

## Financial Statement And Dividend Announcement For The Quarter Ended 30 June 2006

### 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 2006	Q2 2005	Change	30/06/2006	30/06/2005	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	32,770	27,717	18.2	63,682	52,898	20.4
Other operating income	415	288	44.1	801	490	63.5
Inventories and consumables used	(4,261)	(3,371)	26.4	(8,439)	(6,316)	33.6
Staff costs	(16,828)	(15,163)	11.0	(33,464)	(29,480)	13.5
Depreciation of property, plant and equipment	(840)	(703)	19.5	(1,658)	(1,398)	18.6
Other operating expenses	(6,753)	(5,691)	18.7	(12,973)	(10,581)	22.6
<b>Profit from operations</b>	4,503	3,077	46.3	7,949	5,613	41.6
Finance costs	(28)	(16)	75.0	(56)	(30)	86.7
Share of profits in a jointly controlled entity	318	371	(14.3)	648	709	(8.6)
<b>Profit from ordinary activities before taxation</b>	4,793	3,432	39.7	8,541	6,292	35.7
Income tax expense	(991)	(672)	47.5	(1,838)	(1,245)	47.6
<b>Profit from ordinary activities after taxation</b>	3,802	2,760	37.8	6,703	5,047	32.8
<b>Attributable to :</b>						
Equity holders of the parent	3,799	2,745	38.4	6,691	5,025	33.2
Minority interests	3	15	(80.0)	12	22	(45.5)
<b>Profit for the period</b>	3,802	2,760	37.8	6,703	5,047	32.8

**Profit from ordinary activities before taxation includes the following:**

<b>Group</b>	<b>Second Quarter</b>		<b>Year-To-Date</b>	
	Q2 2006 S\$'000	Q2 2005 S\$'000	30/06/2006 S\$'000	30/06/2005 S\$'000
<b>(a) Other operating income</b>				
Exchange gain	-	105	-	142
Interest income from fixed deposits and commercial notes	415	183	801	348
<b>(b) Other operating expenses</b>				
Allowance for doubtful receivables	185	47	290	(27)
Amortisation of intangible assets	13	13	26	26
Exchange loss	93	-	272	-
Loss on disposal of property, plant and equipment	-	-	7	-
Property, plant and equipment written off	1	8	11	9

**There is no adjustment for under and over provision of tax in respect of prior periods.**

**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	
	30/06/2006 S\$'000	31/12/2005 S\$'000	30/06/2006 S\$'000	31/12/2005 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	20,880	21,412	2,585	2,855
Intangible assets	231	257	-	-
Subsidiaries	-	-	74,873	74,873
Jointly-controlled entity	53,630	53,000	-	-
Membership rights	88	88	68	68
Deferred tax assets	927	846	-	-
	<u>75,756</u>	<u>75,603</u>	<u>77,526</u>	<u>77,796</u>
<b>Current assets</b>				
Investment in commercial notes	11,750	13,000	5,000	5,000
Inventories	3,196	2,942	988	994
Trade and other receivables	14,696	12,271	10,951	10,524
Cash and cash equivalents	37,372	35,129	30,562	28,763
	<u>67,014</u>	<u>63,342</u>	<u>47,501</u>	<u>45,281</u>
<b>Total assets</b>	<u>142,770</u>	<u>138,945</u>	<u>125,027</u>	<u>123,077</u>
<b>Equity attributable to equity holders of the parent</b>				
Share capital	99,505	40,035	99,505	40,035
Reserves	7,093	67,455	10,198	61,079
	<u>106,598</u>	<u>107,490</u>	<u>109,703</u>	<u>101,114</u>
<b>Minority interests</b>	231	231	-	-
<b>Total equity</b>	<u>106,829</u>	<u>107,721</u>	<u>109,703</u>	<u>101,114</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	714	714	175	175
<b>Current liabilities</b>				
Trade and other payables	28,498	24,392	10,870	17,667
Interest-bearing liabilities	2,138	2,345	1,895	1,983
Current tax payable	4,591	3,773	2,384	2,138
	<u>35,227</u>	<u>30,510</u>	<u>15,149</u>	<u>21,788</u>
<b>Total liabilities</b>	<u>35,941</u>	<u>31,224</u>	<u>15,324</u>	<u>21,963</u>
<b>Total equity and liabilities</b>	<u>142,770</u>	<u>138,945</u>	<u>125,027</u>	<u>123,077</u>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30/06/2006</b>		<b>As at 31/12/2005</b>	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$2,137,607	S\$0	S\$2,345,042

**Amount repayable after one year**

<b>As at 30/06/2006</b>		<b>As at 31/12/2005</b>	
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.**

	<b>Q2 2006</b>	<b>Q2 2005</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit from ordinary activities before taxation	4,793	3,432
Adjustments for :-		
Amortisation of intangible assets	13	13
Depreciation of property, plant and equipment	840	703
Employee share option expense	174	106
Finance costs	28	16
Exchange loss/(gain)	93	(105)
Interest income from fixed deposits and commercial notes	(415)	(183)
Property, plant and equipment written off	1	8
Share of profits in a jointly controlled entity	(318)	(371)
<b>Operating profit before working capital changes</b>	<b>5,209</b>	<b>3,619</b>
Changes in working capital :-		
Inventories	(184)	12
Trade and other receivables	(1,802)	189
Trade and other payables	1,592	4,089
Cash generated from operations	4,815	7,909
Income tax paid	(1,119)	(893)
Interest paid	(28)	(16)
<b>Cash flows from operating activities</b>	<b>3,668</b>	<b>7,000</b>
<b>Investing activities</b>		
Investment in commercial notes	1,250	-
Interest received	466	178
Purchase of property, plant and equipment	(889)	(1,444)
<b>Cash flows from / (used in) investing activities</b>	<b>827</b>	<b>(1,266)</b>
<b>Financing activities</b>		
Dividends paid to equity holders of the parent	(11,395)	(7,975)
Dividends paid to minority shareholders of subsidiary	(12)	-
Proceeds from issue of shares under share option scheme	2,128	1,881
Proceeds from bank loan	-	1,983
Repayment of bank loan	-	(1,957)
<b>Cash flows from financing activities</b>	<b>(9,279)</b>	<b>(6,068)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,784)</b>	<b>(334)</b>
Cash and cash equivalents at beginning of the period	41,930	28,879
Effect of exchange rate changes on balances held in foreign currency	(16)	1
<b>Cash and cash equivalents at end of the period</b>	<b>37,130</b>	<b>28,546</b>
Cash and cash equivalents at end of the period include the following :		
Cash & fixed deposits	37,372	28,553
Bank overdrafts	(242)	(7)
	<b>37,130</b>	<b>28,546</b>

**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.**

<b>Group</b>	Share capital S\$'000	Share premium S\$'000	Currency translation Reserve S\$'000	Share option reserve S\$'000	Accumul -ated profits S\$'000	Total attributable to equity holders of the parent S\$'000	Minority interests S\$'000	Total equity S\$'000
<b>At 1 April 2005</b>	39,345	54,449	67	818	8,465	103,144	158	103,302
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	540	1,341	-	-	-	1,881	-	1,881
Translation differences relating to financial statements of foreign subsidiaries	-	-	(136)	-	-	(136)	-	(136)
Net profit for the period	-	-	-	-	2,745	2,745	15	2,760
Value of employee services received for issue of share options	-	-	-	106	-	106	-	106
Dividends distributed to equity holders of the parent	-	-	-	-	(7,975)	(7,975)	-	(7,975)
<b>At 30 June 2005</b>	<b>39,885</b>	<b>55,790</b>	<b>(69)</b>	<b>924</b>	<b>3,235</b>	<b>99,765</b>	<b>173</b>	<b>99,938</b>
<b>At 1 April 2006</b>	97,377	-	144	1,231	13,060	111,812	240	112,052
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	2,128	-	-	-	-	2,128	-	2,128
Translation differences relating to financial statements of foreign subsidiaries	-	-	80	-	-	80	-	80
Net profit for the period	-	-	-	-	3,799	3,799	3	3,802
Value of employee services received for issue of share options	-	-	-	174	-	174	-	174
Dividends distributed to equity holders of the parent	-	-	-	-	(11,395)	(11,395)	-	(11,395)
Dividends distributed to minority shareholders	-	-	-	-	-	-	(12)	(12)
<b>At 30 June 2006</b>	<b>99,505</b>	<b>-</b>	<b>224</b>	<b>1,405</b>	<b>5,464</b>	<b>106,598</b>	<b>231</b>	<b>106,829</b>

<b>Company</b>	Share capital S\$'000	Share premium S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
<b>At 1 April 2005</b>	39,345	54,449	388	9,607	103,789
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	540	1,341	-	-	1,881
Net profit for the period	-	-	-	523	523
Value of employee services received for issue of share options	-	-	60	-	60
Dividends	-	-	-	(7,975)	(7,975)
<b>At 30 June 2005</b>	<b>39,885</b>	<b>55,790</b>	<b>448</b>	<b>2,155</b>	<b>98,278</b>
<b>At 1 April 2006</b>	97,377	-	620	5,137	103,134
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	2,128	-	-	-	2,128
Net profit for the period	-	-	-	15,730	15,730
Value of employee services received for issue of share options	-	-	106	-	106
Dividends	-	-	-	(11,395)	(11,395)
<b>At 30 June 2006</b>	<b>99,505</b>	<b>-</b>	<b>726</b>	<b>9,472</b>	<b>109,703</b>

**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 2006, the Company issued 5,283,000 new shares. 1,446,000, 1,118,000, 1,103,000, 950,000 and 666,000 shares were issued at S\$0.43, S\$0.33, S\$0.42, S\$0.51 and S\$0.285 each, respectively, upon the exercise of options under the Raffles Medical Group Employee's Share Option Scheme.

On 3 April 2006, 7,346,000 options were granted to 8 independent directors of the company and subsidiaries and 297 full-time employees, pursuant to the Raffles Medical Group 2000 Scheme to subscribe for ordinary shares at an exercise price of S\$0.78.

As at 30 June 2006, there were outstanding options for conversion into 27,539,000 (Q2 2005 : 31,190,000) ordinary shares.

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

The financial statement on consolidated results for the quarter ended 30 June 2006 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 2006 are consistent with those applied in the financial statements for the year ended 31 December 2005.

**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.**

Not applicable.



**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 2006	Q2 2005	30/06/2006	30/06/2005
6.(a)	Earnings per ordinary share for the period based on 1(a) above :-				
	(i) Based on existing issued share capital [A]	0.93 cents	0.69 cents	1.66 cents	1.27 cents
	(ii) On a fully diluted basis [B]	0.91 cents	0.68 cents	1.62 cents	1.25 cents

[A] The calculation of earnings per ordinary share for the quarter and half year ended 30 June 2006 are based on weighted average shares of 407,150,988 (Q2 2005 : 398,428,735) and 404,099,447 (30 June 2005 : 395,468,010) 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 2006 are based on weighted average shares of 416,468,231 (Q2 2005 : 404,019,300) and 412,398,538 (30 June 2005 : 401,205,558), 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	
		30/06/2006	31/12/2005	30/06/2006	31/12/2005
7.(a)	Net asset value per ordinary share [C]	26.09 cents	26.85 cents	26.85 cents	25.26 cents

[C] The calculation of net asset value per ordinary share is based on 408,651,999 (31 December 2005 : 400,347,999) shares as at 30 June 2006.

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 for the quarter ended 30 June 2006 increased **18.2%** to **S\$32.8** million.

The Hospital Services division's revenue increased **22%** as a result of growth in patient volume. The Group's efforts to attract more private patients into its **RafflesMedical** clinic network also paid off with a growth of more than **10%** from the corresponding period.

Profit after tax for the Group grew by **37.8%**, from S\$2.76 million to **S\$3.8** million, for the quarter ended 30 June 2006.

With the increased patient load, improved operating efficiencies and an expanded range of medical specialties, **RafflesHospital** profit after tax grew by **46%**. The Healthcare Services division also contributed to the growth with the opening of a second **RafflesJapaneseClinic**, a **RafflesChineseMedicine** clinic as well as expanded services in upgraded medical centers.

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 2006 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 its overseas expansion. When **RafflesInternationalMedicalCentre** in Jakarta starts operating towards the end of the year, it will provide more referrals as well as quality follow-up care for **RafflesHospital** patients returning to Indonesia.

As the Group celebrates its 30<sup>th</sup> anniversary year and in view of the encouraging results, the Directors announce a first interim ordinary dividend of 0.5 cent and a first interim special dividend of 0.5 cent amounting to S\$4.1 million approximately.

With improved economic environment in Singapore and the region, the Directors are confident that the Group will continue to do well for the rest of the year.

**11. Dividend**

**(a) Current Financial Period Reported On**

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

Name of Dividend	Interim	Interim
Dividend Type	Ordinary	Special
Dividend Amount per Share (in cents)	0.5 cent per ordinary share	0.5 cent per ordinary share
Tax Rate	Tax Exempt	Tax Exempt

**(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**

The dividend will be paid on 28 August 2006.

**(d) Books closure date**

Notice is hereby given that that Share Transfer Books and Register of Members of the Company will be closed on 17 August 2006 for the preparation of Dividend Vouchers. Registrable transfers received by the Company's Registrar, M & C Services Privated Limited, 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, up to 5.00 pm on 16 August 2006 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.

**BY ORDER OF THE BOARD**

**Pay Cher Wee / Wee Jee Kin  
Company Secretaries  
28 July 2006**