



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

Condensed Financial Statements
For the six months and full year ended
31 December 2023

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Condensed Consolidated Statement of Profit or Loss	Note	6 months	6 months	Change	12 months	12 months	Change
		ended 31 December 2023 S\$'000	ended 31 December 2022 S\$'000 Restated ⁽ⁱ⁾		%	ended 31 December 2023 S\$'000	
Revenue		336,168	413,177	(18.6)	706,920	822,916	(14.1)
Other operating income		8,237	1,082	nm	16,713	7,957	110.0
Inventories and consumables used		(28,944)	(29,735)	(2.7)	(57,922)	(61,112)	(5.2)
Purchased and contracted services		(17,359)	(15,607)	11.2	(32,669)	(30,966)	5.5
Insurance service expenses		(72,424)	(49,512)	46.3	(133,359)	(91,011)	46.5
Net expenses from reinsurance contracts		(2,229)	(5,944)	(62.5)	(3,371)	(12,904)	(73.9)
Staff costs		(144,368)	(141,437)	2.1	(301,506)	(332,774)	(9.4)
Depreciation of property, plant and equipment		(17,965)	(18,065)	(0.6)	(35,504)	(37,200)	(4.6)
Amortisation of intangible assets		(652)	(953)	(31.6)	(1,530)	(1,930)	(20.7)
Operating lease expenses		(795)	(844)	(5.8)	(1,577)	(1,553)	1.5
Impairment loss on trade receivables		(198)	(249)	(20.5)	(417)	(1,015)	(58.9)
Impairment loss on property, plant and equipment		–	(9,958)	(100.0)	–	(9,958)	(100.0)
Impairment loss on intangible assets and goodwill		–	(7,338)	(100.0)	–	(7,338)	(100.0)
Other operating expenses		(20,328)	(25,381)	(19.9)	(40,023)	(47,661)	(16.0)
Profit from operating activities		39,143	109,236	(64.2)	115,755	195,451	(40.8)
Finance income		5,229	2,161	142.0	9,762	2,740	nm
Finance costs		(3,359)	(3,385)	(0.8)	(6,078)	(6,851)	(11.3)
Profit before tax	6	41,013	108,012	(62.0)	119,439	191,340	(37.6)
Tax expense	7	(10,340)	(24,445)	(57.7)	(28,349)	(47,940)	(40.9)
Profit for the period/year		30,673	83,567	(63.3)	91,090	143,400	(36.5)
Profit attributable to:							
Owners of the Company		30,299	83,672	(63.8)	90,150	143,214	(37.1)
Non-controlling interests		374	(105)	nm	940	186	nm
Profit for the period/year		30,673	83,567	(63.3)	91,090	143,400	(36.5)

Note:

- (i) 2022 figures had been restated, where applicable, to reflect the impact of the adoption of SFRS(I) 17 Insurance Contracts (**SFRS(I) 17**) on 1 January 2023.
- (ii) nm denotes not meaningful.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

Condensed Consolidated Statement of Other Comprehensive Income	6 months ended 31 December 2023	6 months ended 31 December 2022	Change	12 months ended 31 December 2023	12 months ended 31 December 2022	Change
	S\$'000	S\$'000 Restated ⁽ⁱ⁾	%	S\$'000	S\$'000 Restated ⁽ⁱ⁾	%
Profit for the period/year	30,673	83,567	(63.3)	91,090	143,400	(36.5)
Other comprehensive income						
Item that is or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	1,422	(17,738)	(108.0)	(9,497)	(22,769)	(58.3)
Total comprehensive income for the period/year	32,095	65,829	(51.2)	81,593	120,631	(32.4)
Total comprehensive income attributable to:						
Owners of the Company	31,728	66,572	(52.3)	80,829	121,107	(33.3)
Non-controlling interests	367	(743)	(149.4)	764	(476)	nm
Total comprehensive income for the period/year	32,095	65,829	(51.2)	81,593	120,631	(32.4)
Earnings per share						
Basic earnings per share (cents) [Note f]	1.63	4.51	(63.9)	4.85	7.71	(37.1)
Diluted earnings per share (cents) [Note g]	1.62	4.49	(63.9)	4.82	7.67	(37.2)

Note:

⁽ⁱ⁾ 2022 figures had been restated, where applicable, to reflect the impact of the adoption of SFRS(I) 17 on 1 January 2023.

⁽ⁱⁱ⁾ nm denotes not meaningful.

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

- Pursuant to the adoption of SFRS(I) 17 on 1 January 2023, income and expenditure arising from insurance contracts will be presented before taking reinsurance into account. Prior to that, income and expenditure from insurance contracts were presented as net of reinsurance. Under SFRS(I) 17, income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts are presented on a net basis as "net expenses from reinsurance contracts".
- Higher other operating income mainly due to gain on fair value of investment properties of S\$7.4 million.
- Higher insurance claims together with increase in insurance business revenues and the resulting impact from the adoption of SFRS(I) 17 which requires the full acquisition cost, such as brokerage, for all insurance contracts to be expensed off at acquisition instead being amortised over the life of the insurance contract, amongst others and as explain in (a) above, resulted in higher insurance service expenses being reported for FY2023.
- Consistent with the reduction in COVID-19 related activities, the Group incurred lower staff and manpower expenditures by 9.4% in FY2023.
- The decrease in other operating expenses in 2H 2023 and FY2023 was mainly due to lower professional fees and property tax.
- The calculation of earnings per ordinary share for the second half and full year ended 31 December 2023 were based on the weighted average number of shares 1,860,514,624 (2H 2022: 1,853,293,901) and 1,859,430,666 (FY 2022: 1,857,198,582) in issue during the period.
- The calculation of earnings per ordinary share (on a fully diluted basis) for the second half and full year ended 31 December 2023 were based on weighted average number of shares 1,865,988,927 (2H 2022: 1,864,522,856) and 1,868,552,366 (FY2022: 1,866,347,071) in issue during the period.

RafflesMedicalGroup

Condensed Statements of Financial Position As at 31 December 2023

	Note	Group			Company	
		31 December 2023 S\$'000	31 December 2022 S\$'000 Restated	1 January 2022 S\$'000 Restated	31 December 2023 S\$'000	31 December 2022 S\$'000
Non-current assets						
Property, plant and equipment	11	768,303	739,072	797,362	9,843	7,406
Intangible assets and goodwill	10	18,843	20,274	31,830	567	556
Investment properties	12	246,100	273,400	274,000	–	–
Subsidiaries		–	–	–	890,405	857,298
Deferred tax assets		2,550	2,425	1,138	245	392
Trade and other receivables		7,737	2,274	1,857	5,383	4,657
		<u>1,043,533</u>	<u>1,037,445</u>	<u>1,106,187</u>	<u>906,443</u>	<u>870,309</u>
Current assets						
Inventories		12,465	13,098	13,374	2,589	2,163
Trade and other receivables		80,281	190,674	157,228	41,882	151,355
Insurance contract assets		2,620	954	1,757	–	–
Reinsurance contract assets		45,733	36,496	34,967	–	–
Cash and cash equivalents		343,598	253,127	264,988	192,998	121,084
		<u>484,697</u>	<u>494,349</u>	<u>472,314</u>	<u>237,469</u>	<u>274,602</u>
Total assets		<u>1,528,230</u>	<u>1,531,794</u>	<u>1,578,501</u>	<u>1,143,912</u>	<u>1,144,911</u>
Equity attributable to owners of the Company						
Share capital	14	439,819	432,379	426,346	439,819	432,379
Reserves		587,919	580,021	532,096	593,823	562,132
		<u>1,027,738</u>	<u>1,012,400</u>	<u>958,442</u>	<u>1,033,642</u>	<u>994,511</u>
Non-controlling interests		16,114	15,350	15,826	–	–
Total equity		<u>1,043,852</u>	<u>1,027,750</u>	<u>974,268</u>	<u>1,033,642</u>	<u>994,511</u>
Non-current liabilities						
Loans and borrowings	13	54,645	63,376	77,914	10,000	10,000
Trade and other payables		14,553	56,478	50,316	8,006	21,842
Lease liabilities		27,713	13,441	13,678	1,325	1,822
Deferred tax liabilities		8,083	7,759	9,665	–	–
		<u>104,994</u>	<u>141,054</u>	<u>151,573</u>	<u>19,331</u>	<u>33,664</u>
Current liabilities						
Loans and borrowings	13	16,016	9,667	96,297	11,356	9,667
Current tax liabilities		27,135	49,631	29,095	10,958	30,056
Trade and other payables		210,684	208,763	237,815	68,128	76,534
Lease liabilities		10,049	9,659	10,243	497	479
Other financial liabilities		2,700	2,744	2,761	–	–
Insurance contract liabilities		91,435	72,517	64,727	–	–
Reinsurance contract liabilities		21,365	10,009	11,722	–	–
		<u>379,384</u>	<u>362,990</u>	<u>452,660</u>	<u>90,939</u>	<u>116,736</u>
Total liabilities		<u>484,378</u>	<u>504,044</u>	<u>604,233</u>	<u>110,270</u>	<u>150,400</u>
Total equity and liabilities		<u>1,528,230</u>	<u>1,531,794</u>	<u>1,578,501</u>	<u>1,143,912</u>	<u>1,144,911</u>

Explanatory Notes to the Condensed Statements of Financial Position

- During the year, a portion of commercial spaces amounting to S\$34.7 million were re-designated as premises occupied by the owner and were accordingly transferred to property, plant and equipment. In addition, the Group also acquired property, plant and equipment amounting to S\$47.7 million.
- Trade and other receivables decreased mainly due to improved collection for trade receivables.
- The movements in insurance and reinsurance contract assets and liabilities reflect the increase in insurance business revenue, which led to a corresponding increase/decrease in insurance/reinsurance contract liabilities, receivables/payables and ceded out risks.
- Decrease in Trade and other payables are mainly due to lower accrued expenses, which corresponds with the decrease in revenue.

Condensed Consolidated Statement of Cash Flows

	Group			
	6 months ended 31 December 2023 S\$'000	6 months ended 31 December 2022 S\$'000 Restated	12 months ended 31 December 2023 S\$'000	12 months ended 31 December 2022 S\$'000 Restated
Cash flows from operating activities				
Profit for the period/year	30,673	83,567	91,090	143,400
<i>Adjustments for :</i>				
Amortisation of intangible assets	1,067	1,342	2,346	2,703
Changes in fair value of investment properties	(7,400)	600	(7,400)	600
Depreciation of property, plant and equipment	18,158	18,248	35,901	37,513
Equity-settled share-based payment transactions	1,554	1,647	3,406	3,160
Finance costs	3,410	3,409	6,183	6,882
Finance income	(5,229)	(2,161)	(9,762)	(2,740)
Gain on lease derecognition	(48)	(100)	(48)	(120)
Gain on disposal of property, plant and equipment, net	(349)	(33)	(349)	(18)
Impairment loss on intangible assets and goodwill	–	7,338	–	7,338
Impairment loss on property, plant and equipment	–	9,958	–	9,958
Intangible asset written off	3	9	3	9
Property, plant and equipment written off	18	1,201	159	1,244
Tax expense	10,340	24,445	28,349	47,940
	52,197	149,470	149,878	257,869
<i>Changes in working capital:</i>				
Insurance contract liabilities	(109)	6,090	18,918	7,790
Insurance contract assets	7,336	5,508	(1,666)	803
Inventories	449	(538)	633	276
Trade and other payables	(26,018)	(6,576)	(37,339)	(6,228)
Trade and other receivables	57,395	(65,740)	106,254	(31,897)
Reinsurance contract liabilities	3,644	(6,952)	11,356	(1,713)
Reinsurance contract assets	(7,615)	(5,379)	(9,237)	(1,529)
Cash generated from operations	87,279	75,883	238,797	225,371
Tax paid	(24,660)	(14,558)	(49,485)	(29,146)
Net cash from operating activities	62,619	61,325	189,312	196,225
Cash flows from investing activities				
Acquisition of intangible assets	(1,152)	(142)	(1,413)	(286)
Interest received	4,776	1,875	9,010	2,306
Proceeds from disposal of property, plant and equipment	519	144	519	161
Purchase of property, plant and equipment	(11,051)	(13,346)	(20,525)	(25,013)
Net cash used in investing activities	(6,908)	(11,469)	(12,409)	(22,832)
Cash flows from financing activities				
Acquisition of own shares	(5,698)	(787)	(5,698)	(24,344)
Dividends paid to owners of the Company	–	–	(70,683)	(52,015)
Interest paid	(1,980)	(2,953)	(3,974)	(6,256)
Lease interest paid	(692)	(319)	(1,143)	(540)
Repayment of loan to minority shareholder	(18)	–	(18)	–
Payment of lease liabilities	(5,759)	(5,962)	(11,526)	(12,165)
Proceeds from bank loans	57,623	77,690	110,940	85,609
Proceeds from issue of shares under share option scheme	1,196	1,602	7,440	6,033
Repayment of bank loans	(57,475)	(153,895)	(110,861)	(180,024)
Net cash used in financing activities	(12,803)	(84,624)	(85,523)	(183,702)
Net increase/(decrease) in cash and cash equivalents	42,908	(34,768)	91,380	(10,309)
Cash and cash equivalents at 1 July / 1 January	299,612	287,954	252,054	263,908
Effect of exchange rate fluctuations on cash held	23	(1,132)	(891)	(1,545)
Cash and cash equivalents at 31 December	342,543	252,054	342,543	252,054

Explanatory Notes to the Condensed Consolidated Statement of Cash Flows

- The cash and cash equivalents amount presented in the consolidated statement of cash flows excluded an amount of S\$1.1 million (US\$0.8 million) deposited in an escrow account of a subsidiary.
- The Group's generated cash from operating activities of S\$189.3 million for FY2023.
- Notwithstanding the purchase of property, plant and equipment (S\$20.5 million) and payment of dividends (S\$70.7 million), amongst others, the Group reported an increase in cash and cash equivalents of S\$90.5 million for FY2023.

Condensed Statements of Changes in Equity

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
Balance at 1 January 2023, as previously reported	432,379	(13,018)	35,758	16,367	(5,018)	(26,894)	575,480	1,015,054	15,350	1,030,404
Adjustment on initial application of SFRS(I) 17, net of tax	–	–	–	–	–	–	(2,654)	(2,654)	–	(2,654)
Restated balance at 1 January 2023	432,379	(13,018)	35,758	16,367	(5,018)	(26,894)	572,826	1,012,400	15,350	1,027,750
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	90,150	90,150	940	91,090
Other comprehensive income										
Foreign currency translation differences - foreign operations	–	(9,321)	–	–	–	–	–	(9,321)	(176)	(9,497)
Total other comprehensive income for the year	–	(9,321)	–	–	–	–	–	(9,321)	(176)	(9,497)
Total comprehensive income for the year	–	(9,321)	–	–	–	–	90,150	80,829	764	81,593
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	7,440	–	–	–	–	–	–	7,440	–	7,440
Own shares acquired	–	–	–	–	–	(5,698)	–	(5,698)	–	(5,698)
Own shares reissued pursuant to Raffles Medical Group Performance Share Plan	–	–	(992)	–	(117)	1,109	–	–	–	–
Value of employee services received for issue of share options and share awards	–	–	3,406	–	–	–	–	3,406	–	3,406
Final dividend paid of 3.8 cents per ordinary share - Cash	–	–	–	–	–	–	(70,683)	(70,683)	–	(70,683)
Total contributions by and distributions to owners	7,440	–	2,414	–	(117)	(4,589)	(70,683)	(65,535)	–	(65,535)
Changes in ownership interests in subsidiaries										
Present value of the exercise price of written put options	–	–	–	–	44	–	–	44	–	44
Total changes in ownership interests in subsidiaries	–	–	–	–	44	–	–	44	–	44
Total transactions with owners	7,440	–	2,414	–	(73)	(4,589)	(70,683)	(65,491)	–	(65,491)
Balance at 31 December 2023	439,819	(22,339)	38,172	16,367	(5,091)	(31,483)	592,293	1,027,738	16,114	1,043,852

RafflesMedicalGroup

Condensed Statements of Changes in Equity (cont'd)

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
Balance at 1 January 2022, as previously reported	426,346	9,089	33,061	16,367	(4,818)	(3,230)	483,979	960,794	15,826	976,620
Adjustment on initial application of SFRS(I) 17, net of tax	–	–	–	–	–	–	(2,352)	(2,352)	–	(2,352)
Restated balance at 1 January 2022	426,346	9,089	33,061	16,367	(4,818)	(3,230)	481,627	958,442	15,826	974,268
Total comprehensive income for the year (restated)										
Profit for the year	–	–	–	–	–	–	143,214	143,214	186	143,400
Other comprehensive income										
Foreign currency translation differences - foreign operations	–	(22,107)	–	–	–	–	–	(22,107)	(662)	(22,769)
Total other comprehensive income for the year (restated)	–	(22,107)	–	–	–	–	–	(22,107)	(662)	(22,769)
Total comprehensive income for the year (restated)	–	(22,107)	–	–	–	–	143,214	121,107	(476)	120,631
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	6,033	–	–	–	–	–	–	6,033	–	6,033
Own shares acquired	–	–	–	–	–	(24,344)	–	(24,344)	–	(24,344)
Own shares reissued pursuant to Raffles Medical Group Performance Share Plan	–	–	(463)	–	(217)	680	–	–	–	–
Value of employee services received for issue of share options and share awards	–	–	3,160	–	–	–	–	3,160	–	3,160
Final dividend paid of 2.8 cents per ordinary share - Cash	–	–	–	–	–	–	(52,015)	(52,015)	–	(52,015)
Total contributions by and distributions to owners	6,033	–	2,697	–	(217)	(23,664)	(52,015)	(67,166)	–	(67,166)
Changes in ownership interests in subsidiaries										
Present value of the exercise price of written put options	–	–	–	–	17	–	–	17	–	17
Total changes in ownership interests in subsidiaries	–	–	–	–	17	–	–	17	–	17
Total transactions with owners	6,033	–	2,697	–	(200)	(23,664)	(52,015)	(67,149)	–	(67,149)
Balance at 31 December 2022 (Restated)	432,379	(13,018)	35,758	16,367	(5,018)	(26,894)	572,826	1,012,400	15,350	1,027,750

Condensed Statements of Changes in Equity (cont'd)

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 2023	432,379	35,758	(323)	(26,894)	553,591	994,511
Total comprehensive income for the year						
Profit for the year	–	–	–	–	104,368	104,368
Total comprehensive income for the year	–	–	–	–	104,368	104,368
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	7,440	–	–	–	–	7,440
Own shares acquired	–	–	–	(5,698)	–	(5,698)
Own shares reissued pursuant to Raffles Medical Group Performance Share Plan	–	(992)	181	1,109	–	298
Value of employee services received for issue of share options and share awards	–	3,406	–	–	–	3,406
Final dividend paid of 3.80 cents per ordinary share - Cash	–	–	–	–	(70,683)	(70,683)
Total contributions by and distributions to owners	7,440	2,414	181	(4,589)	(70,683)	(65,237)
At 31 December 2023	439,819	38,172	(142)	(31,483)	587,276	1,033,642
At 1 January 2022	426,346	33,061	(106)	(3,230)	398,745	854,816
Total comprehensive income for the year						
Profit for the year	–	–	–	–	206,861	206,861
Total comprehensive income for the year	–	–	–	–	206,861	206,861
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	6,033	–	–	–	–	6,033
Own shares acquired	–	–	–	(24,344)	–	(24,344)
Own shares reissued pursuant to Raffles Medical Group Performance Share Plan	–	(463)	(217)	680	–	–
Value of employee services received for issue of share options and share awards	–	3,160	–	–	–	3,160
Final dividend paid of 2.80 cents per ordinary share - Cash	–	–	–	–	(52,015)	(52,015)
Total contributions by and distributions to owners	6,033	2,697	(217)	(23,664)	(52,015)	(67,166)
At 31 December 2022	432,379	35,758	(323)	(26,894)	553,591	994,511

Notes to the Condensed 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 financial statements as at and for the six months and full year ended 31 December 2023 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
Raffles Wellness (incorporated on 16 May 2023)

The Group and the Company are partners of the following:

Changi Medical Services LLP (struck off on 10 October 2023)
Raffles International Medical Assistance LLP

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

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

2 Basis of preparation

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 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 interim financial statements for the period ended 30 June 2023.

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

2. Basis of preparation (cont'd)

2.1 New standards and amendments

The Group has applied the following SFRS(I) and amendments to SFRS(I)s for the first time for the annual period beginning on 1 January 2023:

- *SFRS(I) 17: Insurance Contracts*
- *Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies*
- *Amendments to SFRS(I) 1-8: Definition of Accounting Estimates*
- *Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *Amendments to SFRS(I) 1-12: International Tax Reform- Pillar Two Model Rules*

Other than the below, the application of these amendments to standards does not have a material effect on the financial statements.

(i) Insurance Contracts

The Group has initially applied SFRS(I) 17 Insurance Contracts, including any consequential amendments to other standards, retrospectively from 1 January 2023. The standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

i. Recognition, measurement and presentation of insurance contracts

SFRS(I) 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

Under SFRS(I) 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage (LRC) that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

When measuring LRC, the Group applies the premium allocation approach (PAA) for insurance contracts with contract boundaries of one year or less. For contracts that have contract boundaries of more than one year, the Group performs an eligibility test to determine whether applying the PAA to such groups of contracts would result in a measurement that differs materially from the measurement produced by the general measurement model. The PAA is similar to the Group's previous accounting treatment.

When measuring liabilities for incurred claims (LIC), the Group now discounts the future cash flows unless (i) the cash flows are expected to occur in one year or less from the date on which the claims are incurred, or (ii) discounting the cash flows would not result in a measurement of LIC that differs materially from the measurement based on undiscounted cash flows.

As required by SFRS(I) 17, the Group now includes an explicit risk adjustment for non-financial risk for LRC as well as LIC.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts (deferred acquisition costs) until those costs were recognised in profit or loss. Under SFRS(I) 17, the Group has chosen to recognise insurance acquisition cash flows for contracts measured under the PAA as an expense when incurred. Hence, the Group does not recognise insurance acquisition cash flows in the LRC or amortize insurance acquisition cash flows as insurance service expenses.

Income and expenses from reinsurance contracts are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately

2. Basis of preparation (cont'd)

2.1 New standards and amendments (cont'd)

(i) Insurance Contracts (cont'd)

ii. Transition

Changes in accounting policies resulting from the adoption of SFRS(I) 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022, the Group:

- identified, recognised and measured each group of insurance and reinsurance contracts as if SFRS(I) 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if SFRS(I) 17 had always been applied;
- derecognised previously reported balances that would not have existed if SFRS(I)17 had always been applied. These included deferred acquisition costs for insurance contracts, insurance receivables and insurance payables. Under SFRS(I) 17, they are included in the measurement of the insurance contracts; and
- recognised any resulting net difference in equity.

The Group has applied the transition provisions in SFRS(I) 17 and has not disclosed the impact of the adoption of SFRS(I) 17 on each financial statement line item. The effects of adopting SFRS(I) 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity.

(ii) Material accounting policy information

The Group adopted *Amendments to SFRS(I)1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted *Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities.

For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to accumulated profits or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of SFRS(I)1-12. There was also no impact on opening accumulated profits on adoption of the amendments as at 1 January 2022 as a result of the change.

2. Basis of preparation (cont'd)

2.2 Use of estimates and judgements

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. 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 financial statements is on lease term: whether the Group is reasonably certain to exercise extension options and insurance and reinsurance contract: estimation of fulfilment cash flows.

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.

Fulfilment cash flows

Although the insurance contract liabilities are estimated based on management's best knowledge and judgement of current facts, the actual outcome may differ from the estimates.

The areas involving a higher degree of judgement or complexity, or areas whereby judgement, assumptions and estimates have been involved in estimating the fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risk are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

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

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)s, 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 periods.

4 Segment and revenue information

The Group has 4 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; 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.

Insurance services : The provision of insurance products.

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.

RafflesMedicalGroup

4.1 Reportable segments

	<u>Healthcare services</u>		<u>Hospital services</u>		<u>Insurance services</u>		<u>Investment holdings</u>		<u>Total</u>	
	31 December 2023 S\$'000	31 December 2022 S\$'000 Restated	31 December 2023 S\$'000	31 December 2022 S\$'000	31 December 2023 S\$'000	31 December 2022 S\$'000 Restated	31 December 2023 S\$'000	31 December 2022 S\$'000	31 December 2023 S\$'000	31 December 2022 S\$'000 Restated
Revenue and expenses										
Revenue	283,427	445,036	330,589	316,277	144,453	115,015	45,223	45,886	803,692	922,214
Inter-segment revenue	12,336	9,064	43,028	47,628	3,125	3,878	38,283	38,728	96,772	99,298
Finance expenses	(2,150)	(903)	(1,002)	(39)	(105)	(31)	(2,926)	(5,909)	(6,183)	(6,882)
Depreciation and amortisation	(15,203)	(15,503)	(9,708)	(11,160)	(1,251)	(1,128)	(203)	(188)	(26,365)	(27,979)
Reportable segment profit before tax	67,323	165,769	32,600	21,413	(7,038)	531	34,146	10,479	127,031	198,192
Other material non-cash items:										
- Impairment loss on intangible assets and goodwill	-	(7,327)	-	(11)	-	-	-	-	-	(7,338)
- Impairment loss on property, plant and equipment	-	-	-	-	-	-	-	(9,958)	-	(9,958)
- Impairment gain/(loss) on trade receivable	111	(405)	(528)	(610)	-	-	-	-	(417)	(1,015)
Reportable segment assets	1,173,602	1,177,815	233,464	232,149	149,289	124,159	958,834	962,977	2,515,189	2,497,100
Capital expenditure	38,478	15,246	9,291	5,087	898	2,207	444	386	49,111	22,926
Reportable segment liabilities	200,930	200,161	186,662	184,313	126,080	93,248	740,474	757,132	1,254,146	1,234,854

4.1 Reportable segments (cont'd)

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

	31 December 2023 S\$'000	31 December 2022 S\$'000 Restated
Revenues		
Total revenue for reportable segments	803,692	922,214
Elimination of inter-segment revenue	(96,772)	(99,298)
Consolidated revenue	<u>706,920</u>	<u>822,916</u>
Profit or loss before tax		
Total profit before tax for reportable segments	127,031	198,192
Elimination of inter-segment profits / Consolidation adjustment	4,290	5,385
Adjustment for depreciation of property, plant and equipment	(11,882)	(12,237)
Consolidated profit before tax	<u>119,439</u>	<u>191,340</u>
Assets		
Total assets for reportable segments	2,515,189	2,497,100
Elimination of inter-segment assets	(989,509)	(967,731)
Unallocated amounts-current tax and deferred tax assets	2,550	2,425
Consolidated total assets	<u>1,528,230</u>	<u>1,531,794</u>
Liabilities		
Total liabilities for reportable segments	1,254,146	1,234,854
Elimination of inter-segment liabilities	(804,986)	(788,200)
Unallocated amounts-current tax and deferred tax liabilities	35,218	57,390
Consolidated total liabilities	<u>484,378</u>	<u>504,044</u>

Other material items

	Reportable segment totals S\$'000	Adjustments S\$'000	Consolidated totals S\$'000
31 December 2023			
Depreciation and amortisation	26,365	11,882	38,247
31 December 2022			
Depreciation and amortisation	27,979	12,237	40,216

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 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\$11,882,000 (2022: S\$12,237,000) relates to the depreciation of these properties for the year ended 31 December 2023.

Geographical information

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	
	31 December 2023 S\$'000	31 December 2022 S\$'000 Restated
Revenue		
Singapore	631,108	756,131
Greater China	59,324	50,247
Rest of Asia	16,488	16,538
Consolidated revenue	<u>706,920</u>	<u>822,916</u>
Non-current assets		
Singapore	684,935	679,065
Greater China	339,925	347,497
Rest of Asia	8,386	6,184
Consolidated non-current assets*	<u>1,033,246</u>	<u>1,032,746</u>

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

4.2 Disaggregation of Revenue

	Group	
	31 December 2023 S\$'000	31 December 2022 S\$'000 Restated
Revenue from contracts with customers	560,331	704,408
Rental income	6,908	7,108
Insurance revenue	139,681	111,400
	<u>706,920</u>	<u>822,916</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 31 December 2023 and 31 December 2022:

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
31 December 2023							
Financial assets not measured at fair value							
Trade and other receivables #	85,360	–	85,360				
Cash and cash equivalents	343,598	–	343,598				
	<u>428,958</u>	<u>–</u>	<u>428,958</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(70,661)	(70,661)	–	(70,661)	–	(70,661)
Trade and other payables*	–	(216,251)	(216,251)				
Other financial liabilities	–	(2,700)	(2,700)	–	–	(2,700)	(2,700)
	<u>–</u>	<u>(289,612)</u>	<u>(289,612)</u>				
31 December 2022 (restated)							
Financial assets not measured at fair value							
Trade and other receivables #	188,668	–	188,668				
Cash and cash equivalents	253,127	–	253,127				
	<u>441,795</u>	<u>–</u>	<u>441,795</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(73,043)	(73,043)	–	(73,043)	–	(73,043)
Trade and other payables*	–	(256,794)	(256,794)				
Other financial liabilities	–	(2,744)	(2,744)	–	–	(2,744)	(2,744)
	<u>–</u>	<u>(332,581)</u>	<u>(332,581)</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
31 December 2023							
Financial assets not measured at fair value							
Trade and other receivables #	46,243	–	46,243				
Cash and cash equivalents	192,998	–	192,998				
Amounts due from subsidiaries	841,940	–	841,940	–	–	841,940	841,940
	<u>1,081,181</u>	<u>–</u>	<u>1,081,181</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(21,356)	(21,356)	–	(21,356)	–	(21,356)
Trade and other payables*	–	(71,225)	(71,225)				
	<u>–</u>	<u>(92,581)</u>	<u>(92,581)</u>				
31 December 2022							
Financial assets not measured at fair value							
Trade and other receivables #	154,569	–	154,569				
Cash and cash equivalents	121,084	–	121,084				
Amounts due from subsidiaries	809,836	–	809,836	–	–	809,836	809,836
	<u>1,085,489</u>	<u>–</u>	<u>1,085,489</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(19,667)	(19,667)	–	(19,667)	–	(19,667)
Trade and other payables*	–	(94,513)	(94,513)				
	<u>–</u>	<u>(114,180)</u>	<u>(114,180)</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 31 December 2023 S\$'000	6 months ended 31 December 2022 S\$'000	12 months ended 31 December 2023 S\$'000	12 months ended 31 December 2022 S\$'000
Changes in fair value in investment properties	(7,400)	600	(7,400)	600
Contributions to defined contribution plans	9,743	8,159	20,332	23,486
Foreign exchange loss	216	411	1,015	1,349
Gain on disposal of property, plant and equipment, net	(349)	(33)	(349)	(18)
Impairment loss on intangible assets and goodwill	–	7,338	–	7,338
Impairment loss on property, plant and equipment	–	9,958	–	9,958
Interest expense:				
- bank loans	1,490	2,287	3,048	4,703
- subsidiary's non-controlling interest	752	803	1,516	1,639
- lease liabilities	692	319	1,143	540
- others	476	–	476	–
Interest income	(5,229)	(2,161)	(9,762)	(2,740)
Jobs Growth Incentive (JGI), wage credit and other grants	(14)	(484)	(8,201)	(6,524)
Property, plant and equipment written-off	18	1,201	159	1,244
Recovery of bad debts	(1,020)	(249)	(1,248)	(864)
Value of employee services received for issue of share options and share awards, included in staff costs	1,554	1,647	3,406	3,160
Write-off for stock obsolescence	459	272	540	381

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 consolidated statement of profit or loss are:

	Group			
	6 months ended 31 December 2023 S\$'000	6 months ended 31 December 2022 S\$'000 Restated	12 months ended 31 December 2023 S\$'000	12 months ended 31 December 2022 S\$'000 Restated
Current income tax expense	9,543	27,176	27,043	49,419
Current withholding tax expense	497	718	1,215	1,451
Deferred income tax expense relating to origination and reversal of temporary differences	485	(2,510)	276	(2,127)
	<u>10,525</u>	<u>25,384</u>	<u>28,534</u>	<u>48,743</u>
Adjustment for prior years				
Current income tax expense – Adjustment for prior years	(124)	51	(124)	187
Deferred tax expense – Adjustment for prior years	(61)	(990)	(61)	(990)
	<u>(185)</u>	<u>(939)</u>	<u>(185)</u>	<u>(803)</u>
Tax expense	<u>10,340</u>	<u>24,445</u>	<u>28,349</u>	<u>47,940</u>

8 Dividends

	Group			
	6 months ended 31 December 2023 S\$'000	6 months ended 31 December 2022 S\$'000	12 months ended 31 December 2023 S\$'000	12 months ended 31 December 2022 S\$'000
Dividends paid:				
Final dividend in respect of the previous financial year of 3.80 (2022: 2.80) cents per share	–	–	70,683	52,015

9 Net assets value

	Group		Company	
	31 December 2023 S\$	31 December 2022 S\$ Restated	31 December 2023 S\$	31 December 2022 S\$
Net asset value per ordinary share [C]	55.34 cents	54.59 cents	55.66 cents	53.63 cents

[C] The calculation of net asset value per ordinary share was based on 1,857,011,175 shares as at 31 December 2023 (31 December 2022: 1,854,547,625).

10 Intangible assets and goodwill

Group	Software					Total S\$'000
	Goodwill S\$'000	Customer relationship S\$'000	Membership rights S\$'000	under development S\$'000	Software S\$'000	
Cost						
At 1 January 2022	26,439	4,672	164	164	16,857	48,296
Additions	–	–	–	–	241	241
Write-off	–	–	–	–	(116)	(116)
Transfer	–	–	–	(164)	164	–
Effects of movement in exchange rate	(1,938)	(375)	–	–	(372)	(2,685)
At 31 December 2022	24,501	4,297	164	–	16,774	45,736
Additions	–	–	–	640	796	1,436
Write-off	–	–	(25)	–	(4)	(29)
Effects of movement in exchange rate	(927)	(172)	–	–	(178)	(1,277)
At 31 December 2023	23,574	4,125	139	640	17,388	45,866
Accumulated amortisation and impairment losses						
At 1 January 2022	8,117	2,262	76	–	6,011	16,466
Amortisation*	–	365	–	–	2,338	2,703
Write-off	–	–	–	–	(107)	(107)
Impairment loss	5,868	1,410	60	–	–	7,338
Effects of movement in exchange rate	(634)	(194)	–	–	(110)	(938)
At 31 December 2022	13,351	3,843	136	–	8,132	25,462
Amortisation*	–	74	–	–	2,272	2,346
Write-off	–	–	(25)	–	(1)	(26)
Effects of movement in exchange rate	(536)	(155)	–	–	(68)	(759)
At 31 December 2023	12,815	3,762	111	–	10,335	27,023
Carrying amounts						
At 1 January 2022	18,322	2,410	88	164	10,846	31,830
At 31 December 2022	11,150	454	28	–	8,642	20,274
At 31 December 2023	10,759	363	28	640	7,053	18,843

* During the year, amortisation charge of \$816,000 (2022: \$773,000) was included in 'insurance service expenses' in the statement of profit or loss.

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

Group	Group	
	2023 S\$'000	2022 S\$'000
China clinics	7,867	8,211
Cambodia clinic	2,892	2,939
	10,759	11,150

The recoverable amounts of CGUs were based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGUs.

10 Intangible assets and goodwill (cont'd)

Key assumptions used in the estimation of value in use were as follows:

	2023 %	2022 %
Group		
Discount rate	14.7 – 15.5	15.2 – 15.6
Terminal growth rate	2.2 – 3.0	2.0 – 3.0
Revenue growth rate for next five years	3.2 – 5.1	3.0 – 20.7

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal GDP rates for the countries in which the CGUs operate.

Revenue growth was projected based on expectation of future outcomes, taking into account the average growth levels experienced over the past five years and the estimated growth for the next five years.

11 Property, plant and equipment

During the year ended 31 December 2023, the Group acquired property, plant and equipment (PPE) amounting to S\$47,675,000 (31 December 2022: S\$22,685,000), transferred S\$34,700,000 from investment property which were re-designated as premises occupied by the owner to PPE, disposed of assets amounting to S\$788,000 (31 December 2022: S\$690,000) and recognised impairment loss on fixed asset amounting to S\$Nil (31 December 2022: S\$9,958,000).

During the six months ended 31 December 2023, the Group acquired property, plant and equipment amounting to S\$35,543,000 (31 December 2022: S\$14,679,000), disposed of assets amounting to S\$788,000 (31 December 2022: S\$658,000) and recognised impairment loss on fixed asset amounting to S\$Nil (31 December 2022: S\$9,958,000).

12 Investment properties

	Group	
	2023 S\$'000	2022 S\$'000
Balance as at 1 January	273,400	274,000
Reclassification to property, plant and equipment	(34,700)	–
Changes in fair value	7,400	(600)
Balance as at 31 December	246,100	273,400

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. Investment properties that are measured at fair value are stated at fair value as at 31 December 2023 based on valuation performed by independent professional valuer, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for investment properties of \$246,100,000 (2022: \$273,400,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

12 Investment properties (cont'd)

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation and discounted cash flow approach	<ul style="list-style-type: none"> Capitalisation rates 3.50% to 5.50% (2022: 3.50% to 5.50%) Discount rates 7.00% (2022: 7.00%) Terminal yield rates 4.25% (2022: 4.25%) 	The estimated fair value varies inversely against the capitalisation rates and discount rates.

13 Loans and borrowings

	Group		Company	
	31 December 2023 S\$'000	31 December 2022 S\$'000	31 December 2023 S\$'000	31 December 2022 S\$'000
Amount repayable within one year or on demand				
Unsecured bank loans	16,016	9,667	11,356	9,667
Amount repayable after one year				
Unsecured bank loans	54,645	63,376	10,000	10,000
Total loans and borrowings	70,661	73,043	21,356	19,667

14 Share capital

Company	2023		2022	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
Fully paid ordinary shares, with no par value:				
At 1 January	1,877,272	432,379	1,870,726	426,346
Issue of shares under share option scheme	6,926	7,440	6,546	6,033
At 31 December	<u>1,884,198</u>	<u>439,819</u>	<u>1,877,272</u>	<u>432,379</u>

The total number of issued shares excluding treasury shares as at 31 December 2023 was 1,857,011,175 (31 December 2022: 1,854,547,625).

(i) Exercise of share options and share awards

During the year ended 31 December 2023, the Company issued a total of 6,926,000 new ordinary shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$1.07	S\$1.31	S\$1.42	S\$1.09	S\$1.04	S\$0.81
Number of new shares issued	542,000	250,000	1,000	5,177,000	494,000	462,000

During the year, the company utilised 937,550 treasury shares pursuant to the Raffles Medical Group Performance Share Plan.

On 4 September 2023, options to subscribe for 9,650,000 ordinary shares at an exercise price of S\$1.26 were granted to 146 eligible participants pursuant to the Raffles Medical Group (2020) Share Option Scheme.

On 4 September 2023, 835,000 share awards were granted to 273 eligible participants pursuant to Raffles Medical Group (2020) Performance Share Plan.

As at 31 December 2023, there were 78,863,000 (31 December 2022: 76,455,000) options outstanding in relation to ordinary shares of the Company.

As at 31 December 2023, the number of shares comprised in contingent awards granted under the Raffles Medical Group (2020) Performance Share Plan which has not been released was 2,136,400 (31 December 2022: 2,615,200).

(ii) Treasury shares

The Company holds 27,187,750 treasury shares as at 31 December 2023 (31 December 2022: 22,725,300).

Treasury shares held by the Company as at 31 December 2023 represent 1.46% (31 December 2022: 1.23%) of the total number of issued shares (excluding treasury shares).

14 Share capital (cont'd)

(ii) Treasury shares (cont'd)

	Number of treasury shares
Balance as at 1 January 2023	22,725,300
Acquisition of treasury shares	5,400,000
Use of treasury shares	(937,550)
Balance as at 31 December 2023	27,187,750

(iii) Subsidiary holdings

There is no subsidiary holdings as at 31 December 2023 (31 December 2022: Nil).

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2023 (31 December 2022: Nil).

15 Subsequent events

On 18 January 2024, RJC Ltd, a subsidiary of the Company, completed the acquisition of the remaining 49% which it does not already hold, in the equity interest of RSM Ltd, Japan, for a total cash consideration of JPY40,089,000 (\$367,000). RSM Ltd in turn holds a 100% equity interest in Zui Wai Kai Medical Corporation, which primarily operates the Group's Osaka Clinic.

On completion of this acquisition, RSM Ltd becomes a wholly owned subsidiary of RJC Ltd. This acquisition was financed by Company's internal funds.

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 financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements have been audited in accordance with Singapore Standards on Auditing. A copy of the Independent Auditors' report is attached.

The condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the six-month period ended 31 December 2023 and certain explanatory notes 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 revenue was **S\$706.9** million, **14.1%** lower than that for FY2022. Profit after tax and minority interests (PATMI) for FY2023 was **S\$90.2** million, **37.1%** lower than FY2022, due to the discontinuance of COVID-19 related activities in FY2023.

The Group's core Hospital Services division remained strong and profitable, registering revenue growth of **4.5%** to **S\$330.6** million. Profit growth was **52.2%** at **S\$32.6** million for FY2023. The Group's Healthcare Services division revenue, which included revenue from COVID-19 activities in FY2022, registered lower revenue and profitability of **S\$283.4** million and **S\$67.3** million respectively.

Upon the resumption of normal movement in China, the Group focused on growing and consolidating its three existing hospitals. Revenue for the China region grew **18.1%** to **S\$59.3** million in FY2023 from **S\$50.2** million in FY2022. Although, the Raffles Hospitals in China are getting better known and patient number has grown across board, our hospitals in Shanghai and Chongqing are still in the developmental phase and continued to incur gestational losses.

Remaining focused on developing and growing its managed care services to offer customised corporate healthcare plans, the Group's health insurance arm, **RafflesHealthInsurance (RHI)**, grew its revenue by **25.6%** to **S\$144.5** million. However, consistent with industry trends, RHI also registered a higher loss ratio in FY2023, resulting in operating losses of **S\$7.0** million in contrast with **S\$0.5** million of operating profit reported in FY2022.

The reduction in COVID-19 related activities, resulted in staff and other operating expenses decreasing by **9.4%** and **16.0%** respectively in FY2023. Consequently, the Group recorded a lower PATMI of **S\$90.2** million for FY2023.

For the financial year ended 31 December 2023, the Group generated cash from operating activities amounting to **S\$189.3** million. The Group's balance sheet remained strong with **S\$342.5** million in cash and cash equivalents as at 31 December 2023. In FY2023, The Group paid dividends of **S\$70.7** million in cash and executed share buy-back amounting to **S\$5.7** million in value.

As previously guided, the Directors are pleased to recommend a final core dividend of **2.4** cents per share. This represents **49.4%** of the Group PATMI for FY2023.

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 year's results are in line with the Directors' expectations as disclosed in the Group's 1H2023 results announcement and Q32023 media release.

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.

Building on the momentum of Singapore Hospital's operational strength and leveraging on our Healthcare Services' COVID-19 experience in operating transitional care facilities (TCF), we continue to collaborate with the Ministry of Health to operate step-down care facilities, both in the East at Singapore Expo and at **RafflesHospitalSingapore**, where 176 beds have been added to receive patients from Government hospitals under the TCF programme.

The Group continues to focus on improving its operating leverages across its operations and adding value to all our patients and corporate partners. In this connection, the Group undertook the rightsizing and rationalising of its China operations to achieve better operating efficiencies.

Although slower economic growth in the region, coupled with higher inflation and the strong Singapore Dollar, may dampen demand for high-end healthcare services, the Group continues exploring new business opportunities regionally.

To strengthen our presence in Vietnam, the Group entered into a strategic partnership to manage American International Hospital (AIH) in Ho Chi Minh City.

The uncertain global economic situation combined with fears of regional conflicts, possible supply chain disturbances and inflationary pressures remain causes for concern in the current financial year. However, barring unforeseen circumstances, the Board expects the Group to remain profitable in FY2024.

5 Dividend

a) Current Financial Period Reported on

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

Name of dividend	Proposed Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	2.4 cents per ordinary share (one-tier tax)
Tax Rate	Tax Exempt

5 Dividend (cont'd)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	3.8 cents per ordinary share (one-tier tax)
Tax Rate	Tax Exempt

(c) Date payable

The Directors are pleased to recommend a final core dividend of 2.4 cents per share amounting approximately to S\$44.6 million in respect of the financial year ended 31 December 2023 for approval by the shareholders at the next Annual General Meeting to be convened on 26 April 2024.

The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be on 23 May 2024.

(d) Books closure date

Notice is hereby given that, subject to shareholders' approval of the payment of the final core dividend (Dividend) at the Annual General Meeting scheduled for 26 April 2024, the Share Transfer Books and the Register of Members of the Company will be closed on 15 May 2024, for determining shareholders' entitlements to the Dividends.

Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632, up to the close of business at 5.00 pm on 14 May 2024 (Record Date) will be registered for the Dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (CDP), entitlements to the Dividends will be computed based on the shareholding position after settlement of all trades on Record Date. The Dividends will be paid by the Company to CDP which will, in turn, distribute the Dividends to holders of the securities accounts.

(e) Scrip Dividend Scheme

The Scrip Dividend Scheme will not be applicable to the final dividend this year.

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

Not applicable.

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 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Item 2.

10 A breakdown of sales.

		Group		
		2023 S\$'000	2022 Restated S\$'000	Change %
(a)	Revenue reported for first half year	370,752	409,739	(9.5)
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	60,417	59,833	1.0
(c)	Revenue reported for second half year	336,168	413,177	(18.6)
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	30,673	83,567	(63.3)

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

On 21 Sep 2023, Scotts Capital Pte Ltd, a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary in the Socialist Republic of Vietnam known as Scotts Medical Services Company Limited.

The principal activities of Scotts Medical Services Company Limited with a registered capital of VND 9.386 Billion (S\$0.5 million), relates to the provision of medical services.

The capital contribution for Scotts Medical Services Company Limited 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.

12 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Dr Loo Choon Yong	74	Father of Dr Sarah Lu Qinghui	Executive Chairman of Raffles Medical Group (RMG) Ltd since 1997, having overall executive responsibility for the business direction, strategies and management of the RMG group of companies.	Nil
Dr Sarah Lu Qinghui	42	Daughter of Dr Loo Choon Yong	(1) Executive and Non-Independent Director, 1 June 2020 (2) Consultant Breast Surgeon, Raffles Hospital Pte Ltd, 1 June 2020	Nil

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
26 February 2024