

FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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	Q1 2016 S\$'000	Q1 2015 S\$'000	Change %
Revenue	116,859	95,023	23.0
Other operating income	1,878	1,407	33.5
Inventories and consumables used	(13,327)	(10,423)	27.9
Purchased and contracted services	(9,011)	(8,890)	1.4
Staff costs	(61,579)	(48,286)	27.5
Depreciation of property, plant and equipment	(3,538)	(2,956)	19.7
Amortisation of intangible assets	(90)	-	nm
Operating lease expenses	(3,514)	(2,293)	53.2
Other operating expenses	(8,953)	(5,919)	51.3
Profit from operating activities	18,725	17,663	6.0
Finance income	246	272	(9.6)
Finance expenses	(35)	(19)	84.2
Profit before tax	18,936	17,916	5.7
Tax expense	(3,731)	(2,866)	30.2
Profit for the period	15,205	15,050	1.0
Profit attributable to :			
Owners of the Company	15,526	14,979	3.7
Non-controlling interests	(321)	71	nm
Profit for the period	15,205	15,050	1.0

Note: nm denotes not meaningful.

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).

	Q1 2016	Q1 2015	Change
	S\$'000	S\$'000	%
Consolidated statement of comprehensive income			
Profit for the period	15,205	15,050	1.0
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	(2,490)	(14)	nm
Total comprehensive income for the period	<u>12,715</u>	<u>15,036</u>	(15.4)
Total comprehensive income attributable to:			
Owners of the company	13,914	14,965	(7.0)
Non-controlling interests	(1,199)	71	nm
Total comprehensive income for the period	<u>12,715</u>	<u>15,036</u>	(15.4)

Note: nm denotes not meaningful.

Explanatory notes to the Consolidated Income Statement

- Higher inventories and consumables used was due to increased sales of medical supplies and services.
- The rate of increase for purchased and contracted services was lower than the growth in revenue mainly due to more healthcare services being performed within the Group in Q1 2016 instead of outsourcing to third parties.
- 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 more specialist consultants and staff as well as increased staff costs arising from the acquisition of new subsidiaries in Q4 2015.
- Depreciation increased mainly due to purchase of more medical equipment and new subsidiaries acquired in Q4 2015.
- Higher operating lease expenses were in line with more new leases resulting from the expansion of clinics and leases arising from the acquisition of new subsidiaries in Q4 2015.
- Increased advertising and promotional expenses as well as staff benefits and training expenses arising from the acquisition of new subsidiaries in Q4 2015 accounted mainly for the higher other operating expenses in Q1 2016.
- Profit from operating activities before taxation includes the following:

Group	Q1 2016	Q1 2015
	S\$'000	S\$'000
(a) Other operating expenses		
Allowance for doubtful receivables	678	472
Property, plant and equipment written off	5	7
Write-off for stock obsolescence	39	47
Foreign exchange loss	48	-

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	
	31/03/2016 S\$'000	31/12/2015 S\$'000	31/03/2016 S\$'000	31/12/2015 S\$'000
Non-current assets				
Property, plant and equipment	261,920	264,273	6,814	7,395
Intangible assets and goodwill	31,473	32,139	93	93
Investment properties	350,307	343,866	-	-
Subsidiaries	-	-	427,810	418,965
Deferred tax assets	748	790	-	-
Trade and other receivables	3,036	3,233	2,388	2,262
	<u>647,484</u>	<u>644,301</u>	<u>437,105</u>	<u>428,715</u>
Current assets				
Inventories	9,550	9,577	2,185	2,117
Trade and other receivables	96,149	74,995	104,770	104,894
Cash and cash equivalents	110,553	86,057	25,987	13,352
	<u>216,252</u>	<u>170,629</u>	<u>132,942</u>	<u>120,363</u>
Total assets	<u>863,736</u>	<u>814,930</u>	<u>570,047</u>	<u>549,078</u>
Equity attributable to owners of the Company				
Share capital	287,984	286,366	287,984	286,366
Reserves	331,727	316,739	202,233	200,301
	<u>619,711</u>	<u>603,105</u>	<u>490,217</u>	<u>486,667</u>
Non-controlling interests	17,723	18,922	-	-
Total equity	<u>637,434</u>	<u>622,027</u>	<u>490,217</u>	<u>486,667</u>
Non-current liabilities				
Loans and borrowings	20,898	20,880	-	-
Trade and other payables	3,199	3,385	125	135
Other financial liabilities	6,382	7,136	-	-
Deferred tax liabilities	4,628	4,662	602	602
	<u>35,107</u>	<u>36,063</u>	<u>727</u>	<u>737</u>
Current liabilities				
Loans and borrowings	11,286	11,402	7,363	7,482
Current tax liabilities	13,708	12,529	626	390
Trade and other payables	136,881	118,451	71,114	53,802
Other financial liabilities	1,785	1,654	-	-
Insurance contract provisions	27,535	12,804	-	-
	<u>191,195</u>	<u>156,840</u>	<u>79,103</u>	<u>61,674</u>
Total liabilities	<u>226,302</u>	<u>192,903</u>	<u>79,830</u>	<u>62,411</u>
Total equity and liabilities	<u>863,736</u>	<u>814,930</u>	<u>570,047</u>	<u>549,078</u>

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 increased by S\$6.4 million, largely due to the investment property development expenditure for Raffles Hospital Extension and Raffles Holland V.
2. Trade and other receivables increased mainly due to higher billings for premium from the Group's insurance business as well as increased receivables arising from the acquisition of subsidiaries during the financial year 2015.
3. The Group's net cash position increased from S\$53.8 million as at 31 December 2015 to S\$78.4 million as at 31 March 2016. This was attributed mainly to strong operating cash flows generated by the Group from its increased business operations.
4. The increase in the Group's trade and other payables was mainly driven by higher business volume and increased payables arising from the acquisition of subsidiaries during the financial year 2015.
5. Insurance contract provisions increased by S\$14.7 million, mainly due to higher provision for unearned premiums resulting from higher billings for premium from the Group's 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 31/03/2016		As at 31/12/2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	11,286	-	11,402

Amount repayable after one year

As at 31/03/2016		As at 31/12/2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	20,898	-	20,880

Details of any collateral

Nil.

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 2016 S\$'000	Q1 2015 S\$'000
Cash flows from operating activities		
Profit for the period	15,205	15,050
<i>Adjustments for :</i>		
Amortisation of intangible assets	90	-
Depreciation of property, plant and equipment	3,538	2,956
Equity-settled share-based payment transactions	451	891
Finance expenses	35	19
Finance income	(246)	(272)
Property, plant and equipment written off	5	7
Tax expense	3,731	2,866
	<u>22,809</u>	<u>21,517</u>
<i>Changes in working capital :</i>		
Inventories	27	(554)
Trade and other receivables	(20,855)	(11,013)
Trade and other payables	20,236	(6,272)
Insurance contract provisions	14,731	14,990
Cash generated from operations	<u>36,948</u>	<u>18,668</u>
Tax paid	(2,575)	(2,523)
Net cash from operating activities	<u>34,373</u>	<u>16,145</u>
Cash flows from investing activities		
Interest received	250	315
Purchase of property, plant and equipment	(1,289)	(3,477)
Payment for investment properties under development	(10,466)	(43,984)
Net cash used in investing activities	<u>(11,505)</u>	<u>(47,146)</u>
Cash flows from financing activities		
Loan from subsidiary's non-controlling interest	177	-
Proceeds from issue of shares under share option scheme	1,618	1,532
Proceeds from issue of shares to non-controlling interests of subsidiaries	-	50
Proceeds from bank loans	21,686	13,322
Repayment of bank loans	(21,473)	(13,304)
Net cash from financing activities	<u>2,008</u>	<u>1,600</u>
Net increase/(decrease) in cash and cash equivalents	24,876	(29,401)
Cash and cash equivalents at 1 January	86,057	150,179
Effect of exchange rate fluctuations on cash held	(380)	115
Cash and cash equivalents at 31 March	<u>110,553</u>	<u>120,893</u>

Explanatory notes to the Statement of Cash Flows

The Group's cash and cash equivalents increased by S\$24.5 million from S\$86.1 million as at 31 December 2015 to S\$110.6 million as at 31 March 2016. This was attributed mainly to strong operating cashflows generated by the Group from its increased business operations, offset by the payment for investment properties under development amounting to S\$10.5 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	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 2015	254,257	(221)	18,884	265,880	538,800	1,472	540,272
Total comprehensive income for the period							
Profit for the period	-	-	-	14,979	14,979	71	15,050
Other comprehensive income							
Foreign currency translation differences - foreign operations	-	(14)	-	-	(14)	-	(14)
Total comprehensive income for the period	-	(14)	-	14,979	14,965	71	15,036
Transactions with owners, recognised 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	1,532	-	-	-	1,532	-	1,532
Issue of shares to non-controlling interests of subsidiaries	-	-	-	-	-	50	50
Value of employee services received for issue of share options	-	-	891	-	891	-	891
Total contributions by and distributions to owners	1,532	-	891	-	2,423	50	2,473
At 31 March 2015	255,789	(235)	19,775	280,859	556,188	1,593	557,781

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 S\$'000	Translation reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Other 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 2016	286,366	(1,149)	21,089	1,712	(8,790)	303,877	603,105	18,922	622,027
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	15,526	15,526	(321)	15,205
Other comprehensive income									
Foreign currency translation differences - foreign operations	-	(1,612)	-	-	-	-	(1,612)	(878)	(2,490)
Total comprehensive income for the period	-	(1,612)	-	-	-	15,526	13,914	(1,199)	12,715
Transactions with owners, recognised 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	1,618	-	-	-	-	-	1,618	-	1,618
Value of employee services received for issue of share options	-	-	451	-	-	-	451	-	451
Total contributions by and distributions to owners	1,618	-	451	-	-	-	2,069	-	2,069
Changes in ownership interests in subsidiaries									
Present value of the exercise price of written put options	-	-	-	-	623	-	623	-	623
Total changes in ownership interests in subsidiaries	-	-	-	-	623	-	623	-	623
Total transactions with owners	1,618	-	451	-	623	-	2,692	-	2,692
At 31 March 2016	287,984	(2,761)	21,540	1,712	(8,167)	319,403	619,711	17,723	637,434

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 2015	254,257	18,884	158,186	431,327
Total comprehensive income for the period				
Profit for the period	-	-	1,844	1,844
Total comprehensive income for the period	-	-	1,844	1,844
Transactions with owners, recognised 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	1,532	-	-	1,532
Value of employee services received for issue of share options	-	891	-	891
Total contributions by and distributions to owners	1,532	891	-	2,423
At 31 March 2015	255,789	19,775	160,030	435,594
At 1 January 2016	286,366	21,089	179,212	486,667
Total comprehensive income for the period				
Profit for the period	-	-	1,481	1,481
Total comprehensive income for the period	-	-	1,481	1,481
Transactions with owners, recognised 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	1,618	-	-	1,618
Value of employee services received for issue of share options	-	451	-	451
Total contributions by and distributions to owners	1,618	451	-	2,069
At 31 March 2016	287,984	21,540	180,693	490,217

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 2016, the Company issued a total of 836,000 new ordinary shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$0.71	S\$0.78	S\$1.15	S\$1.24	S\$1.66	S\$2.20	S\$2.34	S\$3.20	S\$3.28
Number of new shares issued	42,000	87,000	109,000	33,000	22,000	320,000	119,000	80,000	24,000

On 1 April 2016, options to subscribe for 3,500,000 ordinary shares at an exercise price of S\$4.51 were granted to 403 eligible participants pursuant to the Raffles Medical Group (2010) Share Option Scheme.

As at 31 March 2016, there were outstanding options for conversion into 19,647,000 (31 March 2015: 20,840,000) ordinary shares. The Company does not hold any treasury shares as at 31 March 2016 (31 March 2015: 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.

	31/03/2016	31/12/2015
Number of issued shares excluding treasury shares	575,869,749	575,033,749

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 2016 (31 December 2015: 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 2016 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 first quarter ended 31 March 2016 are consistent with those applied in the financial statements for the year ended 31 December 2015, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2016. 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 2016	Q1 2015
Earnings per ordinary share for the year based on 1(a) above :-		
(i) Basic earnings per share [A]	2.70 cents	2.65 cents
(ii) Diluted earnings per share [B]	2.67 cents	2.62 cents

[A] The calculation of earnings per ordinary share was based on weighted average number of shares 575,326,881 (Q1 2015: 564,629,590) 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 580,599,811 (Q1 2015: 571,441,868) 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	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Net asset value per ordinary share [C]	107.61 cents	104.88 cents	85.13 cents	84.63 cents

[C] The calculation of net asset value per ordinary share was based on 575,869,749 shares as at 31 March 2016 (31 December 2015: 575,033,749).

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 **23.0%** from **S\$95.0** million in Q1 2015 to **S\$116.9** million in Q1 2016. The strong growth in revenue was mainly attributable to strong contributions from the Healthcare Services and Hospital Services divisions, which increased by **36.3%** and **15.2%** respectively. The revenue growth was mainly driven by increased patient load, greater patient medical needs, higher revenue contributed by more specialist consultants as well as the newly acquired International SOS (MC Holdings) Pte Ltd and its subsidiaries (**MCH**). Excluding the revenue contribution from the newly acquired MCH, the Group's revenue would have grown by **11.6%**.

The net profit after tax attributable to the shareholders of the Company increased by **3.7%** from **S\$15.0** million in Q1 2015 to **S\$15.5** million in Q1 2016. Strong revenue performance from Hospital and Healthcare Services was offset by higher staff costs, inventories and consumables used as well as operating lease and other operating expenses. The increase in staff costs was mainly due to the recruitment of more specialist consultants and staff in preparation for manning more facilities as well as increased staff costs at MCH. On a comparable basis, excluding the performance of the acquired MCH, the Group's operating profit growth would have increased to **7.8%** from **6.0%**.

The Group continues to generate strong operating cash flows from its various business units. The Group maintained a strong cash position of **S\$110.6** million as at 31 March 2016. This was after accounting for payment of **S\$10.5** million for investment in **RafflesHospital Extension** and **Raffles Holland V**.

RafflesHospital saw a strong performance in Q1 2016 with stronger contributions from ambulatory, laboratory & radiology diagnostic and inpatient services. Specialist recruitment continues in Dermatology, Orthopaedics, Radiology, Urology and ENT as the hospital ramps up capacity for our extension building.

RafflesMedicalCentre Orchard, riding on its convenient location within Singapore's premier shopping and hotel belt, continues to serve the growing demand from local and overseas patients for one-stop specialist care, family medicine, dental services, health screening & radiology and complementary medicine.

RafflesHealthinsurance continued to grow its group employee benefits business.

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. (cont'd)**

RafflesMedical in Toa Payoh increased the number of GP consultation rooms during its recently completed upgrading works. The clinic also added dental services to serve the growing healthcare needs of patients in the area. The multi-disciplinary medical centre at Waterway Point in Punggol which opened in January 2016 showed significant growth and patient demand. Growth remains strong from expanded network clinics. *RafflesMedical* continued to grow its portfolio of corporate clients through the *RafflesOne* marketing concept. The Group's ability to serve our patients and corporate clients in 13 cities in Asia make us an even more compelling choice.

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 2015 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 Extension project is progressing according to schedule and when completed by 2017 it will contribute an additional 220,000 square feet of gross floor area to *RafflesHospital*. The integrated medical complex will not only support the current *RafflesHospital's* range of medical specialists, healthcare training and clinical research but also offer opportunities for growth and expansion for future years.

Raffles Holland V obtained the Temporary Occupation Permit in March 2016 and is on track to open for business in June 2016. Level 5 of the mall, comprising approximately 9,000 square feet, is dedicated to *RafflesMedical Centre* which will house clinics for family medicine, health screening, dental, traditional Chinese medicine, specialist paediatrics, obstetric and gynaecology, dermatology services, and radiology. The remaining commercial space will be leased to DBS Bank and other tenants offering specialty lifestyle, food and beverage and retail services.

The more measured pace of economic growth in Singapore and the region may have a dampening effect on healthcare demand. However, the Group has positioned itself well for the future with the opening of *Raffles Holland V* and its regional expansion through the MCH clinics. The Group will continue to be vigilant and to proactively respond to new opportunities that may arise.

Barring unforeseen circumstances, the Directors expect that the Group to continue growing for the rest of the year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 31 March 2016.

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.

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 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
25 April 2016