

Financial Statement and Dividend Announcement For The Second Quarter Ended 30 June 2011

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 2011 S\$'000	Q2 2010 S\$'000	Change %	30/06/2011 S\$'000	30/06/2010 S\$'000	Change %
Revenue	66,963	58,576	14.3	131,396	114,772	14.5
Other operating income	7	161	(95.7)	7	161	(95.7)
Inventories and consumables used	(7,649)	(6,653)	15.0	(15,085)	(13,039)	15.7
Purchased and contracted services	(5,277)	(4,338)	21.6	(10,098)	(8,173)	23.6
Staff costs	(31,706)	(27,790)	14.1	(63,372)	(55,412)	14.4
Depreciation of property, plant and equipment	(1,968)	(1,691)	16.4	(3,846)	(3,386)	13.6
Operating lease expenses	(1,454)	(1,343)	8.3	(2,878)	(2,675)	7.6
Other operating expenses	(4,586)	(4,010)	14.4	(8,976)	(8,206)	9.4
Profit from operating activities	14,330	12,912	11.0	27,148	24,042	12.9
Finance income	38	99	(61.6)	174	165	5.5
Finance expenses	(70)	(63)	11.1	(112)	(134)	(16.4)
Profit before income tax	14,298	12,948	10.4	27,210	24,073	13.0
Income tax expense	(2,612)	(2,347)	11.3	(4,965)	(4,349)	14.2
Profit for the period	11,686	10,601	10.2	22,245	19,724	12.8
Attributable to :						
Owners of the Company	11,630	10,564	10.1	22,109	19,632	12.6
Non-controlling interests	56	37	51.4	136	92	47.8
Profit for the period	11,686	10,601	10.2	22,245	19,724	12.8

RafflesMedicalGroup

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)

	Second Quarter			Year-To-Date		
	Q2 2011	Q2 2010	Change	30/6/2011	30/06/2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Consolidated statement of comprehensive income						
Profit for the period	11,686	10,601	10.2	22,245	19,724	12.8
Other comprehensive income						
Foreign currency translation differences for foreign operations	-	(34)	nm	(257)	(1)	nm
Total comprehensive income for the period	<u>11,686</u>	<u>10,567</u>	10.6	<u>21,988</u>	<u>19,723</u>	11.5
Attributable to: -						
Owners of the Company	11,630	10,530	10.4	21,852	19,631	11.3
Non-controlling interests	56	37	51.4	136	92	47.8
Total comprehensive income for the period	<u>11,686</u>	<u>10,567</u>	10.6	<u>21,988</u>	<u>19,723</u>	11.5

Note: nm denotes not meaningful.

Explanatory notes to the income statement

- Staff costs increased in tandem with higher volume of business in the Group. Excluding the jobs credit grants received by the Group in Q2 2010, the rate of increase for staff costs would have grown by 13.2% in Q2 2011.
- Higher inventories and consumables used was due to increased sales of medical supplies and services.
- More purchased and contracted services were mainly attributed to higher insurance claims.
- Other operating expenses increased mainly due to expenses associated with the investment property (Thong Sia Building) acquired by the Group in Q2 2011.
- Profit from ordinary activities before taxation includes the following:

Group	Second Quarter		Year-To-Date	
	Q2 2011	Q2 2010	30/06/2011	30/06/2010
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Other operating income				
Gain on disposal of asset held for sale	-	161	-	161
Gain on disposal of property, plant and equipment	7	-	7	-
(b) Other operating expenses				
Allowance for doubtful receivables	353	442	709	781
Amortisation of intangible assets	-	13	-	25
Exchange loss	-	7	-	7
Property, plant and equipment written off	39	5	45	17

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

Group	Second Quarter		Year-To-Date	
	Q2 2011	Q2 2010	30/06/2011	30/06/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax expense				
Overprovision in respect of prior periods	-	-	-	(56)
Current tax expense				
Underprovision in respect of prior periods	-	-	-	8

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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	
	30/06/2011 S\$'000	31/12/2010 S\$'000	30/06/2011 S\$'000	31/12/2010 S\$'000
Non-current assets				
Property, plant and equipment	142,635	144,253	3,084	3,252
Intangible assets	316	316	245	245
Investment properties	197,453	88,000	-	-
Subsidiaries	-	-	202,381	202,881
Deferred tax assets	521	895	-	-
	<u>340,925</u>	<u>233,464</u>	<u>205,710</u>	<u>206,378</u>
Current assets				
Inventories	5,304	5,083	1,308	1,258
Trade and other receivables	35,069	26,066	130,929	18,251
Cash and cash equivalents	28,566	107,137	10,438	88,664
	<u>68,939</u>	<u>138,286</u>	<u>142,675</u>	<u>108,173</u>
Total assets	<u>409,864</u>	<u>371,750</u>	<u>348,385</u>	<u>314,551</u>
Equity attributable to owners of the Company				
Share capital	179,176	177,006	179,176	177,006
Reserves	132,556	109,414	93,624	55,955
	<u>311,732</u>	<u>286,420</u>	<u>272,800</u>	<u>232,961</u>
Non-controlling interests	613	542	-	-
Total equity	<u>312,345</u>	<u>286,962</u>	<u>272,800</u>	<u>232,961</u>
Non-current liabilities				
Deferred tax liabilities	1,690	1,690	402	402
Interest-bearing liabilities	17,000	18,000	-	-
	<u>18,690</u>	<u>19,690</u>	<u>402</u>	<u>402</u>
Current liabilities				
Trade and other payables	53,121	50,972	60,558	76,905
Interest-bearing liabilities	14,812	4,577	12,812	2,577
Current tax payable	10,896	9,549	1,813	1,706
	<u>78,829</u>	<u>65,098</u>	<u>75,183</u>	<u>81,188</u>
Total liabilities	<u>97,519</u>	<u>84,788</u>	<u>75,585</u>	<u>81,590</u>
Total equity and liabilities	<u>409,864</u>	<u>371,750</u>	<u>348,385</u>	<u>314,551</u>

Explanatory notes to the Balance Sheet

1. The Group's net cash position decreased from S\$84.6 million as at 31 December 2010 to net debt position of S\$3.2 million as at 30 June 2011. This was attributed to the payment for the purchase of properties amounting to S\$109.5 million offset by strong operating cash flows generated by the Group in line with the higher volume of business. Consequently, the Group has a net current liabilities of S\$9.9 million as at 30 June 2011.
2. Trade and other receivables increased mainly due to the increase in trade receivables arising from higher business volume in the Group.
3. The increase in trade and other payables was mainly driven by higher business volume in the Group.
4. Investment properties increased by S\$109.5 million to \$197.5 million as at 30 June 2011 mainly due to the acquisition of properties by the Group in the first half 2011.

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

Amount repayable in one year or less, or on demand

As at 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$14,812,371	S\$0	S\$4,577,113

Amount repayable after one year

As at 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$17,000,000	S\$0	S\$18,000,000

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.**

	Q2 2011	Q2 2010
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	14,298	12,948
Adjustments for :-		
Amortisation of intangible assets	-	13
Depreciation of property, plant and equipment	1,968	1,691
Equity-settled share-based payment transactions	478	724
Exchange loss	-	7
Finance expenses	70	63
Finance income	(38)	(99)
Gain on disposal of asset held for sale	-	(161)
Gain on disposal of property, plant and equipment	(7)	-
Property, plant and equipment written off	39	5
Operating profit before working capital changes	<u>16,808</u>	<u>15,191</u>
Changes in working capital :-		
Inventories	(133)	(47)
Trade and other receivables	(2,454)	526
Trade and other payables	(2,418)	(2,694)
Cash generated from operations	11,803	12,976
Income taxes paid	(2,434)	(2,131)
Interest paid	(3)	(63)
Net cash from operating activities	<u>9,366</u>	<u>10,782</u>
Cash flows from investing activities		
Interest received	53	99
Proceeds from disposal of property, plant and equipment	7	714
Purchase of property, plant and equipment	(2,069)	(567)
Purchase of investment property	(82,959)	-
Net cash (used in)/from investing activities	<u>(84,968)</u>	<u>246</u>
Cash flows from financing activities		
Dividends paid to equity holders of the Company	-	(10,452)
Dividends paid to non-controlling shareholder of the subsidiary	(65)	(52)
Proceeds from issue of shares under share option scheme	1,463	2,104
Proceeds from bank loan	15,000	1,144
Repayment of bank loan	(5,000)	(783)
Net cash from/(used in) financing activities	<u>11,398</u>	<u>(8,039)</u>
Net (decrease)/increase in cash and cash equivalents	(64,204)	2,989
Cash and cash equivalents at 1 April	92,800	82,226
Effect of exchange rate changes on balances held in foreign currency	(30)	(3)
Cash and cash equivalents at 30 June	<u>28,566</u>	<u>85,212</u>
Cash and cash equivalents at end of the period comprise :		
Cash & fixed deposits	<u>28,566</u>	<u>85,212</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	Non-controlling interests S\$'000	Total equity S\$'000
At 1 April 2010	173,303	(288)	5,763	81,081	259,859	432	260,291
Comprehensive income for the period							
Profit for the period	-	-	-	10,564	10,564	37	10,601
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	(34)	-	-	(34)	-	(34)
Total comprehensive income for the period	-	(34)	-	10,564	10,530	37	10,567
Transactions with owners, recorded 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	2,104	-	-	-	2,104	-	2,104
Value of employee services received for issue of share options	-	-	724	-	724	-	724
Final dividend paid of 2.0 cents per ordinary share	-	-	-	(10,452)	(10,452)	-	(10,452)
Dividends distributed to non-controlling interests	-	-	-	-	-	(52)	(52)
Total contributions by and distributions to owners	2,104	-	724	(10,452)	(7,624)	(52)	(7,676)
At 30 June 2010	175,407	(322)	6,487	81,193	262,765	417	263,182
At 1 April 2011	177,713	(204)	8,593	112,059	298,161	622	298,783
Comprehensive income for the period							
Profit for the period	-	-	-	11,630	11,630	56	11,686
Total comprehensive income for the period	-	-	-	11,630	11,630	56	11,686
Transactions with owners, recorded 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	1,463	-	-	-	1,463	-	1,463
Value of employee services received for issue of share options	-	-	478	-	478	-	478
Dividends distributed to non-controlling interests	-	-	-	-	-	(65)	(65)
Total contributions by and distributions to owners	1,463	-	478	-	1,941	(65)	1,876
At 30 June 2011	179,176	(204)	9,071	123,689	311,732	613	312,345

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).

	Share capital	Share option reserve	Accumulated profits	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2010	173,303	5,763	33,888	212,954
Comprehensive income for the period				
Profit for the period	-	-	26,534	26,534
Total comprehensive income for the period	-	-	26,534	26,534
Transactions with owners, recorded 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	2,104	-	-	2,104
Value of employee services received for issue of share options	-	724	-	724
Final dividend paid of 2.0 cents per ordinary share	-	-	(10,452)	(10,452)
Total contributions by and distributions to owners	2,104	724	(10,452)	(7,624)
At 30 June 2010	175,407	6,487	49,970	231,864
At 1 April 2011	177,713	8,593	49,938	236,244
Comprehensive income for the period				
Profit for the period	-	-	34,615	34,615
Total comprehensive income for the period	-	-	34,615	34,615
Transactions with owners, recorded 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	1,463	-	-	1,463
Value of employee services received for issue of share options	-	478	-	478
Total contributions by and distributions to owners	1,463	478	-	1,941
At 30 June 2011	179,176	9,071	84,553	272,800

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 2011, the Company issued 1,315,000 new shares, upon the exercise of options under the Raffles Medical Group (2000) Share Option Scheme.

Exercise price per share	S\$0.185	S\$0.23	S\$0.33	S\$0.42	S\$0.71	S\$0.78	S\$1.15	S\$1.24	S\$1.66
Number of new shares issued	5,000	80,000	21,000	69,000	49,000	438,000	43,000	73,000	537,000

On 1 April 2011, options to subscribe for 5,000,000 ordinary shares at an exercise price of S\$2.20 were granted to 410 eligible participants pursuant to the Raffles Medical Group (2010) Share Option Scheme.

As at 30 June 2011, there were outstanding options for conversion into 21,611,000 (30 June 2010 : 22,432,000) 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.

	30/06/2011	31/12/2010
Number of issued shares excluding treasury shares	528,281,393	525,944,393

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 2011 (31 December 2010 : 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 2011 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 second quarter ended 30 June 2011 are consistent with those applied in the financial statements for the year ended 31 December 2010, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2011. 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.

	Second Quarter		Year-To-Date	
	Q2 2011	Q2 2010	30/06/2011	30/06/2010
Earnings per ordinary share for the period based on 1(a) above :-				
(i) Basic earnings per share [A]	2.20 cents	2.02 cents	4.19 cents	3.76 cents
(ii) Diluted earnings per share [B]	2.17 cents	1.99 cents	4.13 cents	3.71 cents

[A] The calculation of earnings per ordinary share for the quarter and half year ended 30 June 2011 were based on weighted average number of shares of 527,709,811 (Q2 2010 : 522,564,415) and 527,067,918 (First Half 2010 : 521,466,697) respectively in issue during the period.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) for the quarter and half year ended 30 June 2011 were based on weighted average number of shares of 536,383,525 (Q2 2010 : 531,427,989) and 535,709,424 (First Half 2010 : 529,671,990) 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	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Net asset value per ordinary share [C]	59.01 cents	54.46 cents	51.64 cents	44.29 cents

[C] The calculation of net asset value per ordinary share is based on 528,281,393 shares as at 30 June 2011 (31 December 2010 : 525,944,393).

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.**

The Group's revenue for the Q2 2011 reached a record high of **S\$67.0** million. This is an increase of **14.3%** as compared to Q2 2010 of **S\$58.6** million. The growth in revenue came from positive contributions in all divisions of the Group. Revenue from Healthcare and Hospital Services divisions increased by **12.2%** and **14.5%** respectively.

Higher patient load, a wider range of medical specialties, higher patient acuity and continued improved operating efficiencies contributed to the better performance. In line with improved performance, the Group's net profit after tax grew **10.2%** to **S\$11.7** million from **S\$10.6** million over the corresponding quarter last year. Excluding the impact of jobs credit grants received by the Group in Q2 2010, profit after tax for Q2 2011 would have grown by **12.5%**.

The Group's net cash position decreased from **S\$71.0** million as at 31 March 2011 to a net debt position of **S\$3.2** million as at 30 June 2011. This was mainly attributed to the payment for the balance outstanding amount for the purchase of Thong Sia Building in Singapore in April 2011 of **S\$83.0** million, offset by the strong operating cash flow of **S\$9.4** million in this quarter.

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 2010 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.**

Downside risks continue with the slowing economic recovery in the United States and the ongoing Eurozone sovereign debt crisis. Based on advance estimates from the Ministry of Trade and Industry, the Singapore economy grew by 0.5% in Q2 2011 on a year-on-year basis. Notwithstanding the uncertainties, the Group expects to continue to benefit from the demand for high quality healthcare services locally and from the region, driven by rising affluence and an aging population.

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

RafflesMedical will also continue to contribute to the Group's performance. It will expand its clinic panel to serve both its private patients as well as its corporate clientele. Coupled with its comprehensive range of preventive and primary care services, **RafflesMedical** continues to provide healthcare solutions for individuals and organisations alike.

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 (Cont'd).

RafflesHospital had received the grant of provisional permission from the Urban Redevelopment Authority (URA) for the additional 102,408 square feet expansion. The consultants are reviewing the technical compliances required by URA. The additional area will enable the Group to expand existing clinical services as well as to develop new facilities and services at the hospital.

The purchase of the 7 storey freehold podium/commercial block of Thong Sia Building at 30 Bideford Road in Singapore was completed on 15 April 2011. The Group intends to establish a comprehensive Specialist Medical Centre at the 42,668 square feet property and it envisages to commence operations in the second half of 2012.

The healthcare landscape remains competitive, with additional beds of new public and private hospitals coming onstream over the next few years. Whilst adding more space to **RafflesHospital**, the Group continues to be vigilant and responsive to new opportunities that may arise.

Barring unforeseen circumstances, the Directors are optimistic that the Group will continue to grow in 2011.

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 2 September 2011.

11. Dividend (Cont'd)

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 18 August 2011 on which day no share transfer will be effected.

Duly completed registrable transfers received by the Company's Registrar, M&C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 17 August 2011 will be registered before entitlements to the dividend are determined.

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

Not applicable.

13. 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 second quarter ended 30 June 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Company Secretary
25 July 2011