

**FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 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.

Consolidated Income Statement	First Quarter		
	Q1 2014 S\$'000	Q1 2013 S\$'000	Change %
<b>Revenue</b>	87,556	81,104	8.0
Other operating income	754	44	nm
Inventories and consumables used	(10,088)	(9,688)	4.1
Purchased and contracted services	(9,678)	(5,886)	64.4
Staff costs	(41,921)	(40,055)	4.7
Depreciation of property, plant and equipment	(2,143)	(2,095)	2.3
Operating lease expenses	(2,011)	(1,762)	14.1
Other operating expenses	(5,258)	(5,430)	(3.2)
<b>Profit from operating activities</b>	17,211	16,232	6.0
Finance income	232	176	31.8
Finance expenses	(13)	(30)	(56.7)
<b>Profit before tax</b>	17,430	16,378	6.4
Tax expense	(2,789)	(2,817)	(1.0)
<b>Profit for the period</b>	14,641	13,561	8.0
<b>Attributable to :</b>			
Owners of the Company	14,560	13,481	8.0
Non-controlling interests	81	80	1.3
<b>Profit for the period</b>	14,641	13,561	8.0

- 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	First Quarter		
	Q1 2014 S\$'000	Q1 2013 S\$'000	Change %
<b>Profit for the period</b>	14,641	13,561	8.0
<b>Other comprehensive income</b>			
Foreign currency translation differences for foreign operations	(80)	61	nm
<b>Total comprehensive income for the period</b>	<u>14,561</u>	<u>13,622</u>	6.9
<b>Attributable to:</b>			
Owners of the Company	14,480	13,542	6.9
Non-controlling interests	81	80	1.3
<b>Total comprehensive income for the period</b>	<u>14,561</u>	<u>13,622</u>	6.9

Note : nm denotes not meaningful

#### Explanatory notes to the Consolidated Income Statement

- More purchased and contracted services were mainly attributed to higher insurance claims in tandem with increased insurance premiums.
- Higher operating lease expenses were in line with more new leases resulting from the expansion of clinics.
- Profit from operating activities before taxation includes the following:

Group	First Quarter	
	Q1 2014 S\$'000	Q1 2013 S\$'000
<b>(a) Other operating income</b>		
Gain on disposal of property, plant and equipment	-	44
<b>(b) Other operating expenses</b>		
Allowance for doubtful trade receivables	230	372
Property, plant and equipment written off	4	1
Write-off for stock obsolescence	23	-

**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	
	31/03/2014 S\$'000	31/12/2013 S\$'000	31/03/2014 S\$'000	31/12/2013 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	336,986	153,656	4,646	4,422
Intangible assets	164	164	93	93
Investment properties	100,400	100,400	-	-
Subsidiaries	-	-	430,572	241,584
	<u>437,550</u>	<u>254,220</u>	<u>435,311</u>	<u>246,099</u>
<b>Current assets</b>				
Inventories	9,050	9,080	2,289	2,062
Trade and other receivables	59,291	44,228	15,977	16,660
Cash and cash equivalents	98,307	265,907	51,337	220,046
	<u>166,648</u>	<u>319,215</u>	<u>69,603</u>	<u>238,768</u>
<b>Total assets</b>	<u>604,198</u>	<u>573,435</u>	<u>504,914</u>	<u>484,867</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	229,418	228,160	229,418	228,160
Reserves	259,485	244,344	155,168	152,217
	<u>488,903</u>	<u>472,504</u>	<u>384,586</u>	<u>380,377</u>
<b>Non-controlling interests</b>	1,370	1,289	-	-
<b>Total equity</b>	<u>490,273</u>	<u>473,793</u>	<u>384,586</u>	<u>380,377</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2,127	2,127	435	435
	<u>2,127</u>	<u>2,127</u>	<u>435</u>	<u>435</u>
<b>Current liabilities</b>				
Trade and other payables	70,721	72,664	113,817	98,830
Insurance contract provisions	23,156	9,700	-	-
Interest-bearing liabilities	5,231	4,755	5,231	4,755
Current tax liabilities	12,690	10,396	845	470
	<u>111,798</u>	<u>97,515</u>	<u>119,893</u>	<u>104,055</u>
<b>Total liabilities</b>	<u>113,925</u>	<u>99,642</u>	<u>120,328</u>	<u>104,490</u>
<b>Total equity and liabilities</b>	<u>604,198</u>	<u>573,435</u>	<u>504,914</u>	<u>484,867</u>

**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\$183.3 million, largely due to the acquisition of two properties for Raffles Hospital Extension and Raffles Holland Village.
2. Trade and other receivables increased mainly due to more premium billings from the insurance business.
3. The Group's net cash position decrease from S\$261.2 million as at 31 December 2013 to S\$93.1 million as at 31 March 2014. This was largely attributed to the acquisition of two properties which is partially offset by strong operating cash flows generated by the Group from its increased business operations.
4. Insurance contract provisions increased by S\$13.5 million, mainly due to higher provision for unearned premiums resulting from more premium billings from the insurance business.

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

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

As at 31/03/2014		As at 31/12/2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	5,231	-	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.

	Q1 2014 S\$'000	Q1 2013 S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	17,430	16,378
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	2,143	2,095
Equity-settled share-based payment transactions	661	517
Finance expenses	13	30
Finance income	(232)	(176)
Gain on disposal of property, plant and equipment	-	(44)
Property, plant and equipment written off	4	1
	<u>20,019</u>	<u>18,801</u>
<i>Changes in working capital :-</i>		
Inventories	30	(898)
Trade and other receivables	(15,159)	(12,001)
Trade and other payables	(2,035)	666
Insurance contract provisions	13,456	11,145
Cash generated from operations	<u>16,311</u>	<u>17,713</u>
Taxes paid	(495)	(2,095)
Interest paid	-	(20)
<b>Net cash from operating activities</b>	<u>15,816</u>	<u>15,598</u>
<b>Cash flows from investing activities</b>		
Interest received	327	200
Proceeds from sale of property, plant and equipment	-	123
Purchase of property, plant and equipment	(185,485)	(1,764)
Payment for development related cost of investment property	-	(15)
<b>Net cash used in investing activities</b>	<u>(185,158)</u>	<u>(1,456)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares under share option scheme	1,258	1,957
Proceeds from bank loan	15,692	11,501
Repayment of bank loans	(15,192)	(27,494)
<b>Net cash from/(used in) financing activities</b>	<u>1,758</u>	<u>(14,036)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(167,584)	106
Cash and cash equivalents at 1 January	265,907	102,482
Effect of exchange rate changes on balances held in foreign currency	(16)	(22)
<b>Cash and cash equivalents at 31 December</b>	<u>98,307</u>	<u>102,566</u>

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

The Group's cash and cash equivalents decreased by S\$167.6 million from S\$265.9 million as at 31 December 2013 to S\$98.3 million as at 31 March 2014. This was attributed mainly due to the acquisition of two properties for Raffles Hospital Extension and Raffles Holland Village.

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 January 2013</b>	207,188	(85)	12,575	168,744	388,422	994	389,416
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	13,481	13,481	80	13,561
<b>Other comprehensive income</b>							
Foreign currency translation differences for foreign operations	-	61	-	-	61	-	61
<b>Total comprehensive income for the period</b>	-	61	-	13,481	13,542	80	13,622
<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	1,957	-	-	-	1,957	-	1,957
Value of employee services received for issue of share options	-	-	517	-	517	-	517
<b>Total contributions by and distributions to owners</b>	1,957	-	517	-	2,474	-	2,474
<b>At 31 March 2013</b>	209,145	(24)	13,092	182,225	404,438	1,074	405,512
<b>At 1 January 2014</b>	228,160	(115)	15,521	228,938	472,504	1,289	473,793
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	14,560	14,560	81	14,641
<b>Other comprehensive income</b>							
Foreign currency translation differences for foreign operations	-	(80)	-	-	(80)	-	(80)
<b>Total comprehensive income for the period</b>	-	(80)	-	14,560	14,480	81	14,561
<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	1,258	-	-	-	1,258	-	1,258
Value of employee services received for issue of share options	-	-	661	-	661	-	661
<b>Total contributions by and distributions to owners</b>	1,258	-	661	-	1,919	-	1,919
<b>At 31 March 2014</b>	229,418	(195)	16,182	243,498	488,903	1,370	490,273

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 January 2013</b>	207,188	12,575	92,820	312,583
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	1,207	1,207
<b>Total comprehensive income for the period</b>	-	-	1,207	1,207
<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	1,957	-	-	1,957
Value of employee services received for issue of share options	-	517	-	517
<b>Total contributions by and distributions to owners</b>	1,957	517	-	2,474
<b>At 31 March 2013</b>	209,145	13,092	94,027	316,264
<b>At 1 January 2014</b>	228,160	15,521	136,696	380,377
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	2,290	2,290
<b>Total comprehensive income for the period</b>	-	-	2,290	2,290
<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	1,258	-	-	1,258
Value of employee services received for issue of share options	-	661	-	661
<b>Total contributions by and distributions to owners</b>	1,258	661	-	1,919
<b>At 31 March 2014</b>	229,418	16,182	138,986	384,586

- 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 first quarter ended 31 March 2014, the Company issued a total of 1,018,000 new ordinary shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$0.33	S\$0.42	S\$0.71	S\$0.78	S\$1.15	S\$1.24	S\$1.66	S\$2.20	S\$2.34
Number of new shares issued	142,000	88,000	47,000	248,000	79,000	40,000	79,000	102,000	193,000

On 1 April 2014, options to subscribe for 6,250,000 ordinary shares at an exercise price of S\$3.20 were granted to 525 eligible participants pursuant to the Raffles Medical Group (2010) Share Option Scheme.

As at 31 March 2014, there were outstanding options for conversion into 19,824,000 (31 March 2013: 18,419,000) ordinary shares. The Company does not hold any treasury shares as at 31 March 2014 (31 March 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.**

	<b>31/03/2014</b>	<b>31/12/2013</b>
Number of issued shares excluding treasury shares	554,865,862	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 31 March 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 first quarter ended 31 March 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 first quarter ended 31 March 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.**

	First Quarter	
	Q1 2014	Q1 2013
Earnings per ordinary share for the period based on 1(a) above :-		
(i) Basic earnings per share [A]	2.63 cents	2.47 cents
(ii) Diluted earnings per share [B]	2.60 cents	2.43 cents

[A] The calculation of earnings per ordinary share was based on weighted average number of shares 554,336,373 (Q1 2013 : 545,563,217) 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 of 560,439,945 (Q1 2013 : 553,749,217) 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	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Net asset value per ordinary share [C]	88.11 cents	85.31 cents	69.31 cents	68.68 cents

[C] The calculation of net asset value per ordinary share was based on 554,865,862 shares as at 31 March 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's revenue grew **8.0%** from **S\$81.1** million in Q1 2013 to **S\$87.6** million in Q1 2014, with the Healthcare and Hospital Services segment increasing by **14.3%** and **4.8%** respectively. Revenue from investment holdings was comparatively lower in Q1 2014 due to the disposal in October 2013 of the subsidiary, which held the property at 30 Bideford Road.

Overall, the Group's revenue growth in the first quarter of 2014 was driven by:

- a) the increase in patient load from the expansion of the **RafflesMedical** clinic network and from more corporate contracts secured in Singapore;
- b) higher volume of healthcare insurance services; and
- c) the addition of more specialist consultants to its group practice.

Operating profits increased by **6.0%** from **S\$16.2** million in Q1 2013 to **S\$17.2** million in Q1 2014. The Group's profit after tax grew **8.0%**, increasing from **S\$13.6** million in Q1 2013 to **S\$14.6** million in Q1 2014.

The Group continues to generate strong operating cash flows from its various business units. The Group maintained a strong cash position of **S\$98.3** million as at 31 March 2014, despite investing **S\$185.5** million in the purchases of properties and in capital expenditures for business expansion during the first quarter of the year.

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 full year 2013 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** maintained its performance in the first quarter of 2014 and is expected to improve with the addition of new specialists in Dermatology, Orthopaedics, Cardiology, Ear Nose Throat (ENT) and Psychiatry.

As a testament of its unwavering focus on patient care and experience, **RafflesHospital** topped the Customer Satisfaction Index of Singapore (CSISG) announced earlier this year. The hospital will continue to invest in the training of both professional and service staff, refurbishing of facilities and updating of our technology to provide for the total healthcare needs of our patients.

**RafflesHospital Extension** - The Group and its appointed consultants are working to finalise the development plans for the **RafflesHospital Extension** project (the Extension). This development, on the site adjacent to **RafflesHospital**, will add an additional 220,000 square feet of floor area. The additional space will be used to expand the Hospital's healthcare facilities and services including a new Radiotherapy Centre, new medical centres, a healthcare training institute, clinical research centre as well as the addition of more hospital beds. When it is completed, the Extension will offer significant scope for the hospital's expansion and growth over the next 10 years.

**Raffles Holland Village** - Construction work on the 5-storey commercial building on the site of the former POSB Building in Holland Village has begun in early April 2014. When the project is completed, approximately 9,000 square feet of floor space will be dedicated to the expansion of medical and specialist services to cater to both local and expatriate patients. The new building will also add to the diversity of retail, food & beverage and service offerings in the Holland Village and Chip Bee Garden vicinity.

**RafflesMedical** saw further growth and expansion in the first quarter of 2014. The Yew Tee Point clinic which opened in January 2014 will cater to a new population region in Singapore. The plan to open a new comprehensive medical centre at Marina Bay Financial Centre (MBFC) had been finalised. The MBFC facility, which is expected to be operational by June 2014, will offer a more comprehensive range of services to patients in the new business hub in Singapore.

**RafflesMedical** continues to increase its corporate client portfolio with new contracts acquired from a broad range of organisations in banking, finance, legal, media, construction, retail, manufacturing, and the government. The "**RafflesOne**" solution has continued to work well for the Group with the **RafflesMedical** clinics reporting increase in corporate patient visits at most clinics during the first quarter of the year.

**RafflesDental** continues to introduce more medical equipment to improve patient care and experience in the areas of imaging and dental restoration services. The additional dental chairs added at WhiteSands, Bedok Mall and Jurong Point will contribute positively to the performance of these new clinics.

**RafflesHealthinsurance** recorded strong revenue growth contributed by the "**RafflesOne**" marketing model, and the expansion of group employee benefits as well as regional and global health insurance business.

The more measured pace of economic growth in China and Singapore may have a dampening effect on healthcare demand in general. However, the Group is well positioned for the future given its recent investments in two new assets: **RafflesHospital Extension** and **Raffles Holland Village**. The Group also has a healthy net cash position, and will continue to be vigilant and proactive in responding to new opportunities that may arise.

Barring unforeseen circumstances, the Directors are optimistic that the Group will continue to grow 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/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 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 first quarter ended 31 March 2014 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Kimmy Goh**  
**Company Secretary**  
**28 April 2014**