

Financial Statement and Dividend Announcement For The Third Quarter Ended 30 September 2011

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, 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 2011 S\$'000	Q3 2010 S\$'000	Change %	30/09/2011 S\$'000	30/09/2010 S\$'000	Change %
Revenue	69,099	60,862	13.5	200,495	175,634	14.2
Other operating income	-	-	-	7	161	(95.7)
Inventories and consumables used	(8,332)	(7,007)	18.9	(23,417)	(20,046)	16.8
Purchased and contracted services	(5,014)	(4,168)	20.3	(15,112)	(12,341)	22.5
Staff costs	(33,363)	(29,158)	14.4	(96,735)	(84,570)	14.4
Depreciation of property, plant and equipment	(1,828)	(1,684)	8.6	(5,674)	(5,070)	11.9
Operating lease expenses	(1,413)	(1,483)	(4.7)	(4,291)	(4,158)	3.2
Other operating expenses	(4,694)	(4,260)	10.2	(13,670)	(12,466)	9.7
Profit from operating activities	14,455	13,102	10.3	41,603	37,144	12.0
Finance income	-	95	100.0	174	260	(33.1)
Finance expenses	(76)	(72)	5.6	(188)	(206)	(8.7)
Profit before income tax	14,379	13,125	9.6	41,589	37,198	11.8
Income tax expense	(2,548)	(2,394)	6.4	(7,513)	(6,743)	11.4
Profit for the period	11,831	10,731	10.3	34,076	30,455	11.9
Attributable to :						
Owners of the Company	11,790	10,676	10.4	33,899	30,308	11.8
Non-controlling interests	41	55	(25.5)	177	147	20.4
Profit for the period	11,831	10,731	10.3	34,076	30,455	11.9

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

	Third Quarter			Year-To-Date		
	Q3 2011	Q3 2010	Change	30/9/2011	30/09/2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Consolidated statement of comprehensive income						
Profit for the period	11,831	10,731	10.3	34,076	30,455	11.9
Other comprehensive income						
Foreign currency translation differences for foreign operations	61	156	(60.9)	(196)	155	nm
Total comprehensive income for the period	11,892	10,887	9.2	33,880	30,610	10.7
Attributable to:						
Owners of the Company	11,851	10,832	9.4	33,703	30,463	10.6
Non-controlling interests	41	55	(25.5)	177	147	20.4
Total comprehensive income for the period	11,892	10,887	9.2	33,880	30,610	10.7

Note: nm denotes not meaningful.

Explanatory notes to the income statement

- Staff costs increased in tandem with higher volume of business in the Group. The rate of increase was higher than the growth in revenue mainly due to recruitment of more specialist consultants and staff.
- 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.
- Profit from ordinary activities before taxation includes the following:

	Third Quarter		Year-To-Date	
	Q3 2011	Q3 2010	30/09/2011	30/09/2010
Group	S\$'000	S\$'000	S\$'000	S\$'000
4. (a) Other operating income				
Gain on disposal of asset held for sale	-	-	-	161
Gain on disposal of property, plant and equipment	-	-	7	-
4. (b) Other operating expenses				
Allowance for doubtful receivables	448	451	1,157	1,232
Amortisation of intangible assets	-	19	-	44
Exchange loss	-	-	-	7
Property, plant and equipment written off	2	3	47	20

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

	Third Quarter		Year-To-Date	
	Q3 2011	Q3 2010	30/09/2011	30/09/2010
Group	S\$'000	S\$'000	S\$'000	S\$'000
5. (a) Deferred tax expense				
Overprovision in respect of prior periods	-	-	-	(56)
5. (b) Current tax expense				
Underprovision in respect of prior periods	-	-	-	8

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

	Group		Company	
	30/09/2011 S\$'000	31/12/2010 S\$'000	30/09/2011 S\$'000	31/12/2010 S\$'000
Non-current assets				
Property, plant and equipment	141,726	144,253	3,177	3,252
Intangible assets	316	316	245	245
Investment properties	197,526	88,000	-	-
Subsidiaries	-	-	154,492	202,881
Deferred tax assets	573	895	-	-
	<u>340,141</u>	<u>233,464</u>	<u>157,914</u>	<u>206,378</u>
Current assets				
Inventories	4,980	5,083	1,334	1,258
Trade and other receivables	31,069	26,066	170,529	18,251
Cash and cash equivalents	40,023	107,137	23,736	88,664
	<u>76,072</u>	<u>138,286</u>	<u>195,599</u>	<u>108,173</u>
Total assets	<u>416,213</u>	<u>371,750</u>	<u>353,513</u>	<u>314,551</u>
Equity attributable to owners of the Company				
Share capital	189,931	177,006	189,931	177,006
Reserves	126,505	109,414	77,530	55,955
	<u>316,436</u>	<u>286,420</u>	<u>267,461</u>	<u>232,961</u>
Non-controlling interests	654	542	-	-
Total equity	<u>317,090</u>	<u>286,962</u>	<u>267,461</u>	<u>232,961</u>
Non-current liabilities				
Deferred tax liabilities	1,690	1,690	402	402
Interest-bearing liabilities	16,000	18,000	-	-
	<u>17,690</u>	<u>19,690</u>	<u>402</u>	<u>402</u>
Current liabilities				
Trade and other payables	55,158	50,972	70,738	76,905
Interest-bearing liabilities	15,199	4,577	13,199	2,577
Current tax payable	11,076	9,549	1,713	1,706
	<u>81,433</u>	<u>65,098</u>	<u>85,650</u>	<u>81,188</u>
Total liabilities	<u>99,123</u>	<u>84,788</u>	<u>86,052</u>	<u>81,590</u>
Total equity and liabilities	<u>416,213</u>	<u>371,750</u>	<u>353,513</u>	<u>314,551</u>

Explanatory notes to the Statement of Financial Position

1. The Group's cash and cash equivalents decreased from S\$107.1 million as at 31 December 2010 to S\$40.0 million as at 30 September 2011. This was attributed mainly to the payments for the purchase of properties amounting to S\$109.5 million and cash dividends of S\$8.7 million offset by net proceeds from bank loans of S\$8.6 million and 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\$5.4 million as at 30 September 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 September 2011 mainly due to the acquisition of properties by 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 30/09/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$15,198,912	S\$0	S\$4,577,113

Amount repayable after one year

As at 30/09/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$16,000,000	S\$0	S\$18,000,000

Details of any collateral

Nil.

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

	Q3 2011	Q3 2010
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	14,379	13,125
Adjustments for :-		
Amortisation of intangible assets	-	19
Depreciation of property, plant and equipment	1,828	1,684
Equity-settled share-based payment transactions	633	670
Finance expenses	76	72
Finance income	-	(95)
Property, plant and equipment written off	2	3
Operating profit before working capital changes	<u>16,918</u>	<u>15,478</u>
Changes in working capital :-		
Inventories	324	(187)
Trade and other receivables	3,920	(642)
Trade and other payables	2,148	1,819
Cash generated from operations	<u>23,310</u>	<u>16,468</u>
Income taxes paid	(2,420)	(2,127)
Interest paid	(102)	(72)
Net cash from operating activities	<u>20,788</u>	<u>14,269</u>
 Cash flows from investing activities		
Interest received	81	95
Proceeds from disposal of property, plant and equipment	1	1
Purchase of property, plant and equipment	(872)	(756)
Purchase of investment property	(73)	-
Net cash used in investing activities	<u>(863)</u>	<u>(660)</u>
 Cash flows from financing activities		
Dividends paid to equity holders of the Company	(8,696)	(5,246)
Proceeds from issue of shares under share option scheme	916	963
Proceeds from bank loan	3,286	2,233
Repayment of bank loan	(4,010)	(3,380)
Net cash used in financing activities	<u>(8,504)</u>	<u>(5,430)</u>
 Net increase in cash and cash equivalents	11,421	8,182
Cash and cash equivalents at 1 July	28,566	85,212
Effect of exchange rate changes on balances held in foreign currency	36	(10)
Cash and cash equivalents at 30 September	<u>40,023</u>	<u>93,384</u>
 Cash and cash equivalents at end of the period comprise :		
Cash & fixed deposits	<u>40,023</u>	<u>93,384</u>

Explanatory note to the Statement of Cash Flows

The Group's cash and cash equivalents increased from S\$28.6 million as at 30 June 2011 to S\$40.0 million as at 30 September 2011. This was attributed mainly due to strong operating cash flows generated by the Group in line with the higher volume of business offset by payment of cash dividends of S\$8.7 million.

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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 July 2010	175,407	(322)	6,487	81,193	262,765	417	263,182
Comprehensive income for the period							
Profit for the period	-	-	-	10,676	10,676	55	10,731
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	156	-	-	156	-	156
Total comprehensive income for the period	-	156	-	10,676	10,832	55	10,887
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	963	-	-	-	963	-	963
Value of employee services received for issue of share options	-	-	670	-	670	-	670
Interim dividend paid of 1.0 cent per ordinary share	-	-	-	(5,246)	(5,246)	-	(5,246)
Total contributions by and distributions to owners	963	-	670	(5,246)	(3,613)	-	(3,613)
At 30 September 2010	176,370	(166)	7,157	86,623	269,984	472	270,456
At 1 July 2011	179,176	(204)	9,071	123,689	311,732	613	312,345
Comprehensive income for the period							
Profit for the period	-	-	-	11,790	11,790	41	11,831
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	61	-	-	61	-	61
Total comprehensive income for the period	-	61	-	11,790	11,851	41	11,892
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	916	-	-	-	916	-	916
Value of employee services received for issue of share options	-	-	633	-	633	-	633
Issue of shares in lieu of cash dividends of 2.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	9,839	-	-	(9,839)	-	-	-
Final dividend paid of 2.5 cents per ordinary share - Cash	-	-	-	(3,359)	(3,359)	-	(3,359)
Interim dividend paid of 1.0 cent per ordinary share	-	-	-	(5,337)	(5,337)	-	(5,337)
Total contributions by and distributions to owners	10,755	-	633	(18,535)	(7,147)	-	(7,147)
At 30 September 2011	189,931	(143)	9,704	116,944	316,436	654	317,090

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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).

	Share capital	Share option reserve	Accumulated profits	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2010	175,407	6,487	49,970	231,864
Comprehensive income for the period				
Profit for the period	-	-	1,591	1,591
Total comprehensive income for the period	-	-	1,591	1,591
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	963	-	-	963
Value of employee services received for issue of share options	-	670	-	670
Interim dividend paid of 1.0 cent per ordinary share	-	-	(5,246)	(5,246)
Total contributions by and distributions to owners	963	670	(5,246)	(3,613)
At 30 September 2010	176,370	7,157	46,315	229,842
At 1 July 2011	179,176	9,071	84,553	272,800
Comprehensive income for the period				
Profit for the period	-	-	1,808	1,808
Total comprehensive income for the period	-	-	1,808	1,808
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	916	-	-	916
Value of employee services received for issue of share options	-	633	-	633
Issue of shares in lieu of cash dividends of 2.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	9,839	-	(9,839)	-
Final dividend paid of 2.5 cents per ordinary share - Cash	-	-	(3,359)	(3,359)
Interim dividend paid of 1.0 cent per ordinary share	-	-	(5,337)	(5,337)
Total contributions by and distributions to owners	10,755	633	(18,535)	(7,147)
At 30 September 2011	189,931	9,704	67,826	267,461

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 2011, the Company issued 4,753,258 new shares due to the allotment and issue of ordinary shares arising from the application of Raffles Medical Group Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2010, as well as the allotment and issue of 877,000 new ordinary shares pursuant to the exercise by option holders under the Raffles Medical Group (2000) Share Option Scheme.

Exercise price per share	S\$0.185	S\$0.42	S\$0.71	S\$0.78	S\$1.15	S\$1.24	S\$1.66
Number of new shares issued	63,000	24,000	70,000	310,000	89,000	76,000	245,000

As at 30 September 2011, there were outstanding options for conversion into 20,606,000 (30 September 2010 : 20,900,000) 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.

	30/09/2011	31/12/2010
Number of issued shares excluding treasury shares	533,911,651	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 September 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 third quarter ended 30 September 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 third quarter ended 30 September 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.

	Third Quarter		Year-To-Date	
	Q3 2011	Q3 2010	30/09/2011	30/09/2010
Earnings per ordinary share for the period based on 1(a) above :-				
(i) Basic earnings per share [A]	2.21 cents	2.04 cents	6.41 cents	5.80 cents
(ii) Diluted earnings per share [B]	2.18 cents	2.00 cents	6.31 cents	5.71 cents

[A] The calculation of earnings per ordinary share for the quarter and 9 months ended 30 September 2011 were based on weighted average number of shares of 532,947,987 (Q3 2010 : 524,452,219) and 529,049,480 (9 months ended 30 September 2010 : 522,472,807) 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 2011 were based on weighted average number of shares of 541,073,993 (Q3 2010 : 533,760,969) and 537,216,497 (9 months ended 30 September 2010 : 530,601,974) 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	
	30/09/2011	31/12/2010	30/09/2011	31/12/2010
Net asset value per ordinary share [C]	59.27 cents	54.46 cents	50.09 cents	44.29 cents

[C] The calculation of net asset value per ordinary share is based on 533,911,651 shares as at 30 September 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.**

Revenue for the Group showed a healthy growth of **13.5%** from **S\$60.9** million in Q3 2010 to **S\$69.1** million in Q3 2011. All divisions continued to contribute positively to the growth of the Group with revenue from Hospital and Healthcare Services divisions increasing by **14.1%** and **8.4%** respectively.

The recruitment of more specialist consultants, higher patient load and patient acuity, together with continued improved operating efficiencies contributed to the better performance. The Group's net profit after tax grew **10.3%** to **S\$11.8** million from **S\$10.7** million over the corresponding quarter last year in line with better operating performance.

The Group had a healthy cash position of **S\$40.0** million as at 30 September 2011, from the continued strong cash operating cashflows generated by the Group after distributing cash dividends of **S\$8.7** million. The strong cash position will enable the Group to fund its growth.

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 2011 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 sluggish 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 5.9% in Q3 2011 on a year-on-year basis. Notwithstanding the softening global economic conditions, 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. **RafflesHospital** is expected to perform well and contribute positively to the Group's performance as it continues to diversify its foreign patient base, recruit more specialist staff and strengthen its competencies.

In line with this, **RafflesHospital** had applied for and received the grant of provisional permission from the Urban Redevelopment Authority for the additional 102,408 square feet expansion at the hospital. This additional area will enable the Group to expand existing clinical services as well as to develop new facilities and services.

The Group continues to work on establishing a comprehensive Specialist Medical Centre at the 42,668 square feet property at 30 Bideford Road and it envisages to commence operations in the Orchard Road shopping precinct in the first half of 2013.

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).

Leveraging on its comprehensive range of preventive and primary care services, *RafflesMedical* provides one stop healthcare solutions for both individuals and organisations. *RafflesMedical* continues to open new branches. The clinic at Asia Square will cater to the new financial district, while that at I12 Katong (former Katong Mall) and Changi City Point will provide medical care in the suburban east. *RafflesMedical* expects to benefit from the higher demand for primary care services, driven locally by recent government initiatives to expand the Primary Care Partnership Scheme (PCPS).

With additional beds of new public and private hospitals coming onstream over the next few years, the healthcare landscape will continue to remain competitive. Whilst adding the Specialist Medical Centre in Orchard Road and expanding *RafflesHospital*, the Group continues to be vigilant and responsive to new opportunities that may appear on the horizon.

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? 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 30 September 2011.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not obtain a general mandate from shareholders for IPTs.

14. 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 third quarter ended 30 September 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Company Secretary
31 October 2011