

## Financial Statement And Dividend Announcement For The Quarter Ended 30 June 2008

### 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 2008 S\$'000	Q2 2007 S\$'000	Change %	30/06/2008 S\$'000	30/06/2007 S\$'000	Change %
<b>Revenue</b>	50,626	41,393	22.3	98,036	79,074	24.0
Other operating income	291	488	(40.4)	439	997	(56.0)
Inventories and consumables used	(5,808)	(4,933)	17.7	(11,492)	(9,575)	20.0
Staff costs	(24,673)	(20,286)	21.6	(48,612)	(40,008)	21.5
Depreciation of property, plant and equipment	(1,634)	(883)	85.1	(3,200)	(1,768)	81.0
Operating lease expenses	(1,388)	(2,863)	(51.5)	(2,469)	(5,722)	(56.9)
Other operating expenses	(7,582)	(6,408)	18.3	(14,870)	(11,508)	29.2
<b>Profit from operating activities</b>	9,832	6,508	51.1	17,832	11,490	55.2
Finance expenses	(158)	(24)	558.3	(309)	(48)	543.8
Share of profits in a jointly-controlled entity	-	12,871	(100.0)	-	13,061	(100.0)
<b>Profit before income tax</b>	9,674	19,355	(50.0)	17,523	24,503	(28.5)
Income tax expense	(1,927)	(3,575)	(46.1)	(3,661)	(4,589)	(20.2)
<b>Profit for the period</b>	7,747	15,780	(50.9)	13,862	19,914	(30.4)
<b>Attributable to :</b>						
Equity holders of the Company	7,717	15,754	(51.0)	13,820	19,867	(30.4)
Minority interests	30	26	15.4	42	47	(10.6)
<b>Profit for the period</b>	7,747	15,780	(50.9)	13,862	19,914	(30.4)

The net profit attributable to the equity holders of the Company decreased by 51.0% because of the fair value gain of an investment property and its associated deferred tax charge in Q2 2007. Excluding the result of this one-off event, the Group's results show a **40.2%** increase in profit after tax and minority interests from **S\$5.5** million to **S\$7.7** million in Q2 2008.

## Explanatory notes to the Income Statement

- Staff costs, inventories and consumables used and other operating expenses increased in tandem with higher volume of business in the Group. However, the Group has been able to achieve a lower rate of increase in these costs in Q2 2008 as compared with the growth in revenue.
- The acquisition of the Raffles Hospital building resulted in the increase in depreciation of property, plant and equipment offset by a reduction in operating lease expense.
- Profit from ordinary activities before taxation** includes the following:

Group	Second Quarter		Year-To-Date	
	Q2 2008 S\$'000	Q2 2007 S\$'000	30/06/2008 S\$'000	30/06/2007 S\$'000
<b>(a) Other operating income</b>				
Exchange gain	15	18	91	44
Interest income from fixed deposits and commercial notes	49	470	121	953
Gain on disposal of equity securities – held for trading	227	-	227	-
<b>(b) Other operating expenses</b>				
Allowance for doubtful receivables	370	371	631	528
Amortisation of intangible assets	13	13	25	26
Net change in fair value of equity securities - held for trading	79	-	44	-
Property, plant and equipment written off	21	3	26	6
Write off for stock obsolescence	-	17	-	17
<b>(c) Share of profits in a jointly-controlled entity</b>				
Fair value gain of an investment property included in share of profits in a jointly-controlled entity	-	12,500	-	12,500

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

Group	Second Quarter		Year-To-Date	
	Q2 2008 S\$'000	Q2 2007 S\$'000	30/06/2008 S\$'000	30/06/2007 S\$'000
<b>Deferred tax liabilities</b>				
Adjustment due to change in tax rates in respect of prior periods	-	-	-	75
<b>Deferred tax assets</b>				
Under-provision in respect of prior periods	14	-	15	15
Adjustment due to change in tax rates in respect of prior periods	-	-	-	105
<b>Current taxation</b>				
Under-provision in respect of prior periods	2	-	2	-

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2008</b>	<b>31/12/2007</b>	<b>30/06/2008</b>	<b>31/12/2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	150,083	150,794	3,202	2,270
Intangible assets	282	307	152	152
Investment properties	84,400	84,400	-	-
Subsidiaries	-	-	201,125	202,650
Membership rights, at cost	164	164	93	93
Deferred tax assets	940	1,315	-	-
	<u>235,869</u>	<u>236,980</u>	<u>204,572</u>	<u>205,165</u>
<b>Current assets</b>				
Investment in equity securities, held for trading	-	704	-	-
Inventories	4,420	3,803	1,468	1,150
Trade and other receivables	30,754	20,231	11,718	9,887
Cash and cash equivalents	27,141	19,744	15,622	7,223
	<u>62,315</u>	<u>44,482</u>	<u>28,808</u>	<u>18,260</u>
<b>Total assets</b>	<u>298,184</u>	<u>281,462</u>	<u>233,380</u>	<u>223,425</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	171,225	170,047	171,225	170,047
Reserves	37,413	30,763	24,588	14,912
	<u>208,638</u>	<u>200,810</u>	<u>195,813</u>	<u>184,959</u>
<b>Minority interests</b>	250	224	-	-
<b>Total equity</b>	<u>208,888</u>	<u>201,034</u>	<u>195,813</u>	<u>184,959</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,020	737	121	121
Interest-bearing liabilities	23,000	-	-	-
	<u>24,020</u>	<u>737</u>	<u>121</u>	<u>121</u>
<b>Current liabilities</b>				
Trade and other payables	53,577	47,716	33,252	33,997
Interest-bearing liabilities	4,122	25,260	1,619	1,711
Current tax payable	7,577	6,715	2,575	2,637
	<u>65,276</u>	<u>79,691</u>	<u>37,446</u>	<u>38,345</u>
<b>Total liabilities</b>	<u>89,296</u>	<u>80,428</u>	<u>37,567</u>	<u>38,466</u>
<b>Total equity and liabilities</b>	<u>298,184</u>	<u>281,462</u>	<u>233,380</u>	<u>223,425</u>

## Explanatory notes to the Balance Sheet

1. Subsequent to 31 December 2007, the Group had refinanced the interest-bearing liabilities with a 5-year bank loan of S\$25 million. The Group also has existing banking facilities to meet the working capital of the Group.
2. Both Trade and other receivables and Trade and other payables increased in tandem with higher volume of business in the Group.

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

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

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$4,122,449	S\$23,549,451	S\$1,710,860

#### Amount repayable after one year

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
S\$0	S\$23,000,000	S\$0	S\$0

#### Details of any collateral

As at 31 December 2007, the bank loan was secured on the Raffles Hospital building. During the first quarter ended 31 March 2008, the Group refinanced the bank loan which is now unsecured.

**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 2008</b>	<b>Q2 2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit before income tax	9,674	19,355
Adjustments for :-		
Amortisation of intangible assets	13	13
Depreciation of property, plant and equipment	1,634	883
Equity-settled share-based payment transactions	315	264
Exchange gain	(15)	(18)
Finance expenses	158	24
Gain on disposal of equity securities – held for trading	(227)	-
Interest income from fixed deposits and commercial notes	(49)	(470)
Net change in fair value of equity securities – held for trading	79	-
Property, plant and equipment written off	21	3
Share of profits in a jointly-controlled entity	-	(12,871)
<b>Operating profit before working capital changes</b>	<b>11,603</b>	<b>7,183</b>
Changes in working capital :-		
Inventories	(169)	(303)
Trade and other receivables	(4,676)	(7,047)
Trade and other payables	5,114	10,414
Cash generated from operations	11,872	10,247
Income taxes paid	(1,267)	(1,265)
Interest paid	(158)	(24)
<b>Cash flows from operating activities</b>	<b>10,447</b>	<b>8,958</b>
<b>Investing activities</b>		
Interest received	85	521
Investment in commercial notes	-	(11,750)
Proceeds from sale of commercial notes	-	14,250
Proceeds from sale of equity securities, held for trading	2,138	-
Purchase of property, plant and equipment	(1,998)	(793)
Purchase of club memberships	-	(51)
<b>Cash flows used in investing activities</b>	<b>225</b>	<b>2,177</b>
<b>Financing activities</b>		
Dividends paid to equity holders of the Company	(7,752)	(12,622)
Dividends paid to minority shareholders of subsidiary	(16)	(10)
Net proceeds from issue of ordinary shares	-	63,937
Proceeds from issue of shares under share option scheme	1,024	3,192
Proceeds from bank loan	-	1,812
Repayment of bank loan	-	(1,812)
<b>Cash flows from financing activities</b>	<b>(6,744)</b>	<b>54,497</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,928</b>	<b>65,632</b>
Cash and cash equivalents at beginning of the period	22,717	48,080
Effect of exchange rate changes on balances held in foreign currency	(8)	12
<b>Cash and cash equivalents at end of the period</b>	<b>26,637</b>	<b>113,724</b>
Cash and cash equivalents at end of the period include the following :		
Cash & fixed deposits	27,141	113,724
Bank overdrafts	(504)	-
	<b>26,637</b>	<b>113,724</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	Currency translation reserve S\$'000	Share option reserve S\$'000	Accumul-ated profits S\$'000	Total attributable to equity holders of the Company S\$'000	Minority interests S\$'000	Total equity S\$'000
<b>At 1 April 2007</b>	102,252	(302)	1,860	14,492	118,302	294	118,596
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	3,192	-	-	-	3,192	-	3,192
Issue of 50 million ordinary shares	65,000	-	-	-	65,000	-	65,000
Share issue expenses	(1,063)	-	-	-	(1,063)	-	(1,063)
Translation differences relating to financial statements of foreign subsidiaries	-	16	-	-	16	-	16
Net profit for the period	-	-	-	15,754	15,754	26	15,780
Total recognised income and expense for the period	-	16	-	15,754	15,770	26	15,796
Value of employee services received for issue of share options	-	-	264	-	264	-	264
Final & Special dividends paid of 3.0 cents per ordinary share	-	-	-	(12,622)	(12,622)	-	(12,622)
Dividends distributed to minority shareholder	-	-	-	-	-	(10)	(10)
<b>At 30 June 2007</b>	<b>169,381</b>	<b>(286)</b>	<b>2,124</b>	<b>17,624</b>	<b>188,843</b>	<b>310</b>	<b>189,153</b>
<b>At 1 April 2008</b>	170,201	(96)	2,876	34,579	207,560	236	207,796
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	1,024	-	-	-	1,024	-	1,024
Translation differences relating to financial statements of foreign subsidiaries	-	(226)	-	-	(226)	-	(226)
Net profit for the period	-	-	-	7,717	7,717	30	7,747
Total recognised income and expense for the period	-	(226)	-	7,717	7,491	30	7,521
Value of employee services received for issue of share options	-	-	315	-	315	-	315
Final dividends paid of 1.5 cents per ordinary share	-	-	-	(7,752)	(7,752)	-	(7,752)
Dividends distributed to minority shareholder	-	-	-	-	-	(16)	(16)
<b>At 30 June 2008</b>	<b>171,225</b>	<b>(322)</b>	<b>3,191</b>	<b>34,544</b>	<b>208,638</b>	<b>250</b>	<b>208,888</b>

<b>Company</b>	Share capital S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
<b>At 1 April 2007</b>	102,252	983	9,298	112,533
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	3,192	-	-	3,192
Issue of 50 million ordinary shares	65,000	-	-	65,000
Share issue expenses	(1,063)	-	-	(1,063)
Net profit for the period	-	-	13,482	13,482
Total recognised income and expense for the period	-	-	13,482	13,482
Value of employee services received for issue of share options	-	126	-	126
Final & Special dividends paid of 3.0 cents per ordinary share	-	-	(12,622)	(12,622)
<b>At 30 June 2007</b>	<b>169,381</b>	<b>1,109</b>	<b>10,158</b>	<b>180,648</b>
<b>At 1 April 2008</b>	170,201	1,487	14,663	186,351
Issue of shares under Raffles Medical Group Employees' Share Option Scheme	1,024	-	-	1,024
Net profit for the period	-	-	16,013	16,013
Total recognised income and expense for the period	-	-	16,013	16,013
Value of employee services received for issue of share options	-	177	-	177
Final dividends paid of 1.5 cents per ordinary share	-	-	(7,752)	(7,752)
<b>At 30 June 2008</b>	<b>171,225</b>	<b>1,664</b>	<b>22,924</b>	<b>195,813</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 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 2008, the Company issued 1,648,000 new shares, upon the exercise of options under the Raffles Medical Group (2000) Share Option Scheme.

Exercise price per share	S\$0.32	S\$0.23	S\$0.30- S\$0.33	S\$0.40- S\$0.42	S\$0.68- S\$0.71	S\$1.14- S\$1.15
Number of new shares issued	130,000	79,000	109,000	448,000	608,000	274,000

For the First Quarter ended 31 March 2008, the Company issued 667,000 new shares, upon the exercise of options under the Raffles Medical Group (2000) Share Option Scheme.

Exercise price per share	S\$0.16	\$0.185	S\$0.23	S\$0.32	S\$0.33	S\$0.42	S\$0.71
Number of new shares issued	400,000	13,000	129,000	30,000	19,000	42,000	34,000

On 1 April 2008, 3,300,000 options were granted to 6 independent directors of the Company and subsidiaries and 318 full-time employees, pursuant to the Raffles Medical Group (2000) Share Option Scheme to subscribe for ordinary shares at an exercise price of S\$1.24.

As at 30 June 2008, there were outstanding options for conversion into 16,595,000 (30 June 2007 : 17,780,000) 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.**

	<b>30/06/2008</b>	<b>31/12/2007</b>
Number of issued shares excluding treasury shares	517,426,393	515,111,393

**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 2008 (31 December 2007 : Nil).

**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 2008 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 2008 are consistent with those applied in the financial statements for the year ended 31 December 2007.

**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 2008	Q2 2007	30/06/2008	30/06/2007
Earnings per ordinary share for the period based on 1(a) above :-				
(i) Basic earnings per share [A]	1.49 cents	3.40 cents	2.68 cents	4.33 cents
(ii) Diluted earnings per share [B]	1.47 cents	3.34 cents	2.64 cents	4.25 cents

[A] The calculation of earnings per ordinary share for the quarter and half year ended 30 June 2008 were based on weighted average shares of 516,850,041 (Q2 2007 : 463,119,303) and 516,178,778 (30 June 2007 : 459,388,073), 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 2008 were based on weighted average shares of 523,751,175 (Q2 2007 : 472,197,273) and 524,136,253 (30 June 2007 : 467,914,523), 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	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Net asset value per ordinary share [C]	40.32 cents	38.98 cents	37.84 cents	35.91 cents

[C] The calculation of net asset value per ordinary share is based on 517,426,393 (31 December 2007 : 515,111,393) shares as at 30 June 2008.

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 achieved a record quarterly revenue of **S\$50.6** million in Q2 2008 as compared to **S\$41.4** million for the corresponding quarter last year, an increase of **22.3%**. All divisions continued to contribute positively to the growth of the Group with revenue from Healthcare and Hospital Services divisions increasing **15.4%** and **24.1%** respectively.

The recruitment of more specialists consultants, increasing local and foreign patient load and improved operating efficiencies attributed to the **51.1%** increase in operating profit from **S\$6.5** million in Q2 2007 to **S\$9.8** million in Q2 2008.

The net profit attributable to the equity holders of the Company decreased by 51.0% because of the fair value gain of an investment property and its associated deferred tax charge in Q2 2007. Excluding the result of this one-off event, the Group's results show a **40.2%** increase in profit after tax and minority interests from **S\$5.5** million to **S\$7.7** million in Q2 2008.

**Net profit attributable to equity holders of the Company**

Group	Second Quarter			Year-To-Date		
	Q2 2008 S\$'000	Q2 2007 S\$'000	Change %	30/06/2008 S\$'000	30/06/2007 S\$'000	Change %
<b>Net profit attributable to equity holders of the Company</b>	7,717	15,754	(51.0)	13,820	19,867	(30.4)
(Less)/Add :						
(i) Fair value gain of an investment property included in share of profits in a jointly-controlled entity	-	(12,500)		-	(12,500)	
(ii) Deferred tax charge attributable to (i) above which was included in the income tax expense	-	2,250		-	2,250	
<b>Net profit excluding the items above</b>	7,717	5,504	40.2	13,820	9,617	43.7

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 2008 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 should continue to benefit from the sustained demand for core healthcare services despite the challenging global economic environment.

The Group's performance will be driven mainly by positive growth in both local and foreign patient loads at **RafflesHospital**. Measures taken over the years to diversify the patient base, have helped to avoid over-reliance on any single market. Currently, the Hospital's foreign patients come from more than 100 countries. Growing patient load will continue to enhance margins arising from operating leverage.

The Group will also benefit from a full year's effect of the acquisition of the remaining 50% ownership of Raffles Hospital building which has enabled the Hospital to optimize the use of hospital and clinic space as well as to reduce its operating lease expenses.

**RafflesMedical** continues to grow with more services to increasing corporate clients and private patients. **International Medical Insurers** is expanding its corporate and customer base especially with its recently launched IMI-BUPA International Health plan.

Based on the current economic outlook for Singapore and the region, the Directors expect the Group to continue to perform well for the rest of the year.

The Directors are pleased to announce an interim ordinary dividend of 1.0 cent per share amounting to S\$5.2 million approximately.

**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 5 September 2008.

**(d) Books closure date**

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 21 August 2008 on which day no share transfer will be effected.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Ltd, 138 Robinson Road #17-00, Singapore 068906, up to the close of business at 5.00 p.m. on 20 August 2008 will be registered to determine shareholders' entitlements to the Dividend.

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

Not applicable.

**13. Confirmation pursuant to Rule 705(4) of the Listing Manual**

We, Dr Loo Choon Yong and Dr David McKinnon Lawrence, being two directors of Raffles Medical Group Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the second quarter 30 June 2008 to be false or misleading.

On behalf of the board of directors

Dr Loo Choon Yong  
Chairman

Dr David McKinnon Lawrence  
Director

**BY ORDER OF THE BOARD**

**Tay Kim Choon Kimmy**  
Company Secretary  
28 July 2008