

Financial Statement For The Quarter Ended 30 June 2005

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

1(a) An income statement (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 2005	Q2 2004	Change	30/06/2005	30/06/2004	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		Restated		Restated		
Revenue	27,717	25,312	9.5	52,898	50,185	5.4
Other operating income	288	150	92.0	490	208	135.6
Inventories and consumables used	(3,371)	(3,113)	8.3	(6,316)	(6,034)	4.7
Staff costs	(15,163)	(14,351)	5.7	(29,480)	(28,144)	4.7
Depreciation of property, plant and equipment	(703)	(750)	(6.3)	(1,398)	(1,547)	(9.6)
Other operating expenses	(5,691)	(4,666)	22.0	(10,581)	(9,563)	10.6
Profit from operations	3,077	2,582	19.2	5,613	5,105	10.0
Finance costs	(16)	(18)	(11.1)	(30)	(39)	(23.1)
Share of profits in a jointly controlled entity	371	329	12.8	709	576	23.1
Profit from ordinary activities before taxation	3,432	2,893	18.6	6,292	5,642	11.5
Income tax expense	(672)	(636)	5.7	(1,245)	(1,216)	2.4
Profit from ordinary activities after taxation	2,760	2,257	22.3	5,047	4,426	14.0
Minority interests	(15)	7	NM	(22)	9	NM
Profit after tax and minority interests (PATMI)	2,745	2,264	21.2	5,025	4,435	13.3

Note : NM denotes not meaningful

Profit from ordinary activities before taxation includes the following:

Group	Second Quarter		Year-To-Date	
	Q2 2005 S\$'000	Q2 2004 S\$'000	30/06/2005 S\$'000	30/06/2004 S\$'000
(a) Other operating income				
Interest income	183	73	348	131
Foreign exchange gain	105	77	142	77
(b) Other operating expenses				
Allowance for doubtful trade receivables (net)	47	(215)	(27)	(179)
Amortisation expense	13	13	26	26
Property, plant and equipment written off	8	6	9	94

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

Group	Second Quarter		Year-To-Date	
	Q2 2005 S\$'000	Q2 2004 S\$'000	30/06/2005 S\$'000	30/06/2004 S\$'000
Under/(Over) provision in respect of prior years :				
Current taxation	-	31	-	31
Deferred taxation	-	54	-	54

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

	Group		Company	
	30/06/2005 S\$'000	31/12/2004 S\$'000 Restated	30/06/2005 S\$'000	31/12/2004 S\$'000 Restated
Non-current assets				
Property, plant and equipment	19,904	19,354	2,909	2,417
Interests in subsidiaries	-	-	74,873	73,087
Interest in jointly controlled entity	52,354	51,680	-	-
Membership rights, at cost	88	88	68	68
Intangible assets	283	309	-	-
Deferred tax assets	631	1,004	-	-
	<u>73,260</u>	<u>72,435</u>	<u>77,850</u>	<u>75,572</u>
Current assets				
Investment in commercial notes	13,000	9,500	5,000	1,500
Inventories	2,802	2,568	1,010	804
Trade & other receivables	13,446	11,005	11,192	11,284
Cash and cash equivalents	28,553	32,181	22,707	28,694
	<u>57,801</u>	<u>55,254</u>	<u>39,909</u>	<u>42,282</u>
Current liabilities				
Trade and other payables	25,856	21,956	15,607	11,516
Interest-bearing liabilities	1,995	2,076	1,988	1,916
Current tax payable	2,560	2,635	1,711	1,869
	<u>30,411</u>	<u>26,667</u>	<u>19,306</u>	<u>15,301</u>
Net current assets	<u>27,390</u>	<u>28,587</u>	<u>20,603</u>	<u>26,981</u>
	<u>100,650</u>	<u>101,022</u>	<u>98,453</u>	<u>102,553</u>
Non-current liabilities				
Deferred tax liabilities	712	712	175	175
	<u>99,938</u>	<u>100,310</u>	<u>98,278</u>	<u>102,378</u>
Share capital	39,885	39,175	39,885	39,175
Reserves	59,880	60,984	58,393	63,203
Shareholders' equity	<u>99,765</u>	<u>100,159</u>	<u>98,278</u>	<u>102,378</u>
Minority interests	173	151	-	-
Total equity	<u>99,938</u>	<u>100,310</u>	<u>98,278</u>	<u>102,378</u>

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

Amount repayable in one year or less, or on demand

As at 30/06/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$1,994,481	S\$0	S\$2,075,770

Amount repayable after one year

As at 30/06/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$0	S\$0	S\$0

Details of any collateral

Nil

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

	Q2 2005	Q2 2004 Restated
	S\$'000	S\$'000
Cash Flows from Operating Activities		
Profit from ordinary activities before taxation	3,432	2,893
Adjustments for :-		
Amortisation expense	13	13
Depreciation of property, plant and equipment	703	750
Equity share option expense	106	182
Finance costs	16	18
Foreign exchange gain	(105)	(77)
Interest income	(183)	(73)
Property, plant and equipment written off	8	6
Share of profits in a jointly controlled entity	(371)	(329)
Operating profit before working capital changes	3,619	3,383
Changes in working capital :-		
Inventories	12	325
Trade and other receivables	189	(555)
Trade and other payables	4,089	(361)
Cash generated from operations	7,909	2,792
Dividend paid	(7,975)	(7,804)
Income tax paid	(893)	(1,033)
Interest paid	(16)	(18)
Cash flows used in operating activities	(975)	(6,063)
Investing activities		
Interest received	178	73
Purchase of property, plant and equipment	(1,444)	(642)
Proceeds from sale of property, plant and equipment	-	167
Investment in commercial notes	-	5,000
Cash flows (used in)/from investing activities	(1,266)	4,598
Financing activities		
Increase in interest-bearing liabilities	26	-
Proceeds from issue of shares	1,881	916
Cash flows from financing activities	1,907	916
Net decrease in cash & cash equivalents	(334)	(549)
Cash and cash equivalents at beginning of the period	28,879	20,549
Effect of exchange rate changes on cash & cash equivalents held in foreign currency	1	(6)
Cash and cash equivalents at end of the period	28,546	19,994

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	Attributable to Equity Holders of Raffles Medical Group Ltd							
	Share capital S\$'000	Share premium S\$'000	Equity compensation reserve S\$'000	Exchange translation reserve S\$'000	Accumulated profits S\$'000	Total S\$'000	Minority interests S\$'000	Total equity S\$'000
At 1 April 2004, as previously reported	38,776	53,252	-	(76)	6,767	98,719	146	98,865
Effects of adopting FRS 102	-	-	88	-	(88)	-	-	-
At 1 April 2004, restated	38,776	53,252	88	(76)	6,679	98,719	146	98,865
Issue of 3,013,000 shares at S\$0.10 each with 1,283,000 and 1,730,000 shares at a premium of S\$0.23 and S\$0.185 per share respectively, upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	301	615	-	-	-	916	-	916
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	(100)	-	(100)	-	(100)
Net profit for the period	-	-	-	-	2,264	2,264	(7)	2,257
Final dividend paid of 2.5 cents per ordinary share less tax at 20%	-	-	-	-	(7,804)	(7,804)	-	(7,804)
Equity share option issued	-	-	182	-	-	182	-	182
At 30 June 2004	39,077	53,867	270	(176)	1,139	94,177	139	94,316
At 1 April 2005	39,345	54,449	818	67	8,465	103,144	158	103,302
Issue of 5,407,000 shares at S\$0.10 each with 898,000, 1,756,000, 1,782,000 and 971,000 shares at a premium of S\$0.33, S\$0.23, S\$0.185 and \$0.32 per share, respectively, upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	540	1,341	-	-	-	1,881	-	1,881
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	(136)	-	(136)	-	(136)
Net profit for the period	-	-	-	-	2,745	2,745	15	2,760
Final dividend paid of 2.5 cents per ordinary share less tax at 20%	-	-	-	-	(7,975)	(7,975)	-	(7,975)
Equity share option issued	-	-	106	-	-	106	-	106
At 30 June 2005	39,885	55,790	924	(69)	3,235	99,765	173	99,938

Company	Share capital S\$'000	Share premium S\$'000	Equity compensation reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
At 1 April 2004, as previously reported	38,776	53,252	-	12,422	104,450
Effects of adopting FRS 102	-	-	40	(40)	-
At 1 April 2004, restated	38,776	53,252	40	12,382	104,450
Issue of 3,013,000 shares at S\$0.10 each with 1,283,000 and 1,730,000 shares at a premium of S\$0.23 and S\$0.185 per share, respectively, upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	301	615	-	-	916
Net profit for the period	-	-	-	1,144	1,144
Final dividend paid of 2.5 cents per ordinary share less tax at 20%	-	-	-	(7,804)	(7,804)
Equity share option issued	-	-	88	-	88
At 30 June 2004	39,077	53,867	128	5,722	98,794
At 1 April 2005	39,345	54,449	388	9,607	103,789
Issue of 5,407,000 shares at S\$0.10 each with 898,000, 1,756,000, 1,782,000 and 971,000 shares at a premium of S\$0.33, S\$0.23, S\$0.185 and \$0.32 per share respectively, upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	540	1,341	-	-	1,881
Net profit for the period	-	-	-	523	523
Final dividend paid of 2.5 cents per ordinary share less tax at 20%	-	-	-	(7,975)	(7,975)
Equity share option issued	-	-	60	-	60
At 30 June 2005	39,885	55,790	448	2,155	98,278

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 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 quarter ended 30 June 2005, the Company issued 5,407,000 new shares. 898,000, 1,756,000, 1,782,000 and 971,000 shares were issued at S\$0.43, S\$0.33, S\$0.285 and S\$0.42 respectively, upon the exercise of options under the Raffles Medical Group Employee's Share Option Scheme.

As at 30 June 2005, there were outstanding options for conversion into 31,190,000 (30/06/2004 : 37,710,800) ordinary shares of S\$0.10 each.

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

The financial statements for the quarter ended 30 June 2005 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 quarter ended 30 June 2005 are consistent with those applied in the financial statements for the year ended 31 December 2004 except for the adoption of new/revised Financial Reporting Standards ("FRS") which came into effect on 1 January 2005 as highlighted in Note 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.

Impact of new Financial Reporting Standards
FRS 102 Share-based payment

FRS 102 is effective for the financial year beginning on 1 January 2005. FRS 102 requires the Group and the Company to recognise an expense in the profit and loss account with a corresponding increase in equity for share options granted under Raffles Medical Group Employees' Share Option Scheme after 22 November 2002 and not vested by 1 January 2005. The total amount to be recognised as an expense in the profit and loss account is determined by reference to the fair value of the options at the date of the grant and the number of options to be vested by vesting date.

The impact of adopting FRS 102 retrospectively in respect of Raffles Medical Group Employees' Share Option Scheme are as follows:

- (1) opening accumulated profits as at 1 April 2004 for the Group and the Company have decreased by S\$88,000 and S\$40,000 respectively, due to the accounting of share option expenses for FY 2003 and Q1 2004;
- (2) the accumulated profits and accordingly, the reserves of the Group and the Company as at 31 December 2004 have decreased by S\$636,000 and S\$306,000 respectively, due to the cumulative adjustments for the share option expenses applied retrospectively; and
- (3) the effect on second quarter 2005 and 2004, quarter and year-to-date results are as follows:

Group	Second Quarter		Year-To-Date	
	Q2 2005	Q2 2004	30/06/2005	30/06/2004
	S\$'000	S\$'000	S\$'000	S\$'000
Net profit before changes in accounting policy	2,851	2,446	5,313	4,639
Effect of adopting FRS 102	(106)	(182)	(288)	(204)
Net profit for the period	<u>2,745</u>	<u>2,264</u>	<u>5,025</u>	<u>4,435</u>

Saved for the effects of adopting FRS 102, the other new/revised FRS are currently assessed to have no material impact on the Group's results.

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 2005	Q2 2004 Restated	30/06/2005	30/06/2004 Restated
6.(a) Earnings per ordinary share for the period based on 1(a) above :-				
(i) Based on existing issued share capital [A]	0.69 cents	0.58 cents	1.27 cents	1.14 cents
(ii) On a fully diluted basis [B]	0.68 cents	0.57 cents	1.25 cents	1.13 cents

[A] The calculation of earnings per ordinary share for the quarter and half year ended 30/06/2005 are based on weighted average shares of 398,428,735 (Q2 2004 : 390,184,406) and 395,468,010 (30/06/2004 : 388,853,164) 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 30/06/2005 are based on weighted average shares of 404,019,300 (Q2 2004 : 393,751,662) and 401,205,558 (30/06/2004 : 392,485,117), respectively in issue during the period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

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

	Group		Company	
	30/06/2005	31/12/2004	30/06/2005	31/12/2004
7. (a) Net asset value per ordinary share [C]	25.01 cents	25.57 cents	24.64 cents	26.13 cents

[C] The calculation of net asset value per ordinary share is based on 398,851,999 (31 December 2004 : 391,747,999) shares as at 30 June 2005.

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 by 9.5% from S\$25.3 million in Q2 2004 to S\$27.7 million in Q2 2005. Hospital services continue to drive the Group's revenue growth. In this quarter, hospital services revenue grew by 31.6% due to increase in both local and foreign patient visits.

In line with strong revenue growth, *RafflesHospital's* profit after tax and minority interests (PATMI) grew by 168% over the same period last year.

The Group's PATMI grew by 21.2% from S\$2.3 million in Q2 2004 to S\$2.7 million in Q2 2005.

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) has grown 13.3% from S\$3.7 million in Q2 2004 to S\$4.2 million in Q2 2005.

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 2005 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.**

The Group will continue to grow its local businesses. *RafflesHospital* will continue to actively market its services locally and overseas. It is recruiting more Consultant Specialists to its team. The Directors are confident that *RafflesHospital* will continue to grow and do better in the second half of the year.

Healthcare services division is on track with its expansion plan to open 7 new clinics in 2005. To date, 5 new clinics have been opened.

The Group's Health Insurance division which started operations in January 2005 is geared to market to more companies in the second half of the year.

With stronger economic growth in Singapore and the region, the Directors expect the Group to perform better in the second half of 2005.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the quarter ended 30 June 2005.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **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**

Not applicable.

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

Not applicable.

15. **A breakdown of sales.**

Not applicable.

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

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total	0	0

BY ORDER OF THE BOARD

Koh Lin
Company Secretary
10 August 2005