

**Raffles Medical Group Ltd
and its Subsidiaries
Registration Number : 198901967K**

Condensed Interim Financial Statements
For the six months ended 30 June 2022

Table of contents

A.	Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
B.	Condensed Interim Statements of Financial Position	3
C.	Condensed Interim Consolidated Statement of Cash Flows	4
D.	Condensed Interim Statements of Changes in Equity	5
E.	Notes to the Condensed Interim Financial Statements	8
F.	Other Information Required by Listing Rule Appendix 7.2	20

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income Period ended 30 June 2022

Condensed Interim Consolidated Statement of Profit or Loss	Note	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000	Change %
Revenue		382,304	343,815	11.2
Other operating income		6,875	7,401	(7.1)
Inventories and consumables used		(31,377)	(40,766)	(23.0)
Purchased and contracted services		(29,712)	(30,375)	(2.2)
Staff costs		(196,119)	(182,898)	7.2
Depreciation of property, plant and equipment		(19,265)	(17,345)	11.1
Amortisation of intangible assets		(1,361)	(1,135)	19.9
Operating lease expenses		(825)	(883)	(6.6)
Impairment loss on trade receivables		(766)	(1,234)	(37.9)
Other operating expenses		(23,377)	(20,517)	13.9
Profit from operating activities		86,377	56,063	54.1
Finance income		579	335	72.8
Finance expenses		(3,473)	(2,807)	23.7
Profit before tax	6	83,483	53,591	55.8
Tax expense	7	(23,521)	(14,751)	59.5
Profit for the period		59,962	38,840	54.4
Profit attributable to:				
Owners of the Company		59,671	39,445	51.3
Non-controlling interests		291	(605)	nm
Profit for the period		59,962	38,840	54.4

Note: nm denotes not meaningful.

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)
Period ended 30 June 2022

Condensed Interim Consolidated Statement of Other Comprehensive Income	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000	Change %
Profit for the period	59,962	38,840	54.4
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	(5,031)	6,732	(174.7)
Total comprehensive income for the period	<u>54,931</u>	<u>45,572</u>	20.5
Total comprehensive income attributable to:			
Owners of the Company	54,664	45,615	19.8
Non-controlling interests	267	(43)	nm
Total comprehensive income for the period	<u>54,931</u>	<u>45,572</u>	20.5
Earnings per share			
Basic earnings per share (cents) [A]	<u>3.21</u>	<u>2.11</u>	52.1
Diluted earnings per share (cents) [B]	<u>3.19</u>	<u>2.11</u>	51.2

Note: nm denotes not meaningful.

[A] The calculation of earnings per ordinary share was based on weighted average number of shares 1,861,167,981 (First Half 2021: 1,866,075,798) 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 1,869,074,889 (First Half 2021: 1,870,404,410) in issue during the period.

Explanatory Notes to the Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

- a. Increase in revenue was mainly attributed to contribution from COVID-19 related services as well as increases in patient numbers due to the opening up of Singapore's economy and border to foreign patients seeking medical treatment in Singapore.
- b. The lower number of COVID-19 PCR tests conducted in 1H 2022 resulted inventories and consumables cost decreasing by 23% to S\$31.4 million from S\$40.8 million in 1H 2021.
- c. Raffles Hospital Shanghai which opened in 2H 2021 accounted for the increase in other operating expenses in 1H 2022.

Condensed Interim Statements of Financial Position As at 30 June 2022

	Note	Group		Company	
		30 June 2022 S\$'000	31 December 2021 S\$'000	30 June 2022 S\$'000	31 December 2021 S\$'000
Non-current assets					
Property, plant and equipment	11	777,775	797,362	3,524	3,788
Intangible assets and goodwill	10	30,219	31,830	745	875
Investment properties	12	274,000	274,000	–	–
Subsidiaries		–	–	777,613	724,603
Deferred tax assets		1,243	1,138	585	322
Trade and other receivables		3,313	1,857	4,891	5,024
		<u>1,086,550</u>	<u>1,106,187</u>	<u>787,358</u>	<u>734,612</u>
Current assets					
Inventories		12,560	13,374	2,092	3,024
Trade and other receivables		130,682	160,737	130,079	175,985
Cash and cash equivalents		289,067	264,988	166,151	137,708
		<u>432,309</u>	<u>439,099</u>	<u>298,322</u>	<u>316,717</u>
Total assets		<u>1,518,859</u>	<u>1,545,286</u>	<u>1,085,680</u>	<u>1,051,329</u>
Equity attributable to owners of the Company					
Share capital	14	430,777	426,346	430,777	426,346
Reserves		514,968	534,448	412,587	428,470
		<u>945,745</u>	<u>960,794</u>	<u>843,364</u>	<u>854,816</u>
Non-controlling interests		<u>16,093</u>	<u>15,826</u>	<u>–</u>	<u>–</u>
Total equity		<u>961,838</u>	<u>976,620</u>	<u>843,364</u>	<u>854,816</u>
Non-current liabilities					
Loans and borrowings	13	77,914	77,914	37,914	37,914
Trade and other payables		52,530	50,316	15,094	8,582
Lease liabilities		11,709	13,678	–	117
Deferred tax liabilities		10,615	10,147	–	–
		<u>152,768</u>	<u>152,055</u>	<u>53,008</u>	<u>46,613</u>
Current liabilities					
Loans and borrowings	13	76,415	96,297	19,395	18,546
Current tax liabilities		36,887	29,095	21,783	14,669
Trade and other payables		243,622	253,568	148,130	116,378
Lease liabilities		9,809	10,243	–	307
Other financial liabilities		2,846	2,761	–	–
Insurance contract provisions		34,674	24,647	–	–
		<u>404,253</u>	<u>416,611</u>	<u>189,308</u>	<u>149,900</u>
Total liabilities		<u>557,021</u>	<u>568,666</u>	<u>242,316</u>	<u>196,513</u>
Total equity and liabilities		<u>1,518,859</u>	<u>1,545,286</u>	<u>1,085,680</u>	<u>1,051,329</u>

Explanatory Notes to the Condensed Interim Statements of Financial Position

- Trade and other receivables decreased mainly due to increased collection for trade receivables.
- Insurance contract provisions increased by S\$10.0 million, mainly due to higher provision for unearned premiums resulting from billings for premium from the Group's insurance business.

Condensed Interim Consolidated Statement of Cash Flows Period ended 30 June 2022

	6 months ended 30 June 2022	6 months ended 30 June 2021
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	59,962	38,840
<i>Adjustments for :</i>		
Amortisation of intangible assets	1,361	1,135
Depreciation of property, plant and equipment	19,265	17,345
Equity-settled share-based payment transactions	1,513	1,112
Finance expenses	3,473	2,807
Finance income	(579)	(335)
Gain on lease modification and derecognition	(20)	(29)
Loss/(Gain) on disposal of property, plant and equipment, net	15	(9)
Property, plant and equipment written off	43	58
Tax expense	23,521	14,751
	<u>108,554</u>	<u>75,675</u>
<i>Changes in working capital :</i>		
Inventories	814	90
Trade and other receivables	29,401	(14,356)
Trade and other payables	692	24,373
Insurance contract provisions	10,027	8,906
Cash generated from operations	<u>149,488</u>	<u>94,688</u>
Tax paid	<u>(14,588)</u>	<u>(11,505)</u>
Net cash from operating activities	<u>134,900</u>	<u>83,183</u>
Cash flows from investing activities		
Interest received	431	322
Proceeds from disposal of property, plant and equipment	17	13
Purchase of property, plant and equipment	(11,667)	(40,020)
Acquisition of intangible assets	(144)	(691)
Payment for investment properties	-	(65)
Net cash used in investing activities	<u>(11,363)</u>	<u>(40,441)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(52,015)	(37,349)
Acquisition of own shares	(23,557)	-
Loan from subsidiary's non-controlling interest	-	4,165
Proceeds from issue of shares under share option scheme	4,431	2,504
Proceeds from bank loans	7,919	32,353
Repayment of bank loans	(26,129)	(23,274)
Payment of lease liabilities	(6,203)	(5,592)
Interest paid	(3,303)	(3,138)
Lease interest paid	(221)	(317)
Net cash used in financing activities	<u>(99,078)</u>	<u>(30,648)</u>
Net increase in cash and cash equivalents	24,459	12,094
Cash and cash equivalents at 1 January	263,908	202,057
Effect of exchange rate fluctuations on cash held	(413)	514
Cash and cash equivalents at 30 June	<u>287,954</u>	<u>214,665</u>

Explanatory Notes to the Condensed Interim Consolidated Statement of Cash Flows

The cash and cash equivalents for the statement of cash flows presentation excluded an amount of S\$1.1 million (US\$0.8 million) deposited in an escrow account of a subsidiary. The Group's cash and cash equivalents increased by S\$24.1 million from S\$263.9 million as at 31 December 2021 to S\$288.0 million as at 30 June 2022. This was mainly due to strong cashflows generated by the Group's operating activities, offset by net repayment of loan (S\$18.2 million), acquisition of own shares (S\$23.6 million), purchase of property, plant and equipment (S\$11.7 million), payment of dividends (S\$52.0 million) and payment of interest (S\$3.5 million).

Condensed Interim Statements of Changes in Equity
Period ended 30 June 2022

Group	Share capital S\$'000	Translation reserve S\$'000	Equity compensation reserve S\$'000	Revaluation reserve S\$'000	Other reserve S\$'000	Reserve for own shares 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 2022	426,346	9,089	33,061	16,367	(4,818)	(3,230)	483,979	960,794	15,826	976,620
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	59,671	59,671	291	59,962
Other comprehensive income										
Foreign currency translation differences - foreign operations	-	(5,007)	-	-	-	-	-	(5,007)	(24)	(5,031)
Total other comprehensive income for the period	-	(5,007)	-	-	-	-	-	(5,007)	(24)	(5,031)
Total comprehensive income for the period	-	(5,007)	-	-	-	-	59,671	54,664	267	54,931
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 Schemes	4,431	-	-	-	-	-	-	4,431	-	4,431
Own shares acquired	-	-	-	-	-	(23,557)	-	(23,557)	-	(23,557)
Value of employee services received for issue of share options and share awards	-	-	1,513	-	-	-	-	1,513	-	1,513
Final dividend paid of 2.8 cents per ordinary share - Cash	-	-	-	-	-	-	(52,015)	(52,015)	-	(52,015)
Total contributions by and distributions to owners	4,431	-	1,513	-	-	(23,557)	(52,015)	(69,628)	-	(69,628)
Changes in ownership interests in subsidiaries										
Present value of the exercise price of written put options	-	-	-	-	(85)	-	-	(85)	-	(85)
Total changes in ownership interests in subsidiaries	-	-	-	-	(85)	-	-	(85)	-	(85)
Total transactions with owners	4,431	-	1,513	-	(85)	(23,557)	(52,015)	(69,713)	-	(69,713)
At 30 June 2022	430,777	4,082	34,574	16,367	(4,903)	(26,787)	491,635	945,745	16,093	961,838

Condensed Interim Statements of Changes in Equity
Period ended 30 June 2022

Group	Share capital S\$'000	Translation reserve S\$'000	Equity compensation reserve S\$'000	Revaluation reserve S\$'000	Other reserve S\$'000	Reserve for own shares 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 2021	420,966	(1,109)	30,671	16,367	(4,656)	(400)	437,157	898,996	15,401	914,397
Total comprehensive income for the period										
Profit for the period	–	–	–	–	–	–	39,445	39,445	(605)	38,840
Other comprehensive income										
Foreign currency translation differences - foreign operations	–	6,170	–	–	–	–	–	6,170	562	6,732
Total other comprehensive income for the period	–	6,170	–	–	–	–	–	6,170	562	6,732
Total comprehensive income for the period	–	6,170	–	–	–	–	39,445	45,615	(43)	45,572
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 Schemes	2,210	–	–	–	–	–	–	2,210	–	2,210
Own shares reissued pursuant to Raffles Medical Group Employees' Share Option Schemes	–	–	–	–	(106)	400	–	294	–	294
Value of employee services received for issue of share options and share awards	–	–	1,112	–	–	–	–	1,112	–	1,112
Final dividend paid of 2.0 cents per ordinary share - Cash	–	–	–	–	–	–	(37,349)	(37,349)	–	(37,349)
Total contributions by and distributions to owners	2,210	–	1,112	–	(106)	400	(37,349)	(33,733)	–	(33,733)
Changes in ownership interests in subsidiaries										
Present value of the exercise price of written put options	–	–	–	–	(46)	–	–	(46)	–	(46)
Total changes in ownership interests in subsidiaries	–	–	–	–	(46)	–	–	(46)	–	(46)
Total transactions with owners	2,210	–	1,112	–	(152)	400	(37,349)	(33,779)	–	(33,779)
At 30 June 2021	423,176	5,061	31,783	16,367	(4,808)	–	439,253	910,832	15,358	926,190

Condensed Interim Statements of Changes in Equity (cont'd)
Period ended 30 June 2022

Company	Share capital S\$'000	Equity compensation reserve S\$'000	Other reserve S\$'000	Reserve for own shares S\$'000	Accumulated profits S\$'000	Total S\$'000
At 1 January 2022	426,346	33,061	(106)	(3,230)	398,745	854,816
Total comprehensive income for the period						
Profit for the period	–	–	–	–	58,176	58,176
Total comprehensive income for the period	–	–	–	–	58,176	58,176
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 Schemes	4,431	–	–	–	–	4,431
Own shares acquired	–	–	–	(23,557)	–	(23,557)
Value of employee services received for issue of share options and share awards	–	1,513	–	–	–	1,513
Final dividend paid of 2.80 cents per ordinary share - Cash	–	–	–	–	(52,015)	(52,015)
Total contributions by and distributions to owners	4,431	1,513	–	(23,557)	(52,015)	(69,628)
At 30 June 2022	430,777	34,574	(106)	(26,787)	404,906	843,364
At 1 January 2021	420,966	30,671	–	(400)	296,874	748,111
Total comprehensive income for the period						
Profit for the period	–	–	–	–	32,807	32,807
Total comprehensive income for the period	–	–	–	–	32,807	32,807
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 Schemes	2,210	–	–	–	–	2,210
Own shares reissued pursuant to Raffles Medical Group Employees' Share Option Schemes	–	–	(106)	400	–	294
Value of employee services received for issue of share options and share awards	–	1,112	–	–	–	1,112
Final dividend paid of 2.00 cents per ordinary share - Cash	–	–	–	–	(37,349)	(37,349)
Total contributions by and distributions to owners	2,210	1,112	(106)	400	(37,349)	(33,733)
At 30 June 2021	423,176	31,783	(106)	–	292,332	747,185

Notes to the Condensed Interim Financial Statements

1 Corporate information

Raffles Medical Group Ltd (the Company) is a company incorporated in Singapore. The address of the Company's registered office is 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770.

These condensed interim financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the Group).

The principal activities of the Company are those relating to the operation of medical clinics, other general medical services and investment holdings.

The Group and the Company are the sole proprietor of the following:

- Family Doctors
- RafflesCare
- Raffles Airport Medical Centre
- Raffles Corporate Wellness
- Raffles Dental Surgery
- Raffles Healthcare Consultancy
- Raffles Healthcare Institute
- Raffles Health Screeners
- Raffles Medical Management
- Raffles Medihelp
- Raffles Optica
- Raffles Pharmacare
- Raffles Pharmacy
- Raffles Solitaire
- Raffles Solitaire International
- Raffles Specialist Centre

The Group and the Company are partners of the following:

- Changi Medical Services LLP
- Raffles International Medical Assistance LLP

All transactions of these sole proprietorships and partnerships are reflected in the condensed interim financial statements of the Company.

The immediate and ultimate holding company during the financial period is Raffles Medical Holdings Pte Ltd, which is incorporated in Singapore.

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements is on lease term and whether the Group is reasonably certain to exercise extension options. Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group expects to make use of all extension options in the lease contracts, which typically vary between 1 and 3 years.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 10 - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts
Note 12 - determination of fair value of investment properties on the basis of significant unobservable inputs

2.2 Use of estimates and judgements (cont'd)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

If third party information, such as property valuation report, is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Audit & Risk Committee.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Chairman reviews internal management reports regularly. The following summary describes the operations in each of the Group's reportable segments:

Healthcare services : The operations of medical clinics and other general medical services; provision of health insurance, trading in pharmaceutical and nutraceutical products and diagnostic equipment, and provision of management and consultancy services.

Hospital services : The provision of specialised medical services and operation of hospital and business of medical laboratory and imaging centre.

Investment holdings : Investment holding and those relating to investment properties.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities operating within these businesses.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise current tax and deferred tax liabilities and assets.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

4.1 Reportable segments

	Healthcare services		Hospital services		Investment holdings		Total	
	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000
Revenue and expenses								
Revenue	255,614	205,985	151,773	171,388	25,136	16,618	432,523	393,991
Inter-segment revenue	6,047	1,439	22,674	35,453	21,498	13,284	50,219	50,176
Finance expenses	(376)	(423)	(30)	(8)	(3,067)	(2,376)	(3,473)	(2,807)
Depreciation and amortisation	(8,396)	(8,468)	(5,970)	(4,845)	(82)	(81)	(14,448)	(13,394)
Reportable segment profit before tax	68,902	34,738	4,404	15,729	14,539	7,695	87,845	58,162
Other material non-cash items:								
- Impairment losses on trade receivable	(567)	(622)	(199)	(504)	–	(108)	(766)	(1,234)
Reportable segment assets	1,195,771	1,067,642	282,632	286,337	1,032,433	987,583	2,510,836	2,341,562
Capital expenditure	5,318	3,403	2,575	12,856	214	17,395	8,107	33,654
Reportable segment liabilities	348,430	314,748	204,641	174,671	802,622	773,592	1,355,693	1,263,011

4.1 Reportable segments (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000
Revenues		
Total revenue for reportable segments	432,523	393,991
Elimination of inter-segment revenue	(50,219)	(50,176)
Consolidated revenue	<u>382,304</u>	<u>343,815</u>
Profit or loss before tax		
Total profit for reportable segments	87,845	58,162
Elimination of inter-segment profits / Consolidation adjustment	1,816	515
Adjustment for depreciation of property, plant and equipment and amortisation of intangible assets	(6,178)	(5,086)
Consolidated profit before tax	<u>83,483</u>	<u>53,591</u>
Assets		
Total assets for reportable segments	2,510,836	2,341,562
Elimination of inter-segment assets	(993,220)	(887,621)
Unallocated amounts-current tax and deferred tax assets	1,243	1,147
Consolidated total assets	<u>1,518,859</u>	<u>1,455,088</u>
Liabilities		
Total liabilities for reportable segments	1,355,693	1,263,011
Elimination of inter-segment liabilities	(846,174)	(767,244)
Unallocated amounts-current tax and deferred tax liabilities	47,502	33,131
Consolidated total liabilities	<u>557,021</u>	<u>528,898</u>

Other material items

	Reportable segment totals S\$'000	Adjustments S\$'000	Consolidated totals S\$'000
30 June 2022			
Depreciation and amortisation	14,448	6,178	<u>20,626</u>
30 June 2021			
Depreciation and amortisation	13,394	5,086	<u>18,480</u>

The Group's properties at Raffles Holland V, Raffles Hospital, Raffles Specialist Centre, Raffles Hospital Chongqing and Raffles Hospital Shanghai are owned by its subsidiaries and classified as investment properties in the subsidiaries' standalone financial statements. In accordance with the Group's accounting policies, investment property is measured at fair value and not depreciated.

For the preparation of the consolidated interim financial statements, a portion of these properties are reclassified from investment properties to property, plant and equipment as these properties are used in the supply of medical services by the Group. Accordingly, the carrying values of these properties are depreciated over their useful lives in the condensed consolidated financial statements of the Group.

4.1 Reportable segments (cont'd)

The amount of S\$6,178,000 (30 June 2021: S\$5,086,000) relates to the depreciation of these properties for the year ended 30 June 2022.

The Group operations are primarily in Singapore, Greater China, Vietnam, Cambodia and Japan.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Group	
	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000
Revenue		
Singapore	349,623	313,780
Greater China	24,742	23,513
Rest of Asia	7,939	6,522
Consolidated revenue	<u>382,304</u>	<u>343,815</u>
Non-current assets		
Singapore	680,760	693,204
Greater China	394,702	392,250
Rest of Asia	6,532	7,798
Consolidated non-current assets*	<u>1,081,994</u>	<u>1,093,252</u>

* Non-current assets exclude financial instruments and deferred tax assets.

4.2 Disaggregation of Revenue

	Group	
	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000
Revenue from contracts with customers	378,607	339,764
Rental income	3,697	4,051
	<u>382,304</u>	<u>343,815</u>

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

Group	Carrying amount			Fair value			
	At amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
30 June 2022							
Financial assets not measured at fair value							
Trade and other receivables #	130,960	–	130,960				
Cash and cash equivalents	289,067	–	289,067				
	<u>420,027</u>	<u>–</u>	<u>420,027</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(154,329)	(154,329)	–	(154,329)	–	(154,329)
Trade and other payables*	–	(289,035)	(289,035)				
Other financial liabilities	–	(2,846)	(2,846)	–	–	(2,846)	(2,846)
	<u>–</u>	<u>(446,210)</u>	<u>(446,210)</u>				
31 December 2021							
Financial assets not measured at fair value							
Trade and other receivables #	159,287	–	159,287				
Cash and cash equivalents	264,988	–	264,988				
	<u>424,275</u>	<u>–</u>	<u>424,275</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(174,211)	(174,211)	–	(174,211)	–	(174,211)
Trade and other payables*	–	(298,808)	(298,808)				
Other financial liabilities	–	(2,761)	(2,761)	–	–	(2,761)	(2,761)
	<u>–</u>	<u>(475,780)</u>	<u>(475,780)</u>				

Excludes prepayments

* Excludes deferred income and other long-term employee benefits

5 Financial assets and financial liabilities (cont'd)

Company	Carrying amount			Fair value			
	At amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
30 June 2022							
Financial assets not measured at fair value							
Trade and other receivables #	133,415	–	133,415				
Cash and cash equivalents	166,151	–	166,151				
Amounts due from subsidiaries	730,987	–	730,987	–	–	730,987	730,987
	<u>1,030,553</u>	<u>–</u>	<u>1,030,553</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(57,309)	(57,309)	–	(57,309)	–	(57,309)
Trade and other payables*	–	(160,301)	(160,301)				
	<u>–</u>	<u>(217,610)</u>	<u>(217,610)</u>				
31 December 2021							
Financial assets not measured at fair value							
Trade and other receivables #	179,548	–	179,548				
Cash and cash equivalents	137,708	–	137,708				
Amounts due from subsidiaries	678,731	–	678,731	–	–	678,731	678,731
	<u>995,987</u>	<u>–</u>	<u>995,987</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(56,460)	(56,460)	–	(56,460)	–	(56,460)
Trade and other payables*	–	(122,688)	(122,688)				
	<u>–</u>	<u>(179,148)</u>	<u>(179,148)</u>				

Excludes prepayments

* Excludes deferred income and other long-term employee benefits

6 Profit before tax

Profit before tax has been arrived after charging/(crediting):

	Group	
	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000
Contributions to defined contribution plans	15,327	14,278
Foreign exchange loss / (gain)	938	(204)
Loss / (Gain) on disposal of property, plant and equipment, net	15	(9)
Grant expense	–	153
Interest expense:		
- bank loans	2,416	2,454
- subsidiary's non-controlling interest	836	36
- lease liabilities	221	317
Interest income	(579)	(335)
Jobs Growth Incentive (JGI), Jobs Support Scheme (JSS) grant and wage credit	(6,040)	(6,516)
Property, plant and equipment written-off	43	58
Recovery of bad debts	(615)	(618)
Value of employee services received for issue of share options and share awards, included in staff costs	1,513	1,112
Write-off for stock obsolescence	109	–

7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000
Current income tax expense	22,243	14,267
Current withholding tax expense	733	646
Deferred income tax expense relating to origination and reversal of temporary differences	409	(149)
	<u>23,385</u>	<u>14,764</u>
Adjustment for under / over provision of tax in respect of prior years		
Current income tax expense – Under / (Over) provision in respect of prior years	136	(13)
	<u>23,521</u>	<u>14,751</u>

8 Dividends

	Group	
	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2021 S\$'000
Ordinary dividends paid:		
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 2.80 cents per share (6 months ended 30 June 2021: 2.00 cents per share)	52,015	37,349

9 Net assets value

	Group		Company	
	30 June 2022 S\$	31 December 2021 S\$	30 June 2022 S\$	31 December 2021 S\$
Net asset value per ordinary share [C]	51.05 cents	51.43 cents	45.53 cents	45.75 cents

[C] The calculation of net asset value per ordinary share was based on 1,852,444,925 shares as at 30 June 2022 (31 December 2021: 1,868,290,025).

10 Intangible assets and goodwill

	Goodwill \$'000	Customer relationship \$'000	Membership rights \$'000	Software under development \$'000	Software \$'000	Total \$'000
Group						
Cost						
At 1 January 2021	25,321	4,458	164	1,221	12,694	43,858
Additions	–	–	–	–	2,973	2,973
Transfer	–	–	–	(1,057)	1,057	–
Effects of movement in exchange rate	1,118	214	–	–	133	1,465
At 31 December 2021	26,439	4,672	164	164	16,857	48,296
Additions	–	–	–	–	101	101
Transfer	–	–	–	(164)	164	–
Effects of movement in exchange rate	(384)	(88)	–	–	(86)	(558)
At 30 June 2022	26,055	4,584	164	–	17,036	47,839
Accumulated amortisation and impairment losses						
At 1 January 2021	4,088	1,793	76	–	3,757	9,714
Amortisation	–	376	–	–	2,225	2,601
Impairment loss	3,780	–	–	–	–	3,780
Effects of movement in exchange rate	249	93	–	–	29	371
At 31 December 2021	8,117	2,262	76	–	6,011	16,466
Amortisation	–	187	–	–	1,174	1,361
Effects of movement in exchange rate	(145)	(41)	–	–	(21)	(207)
At 30 June 2022	7,972	2,408	76	–	7,164	17,620
Carrying amounts						
At 1 January 2021	21,233	2,665	88	1,221	8,937	34,144
At 31 December 2021	18,322	2,410	88	164	10,846	31,830
At 30 June 2022	18,083	2,176	88	–	9,872	30,219

10 Intangible assets and goodwill (cont'd)

Impairment testing

Goodwill that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 30 June 2022 based on the CGU's business performance. The Group performed its annual impairment test in December 2021. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

11 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired amounting to S\$8,006,000 (30 June 2021: S\$32,963,000) and disposed of assets amounting to S\$32,000 (30 June 2021: S\$4,000).

12 Investment properties

	<u>Group</u>	
	2022 S\$'000	2021 S\$'000
Balance as at 1 January and 30 June	274,000	294,600

Valuation of investment properties

The Group's policy is for investment property to be measured at fair value for which the Group completes property valuations at least annually by independent registered valuers at the end of the year. The Group did not engage an independent valuer to determine the fair value of the properties as at 30 June 2022. However, the Management had taken into considerations those underlying factors that would have impacts to the fair value of the investment properties since the last valuations completed in December 2021; including any tenant changes, assessing market rentals, etc. There is no major aspects that could affect the fair value of the investment properties as at 30 June 2022.

13 Loans and borrowings

	<u>Group</u>		<u>Company</u>	
	30 June 2022 S\$'000	31 December 2021 S\$'000	30 June 2022 S\$'000	31 December 2021 S\$'000
Amount repayable within one year or on demand				
Unsecured bank loans	76,415	96,297	19,395	18,546
Amount repayable after one year				
Unsecured bank loans	77,914	77,914	37,914	37,914
Total loans and borrowings	154,329	174,211	57,309	56,460

14 Share capital

Company	30 June 2022		31 December 2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Fully paid ordinary shares, with no par value:				
At 1 January	1,870,726	426,346	1,864,726	420,966
Issue of shares under share option scheme	5,018	4,431	5,902	5,301
Issue of shares under performance share plan	–	–	98	79
At 30 June / 31 December	<u>1,875,744</u>	<u>430,777</u>	<u>1,870,726</u>	<u>426,346</u>

The total number of issued shares excluding treasury shares as at 30 June 2022 was 1,852,444,925 (31 December 2021: 1,868,290,025)

(i) Exercise of share options

During the first half ended 30 June 2022, the Company issued a total of 5,018,000 new ordinary shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$0.78	S\$0.81	S\$1.04	S\$1.07	S\$1.09	S\$1.31
Number of new shares issued	3,085,000	250,000	15,000	599,000	1,066,000	3,000

As at 30 June 2022, there were outstanding options for conversion into 69,433,000 (30 June 2021: 71,723,000) ordinary shares.

(ii) Treasury shares

The Company holds 23,300,000 treasury shares as at 30 June 2022 (30 June 2021: Nil).

The treasury shares held by the Company as at 30 June 2022 represent 1.26% (30 June 2021: Nil) of the total number of issued shares (excluding treasury shares).

	Number of treasury shares
Balance as at 1 January 2022	2,436,900
Acquisition of treasury shares	20,863,100
Balance as at 30 June 2022	23,300,000

(iii) Subsidiary holdings

There is no subsidiary holdings as at 30 June 2022 (30 June 2021: Nil).

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2022 (30 June 2021: Nil).

15 Subsequent events

There are no known subsequent events which led to adjustments to this set of interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

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

The condensed interim financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the condensed interim consolidated statement of financial position of the Group and the condensed interim statement of financial position of the Company as at 30 June 2022, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows of the Group for the six-month period then ended, and notes to the financial statements have not been audited or reviewed.

2 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 operations in 1H 2022 started off on a relatively optimistic note as the Singapore economy began to open up. With most of the population vaccinated, the Group's COVID-19 activities relating to vaccination centres started winding down towards the end of 1H 2022 whilst its community treatment facilities (CTF) continued to evolve into step-down care for COVID-19 positive patients ahead of discharge from hospitalisation. Air travel also resumed in May with the reopening of air borders in many countries. Together with the subsequent relaxation of COVID-19 related travel protocols, the Group saw the return of foreign patients seeking medical treatment in Singapore.

The Group's operations in China were affected by the wave of Omicron infection, as the country continued to pursue a zero-tolerance policy. The Group's hospitals in Beijing and Chongqing encountered sporadic interruptions due to lockdowns throughout this period. *RafflesHospitalShanghai* was the most severely impacted during 1H 2022. Although all 3 China hospitals continued to operate during the respective lockdowns, our hospital operations faced staffing constraints during this period as staff had to remain at home during lockdowns. Many patients were unable to travel to our hospitals to seek medical treatment. Throughout this period, our hospitals in China continued to support the local community in its fight against COVID-19 by taking part in government-led COVID-19 initiatives such as community vaccination and Polymerase Chain Reaction (PCR) testing programmes.

For 1H 2022, the Group posted stronger revenue of **S\$382.3** million, representing a growth of **11.2%** (**S\$38.5 million**) against the **S\$343.8** million reported in 1H 2021. Reflecting the return of patients to our clinics, revenue from the Healthcare division grew by **24.1%** to **S\$255.6** million. Revenue from the Hospital Services division, decreased by **11.4%** to **S\$151.8** million, due to a decrease in the number of PCR diagnostic tests in 1H 2022. The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) grew **43.5%** from **S\$74.5** million in 1H 2021 to **S\$107.0** million in 1H 2022. Profit After Tax and Minority Interests (PATMI) grew **51.3%** to **S\$59.7** million in 1H 2022 from **S\$39.4** million in 1H 2021.

In 1H 2022, the Group generated cash from operating activities amounting to **S\$134.9** million. As at 30 June 2022, the Group remained in a net cash position with **S\$288.0** million in cash and **S\$175.8** million of debt, after repaying bank loans of **S\$26.1** million, paying dividends of **S\$52.0** million and executing share buy-back amounting to **S\$23.6** million in value.

3 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 FY2021 results announcement.

4 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.

While borders in most countries have re-opened and international travel has resumed, the COVID-19 pandemic and emergence of new and more virulent or infectious strains remain a threat. However, we remain cautiously optimistic that the return of foreign patients seeking medical treatments in Singapore will continue. With the relaxation of COVID-19 safe management measures in Singapore, patient numbers in both the Group's Healthcare and Hospital Services divisions have also recovered. On the business front, we continue to work with key customers and corporate clients to offer integrated healthcare services solutions to meet their organisations' needs.

With a high proportion of Singapore residents having been fully vaccinated, the Group's COVID-19 support activities in the areas of stand-alone vaccination and PCR test centres have tapered off. The Group, however, continues to support the government in operating combined testing and vaccination centres in two locations in Singapore. In addition, the Group will continue to offer step down COVID-19 care service in the CTF that it operates. Going forward, we remain ready to partner the government by pivoting our resources and stepping up to meet the changing requirements of COVID-19 support activities.

Although China continues to experience sporadic COVID-19 clusters with attendant lockdowns, we remain cautiously optimistic that the number of COVID-19 cases in China will decline and travel restrictions will ease in the coming months. We are hopeful that the Group's normal business activities can resume in the near future. In the interim, the Group's China operations will continue to partner the respective local governments in their fight against COVID-19 through community vaccinations and PCR testing programmes.

On a brighter note, the Group's **RafflesChinaHealthcare** has received approval to set up an In-Vitro Fertilisation/Assisted Reproductive Therapy (IVF/ART) centre at Bo Ao Le Cheng, Hainan, complementing its 3 existing hospitals' offerings and forming a full life cycle service chain within its obstetrics and gynecology practices for its patients across China. Subject to final licensing inspection approval, the IVF/ART Centre is expected to commence operation in Q1 2023.

Going forward, the tight labour market for healthcare workers remains an operational challenge. Inflationary cost pressures driven by labour shortage and oil price increase as well as the war in Ukraine, remain a concern for the Group. Based on current conditions and barring unforeseen circumstances and worsening of the COVID-19 situation, the Directors expect the Group to remain profitable for the rest of the year.

5 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on? No Interim Dividend is declared.

(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) Record date

Not applicable.

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

During the FY2020 results' announcement last year, the Board announced its intent to consolidate its interim and final dividends with effect from FY2021 into an annual core dividend of up to half its average sustainable PATMI. In view of the foregoing, the Directors will not be declaring any interim dividend.

7 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.

8 Confirmation pursuant to Rule 720 (1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1) of the Listing Manual.

9 Disclosures of incorporation of Entities, Acquisition and Realisation of Shares pursuant to Rule 706(A) of the Listing Manual

The Company has on 8 June 2022 incorporated an indirect wholly-owned subsidiary in the People's Republic of China known as Raffles International Hospital (Hainan) Co. Ltd. (**RIH**).

The principal activities of the RIH relate to provision of medical services, with a registered capital of 20 million Chinese Yuan, which is held through Raffles Medical Group (Hong Kong) Limited (**RMGHK**). RMGHK is a wholly-owned subsidiary of Raffles Medical International Pte. Ltd., which is in turn wholly-owned by the Company.

The capital contribution for RIH will be paid in cash and funded entirely through internal resources.

None of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the foregoing, save through their interests in the Company.

10 Confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Lew Yoong Keong Allen
Director

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
1 August 2022