

Audited Full Year Financial Statement and Related Announcement For The Year Ended 31 December 2013

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.**

Consolidated Income Statement	2013 S\$'000	2012 S\$'000	Change %
Revenue	340,989	311,633	9.4
Other operating income	24,331	4,026	nm
Inventories and consumables used	(38,237)	(38,736)	(1.3)
Purchased and contracted services	(24,625)	(22,386)	10.0
Staff costs	(170,091)	(152,275)	11.7
Depreciation of property, plant and equipment	(8,268)	(7,903)	4.6
Operating lease expenses	(7,271)	(7,165)	1.5
Other operating expenses	(22,501)	(20,839)	8.0
Profit from operating activities	94,327	66,355	42.2
Finance income	960	465	106.5
Finance expenses	(49)	(235)	(79.1)
Profit before tax	95,238	66,585	43.0
Tax expense	(9,943)	(9,376)	6.0
Profit for the year	85,295	57,209	49.1
Attributable to :			
Owners of the Company	84,892	56,849	49.3
Non-controlling interests	403	360	11.9
Profit for the year	85,295	57,209	49.1

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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).

Consolidated statement of comprehensive income	2013 S\$'000	2012 S\$'000	Change %
Profit for the year	85,295	57,209	49.1
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	(30)	32	nm
Total comprehensive income for the year	<u>85,265</u>	<u>57,241</u>	49.0
Total comprehensive income attributable to:			
Owners of the Company	84,862	56,881	49.2
Non-controlling interests	403	360	11.9
Total comprehensive income for the year	<u>85,265</u>	<u>57,241</u>	49.0

Note : nm denotes not meaningful

Explanatory notes to the Consolidated Income Statement

- Higher purchased and contracted services were mainly attributed to higher insurance claims from increased insurance services provided.
- Staff costs increased in tandem with higher volume of business in the Group. The rate of increase for staff costs was higher than the growth in revenue mainly due to recruitment of specialists as well as an increase in bonus for employees of the Group.
- Excluding the fair value gain on investment properties and gain arising from the disposal of a subsidiary, the Group's results showed a 14.5% increase in profit after tax from S\$53.3 million to S\$61.0 million for the year ended 31 December 2013.
- Profit from operating activities before taxation includes the following:

Group	2013 S\$'000	2012 S\$'000
(a) Other operating income		
Change in fair value of investment properties	3,900	3,938
Gain on disposal of a subsidiary	20,388	-
Gain on disposal of property, plant and equipment	43	88
(b) Other operating expenses		
Allowance for doubtful trade receivables	707	649
Impairment of intangible assets	-	152
Loss on disposal of property, plant and equipment	2	-
Property, plant and equipment written off	102	102
Write-off for stock obsolescence	119	26

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

	2013 S\$'000	2012 S\$'000
Deferred tax expense		
Under provision in respect of prior years	-	56
Current tax expense		
Over provision in respect of prior years	983	251

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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	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Non-current assets				
Property, plant and equipment	153,656	153,888	4,422	4,155
Intangible assets	164	164	93	93
Investment properties	100,400	194,500	-	-
Subsidiaries	-	-	241,584	263,070
	<u>254,220</u>	<u>348,552</u>	<u>246,099</u>	<u>267,318</u>
Current assets				
Inventories	9,080	5,442	2,062	1,270
Trade and other receivables	44,228	38,169	16,660	66,236
Cash and cash equivalents	265,907	102,482	220,046	77,223
	<u>319,215</u>	<u>146,093</u>	<u>238,768</u>	<u>144,729</u>
Total assets	<u>573,435</u>	<u>494,645</u>	<u>484,867</u>	<u>412,047</u>
Equity attributable to owners of the Company				
Share capital	228,160	207,188	228,160	207,188
Reserves	244,344	181,234	152,217	105,395
	<u>472,504</u>	<u>388,422</u>	<u>380,377</u>	<u>312,583</u>
Non-controlling interests	1,289	994	-	-
Total equity	<u>473,793</u>	<u>389,416</u>	<u>380,377</u>	<u>312,583</u>
Non-current liabilities				
Deferred tax liabilities	2,127	1,670	435	302
	<u>2,127</u>	<u>1,670</u>	<u>435</u>	<u>302</u>
Current liabilities				
Trade and other payables	72,664	66,318	98,830	94,372
Insurance contract provisions	9,700	6,162	-	-
Interest-bearing liabilities	4,755	19,747	4,755	3,747
Current tax liabilities	10,396	11,332	470	1,043
	<u>97,515</u>	<u>103,559</u>	<u>104,055</u>	<u>99,162</u>
Total liabilities	<u>99,642</u>	<u>105,229</u>	<u>104,490</u>	<u>99,464</u>
Total equity and liabilities	<u>573,435</u>	<u>494,645</u>	<u>484,867</u>	<u>412,047</u>

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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 (Cont'd).

Explanatory notes to the Statement of Financial Position

1. Investment properties decreased by S\$94.1 million due to the disposal of the Company's interests in its subsidiary, Raffles Medical Management Pte Ltd (now known as "Orchard Investment Holdings Pte Ltd"); which held the Group's investment property at 30 Bideford Road.
2. Inventories increased in tandem with higher business volume.
3. Trade and other receivables increased mainly due to the deposit paid for the acquisition of a property amounting to S\$5.5 million, coupled with the increase in trade receivables arising from the higher business volume in the Group.
4. The Group's net cash position increased from S\$82.7 million as at 31 December 2012 to S\$261.2 million as at 31 December 2013. This was attributed mainly to strong operating cash flows generated by the Group from its increased business operations and the proceeds from the disposal of a subsidiary of S\$119.2 million, offset by payments for the purchase of property, plant and equipment amounting to S\$8.2 million and distribution of cash dividends of S\$10.0 million.
5. The increase in the Group's trade and other payables was mainly driven by higher business volume.
6. Insurance contract provisions increased by S\$3.5 million mainly due to higher unearned premiums arising from insurance premium billings.

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

Amount repayable in one year or less, or on demand

As at 31/12/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	4,755	-	19,747

Amount repayable after one year

Nil.

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.

	2013	2012
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	95,238	66,585
<i>Adjustments for :-</i>		
Change in fair value of investment properties	(3,900)	(3,938)
Depreciation of property, plant and equipment	8,268	7,903
Equity-settled share-based payment transactions	2,946	2,236
Finance expenses	49	235
Finance income	(960)	(465)
Gain on disposal of a subsidiary	(20,388)	-
Gain on disposal of property, plant and equipment	(43)	(88)
Impairment of intangible assets	-	152
Loss on disposal of property, plant and equipment	2	
Property, plant and equipment written off	102	102
	<u>81,314</u>	<u>72,722</u>
<i>Changes in working capital :-</i>		
Inventories	(3,638)	(306)
Trade and other receivables	(6,093)	(6,228)
Trade and other payables	6,512	11,434
Insurance contract provisions	3,538	1,143
Cash generated from operations	81,633	78,765
Taxes paid	(10,422)	(9,043)
Interest paid	(20)	(177)
Net cash from operating activities	<u>71,191</u>	<u>69,545</u>
Cash flows from investing activities		
Interest received	892	379
Proceeds from sale of property, plant and equipment	138	97
Proceeds from disposal of a subsidiary	119,232	-
Purchase of property, plant and equipment	(8,186)	(9,737)
Payment for development related cost of investment property	(922)	(1,200)
Net cash from / (used in) investing activities	<u>111,154</u>	<u>(10,461)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(9,854)	(9,111)
Dividends paid to non-controlling shareholder of the subsidiary	(108)	(68)
Proceeds from issue of shares under share option scheme	6,128	4,409
Proceeds from bank loan	49,873	19,188
Repayment of bank loans	(65,024)	(20,668)
Net cash used in financing activities	<u>(18,985)</u>	<u>(6,250)</u>
Net increase in cash and cash equivalents	163,360	52,834
Cash and cash equivalents at 1 January	102,482	49,691
Effect of exchange rate changes on balances held in foreign currency	65	(43)
Cash and cash equivalents at 31 December	<u>265,907</u>	<u>102,482</u>

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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 (Cont'd).

Explanatory note to the Statement of Cash Flows

The Group's cash and cash equivalents increased by S\$163.4 million from S\$102.5 million as at 31 December 2012 to S\$265.9 million as at 31 December 2013. This was attributed mainly to strong operating cash flows generated by the Group and proceeds from disposal of a subsidiary of S\$119.2 million. The increase was offset by the net repayment of bank loans of S\$15.2 million, payments for the purchase of property, plant and equipment amounting to S\$8.2 million and distribution of cash dividends of S\$10.0 million.

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 January 2012	190,344	(117)	10,339	133,441	334,007	702	334,709
Comprehensive income for the year							
Profit for the year	-	-	-	56,849	56,849	360	57,209
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	32	-	-	32	-	32
Total comprehensive income for the year	-	32	-	56,849	56,881	360	57,241
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	4,409	-	-	-	4,409	-	4,409
Issue of shares in lieu of cash dividends of 3.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	12,435	-	-	-	12,435	-	12,435
Value of employee services received for issue of share options	-	-	2,236	-	2,236	-	2,236
Final dividend paid of 3.0 cents per ordinary share - Cash	-	-	-	(3,673)	(3,673)	-	(3,673)
Final dividend paid of 3.0 cents per ordinary share - Scrip	-	-	-	(12,435)	(12,435)	-	(12,435)
Interim dividend paid of 1.0 cent per ordinary share - Cash	-	-	-	(5,438)	(5,438)	-	(5,438)
Dividends distributed to non-controlling shareholder of a subsidiary	-	-	-	-	-	(68)	(68)
Total contributions by and distributions to owners	16,844	-	2,236	(21,546)	(2,466)	(68)	(2,534)
At 31 December 2012	207,188	(85)	12,575	168,744	388,422	994	389,416

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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).

Group	Share capital	Currency translation reserve	Share option reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2013	207,188	(85)	12,575	168,744	388,422	994	389,416
Comprehensive income for the year							
Profit for the year	-	-	-	84,892	84,892	403	85,295
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	(30)	-	-	(30)	-	(30)
Total comprehensive income for the year	-	(30)	-	84,892	84,862	403	85,265
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	6,128	-	-	-	6,128	-	6,128
Issue of shares in lieu of cash dividends of 3.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	14,844	-	-	-	14,844	-	14,844
Value of employee services received for issue of share options	-	-	2,946	-	2,946	-	2,946
Final dividend paid of 3.5 cents per ordinary share - Cash	-	-	-	(4,319)	(4,319)	-	(4,319)
Final dividend paid of 3.5 cents per ordinary share - Scrip	-	-	-	(14,844)	(14,844)	-	(14,844)
Interim dividend paid of 1.0 cent per ordinary share - Cash	-	-	-	(5,535)	(5,535)	-	(5,535)
Dividends distributed to non-controlling shareholder of a subsidiary	-	-	-	-	-	(108)	(108)
Total contributions by and distributions to owners	20,972	-	2,946	(24,698)	(780)	(108)	(888)
At 31 December 2013	228,160	(115)	15,521	228,938	472,504	1,289	473,793

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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 January 2012	190,344	10,339	68,546	269,229
Comprehensive income for the year				
Profit for the year	-	-	45,820	45,820
Total comprehensive income for the year	-	-	45,820	45,820
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	4,409	-	-	4,409
Issue of shares in lieu of cash dividends of 3.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	12,435	-	-	12,435
Value of employee services received for issue of share options	-	2,236	-	2,236
Final dividend paid of 3.0 cents per ordinary share - Cash	-	-	(3,673)	(3,673)
Final dividend paid of 3.0 cents per ordinary share - Scrip	-	-	(12,435)	(12,435)
Interim dividend paid of 1.0 cent per ordinary share - Cash	-	-	(5,438)	(5,438)
Total contributions by and distributions to owners	16,844	2,236	(21,546)	(2,466)
At 31 December 2012	207,188	12,575	92,820	312,583
At 1 January 2013	207,188	12,575	92,820	312,583
Comprehensive income for the year				
Profit for the year	-	-	68,574	68,574
Total comprehensive income for the year	-	-	68,574	68,574
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	6,128	-	-	6,128
Issue of shares in lieu of cash dividends of 3.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	14,844	-	-	14,844
Value of employee services received for issue of share options	-	2,946	-	2,946
Final dividend paid of 3.5 cents per ordinary share - Cash	-	-	(4,319)	(4,319)
Final dividend paid of 3.5 cents per ordinary share - Scrip	-	-	(14,844)	(14,844)
Interim dividend paid of 1.0 cent per ordinary share - Cash	-	-	(5,535)	(5,535)
Total contributions by and distributions to owners	20,972	2,946	(24,698)	(780)
At 31 December 2013	228,160	15,521	136,696	380,377

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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 year ended 31 December 2013, the Company issued a total of 9,030,545 new ordinary shares due to the allotment and issue of 4,931,545 ordinary shares arising from the application of Raffles Medical Group Ltd Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2012, as well as the allotment and issue of 4,099,000 new ordinary shares pursuant to the exercise by options holders under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$0.185	S\$0.33	S\$0.42	S\$0.71	S\$1.15
Number of new shares issued	139,000	84,000	168,000	475,000	131,000

Exercise price per share	S\$1.24	S\$0.78	S\$1.66	S\$2.20	S\$2.34
Number of new shares issued	269,000	501,000	802,000	851,000	679,000

On 1 April 2013, options to subscribe for 6,200,000 ordinary shares at an exercise price of S\$3.28 were granted to 487 eligible participants pursuant to the Raffles Medical Group (2010) Share Option Scheme.

As at 31 December 2013, there were outstanding options for conversion into 21,200,000 (31 December 2012: 19,966,000) ordinary shares. The Company does not hold any treasury shares as at 31 December 2013 (31 December 2012: Nil).

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.

	31/12/2013	31/12/2012
Number of issued shares excluding treasury shares	553,847,862	544,817,317

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 31 December 2013 (31 December 2012 : Nil).

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements on consolidated results for the year ended 31 December 2013 have been audited in accordance with Singapore Standards on Auditing.

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

As attached.

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 year ended 31 December 2013 are consistent with those applied in the financial statements for the year ended 31 December 2012, except for those as disclosed under item 5 below.

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.**

Fair value measurement

From 1 January 2013, in accordance with the transitional provisions of FRS113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures have been appropriately made in the Group's financial statements as a result of the adoption of this standard.

Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

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.**

	2013	2012
Earnings per ordinary share for the period based on 1(a) above :-		
(i) Basic earnings per share [A]	15.43 cents	10.53 cents
(ii) Diluted earnings per share [B]	15.24 cents	10.42 cents

[A] The calculation of earnings per ordinary share was based on weighted average number of shares of 550,127,837 (2012 : 539,872,516) in issue during the year.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) was based on weighted average number of shares of 556,905,918 (2012 : 545,406,361) in issue during the year.

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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	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net asset value per ordinary share [C]	85.31 cents	71.29 cents	68.68 cents	57.37 cents

[C] The calculation of net asset value per ordinary share was based on 553,847,862 shares as at 31 December 2013 (31 December 2012 : 544,817,317).

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 increased **9.4%** from **S\$311.6** million in 2012 to **S\$341.0** million for the year ended 2013. Revenue from Hospital Services and Healthcare Services expanded at **12.4%** and **6.2%** respectively in 2013 as compared to 2012. The Group continued to grow its revenue from medical services with more specialist consultants, higher patient load and greater patient acuity, increased contributions from overseas operations as well as provision of more healthcare insurance services. Revenue from Investment Holdings was lower in 2013 as the tenancy leases for the property at 30 Bideford Road were progressively ended prior to the disposal of the subsidiary, Raffles Medical Management Pte Ltd (now known as "Orchard Investment Holdings Pte Ltd") on 31 October 2013 ("**RMM Disposal**").

The Group recorded a net profit after tax of **S\$85.3** million for the financial year ended 2013, which is **49.1%** higher than 2012 profit after tax of **S\$57.2** million. Excluding the gain of **S\$20.4** million that the Group made in 2013 from the RMM Disposal and fair value gain on investment properties of **S\$3.9** million, the proforma increase in net profit after tax for the Group was **14.5%** from **S\$53.3** million in 2012 to **S\$61.0** million in 2013. This strong result was the outcome of revenue growth coupled with improved operating leverage and operational efficiencies.

The Group's strong cash position of **S\$265.9** million as at 31 December 2013 was largely due to net proceeds from the RMM Disposal, amounting to **S\$119.2** million, as well as continuing strong cashflows generated from operations. This cash position will support the Group's growth and expansion plans.

The Directors are pleased to recommend a final dividend of **4.0** cents per share amounting approximately to **S\$22.2** million. Including the interim dividend of 1.0 cent per share paid in August 2013, the total dividends for the financial year ended 31 December 2013 would amount to **5.0** cents per share, an increase of 0.5 cent (11.1%) as compared to financial year ended 31 December 2012.

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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 Q3 2013 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.**

RafflesHospital performed well in 2013 registering strong growth in census and revenue.

The Group agreed on 21 January 2014 to acquire from the Singapore Land Authority a land site, adjacent to *RafflesHospital*, of 1,978.10 m² with a plot ratio 5.6. This, together with the additional gross floor area from the provisional permission obtained from the Urban Redevelopment Authority in July 2010 to increase the plot ratio on the Hospital's existing land from 4.2 to 5.6, will be used to expand Raffles Hospital's healthcare facilities and services on the adjacent site. The new building will allow for development of new medical centres, including a number of centres of excellence, a healthcare training institute, clinical research, as well as adding more beds in service. It will offer substantial opportunities for the hospital's expansion and growth over the next 10 years.

With the recent refurbishment of the external facade and internal facilities, the hospital will maximise the existing space for growth in clinical services, leading up to the opening of the hospital extension in 2016. Meanwhile, the hospital will be stepping up its investment in advanced technologies to continually maintain its position as a premier private hospital delivering high quality healthcare.

The Group also completed the acquisition of a 3-storey office building (formerly POSB Building) at Holland Village from DBS Bank Ltd on 14 January 2014. The building will be redeveloped into a 5-storey commercial building consisting of medical clinics, retail shops, restaurants and car park. It will pave the way for the Group to expand medical and specialist services in an attractive location which can provide a good catchment for local and expatriate patients when the project is completed in 2016.

In 2013, *RafflesMedical* saw further growth and expansion of our medical centres. New clinics were opened at Whitesands, Bedok Mall and Jurong Point to serve new population regions in Singapore with medical and dental services. The premises at Jurong East regional centre was also expanded to provide a more comprehensive range of services to our patients at the new Jurong Gateway commercial hub.

RafflesHealthScreeners and *RafflesDental* both saw new and more medical equipment introduced to continue to improve patient care and patients' experience in the areas of imaging and dental restoration services respectively.

RafflesMedical continued to increase its corporate clientele portfolio in the hoteling, manufacturing, food & beverage, education as well as financial & governmental sectors and continued to benefit from the government initiated Community Health Assistance Scheme ("CHAS"). Most of *RafflesMedical's* clinics are accredited to serve Singaporeans under the CHAS. *RafflesDental's* clinics have also joined the panel of CHAS clinics in 2013.

Together with the Group's Corporate Services, *RafflesHealthinsurance* launched a new marketing model, "*RafflesOne*". This is a fully integrated, seamless healthcare and healthcare financing proposition for corporate customers, in the area of Employee Benefits Solution. This model has already yielded positive results, leading to the acquisition of several major accounts since its launch in the second half of 2013.

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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).**

RafflesHealthinsurance also achieved a good take up rate for RHI-Bupa regional and global health products from Aviva's policyholders who were affected by the latter's decision to withdraw this portfolio from Singapore from 1 December 2012. Overall in 2013, *RafflesHealthinsurance* achieved strong revenue growth from expansion of group employee benefits business and RHI-Bupa regional and global health insurance business.

The healthcare landscape will remain competitive with new public and private hospitals being developed in Singapore and the region. The more measured pace of economic growth in China and Singapore may have a dampening effect on healthcare demand. However, the Group will continue to be vigilant and to proactively respond to new opportunities that may arise.

Barring unforeseen circumstances, the Directors are optimistic that the Group will continue to grow for the year 2014.

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

Name of Dividend	Proposed Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	4.0 cents per ordinary share (one tier tax)
Tax Rate	Tax Exempt

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11. Dividend (Cont'd)

(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

Name of Dividend	Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	3.5 cents per ordinary share (one tier tax)
Tax Rate	Tax Exempt

(c) Date payable

The Directors are pleased to recommend a final dividend of 4.0 cents per share amounting approximately to S\$22.2 million in respect of the financial year ended 31 December 2013 for approval by the shareholders at the next Annual General Meeting to be convened on 23 April 2014. Including the interim dividend of 1.0 cent per share paid in August 2013, the total dividends for the financial year ended 31 December 2013 would amount to 5.0 cents per share, an increase of 0.5 cent (11.1%) as compared to financial year ended 31 December 2012.

The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be announced at a later date.

(d) Books closure date

The books closure date will be announced at a later date.

(e) Scrip dividend scheme

The Scrip Dividend Scheme will be applicable to the final dividend. The issue price of a new share shall not be set at more than 10% discount to, nor shall it exceed the average of the last dealt prices of a share on the SGX-ST for each of the market days during the price determination period (being the period commencing on the day on which the shares are first quoted ex-dividend and ending on the books closure date to determine the entitlements to the final dividend). Further details will be announced at a later date.

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

Not applicable.

13. If the group has obtained a general mandate from shareholders for Interested Parties 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segments

	Healthcare services S\$'000	Hospital services S\$'000	Investment holdings S\$'000	Total S\$'000
2013				
Revenue and expenses				
External revenue	124,481	231,302	10,285	366,068
Inter-segment revenue	1,657	14,758	8,664	25,079
Finance expenses	(34)	-	(15)	(49)
Depreciation of property, plant and equipment	(2,286)	(3,332)	(177)	(5,795)
Impairment of intangible assets	-	-	-	-
Reportable segment profit before tax	10,603	56,829	9,891	77,323
Reportable segment assets	511,212	120,329	245,831	877,372
Capital expenditure	3,141	4,245	1,722	9,108
Reportable segment liabilities	132,593	54,086	203,383	390,062
2012				
Revenue and expenses				
External revenue	117,186	205,753	11,045	333,984
Inter-segment revenue	2,542	11,411	8,398	22,351
Finance expenses	(37)	-	(198)	(235)
Depreciation of property, plant and equipment	(2,026)	(3,249)	(158)	(5,433)
Impairment of intangible assets	(152)	-	-	(152)
Reportable segment profit before tax	10,240	47,720	11,095	69,055
Reportable segment assets	426,775	103,829	339,521	870,125
Capital expenditure	3,972	5,465	1,500	10,937
Reportable segment liabilities	120,658	49,679	299,924	470,261

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14 Business Segments (Cont'd)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2013 S\$'000	2012 S\$'000
Revenues		
Total revenue for reportable segments	366,068	333,984
Elimination of inter-segment revenue	(25,079)	(22,351)
Consolidated revenue	<u>340,989</u>	<u>311,633</u>
Profit or loss		
Total profit for reportable segments	77,323	69,055
Adjustment for depreciation of property, plant and equipment	(2,473)	(2,470)
Gain on disposal of a subsidiary	20,388	-
Consolidated profit before tax	<u>95,238</u>	<u>66,585</u>
Assets		
Total assets for reportable segments	877,372	870,125
Elimination of inter-segment assets	(303,937)	(375,480)
Consolidated total assets	<u>573,435</u>	<u>494,645</u>
Liabilities		
Total liabilities for reportable segments	390,062	470,261
Elimination of inter-segment liabilities	(302,943)	(378,034)
Unallocated amounts – current and deferred tax liabilities	12,523	13,002
Consolidated total liabilities	<u>99,642</u>	<u>105,229</u>

Other material items

	Reportable segment totals S\$'000	Adjustment S\$'000	Consolidated totals S\$'000
2013			
Depreciation of property, plant and equipment	5,795	2,473	8,268
2012			
Depreciation of property, plant and equipment	5,433	2,470	7,903

The hospital building at North Bridge Road is owned by a subsidiary and classified as Investment Property in the subsidiary's standalone financial statements. In accordance with the Group's accounting policies, investment property is measured at fair value and not depreciated.

For the preparation of the consolidated financial statements, the hospital building is reclassified from Investment Property to Property, Plant and Equipment as the building is used in the supply of hospital services by the Group. Accordingly, the carrying value of the hospital building is depreciated over its useful life in the consolidated financial statements of the Group.

The amount of \$2,473,000 (2012: \$2,470,000) relates to the depreciation of the hospital building for the year ended 31 December 2013.

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15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Item 8.

16. A breakdown of sales.

		Group		
		2013 S\$'000	2012 S\$'000	Change %
16(a)	Revenue reported for first half year	167,928	149,850	12.1
16(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	28,044	24,183	16.0
16(c)	Revenue reported for second half year	173,061	161,783	7.0
16(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	57,251	33,026	73.4

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	2013 S\$'000	2012 S\$'000
Interim Ordinary Dividend	5,535	5,438
Final Ordinary Dividend	22,154 *	19,163
Total	27,689	24,601

* Financial year 2013 final proposed ordinary dividend, which is based on estimated number of shares outstanding as at the end of the financial year.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

The Board of Directors hereby confirms that none of the personnel occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
24 February 2014