

**FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

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

**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Third Quarter			Year-To-Date		
	Q3 2014	Q3 2013	Change	30/09/2014	30/09/2013	Change
Consolidated Income Statement	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	94,486	85,050	11.1	274,636	252,978	8.6
Other operating income	392	1	nm	1,150	45	nm
Inventories and consumables used	(10,002)	(9,241)	8.2	(30,492)	(29,266)	4.2
Purchased and contracted services	(8,625)	(6,639)	29.9	(26,911)	(19,009)	41.6
Staff costs	(46,806)	(42,195)	10.9	(133,018)	(124,771)	6.6
Depreciation of property, plant and equipment	(2,519)	(2,065)	22.0	(6,854)	(6,189)	10.7
Operating lease expenses	(2,157)	(1,836)	17.5	(6,208)	(5,393)	15.1
Other operating expenses	(6,619)	(6,292)	5.2	(18,208)	(17,749)	2.6
<b>Profit from operating activities</b>	18,150	16,783	8.1	54,095	50,646	6.8
Finance income	296	216	37.0	738	554	33.2
Finance expenses	(15)	(3)	nm	(41)	(48)	(14.6)
<b>Profit before tax</b>	18,431	16,996	8.4	54,792	51,152	7.1
Tax expense	(2,936)	(3,032)	(3.2)	(8,993)	(9,144)	(1.7)
<b>Profit for the period</b>	15,495	13,964	11.0	45,799	42,008	9.0
<b>Attributable to :</b>						
Owners of the Company	15,428	13,865	11.3	45,600	41,740	9.2
Non-controlling interests	67	99	(32.3)	199	268	(25.7)
<b>Profit for the period</b>	15,495	13,964	11.0	45,799	42,008	9.0

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd).

Consolidated statement of comprehensive income	Third Quarter			Year-To-Date		
	Q3 2014	Q3 2013	Change	30/09/2014	30/09/2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Profit for the period</b>	15,495	13,964	11.0	45,799	42,008	9.0
<b>Other comprehensive income</b>						
Foreign currency translation differences for foreign operations	(66)	(256)	nm	(97)	(255)	nm
<b>Total comprehensive income for the period</b>	15,429	13,708	12.6	45,702	41,753	9.5
<b>Attributable to:</b>						
Owners of the company	15,362	13,609	12.9	45,503	41,485	9.7
Non-controlling interests	67	99	(32.3)	199	268	(25.7)
<b>Total comprehensive income for the period</b>	15,429	13,708	12.6	45,702	41,753	9.5

Note: nm denotes not meaningful

**Explanatory notes to the Consolidated Income Statement**

1. More purchased and contracted services were mainly attributed to higher insurance claims in tandem with increased insurance premiums.
2. Staff costs increased in tandem with higher volume of business in the Group. Annual staff wage increments and opening of new clinics also contributed to the higher staff cost for Q3 2014.
3. Depreciation increased mainly due to purchase of more medical equipment and computers for the period.
4. Higher operating lease expenses were in line with more new leases resulting from the expansion of clinics.
5. Profit from operating activities before taxation includes the following:

Group	Third Quarter		Year-To-Date	
	Q3 2014	Q3 2013	30/09/2014	30/09/2013
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(a) Other operating income</b>				
Gain on disposal of property, plant and equipment	37	1	41	45
<b>(b) Other operating expenses</b>				
Allowance for doubtful receivables	378	337	1,156	1,009
Loss on disposal of property, plant and equipment	-	1	1	2
Property, plant and equipment written off	15	2	32	79
Write-off for stock obsolescence	95	33	160	33

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

	Group		Company	
	30/09/2014 S\$'000	31/12/2013 S\$'000	30/09/2014 S\$'000	31/12/2013 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	347,616	153,656	5,077	4,422
Intangible assets	164	164	93	93
Investment properties	100,400	100,400	-	-
Subsidiaries	-	-	434,803	241,584
	448,180	254,220	439,973	246,099
<b>Current assets</b>				
Inventories	8,272	9,080	2,190	2,062
Trade and other receivables	38,362	44,228	16,813	16,660
Cash and cash equivalents	124,518	265,907	66,951	220,046
	171,152	319,215	85,954	238,768
<b>Total assets</b>	619,332	573,435	525,927	484,867
<b>Equity attributable to owners of the Company</b>				
Share capital	253,549	228,160	253,549	228,160
Reserves	261,616	244,344	175,088	152,217
	515,165	472,504	428,637	380,377
<b>Non-controlling interests</b>	1,348	1,289	-	-
<b>Total equity</b>	516,513	473,793	428,637	380,377
<b>Non-current liabilities</b>				
Deferred tax liabilities	2,127	2,127	435	435
	2,127	2,127	435	435
<b>Current liabilities</b>				
Trade and other payables	66,739	72,664	90,022	98,830
Insurance contract provisions	17,608	9,700	-	-
Interest-bearing liabilities	5,647	4,755	5,647	4,755
Current tax liabilities	10,698	10,396	1,186	470
	100,692	97,515	96,855	104,055
<b>Total liabilities</b>	102,819	99,642	97,290	104,490
<b>Total equity and liabilities</b>	619,332	573,435	525,927	484,867

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (Cont'd)**

**Explanatory notes to the Statement of Financial Position**

1. Property, plant and equipment increased by S\$194.0 million, largely due to the acquisition of two properties for Raffles Hospital Extension and Raffles Holland Village.
2. Trade and other receivables decreased mainly due to the deposit paid for the acquisition of the property for Raffles Holland Village in Q4 2013 which was subsequently capitalised as property, plant and equipment in Q1 2014.
3. The Group's net cash position decreased from S\$261.2 million as at 31 December 2013 to S\$118.9 million as at 30 September 2014. This was mainly attributed to the payments for the purchase of property, plant and equipment amounting to S\$200.9 million and cash dividends of S\$12.4 million, offset by strong operating cash flows generated by the Group.
4. Insurance contract provisions increased by S\$7.9 million, mainly due to higher provision for unearned premiums.

**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 30/09/2014</b>		<b>As at 31/12/2013</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
-	5,647	-	4,755

**Amount repayable after one year**

Nil.

**Details of any collateral**

Nil.

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

	<b>Q3 2014</b>	<b>Q3 2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	18,431	16,996
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	2,519	2,065
Equity-settled share-based payment transactions	904	801
Finance expenses	15	3
Finance income	(296)	(216)
Gain on disposal of property, plant and equipment	(37)	(1)
Loss on disposal of property, plant and equipment	-	1
Property, plant and equipment written off	15	2
	<u>21,551</u>	<u>19,651</u>
<i>Changes in working capital :-</i>		
Inventories	520	(598)
Trade and other receivables	460	(447)
Trade and other payables	(7,685)	10,769
Insurance contract provisions	(2,772)	(1,668)
Cash generated from operations	<u>12,074</u>	<u>27,707</u>
Taxes paid	(3,264)	(2,352)
Interest paid	-	(3)
<b>Net cash from operating activities</b>	<u>8,810</u>	<u>25,352</u>
<b>Cash flows from investing activities</b>		
Interest received	233	191
Proceeds from sale of property, plant and equipment	44	19
Purchase of property, plant and equipment	(10,435)	(1,386)
<b>Net cash used in investing activities</b>	<u>(10,158)</u>	<u>(1,176)</u>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	(8,451)	(5,535)
Proceeds from issue of shares under share option scheme	3,320	481
Proceeds from bank loan	16,879	12,463
Repayment of bank loan	(16,526)	(11,967)
<b>Net cash used in financing activities</b>	<u>(4,778)</u>	<u>(4,558)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(6,126)	19,618
Cash and cash equivalents at 1 July	130,612	126,371
Effect of exchange rate changes on balances held in foreign currency	32	114
<b>Cash and cash equivalents at 30 September</b>	<u>124,518</u>	<u>146,103</u>

**Explanatory note to the Statement of Cash Flows**

The Group's cash and cash equivalents decreased by S\$6.1 million from S\$130.6 million as at 30 June 2014 to S\$124.5 million as at 30 September 2014. This was mainly attributed to the payments for the purchase of property, plant and equipment amounting to S\$10.4 million and interim dividends of S\$8.5 million, offset by strong operating cash flows generated by the Group.

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

Group	Share capital S\$'000	Currency translation reserve S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>At 1 July 2013</b>	227,196	(84)	13,932	177,456	418,500	1,055	419,555
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	13,865	13,865	99	13,964
<b>Other comprehensive income</b>							
Foreign currency translation differences for foreign operations	-	(256)	-	-	(256)	-	(256)
<b>Total comprehensive income for the period</b>	-	(256)	-	13,865	13,609	99	13,708
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	481	-	-	-	481	-	481
Value of employee services received for issue of share options	-	-	801	-	801	-	801
Interim dividend paid of 1.0 cent per ordinary share – Cash	-	-	-	(5,535)	(5,535)	-	(5,535)
<b>Total contributions by and distributions to owners</b>	481	-	801	(5,535)	(4,253)	-	(4,253)
<b>At 30 September 2013</b>	227,677	(340)	14,733	185,786	427,856	1,154	429,010

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

Group	Share capital S\$'000	Currency translation reserve S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>At 1 July 2014</b>	250,229	(146)	17,083	236,864	504,030	1,281	505,311
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	15,428	15,428	67	15,495
<b>Other comprehensive income</b>							
Foreign currency translation differences for foreign operations	-	(66)	-	-	(66)	-	(66)
<b>Total comprehensive income for the period</b>	-	(66)	-	15,428	15,362	67	15,429
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	3,320	-	-	-	3,320	-	3,320
Value of employee services received for issue of share options	-	-	904	-	904	-	904
Interim dividend paid of 1.5 cent per ordinary share – Cash	-	-	-	(8,451)	(8,451)	-	(8,451)
<b>Total contributions by and distributions to owners</b>	3,320	-	904	(8,451)	(4,227)	-	(4,227)
<b>At 30 September 2014</b>	253,549	(212)	17,987	243,841	515,165	1,348	516,513

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

Company	Share capital S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
<b>At 1 July 2013</b>	227,196	13,932	114,542	355,670
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	1,012	1,012
<b>Total comprehensive income for the period</b>	-	-	1,012	1,012
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	481	-	-	481
Value of employee services received for issue of share options	-	801	-	801
Interim dividend paid of 1.0 cent per ordinary share - Cash	-	-	(5,535)	(5,535)
<b>Total contributions by and distributions to owners</b>	481	801	(5,535)	(4,253)
<b>At 30 September 2013</b>	227,677	14,733	110,019	352,429
<b>At 1 July 2014</b>	250,229	17,083	164,006	431,318
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	1,546	1,546
<b>Total comprehensive income for the period</b>	-	-	1,546	1,546
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	3,320	-	-	3,320
Value of employee services received for issue of share options	-	904	-	904
Interim dividend paid of 1.5 cent per ordinary share – Cash	-	-	(8,451)	(8,451)
<b>Total contributions by and distributions to owners</b>	3,320	904	(8,451)	(4,227)
<b>At 30 September 2014</b>	253,549	17,987	157,101	428,637



- 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 third quarter ended 30 September 2014, the Company issued 1,716,000 new ordinary shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$0.42	S\$0.71	S\$0.78	S\$1.15	S\$1.24	S\$1.66	S\$2.20	S\$2.34	S\$3.28
Number of new shares issued	50,000	154,000	81,000	203,000	63,000	230,000	305,000	324,000	306,000

As at 30 September 2014, there were outstanding options for conversion into 22,315,000 (30 September 2013: 21,676,000) ordinary shares. The Company does not hold any treasury shares as at 30 September 2014 (30 September 2013: Nil)

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

	30/09/2014	31/12/2013
Number of issued shares excluding treasury shares	563,833,834	553,847,862

- 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 September 2014 (31 December 2013 : Nil).

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

The financial statements on consolidated results for the third quarter ended 30 September 2014 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 third quarter ended 30 September 2014 are consistent with those applied in the financial statements for the year ended 31 December 2013, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014. The adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

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

Please refer to Item 4 above.

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

	Third Quarter		Year-To-Date	
	Q3 2014	Q3 2013	30/09/2014	30/09/2013
Earnings per ordinary share for the period based on 1(a) above :-				
(i) Basic earnings per share [A]	2.74 cents	2.51 cents	8.17 cents	7.60 cents
(ii) Diluted earnings per share [B]	2.71 cents	2.47 cents	8.09 cents	7.51 cents

[A] The calculation of earnings per ordinary share for the quarter and 9 months ended 30 September 2014 were based on weighted average number of shares 563,075,095 (Q3 2013 : 553,439,579) and 557,882,263 (9 months ended 30 September 2013 : 548,922,197) respectively in issue during the period.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) for the quarter and 9 months ended 30 September 2014 were based on weighted average number of shares of 570,278,484 (Q3 2013 : 560,305,151) and 563,544,991 (9 months ended 30 September 2013 : 555,903,733) 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	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Net asset value per ordinary share [C]	91.37 cents	85.31 cents	76.02 cents	68.68 cents

[C] The calculation of net asset value per ordinary share was based on 563,833,834 shares as at 30 September 2014 (31 December 2013 : 553,847,862).

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 recorded a quarterly revenue of **\$94.5** million in Q3 2014, which was an increase of **11.1%** as compared to Q3 2013. Revenue from Healthcare Services grew by **16.4%** in Q3 2014, driven by higher patient load, an expanding **RafflesMedical** clinic network as well as contributions from an increased provision of healthcare insurance services. Hospital Services revenue increased by **7.3%** in Q3 2014 with the addition of new specialist consultants to the Group and higher inpatient admissions over the corresponding period last year.

The robust revenue growth translated into strong operating profit of **S\$18.2** million in Q3 2014, an increase of **8.1%** from **S\$16.8** million in Q3 2013, despite startup costs arising from **RafflesMedical** clinic expansion. The Group's net profit after tax grew **11.0%** from **S\$14.0** million in Q3 2013 to **S\$15.5** million in Q3 2014.

The continued strong operating cashflows generated from the Group's business operations resulted in a healthy cash position of **S\$124.5** million as at 30 September 2014 after accounting for investment of S\$10.4 million in capital expenditure for business expansion as well as distribution of interim dividends of S\$8.5 million to shareholders during the quarter under review.

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 Q2 2014 results announcement.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**RafflesHospital** saw a strong quarter-on-quarter growth as it continues to grow its specialist staff strength. Plans are underway for the expansion of several specialist centres, as well as the Emergency Department. This is in line with plans to progressively build up the breadth and depth of the hospital's capabilities in preparation for the new hospital extension in 2 years.

**RafflesHospital Extension** - The Group and its consultants have finalised the development plans for the extension project. This development, on the site adjacent to **RafflesHospital**, will add an additional 220,000 square feet to its present 300,000 square feet of gross floor area. Groundbreaking is scheduled to take place by the end of the year.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (Cont'd)**

**Raffles Holland Village** - Construction work on the 5-storey commercial building on the site of the former POSB Building in Holland Village is in progress. When the project is completed, approximately 9,000 square feet from a total gross floor area of 65,000 square feet will be dedicated to the expansion of medical and specialist services to cater to both local and expatriate patients. The remaining commercial space will be leased to DBS Bank and other upmarket retail as well as reputable food and beverage tenants.

**RafflesMedical** and **RafflesDental** continue to benefit from the Community Health Assist Scheme (CHAS) through our wide network of clinics. This was further supplemented by the Pioneer Generation (PG) package that commenced on 1 September 2014.

**RafflesHealthinsurance** recorded strong revenue growth from the expansion of Singapore group employee benefits and international health insurance segments.

The healthcare landscape will remain competitive with new public and private hospitals, as well as medical suites, being developed in Singapore and the region. The shortage of healthcare manpower remains a challenge for all healthcare operators in Singapore. The more measured pace of economic growth in China, Hong Kong and Singapore may have a dampening effect on healthcare demand in general. However, given its investments in **RafflesHospital Extension** and **Raffles Holland Village** as well as its healthy cash flow and net cash position, the Group is well poised for the future. The Group is closely monitoring the market conditions in China and Hong Kong, and will continue to be vigilant and responsive to new opportunities that may arise both regionally and globally.

Barring unforeseen circumstances, the Directors are optimistic that the Group will continue to perform 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? 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/recommended, a statement to that effect.**

No dividend has been declared or recommended for the quarter ended 30 September 2014.

**13. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company did not obtain a general mandate from shareholders for IPTs.

**14. Confirmation pursuant to Rule 705 (5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company for the third quarter ended 30 September 2014 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Kimmy Goh**  
**Company Secretary**  
**27 October 2014**