)
Amortisation of intangible assets	13	13
Exchange loss	179	-
Loss on disposal of property, plant and equipment	7	-
Property, plant and equipment written off	10	1

There is no adjustment for under and over provision of tax in respect of prior years.

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	
	31/03/2006 S\$'000	31/12/2005 S\$'000	31/03/2006 S\$'000	31/12/2005 S\$'000
Non-current assets				
Property, plant and equipment	20,838	21,412	2,649	2,855
Intangible assets	244	257	-	-
Subsidiaries	-	-	74,873	74,873
Jointly-controlled entity	53,320	53,000	-	-
Membership rights	88	88	68	68
Deferred tax assets	886	846	-	-
	<u>75,376</u>	<u>75,603</u>	<u>77,590</u>	<u>77,796</u>
Current assets				
Investment in commercial notes	13,000	13,000	5,000	5,000
Inventories	3,014	2,942	937	994
Trade and other receivables	12,953	12,271	10,337	10,524
Cash and cash equivalents	42,231	35,129	34,971	28,763
	<u>71,198</u>	<u>63,342</u>	<u>51,245</u>	<u>45,281</u>
Total assets	<u>146,574</u>	<u>138,945</u>	<u>128,835</u>	<u>123,077</u>
Equity attributable to equity holders of the parent				
Share capital	97,377	40,035	97,377	40,035
Reserves	14,435	67,455	5,757	61,079
	<u>111,812</u>	<u>107,490</u>	<u>103,134</u>	<u>101,114</u>
Minority interests	<u>240</u>	<u>231</u>	<u>-</u>	<u>-</u>
Total equity	<u>112,052</u>	<u>107,721</u>	<u>103,134</u>	<u>101,114</u>
Non-current liabilities				
Deferred tax liabilities	714	714	175	175
Current liabilities				
Trade and other payables	26,909	24,392	21,250	17,667
Interest-bearing liabilities	2,224	2,345	1,923	1,983
Current tax payable	4,675	3,773	2,353	2,138
	<u>33,808</u>	<u>30,510</u>	<u>25,526</u>	<u>21,788</u>
Total liabilities	<u>34,522</u>	<u>31,224</u>	<u>25,701</u>	<u>21,963</u>
Total equity and liabilities	<u>146,574</u>	<u>138,945</u>	<u>128,835</u>	<u>123,077</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 31/03/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$2,223,509	S\$0	S\$2,345,042

Amount repayable after one year

As at 31/03/2006		As at 31/12/2005	
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 2006	Q1 2005
	S\$'000	S\$'000
Operating activities		
Profit from ordinary activities before taxation	3,748	2,860
Adjustments for :-		
Amortisation of intangible assets	13	13
Depreciation of property, plant and equipment	818	695
Employee share option expense	108	182
Finance costs	28	14
Exchange loss/(gain)	179	(37)
Loss on disposal of property, plant and equipment	7	-
Interest income from fixed deposits and commercial notes	(386)	(165)
Property, plant and equipment written off	10	1
Share of profits in a jointly controlled entity	(330)	(338)
Operating profit before working capital changes	<u>4,195</u>	<u>3,225</u>
Changes in working capital :-		
Inventories	(75)	(245)
Trade and other receivables	(622)	(2,603)
Trade and other payables	2,540	(192)
Cash generated from operations	6,038	185
Interest paid	(28)	(14)
Cash flows from operating activities	<u>6,010</u>	<u>171</u>
Investing activities		
Investment in commercial notes	-	(3,500)
Interest received	304	147
Purchase of property, plant and equipment	(313)	(504)
Proceeds from sale of property, plant and equipment	32	-
Cash flows from investing activities	<u>23</u>	<u>(3,857)</u>
Financing activities		
Proceeds from issue of shares under share option scheme	1,170	544
Cash flows from financing activities	<u>1,170</u>	<u>544</u>
Net increase/(decrease) in cash and cash equivalents	7,203	(3,142)
Cash and cash equivalents at beginning of the period	34,767	32,021
Effect of exchange rate changes on balances held in foreign currency	(40)	-
Cash and cash equivalents at end of the period	<u>41,930</u>	<u>28,879</u>
Cash and cash equivalents at end of the period include the following :		
Cash & fixed deposits	42,231	28,910
Bank overdrafts	(301)	(31)
	<u>41,930</u>	<u>28,879</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	Share capital S\$'000	Share premium S\$'000	Currency translation Reserve S\$'000	Share option reserve S\$'000	Accumul-ated profits S\$'000	Total attributable to equity holders of the parent S\$'000	Minority interests S\$'000	Total equity S\$'000
At 1 January 2005	39,175	54,075	88	636	6,185	100,159	151	100,310
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	170	374	-	-	-	544	-	544
Translation differences relating to financial statements of foreign subsidiaries	-	-	(21)	-	-	(21)	-	(21)
Net profit for the period	-	-	-	-	2,280	2,280	7	2,287
Value of employee services received for issue of share options	-	-	-	182	-	182	-	182
At 31 March 2005	39,345	54,449	67	818	8,465	103,144	158	103,302
At 1 January 2006	40,035	56,172	(8)	1,123	10,168	107,490	231	107,721
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	56,172	(56,172)	-	-	-	-	-	-
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	1,170	-	-	-	-	1,170	-	1,170
Translation differences relating to financial statements of foreign subsidiaries	-	-	152	-	-	152	-	152
Net profit for the period	-	-	-	-	2,892	2,892	9	2,901
Value of employee services received for issue of share options	-	-	-	108	-	108	-	108
At 31 March 2006	97,377	-	144	1,231	13,060	111,812	240	112,052

Company	Share capital S\$'000	Share premium S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
At 1 January 2005	39,175	54,075	306	8,822	102,378
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	170	374	-	-	544
Net profit for the period	-	-	-	785	785
Value of employee services received for issue of share options	-	-	82	-	82
At 31 March 2005	<u>39,345</u>	<u>54,449</u>	<u>388</u>	<u>9,607</u>	<u>103,789</u>
At 1 January 2006	40,035	56,172	560	4,347	101,114
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	56,172	(56,172)	-	-	-
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	1,170	-	-	-	1,170
Net profit for the period	-	-	-	790	790
Value of employee services received for issue of share options	-	-	60	-	60
At 31 March 2006	<u>97,377</u>	<u>-</u>	<u>620</u>	<u>5,137</u>	<u>103,134</u>

- 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.**

With the changes to Companies Act, Cap 50, effective from 30 January 2006, there is the removal of the concept of par value and authorised capital and share premium account. The company had a share premium account balance of \$56.2 million at the end of the period. This amount has now been transferred to share capital as required by the changes to the Companies Act.

During the quarter ended 31 March 2006, the Company issued 3,021,000 new shares. 1,576,000, 654,000, 413,000 and 378,000 shares were issued at S\$0.43, S\$0.33, S\$0.285 and S\$0.42 each, respectively, upon the exercise of options under the Raffles Medical Group Employee's Share Option Scheme.

As at 31 March 2006, there were outstanding options for conversion into 25,562,000 (Q1 2005 : 29,270,000) ordinary shares.

- 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 2006 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 2006 are consistent with those applied in the financial statements for the year ended 31 December 2005.

- 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.

	Q1 2006	Q1 2005
6.(a) Earnings per ordinary share for the year based on 1(a) above :-		
(i) Based on existing issued share capital [A]	0.72 cent	0.58 cent
(ii) On a fully diluted basis [B]	0.71 cent	0.57 cent

[A] The calculation of earnings per ordinary share is based on weighted average shares of 401,080,666 (Q1 2005 : 392,474,388) 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 410,108,534 (Q1 2005 : 399,951,338) 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.**

	Group		Company	
	31/03/2006	31/12/2005	31/03/2006	31/12/2005
7.(a) Net asset value per ordinary share [C]	27.72 cents	26.85 cents	25.57 cents	25.26 cents

[C] The calculation of net asset value per ordinary share is based on 403,368,999 (31 December 2005 : 400,347,999) shares as at 31 March 2006.

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 for the quarter increased **22.8%** from S\$25.2 million to S\$30.9 million. Revenue at the Hospital Services division grew by **31%** as foreign and local patient load increased whilst revenue at the Healthcare Services Division grew by **13.4%**.

Profit after tax for the Group increased by **26.8%**, from S\$2.3 million to S\$2.9 million.

Profit after tax for Hospital Services division grew by **73.3%** as the increasing patient load improved the operating efficiency at the Raffles **Hospital**. As a result, the Group's profit from operations grew by **35.9%** from S\$2.5 million to S\$3.4 million.

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 2005 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.**

In Singapore, the Group will continue to grow its network of medical clinics. It will also expand some of these clinics into medical centers offering more services to our patients and corporate clients.

Currently more than one third of Raffles **Hospital's** patients are foreigners. Raffles **Hospital** expects to attract more foreign patients as Singapore reasserts its position as the region's leading healthcare hub. The Hospital continues to recruit more Consultant Specialists and invest in advanced medical technologies.

The Group's insurance subsidiary, International Medical Insurers, IMI, has received approval to convert its General Insurers licence to a Life Insurers licence. IMI will continue to grow its business through expanding its distribution network, creating more innovative and personalised medical insurance plans as well as collaborating with other insurers.

Going forward, the Group will continue to actively explore healthcare opportunities to grow its businesses in the region. It will open a Raffles **International Medical Centre** in Jakarta to serve Indonesian and multinational patients and corporate clients.

With improved economic environment in Singapore and the region, the Directors are confident that the Group will continue to do well 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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the quarter ended 31 March 2006.

BY ORDER OF THE BOARD

Pay Cher Wee
Company Secretary
03/05/2006