

Financial Statement and Dividend Announcement For The Second Quarter Ended 30 June 2012

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	Second Quarter			Year-To-Date		
	Q2 2012 S\$'000	Q2 2011 S\$'000	Change %	30/06/2012 S\$'000	30/06/2011 S\$'000	Change %
Revenue	76,920	66,963	14.9	149,850	131,396	14.0
Other operating income	-	7	(100.0)	55	7	nm
Inventories and consumables used	(9,418)	(7,649)	23.1	(18,272)	(15,085)	21.1
Purchased and contracted services	(5,993)	(5,277)	13.6	(11,454)	(10,098)	13.4
Staff costs	(37,775)	(31,706)	19.1	(73,694)	(63,372)	16.3
Depreciation of property, plant and equipment	(1,898)	(1,968)	(3.6)	(3,778)	(3,846)	(1.8)
Operating lease expenses	(1,797)	(1,454)	23.6	(3,530)	(2,878)	22.7
Other operating expenses	(5,035)	(4,586)	9.8	(9,946)	(8,976)	10.8
Profit from operating activities	15,004	14,330	4.7	29,231	27,148	7.7
Finance income	108	38	184.2	173	174	(0.6)
Finance expenses	(50)	(70)	(28.6)	(113)	(112)	0.9
Profit before tax	15,062	14,298	5.3	29,291	27,210	7.6
Tax expense	(2,548)	(2,612)	(2.5)	(5,108)	(4,965)	2.9
Profit for the period	12,514	11,686	7.1	24,183	22,245	8.7
Attributable to :						
Owners of the Company	12,421	11,630	6.8	24,039	22,109	8.7
Non-controlling interests	93	56	66.1	144	136	5.9
Profit for the period	12,514	11,686	7.1	24,183	22,245	8.7

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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).

	Second Quarter			Year-To-Date		
	Q2 2012	Q2 2011	Change	30/06/2012	30/06/2011	Change
Consolidated statement of comprehensive income	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	12,514	11,686	7.1	24,183	22,245	8.7
Other comprehensive income						
Foreign currency translation differences for foreign operations	24	-	nm	41	(257)	nm
Total comprehensive income for the period	<u>12,538</u>	<u>11,686</u>	7.3	<u>24,224</u>	<u>21,988</u>	10.2
Attributable to:						
Owners of the company	12,445	11,630	7.0	24,080	21,852	10.2
Non-controlling interests	93	56	66.1	144	136	5.9
Total comprehensive income for the period	<u>12,538</u>	<u>11,686</u>	7.3	<u>24,224</u>	<u>21,988</u>	10.2

Note: nm denotes not meaningful

Explanatory notes to the income statement

- Staff costs increased due to more employees recruited by the Group in Q2 2012 to meet business expansion and wages were raised in line with industry wide salary adjustments.
- 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 operating activities before taxation includes the following:

Group	Second Quarter		Year-To-Date	
	Q2 2012	Q2 2011	30/06/2012	30/06/2011
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Other operating income				
Gain on disposal of property, plant and equipment	-	7	55	7
(b) Other operating expenses				
Allowance for doubtful receivables	275	353	737	709
Property, plant and equipment written off	58	39	70	45

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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	
	30/06/2012 S\$'000	31/12/2011 S\$'000	30/06/2012 S\$'000	31/12/2011 S\$'000
Non-current assets				
Property, plant and equipment	151,108	141,896	3,850	3,242
Intangible assets	316	316	245	245
Investment properties	189,362	199,700	-	-
Subsidiaries	-	-	262,610	258,985
Deferred tax assets	98	-	-	-
	<u>340,884</u>	<u>341,912</u>	<u>266,705</u>	<u>262,472</u>
Current assets				
Inventories	5,622	5,136	1,395	1,356
Trade and other receivables	34,363	31,855	66,770	64,563
Cash and cash equivalents	84,244	49,691	56,881	28,860
	<u>124,229</u>	<u>86,682</u>	<u>125,046</u>	<u>94,779</u>
Total assets	<u>465,113</u>	<u>428,594</u>	<u>391,751</u>	<u>357,251</u>
Equity attributable to owners of the Company				
Share capital	193,270	190,344	193,270	190,344
Reserves	168,969	143,663	122,541	78,885
	<u>362,239</u>	<u>334,007</u>	<u>315,811</u>	<u>269,229</u>
Non-controlling interests	778	702	-	-
Total equity	<u>363,017</u>	<u>334,709</u>	<u>315,811</u>	<u>269,229</u>
Non-current liabilities				
Deferred tax liabilities	1,572	1,579	359	359
Interest-bearing liabilities	-	16,000	-	-
	<u>1,572</u>	<u>17,579</u>	<u>359</u>	<u>359</u>
Current liabilities				
Trade and other payables	57,172	54,746	70,484	82,364
Insurance contract provisions	11,322	5,019	-	-
Interest-bearing liabilities	20,387	5,451	3,387	3,451
Current tax payable	11,643	11,090	1,710	1,848
	<u>100,524</u>	<u>76,306</u>	<u>75,581</u>	<u>87,663</u>
Total liabilities	<u>102,096</u>	<u>93,885</u>	<u>75,940</u>	<u>88,022</u>
Total equity and liabilities	<u>465,113</u>	<u>428,594</u>	<u>391,751</u>	<u>357,251</u>

Explanatory notes to the Statement of Financial Position

- Property, plant and equipment increased by S\$9.2 million to S\$151.1 million as at 30 June 2012. This is mainly due to the conversion of space, previously leased to third party, to owner-occupied in 1H 2012 to meet the increasing demand for more medical and dental services. Consequently, the Investment properties decreased by S\$10.3 million.
- Trade and other receivables increased mainly due to higher billings from insurance business.
- The Group's net cash position increased from S\$28.2 million as at 31 December 2011 to S\$63.9 million as at 30 June 2012. This was attributed mainly to strong operating cash flows generated by the Group in line with the higher volume of business.
- Insurance contract provisions increased by S\$6.3 million mainly due to higher provision for unearned premiums resulting from more 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 30/06/2012		As at 31/12/2011	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	20,387	-	5,451

Amount repayable after one year

As at 30/06/2012		As at 31/12/2011	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	16,000

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.

	Q2 2012	Q2 2011
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	15,062	14,298
Adjustments for :-		
Depreciation of property, plant and equipment	1,898	1,968
Equity-settled share-based payment transactions	615	478
Finance expenses	50	70
Finance income	(108)	(38)
Gain on disposal of property, plant and equipment	-	(7)
Property, plant and equipment written off	58	39
Operating profit before working capital changes	<u>17,575</u>	<u>16,808</u>
Changes in working capital :-		
Inventories	(129)	(133)
Trade and other receivables	8,930	(2,454)
Trade and other payables	601	(3,434)
Insurance contract provisions	(1,735)	1,016
Cash generated from operations	25,242	11,803
Taxes paid	(2,784)	(2,434)
Interest paid	(53)	(3)
Net cash from operating activities	<u>22,405</u>	<u>9,366</u>
Cash flows from investing activities		
Interest received	69	53
Proceeds from sale of property, plant and equipment	-	7
Purchase of property, plant and equipment	(1,132)	(2,069)
Purchase of investment property	-	(82,959)
Net cash used in investing activities	<u>(1,063)</u>	<u>(84,968)</u>
Cash flows from financing activities		
Dividend paid to minority shareholders of subsidiary	(68)	(65)
Proceeds from issue of shares under share option scheme	1,897	1,463
Proceeds from bank loan	(12,565)	15,000
Repayment of bank loan	12,575	(5,000)
Net cash from financing activities	<u>1,839</u>	<u>11,398</u>
Net increase/(decrease) in cash and cash equivalents	23,181	(64,204)
Cash and cash equivalents at 1 April	61,058	92,800
Effect of exchange rate changes on balances held in foreign currency	5	(30)
Cash and cash equivalents at 30 June	<u>84,244</u>	<u>28,566</u>
Cash and cash equivalents at end of the period comprise:		
Cash & fixed deposits	<u>84,244</u>	<u>28,566</u>

Explanatory note to the Statement of Cash Flows

The Group's cash and cash equivalents increased from S\$49.7 million as at 31 December 2011 to S\$84.2 million as at 30 June 2012. This was attributed mainly to strong operating cash flows generated by the Group in line with the higher volume of business.

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital S\$'000	Currency translation reserve S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 April 2011	177,713	(204)	8,593	112,059	298,161	622	298,783
Comprehensive income for the period							
Profit for the period	-	-	-	11,630	11,630	56	11,686
Total comprehensive income for the period	-	-	-	11,630	11,630	56	11,686
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	1,463	-	-	-	1,463	-	1,463
Value of employee services received for issue of share options	-	-	478	-	478	-	478
Dividends distributed to non-controlling interests of a subsidiary	-	-	-	-	-	(65)	(65)
Total contributions by and distributions to owners	1,463	-	478	-	1,941	(65)	1,876
At 30 June 2011	179,176	(204)	9,071	123,689	311,732	613	312,345
At 1 April 2012	191,373	(100)	10,950	145,059	347,282	753	348,035
Comprehensive income for the period							
Profit for the period	-	-	-	12,421	12,421	93	12,514
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	24	-	-	24	-	24
Total comprehensive income for the period	-	24	-	12,421	12,445	93	12,538
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	1,897	-	-	-	1,897	-	1,897
Value of employee services received for issue of share options	-	-	615	-	615	-	615
Dividends distributed to non-controlling interests of a subsidiary	-	-	-	-	-	(68)	(68)
Total contributions by and distributions to owners	1,897	-	615	-	2,512	(68)	2,444
At 30 June 2012	193,270	(76)	11,565	157,480	362,239	778	363,017

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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 April 2011	177,713	8,593	49,938	236,244
Comprehensive income for the period				
Profit for the period	-	-	34,615	34,615
Total comprehensive income for the period	-	-	34,615	34,615
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	1,463	-	-	1,463
Value of employee services received for issue of share options	-	478	-	478
Total contributions by and distributions to owners	1,463	478	-	1,941
At 30 June 2011	179,176	9,071	84,553	272,800
At 1 April 2012	191,373	10,950	70,127	272,450
Comprehensive income for the period				
Profit for the period	-	-	40,849	40,849
Total comprehensive income for the period	-	-	40,849	40,849
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	1,897	-	-	1,897
Value of employee services received for issue of share options	-	615	-	615
Total contributions by and distributions to owners	1,897	615	-	2,512
At 30 June 2012	193,270	11,565	110,976	315,811

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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 second quarter ended 30 June 2012, the Company issued 1,814,000 new shares, upon the exercise of options under the Raffles Medical Group Share Option Scheme.

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	59,000	82,000	120,000	65,000	691,000	179,000	151,000	364,000	103,000

On 2 April 2012, options to subscribe for 6,000,000 ordinary shares at an exercise price of S\$2.34 were granted to 453 eligible participants pursuant to the Raffles Medical Group (2010) Share Option Scheme.

As at 30 June 2012, there were outstanding options for conversion into 22,336,000 (30 June 2011 : 21,611,000) ordinary shares.

- 1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.**

	30/06/2012	31/12/2011
Number of issued shares excluding treasury shares	537,384,651	534,333,651

- 1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2012 (31 December 2011 : 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 second quarter ended 30 June 2012 have not been audited or reviewed.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Accounting policies and methods of computation used in the consolidated financial statements for the second quarter ended 30 June 2012 are consistent with those applied in the financial statements for the year ended 31 December 2011, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2012. The adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to Item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Second Quarter		Year-To-Date	
	Q2 2012	Q2 2011	30/06/2012	30/06/2011
Earnings per ordinary share for the period based on 1(a) above :-				
(i) Basic earnings per share [A]	2.31 cents	2.20 cents	4.49 cents	4.19 cents
(ii) Diluted earnings per share [B]	2.29 cents	2.17 cents	4.44 cents	4.13 cents

[A] The calculation of earnings per ordinary share for the quarter and half year ended 30 June 2012 were based on weighted average number of shares of 536,756,838 (Q2 2011 : 527,709,811) and 535,772,184 (First Half 2011 : 527,067,918) respectively in issue during the period.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) for the quarter and half year ended 30 June 2012 were based on weighted average number of shares of 542,751,425 (Q2 2011 : 536,383,525) and 541,836,857 (First Half 2011 : 535,709,424) respectively in issue during the period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Net asset value per ordinary share [C]	67.41 cents	62.51 cents	58.77 cents	50.39 cents

[C] The calculation of net asset value per ordinary share was based on 537,384,651 shares as at 30 June 2012 (31 December 2011 : 534,333,651).

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 **14.9%** from **S\$67.0** million in Q2 2011 to **S\$76.9** million in Q2 2012. The growth in revenue came from positive contributions in all divisions of the Group. Revenue from Hospital Services and Healthcare Services divisions increased by **19.1%** and **9.1%** respectively.

Profit from operating activities grew **4.7%** from **S\$14.3** million in Q2 2011 to **S\$15.0** million in Q2 2012. This was driven by higher patient load and patient acuity. The Group's net profit after tax increased by **7.1%** to **S\$12.5** million in Q2 2012 from **S\$11.7** million in Q2 2011.

The Group had a healthy cash position of **S\$84.2** million as at 30 June 2012, from the continued strong operating cashflow of the Group.

More employees were recruited by the Group to meet business expansion and wages were raised in line with industry wide salary adjustments. These factors accounted for the increased staff costs of **19.1%**, comparing Q2 2012 to that of Q2 2011.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The current financial period's results are in line with the Directors' expectations as disclosed in the Group's Q1 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 continues to register strong growth in its operations as it focuses on high quality curative healthcare services. **RafflesHospital** is expected to perform well and continue to contribute positively to the Group's performance as it deepens its foreign patient base, as well as expanding its breadth and depth of specialist staff.

In line with this, **RafflesHospital** is expanding its premises at the North Bridge Road hospital. It is working with its team of consultants to finalise plans for the extension. When completed, the additional area will enable the Group to increase its clinical services and specialist offerings over an additional 102,408 square feet.

The Group has also appointed consultants to work on the 42,668 square feet property at 30 Bideford Road to expand the Group's specialist outpatient services. The Group expects to commence clinic operations in the Orchard Road shopping precinct in the first half of 2013.

RafflesMedical Clinics opened a new branch to provide dedicated services for statutory medical examinations and related employment check-ups. Located in Raffles Hospital, the HealthCheck clinic is a convenient one-stop centre for such services. Our downtown flagship branch relocated to larger premises in Singapore Land Tower. The new location provides for Health Screening and Executive Medical services, complementing the existing General Practice, Dental and Women's Services.

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).

With additional beds of new public and private hospitals coming on-stream, the healthcare landscape will remain competitive. The expected slowdown in China's economic growth may have dampening effect on healthcare demand from the region. However, 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 2012.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	1.0 cent per ordinary share (one tier tax)
Tax Rate	Tax Exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	1.0 cent per ordinary share (one tier tax)
Tax Rate	Tax Exempt

(c) Date payable

The dividend will be paid on 31 August 2012.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 16 August 2012 on which day no share transfer will be effected.

Duly completed registrable transfers received by the Company's Registrar, M&C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 15 August 2012 will be registered before entitlements to the dividend are determined

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

Not applicable.

- 13. 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 second quarter ended 30 June 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Company Secretary
23 July 2012