

Financial Statement and Related Announcement For The First Quarter Ended 31 March 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	First Quarter		
	Q1 2013 S\$'000	Q1 2012 S\$'000	Change %
Revenue	81,104	72,930	11.2
Other operating income	44	55	(20.0)
Inventories and consumables used	(9,688)	(8,854)	9.4
Purchased and contracted services	(5,886)	(5,461)	7.8
Staff costs	(40,055)	(35,919)	11.5
Depreciation of property, plant and equipment	(2,095)	(1,880)	11.4
Operating lease expenses	(1,762)	(1,733)	1.7
Other operating expenses	(5,430)	(4,911)	10.6
Profit from operating activities	16,232	14,227	14.1
Finance income	176	65	170.8
Finance expenses	(30)	(63)	(52.4)
Profit before tax	16,378	14,229	15.1
Tax expense	(2,817)	(2,560)	10.0
Profit for the period	13,561	11,669	16.2
Attributable to :			
Owners of the Company	13,481	11,618	16.0
Non-controlling interests	80	51	56.9
Profit for the period	13,561	11,669	16.2

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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	First Quarter		
	Q1 2013 S\$'000	Q1 2012 S\$'000	Change %
Profit for the period	13,561	11,669	16.2
Other comprehensive income			
Foreign currency translation differences for foreign operations	61	17	258.8
Total comprehensive income for the period	13,622	11,686	16.6
Attributable to:			
Owners of the Company	13,542	11,635	16.4
Non-controlling interests	80	51	56.9
Total comprehensive income for the period	13,622	11,686	16.6

Note: nm denotes not meaningful

Explanatory notes to the Consolidated Income Statement

- Staff costs increased in tandem with higher volume of business in the Group. The rate of increase in staff costs of 11.5% was marginally higher than the increase in revenue of 11.2%. This is mainly due to recruitment of more specialist consultants and staff.
- Higher consumption of inventories and consumables was due to increased sales of medical supplies and services.
- More purchased and contracted services were mainly attributed to higher insurance claims.
- Increased advertising and promotional expenses accounted mainly for the higher other operating expenses in Q1 2013.
- Profit from operating activities before taxation includes the following:

Group	First Quarter	
	Q1 2013 S\$'000	Q1 2012 S\$'000
(a) Other operating income		
Gain on disposal of property, plant and equipment	44	55
(b) Other operating expenses		
Allowance for doubtful receivables	372	462
Property, plant and equipment written off	1	12

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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	
	31/03/2013 S\$'000	31/12/2012 S\$'000	31/03/2013 S\$'000	31/12/2012 S\$'000
Non-current assets				
Property, plant and equipment	153,494	153,888	4,173	4,155
Intangible assets	164	164	93	93
Investment properties	194,515	194,500	-	-
Subsidiaries	-	-	263,353	263,070
	<u>348,173</u>	<u>348,552</u>	<u>267,619</u>	<u>267,318</u>
Current assets				
Inventories	6,340	5,442	1,406	1,270
Trade and other receivables	50,146	38,169	77,739	66,236
Cash and cash equivalents	102,566	102,482	72,822	77,223
	<u>159,052</u>	<u>146,093</u>	<u>151,967</u>	<u>144,729</u>
Total assets	<u>507,225</u>	<u>494,645</u>	<u>419,586</u>	<u>412,047</u>
Equity attributable to owners of the Company				
Share capital	209,145	207,188	209,145	207,188
Reserves	195,293	181,234	107,119	105,395
	<u>404,438</u>	<u>388,422</u>	<u>316,264</u>	<u>312,583</u>
Non-controlling interests	1,074	994	-	-
Total equity	<u>405,512</u>	<u>389,416</u>	<u>316,264</u>	<u>312,583</u>
Non-current liabilities				
Deferred tax liabilities	1,670	1,670	302	302
	<u>1,670</u>	<u>1,670</u>	<u>302</u>	<u>302</u>
Current liabilities				
Trade and other payables	66,846	66,318	98,113	94,372
Insurance contract provisions	17,307	6,162	-	-
Interest-bearing liabilities	3,836	19,747	3,836	3,747
Current tax payable	12,054	11,332	1,071	1,043
	<u>100,043</u>	<u>103,559</u>	<u>103,020</u>	<u>99,162</u>
Total liabilities	<u>101,713</u>	<u>105,229</u>	<u>103,322</u>	<u>99,464</u>
Total equity and liabilities	<u>507,225</u>	<u>494,645</u>	<u>419,586</u>	<u>412,047</u>

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Explanatory notes to the Statement of Financial Position

1. Trade and other receivables increased mainly due to more premium billings from insurance business.
2. The Group's net cash position increased from S\$82.7 million as at 31 December 2012 to S\$98.7 million as at 31 March 2013. This was attributed mainly to strong operating cashflows generated by the Group from its increased business operations, offset by the repayment of a bank loan of S\$16.0 million in February 2013. Consequently, the interest-bearing liabilities decreased by about S\$15.9 million.
3. Insurance contract provisions increased by S\$11.1 million mainly due to higher provision for unearned premiums resulting from more premium billings from insurance business.

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

Amount repayable in one year or less, or on demand

As at 31/03/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	3,836	-	19,747

Amount repayable after one year

As at 31/03/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'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.**

	Q1 2013	Q1 2012
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	16,378	14,229
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	2,095	1,880
Equity-settled share-based payment transactions	517	611
Finance expenses	30	63
Finance income	(176)	(65)
Gain on disposal of property, plant and equipment	(44)	(55)
Property, plant and equipment written off	1	12
	<u>18,801</u>	<u>16,675</u>
<i>Changes in working capital :-</i>		
Inventories	(898)	(358)
Trade and other receivables	(12,001)	(11,380)
Trade and other payables	666	1,803
Insurance contract provisions	11,145	8,038
Cash generated from operations	17,713	14,778
Taxes paid	(2,095)	(1,873)
Interest paid	(20)	(34)
Net cash from operating activities	<u>15,598</u>	<u>12,871</u>
Cash flows from investing activities		
Interest received	200	44
Proceeds from sale of property, plant and equipment	123	55
Purchase of property, plant and equipment	(1,764)	(1,627)
Payment for development related cost of investment property	(15)	-
Net cash used in investing activities	<u>(1,456)</u>	<u>(1,528)</u>
Cash flows from financing activities		
Proceeds from issue of shares under share option scheme	1,957	1,029
Proceeds from bank loan	11,501	4,945
Repayment of bank loan	(27,494)	(5,927)
Net cash (used in)/from financing activities	<u>(14,036)</u>	<u>47</u>
Net increase in cash and cash equivalents	106	11,390
Cash and cash equivalents at 1 January	102,482	49,691
Effect of exchange rate changes on balances held in foreign currency	(22)	(23)
Cash and cash equivalents at 31 March	<u>102,566</u>	<u>61,058</u>

Explanatory notes to the Statement of Cash Flows

The Group's cash and cash equivalents increased marginally from S\$102.5 million as at 31 December 2012 to S\$102.6 million as at 31 March 2013. This was attributed mainly to strong operating cashflows generated by the Group from its increased business operations, offset by the repayment of a bank loan of S\$16.0 million in February 2013.

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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 January 2012	190,344	(117)	10,339	133,441	334,007	702	334,709
Comprehensive income for the period							
Profit for the period	-	-	-	11,618	11,618	51	11,669
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	17	-	-	17	-	17
Total comprehensive income for the period	-	17	-	11,618	11,635	51	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	1,029	-	-	-	1,029	-	1,029
Value of employee services received for issue of share options	-	-	611	-	611	-	611
Total contributions by and distributions to owners	1,029	-	611	-	1,640	-	1,640
At 31 March 2012	191,373	(100)	10,950	145,059	347,282	753	348,035
At 1 January 2013	207,188	(85)	12,575	168,744	388,422	994	389,416
Comprehensive income for the period							
Profit for the period	-	-	-	13,481	13,481	80	13,561
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	61	-	-	61	-	61
Total comprehensive income for the period	-	61	-	13,481	13,542	80	13,622
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	1,957	-	-	-	1,957	-	1,957
Value of employee services received for issue of share options	-	-	517	-	517	-	517
Total contributions by and distributions to owners	1,957	-	517	-	2,474	-	2,474
At 31 March 2013	209,145	(24)	13,092	182,225	404,438	1,074	405,512

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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.

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 period				
Profit for the period	-	-	1,581	1,581
Total comprehensive income for the period	-	-	1,581	1,581
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	1,029	-	-	1,029
Value of employee services received for issue of share options	-	611	-	611
Total contributions by and distributions to owners	1,029	611	-	1,640
At 31 March 2012	191,373	10,950	70,127	272,450
At 1 January 2013	207,188	12,575	92,820	312,583
Comprehensive income for the period				
Profit for the period	-	-	1,207	1,207
Total comprehensive income for the period	-	-	1,207	1,207
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	1,957	-	-	1,957
Value of employee services received for issue of share options	-	517	-	517
Total contributions by and distributions to owners	1,957	517	-	2,474
At 31 March 2013	209,145	13,092	94,027	316,264

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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 first quarter ended 31 March 2013, the Company issued 1,395,000 new shares, upon the exercise of options 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\$0.78	S\$1.15	S\$1.24	S\$1.66	S\$2.20
Number of new shares issued	139,000	34,000	11,000	45,000	181,000	51,000	171,000	383,000	380,000

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 March 2013, there were outstanding options for conversion into 18,419,000 (31 March 2012 : 18,806,000) 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.**

	31/03/2013	31/12/2012
Number of issued shares excluding treasury shares	546,212,317	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 March 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 first quarter ended 31 March 2013 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.

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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 first quarter ended 31 March 2013 are consistent with those applied in the financial statements for the year ended 31 December 2012, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2013. 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.

	First Quarter	
	Q1 2013	Q1 2012
Earnings per ordinary share for the period based on 1(a) above :-		
(i) Basic earnings per share [A]	2.47 cents	2.17 cents
(ii) Diluted earnings per share [B]	2.43 cents	2.14 cents

[A] The calculation of earnings per ordinary share was based on weighted average number of shares 545,563,217 (Q1 2012 : 534,787,530) in issue during the period.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) was based on weighted average number of shares of 553,749,217 (Q1 2012 : 542,139,850) 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	
	31/03/2013	31/12/2012	31/03/2013	31/12/2012
Net asset value per ordinary share [C]	74.04 cents	71.29 cents	57.90 cents	57.37 cents

[C] The calculation of net asset value per ordinary share was based on 546,212,317 shares as at 31 March 2013 (31 December 2012 : 544,817,317).

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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 grew **11.2%** from **S\$72.9** million in Q1 2012 to **S\$81.1** million in Q1 2013. The double digit growth in revenue was mainly attributable to contributions from the Hospital and Healthcare Services segments, which increased by **16.4%** and **4.0%** respectively. Higher patient acuity and the addition of specialist consultants have expanded the depth and breadth of medical services provided by the Group, which also contributed to the better performance.

Operating profits increased **14.1%** from **S\$14.2** million in Q1 2012 to **S\$16.2** million in Q1 2013. The Group's net profit after tax grew **16.2%**, increasing from **S\$11.7** million in Q1 2012 to **S\$13.6** million in Q1 2013. This is due both to improved revenue performance and higher operating efficiencies.

As at 31 March 2013, the Group had a healthy cash position of **S\$102.6** million after repaying a bank loan of S\$16.0 million in February 2013. The Group continues to enjoy and benefit from its strong operating cashflows from its various business units. This cash position will support the Group's growth and expansion plans in the medium term.

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 2012 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 registered strong growth and is expected to contribute positively to the Group's performance.

More specialists joined the hospital in the areas of Cardiology, Endocrinology and Diagnostic Radiology. Re-licensing of the hospital by Ministry of Health was also successfully carried out in January 2013. A number of projects are currently on-going and these include the implementation of a new Hospital Information System and Electronic Medical Records System. The Intensive Care Unit underwent an expansion and refurbishment to cater to increased demand for critical care services.

The Group is working with its team of consultants and the relevant Government authorities on the extension of the Raffles Hospital premises at North Bridge Road. The Hospital extension will enable the Group to increase and build on its clinical services and specialist offerings on the Raffles Hospital site.

On 22 March 2013, the Company announced that the resubmission for change of use of the commercial podium at 30 Bideford Road, to a medical centre, has not been successful. The Company is exploring various options with respect to the property.

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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).**

RafflesMedical clinics' census and revenue grew in the first quarter 2013 benefiting from continued corporate clientele support with the renewal of portfolios in the aviation, hoteling, food & beverage and financial sectors. Focusing on improving services to our patients, our Jurong East centre was renovated with expansion of the existing premises to cater to clinic growth.

RafflesHealthinsurance achieved strong revenue growth from expansion of existing group employee benefits business and the RHI-BUPA regional and global health insurance products.

With additional beds of new public and private hospitals coming on-stream in Singapore and the region, the healthcare landscape will remain competitive. The more measured pace of economic growth in China and Singapore may have a dampening effect on healthcare demand. However, 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 the year 2013.

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/recommended, a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 2013.

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.

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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 first quarter ended 31 March 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
29 April 2013