

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

Condensed Interim Financial Statements
For the six months ended 30 June 2023

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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income Period ended 30 June 2023

Condensed Interim Consolidated Statement of Profit or Loss	Note	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated ⁽ⁱ⁾	Change %
Revenue		370,850	409,739	(9.5)
Other operating income		8,476	6,875	23.3
Inventories and consumables used		(28,978)	(31,377)	(7.6)
Purchased and contracted services		(63,022)	(45,680)	38.0
Net reinsurance expenses		(1,142)	(6,960)	(83.6)
Staff costs		(162,183)	(196,119)	(17.3)
Depreciation of property, plant and equipment		(17,743)	(19,265)	(7.9)
Amortisation of intangible assets		(1,279)	(1,361)	(6.0)
Operating lease expenses		(889)	(825)	7.8
Impairment loss on trade receivables		(219)	(766)	(71.4)
Other operating expenses		(27,205)	(28,039)	(3.0)
Profit from operating activities		76,666	86,222	(11.1)
Finance income		4,533	579	nm
Finance expenses		(2,773)	(3,473)	(20.2)
Profit before tax	6	78,426	83,328	(5.9)
Tax expense	7	(18,009)	(23,495)	(23.3)
Profit for the period		60,417	59,833	1.0
Profit attributable to:				
Owners of the Company		59,851	59,542	0.5
Non-controlling interests		566	291	94.5
Profit for the period		60,417	59,833	1.0

Note:

⁽ⁱ⁾ 1H 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.

⁽ⁱⁱⁱ⁾ nm denotes not meaningful.

Explanatory Notes to the Condensed Interim Consolidated Statement of Profit or Loss

- 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 net of reinsurance. Accordingly, some of the increase in insurance premium income, recognised in the Group's revenue, together with some of the increase in purchased and contracted services expense are partially attributable to the adoption of SFRS(I) 17. Under SFRS(I) 17, income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented separately as "Net reinsurance expenses".
- Higher insurance claims together with increase in insurance business revenues as well as the impact of adopting SFRS(I) 17 as explain in (a) above, resulted in higher purchased and contracted services expense being reported for 1H 2023.
- Consistent with the reduction in COVID-19 related activities, the Group incurred lower staff and manpower expenditures by 17.3% in 1H 2023.

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)
Period ended 30 June 2023

Condensed Interim Consolidated Statement of Other Comprehensive Income	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated⁽ⁱ⁾	Change %
Profit for the period	60,417	59,833	1.0
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	(10,919)	(5,031)	117.0
Total comprehensive income for the period	<u>49,498</u>	<u>54,802</u>	(9.7)
Total comprehensive income attributable to:			
Owners of the Company	49,101	54,535	(10.0)
Non-controlling interests	397	267	48.7
Total comprehensive income for the period	<u>49,498</u>	<u>54,802</u>	(9.7)
Earnings per share			
Basic earnings per share (cents) [A]	<u>3.22</u>	<u>3.20</u>	0.6
Diluted earnings per share (cents) [B]	<u>3.20</u>	<u>3.19</u>	0.3

Note:

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

⁽ⁱⁱⁱ⁾ nm denotes not meaningful.

[A] The calculation of earnings per ordinary share was based on weighted average number of shares 1,858,328,741 (First Half 2022: 1,861,167,981) in issue during the period.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) was based on weighted average number of shares 1,870,143,100 (First Half 2022: 1,869,074,889) in issue during the period.

Condensed Interim Statements of Financial Position As at 30 June 2023

	Note	Group		Company	
		30 June 2023 S\$'000	31 December 2022 S\$'000 Restated	30 June 2023 S\$'000	31 December 2022 S\$'000
Non-current assets					
Property, plant and equipment	11	720,022	739,072	7,810	7,406
Intangible assets and goodwill	10	18,835	20,274	429	556
Investment properties	12	273,400	273,400	–	–
Subsidiaries		–	–	880,602	857,298
Deferred tax assets		4,300	2,443	392	392
Trade and other receivables		2,348	2,274	4,668	4,657
		<u>1,018,905</u>	<u>1,037,463</u>	<u>893,901</u>	<u>870,309</u>
Current assets					
Inventories		12,914	13,098	2,181	2,163
Trade and other receivables		152,481	192,389	89,979	151,355
Reinsurance contract assets		37,817	36,696	–	–
Cash and cash equivalents		300,695	253,127	161,469	121,084
		<u>503,907</u>	<u>495,310</u>	<u>253,629</u>	<u>274,602</u>
Total assets		<u>1,522,812</u>	<u>1,532,773</u>	<u>1,147,530</u>	<u>1,144,911</u>
Equity attributable to owners of the Company					
Share capital	14	438,623	432,379	438,623	432,379
Reserves		560,318	580,075	541,376	562,132
		<u>998,941</u>	<u>1,012,454</u>	<u>979,999</u>	<u>994,511</u>
Non-controlling interests					
		15,747	15,350	–	–
Total equity		<u>1,014,688</u>	<u>1,027,804</u>	<u>979,999</u>	<u>994,511</u>
Non-current liabilities					
Loans and borrowings	13	60,312	63,376	10,000	10,000
Trade and other payables		12,418	56,478	8,136	21,842
Lease liabilities		11,282	13,441	1,576	1,822
Deferred tax liabilities		9,418	7,789	–	–
		<u>93,430</u>	<u>141,084</u>	<u>19,712</u>	<u>33,664</u>
Current liabilities					
Loans and borrowings	13	10,460	9,667	10,460	9,667
Current tax liabilities		42,350	49,631	24,300	30,056
Trade and other payables		260,517	223,206	112,571	76,534
Lease liabilities		10,940	9,659	488	479
Other financial liabilities		2,771	2,744	–	–
Insurance contract liabilities		87,656	68,978	–	–
		<u>414,694</u>	<u>363,885</u>	<u>147,819</u>	<u>116,736</u>
Total liabilities		<u>508,124</u>	<u>504,969</u>	<u>167,531</u>	<u>150,400</u>
Total equity and liabilities		<u>1,522,812</u>	<u>1,532,773</u>	<u>1,147,530</u>	<u>1,144,911</u>

Explanatory Notes to the Condensed Interim Statements of Financial Position

- Trade and other receivables decreased mainly due to improved collection for trade receivables.
- Insurance contract liabilities increased by S\$18.7 million, mainly due to higher provision for unearned premiums resulting, predominantly, from higher revenues generated by the Group's insurance business.
- Trade and other payables comprise mainly of trade payables, accrued expenses for employee benefits and other operating expenses incurred in the ordinary course of business as well as shareholders' loan from a subsidiary's non-controlling interest which has been reclassified from non-current liabilities to current liabilities, resulting in a net increase of S\$37.3 million in current trade and other payables. At the same time, non-current trade and other payables reflected a decrease of S\$44.1 million.

Condensed Interim Consolidated Statement of Cash Flows Period ended 30 June 2023

	6 months ended 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000 Restated
Cash flows from operating activities		
Profit for the period	60,417	59,833
<i>Adjustments for :</i>		
Amortisation of intangible assets	1,279	1,361
Depreciation of property, plant and equipment	17,743	19,265
Equity-settled share-based payment transactions	1,852	1,513
Finance expenses	2,773	3,473
Finance income	(4,533)	(579)
Gain on lease modification and derecognition	–	(20)
Loss on disposal of property, plant and equipment, net	–	15
Property, plant and equipment written off	141	43
Tax expense	18,009	23,495
	<u>97,681</u>	<u>108,399</u>
<i>Changes in working capital :</i>		
Inventories	184	814
Trade and other receivables	40,720	29,764
Trade and other payables	(4,624)	663
Reinsurance contract assets	(1,121)	3,942
Insurance contract liabilities	18,678	5,906
Cash generated from operations	151,518	149,488
Tax paid	(24,825)	(14,588)
Net cash from operating activities	<u>126,693</u>	<u>134,900</u>
Cash flows from investing activities		
Interest received	4,234	431
Proceeds from disposal of property, plant and equipment	–	17
Purchase of property, plant and equipment	(9,474)	(11,667)
Acquisition of intangible assets	(261)	(144)
Net cash used in investing activities	<u>(5,501)</u>	<u>(11,363)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(70,683)	(52,015)
Acquisition of own shares	–	(23,557)
Proceeds from issue of shares under share option scheme	6,244	4,431
Proceeds from bank loans	53,317	7,919
Repayment of bank loans	(53,386)	(26,129)
Payment of lease liabilities	(5,767)	(6,203)
Interest paid	(1,994)	(3,303)
Lease interest paid	(451)	(221)
Net cash used in financing activities	<u>(72,720)</u>	<u>(99,078)</u>
Net increase in cash and cash equivalents	48,472	24,459
Cash and cash equivalents at 1 January	252,054	263,908
Effect of exchange rate fluctuations on cash held	(914)	(413)
Cash and cash equivalents at 30 June	<u>299,612</u>	<u>287,954</u>

Explanatory Notes to the Condensed Interim 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\$126.7 million for 1H 2023.
- Notwithstanding the purchase of property, plant and equipment (S\$9.5 million) and payment of dividends (S\$70.7 million), amongst others, the Group reported an increase in cash and cash equivalents of S\$47.5 million for 1H 2023.

Condensed Interim Statements of Changes in Equity
Period ended 30 June 2023

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	–	–	–	–	–	–	(2,600)	(2,600)	–	(2,600)
Restated balance at 1 January 2023	432,379	(13,018)	35,758	16,367	(5,018)	(26,894)	572,880	1,012,454	15,350	1,027,804
Total comprehensive income for the period										
Profit for the period	–	–	–	–	–	–	59,851	59,851	566	60,417
Other comprehensive income										
Foreign currency translation differences - foreign operations	–	(10,750)	–	–	–	–	–	(10,750)	(169)	(10,919)
Total other comprehensive income for the period	–	(10,750)	–	–	–	–	–	(10,750)	(169)	(10,919)
Total comprehensive income for the period	–	(10,750)	–	–	–	–	59,851	49,101	397	49,498
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	6,244	–	–	–	–	–	–	6,244	–	6,244
Value of employee services received for issue of share options and share awards	–	–	1,852	–	–	–	–	1,852	–	1,852
Final dividend paid of 3.8 cents per ordinary share - Cash	–	–	–	–	–	–	(70,683)	(70,683)	–	(70,683)
Total contributions by and distributions to owners	6,244	–	1,852	–	–	–	(70,683)	(62,587)	–	(62,587)
Changes in ownership interests in subsidiaries										
Present value of the exercise price of written put options	–	–	–	–	(27)	–	–	(27)	–	(27)
Total changes in ownership interests in subsidiaries	–	–	–	–	(27)	–	–	(27)	–	(27)
Total transactions with owners	6,244	–	1,852	–	(27)	–	(70,683)	(62,614)	–	(62,614)
Balance at 30 June 2023	438,623	(23,768)	37,610	16,367	(5,045)	(26,894)	562,048	998,941	15,747	1,014,688

Condensed Interim Statements of Changes in Equity (cont'd)
Period ended 30 June 2023

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	–	–	–	–	–	–	(2,333)	(2,333)	–	(2,333)
Restated balance at 1 January 2022	426,346	9,089	33,061	16,367	(4,818)	(3,230)	481,646	958,461	15,826	974,287
Total comprehensive income for the period (restated)										
Profit for the period	–	–	–	–	–	–	59,542	59,542	291	59,833
Other comprehensive income (restated)										
Foreign currency translation differences - foreign operations	–	(5,007)	–	–	–	–	–	(5,007)	(24)	(5,031)
Total other comprehensive income for the period (restated)	–	(5,007)	–	–	–	–	–	(5,007)	(24)	(5,031)
Total comprehensive income for the period (restated)	–	(5,007)	–	–	–	–	59,542	54,535	267	54,802
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Schemes	4,431	–	–	–	–	–	–	4,431	–	4,431
Own shares acquired	–	–	–	–	–	(23,557)	–	(23,557)	–	(23,557)
Value of employee services received for issue of share options and share awards	–	–	1,513	–	–	–	–	1,513	–	1,513
Final dividend paid of 2.8 cents per ordinary share - Cash	–	–	–	–	–	–	(52,015)	(52,015)	–	(52,015)
Total contributions by and distributions to owners	4,431	–	1,513	–	–	(23,557)	(52,015)	(69,628)	–	(69,628)
Changes in ownership interests in subsidiaries										
Present value of the exercise price of written put options	–	–	–	–	(85)	–	–	(85)	–	(85)
Total changes in ownership interests in subsidiaries	–	–	–	–	(85)	–	–	(85)	–	(85)
Total transactions with owners	4,431	–	1,513	–	(85)	(23,557)	(52,015)	(69,713)	–	(69,713)
Balance at 30 June 2022 (Restated)	430,777	4,082	34,574	16,367	(4,903)	(26,787)	489,173	943,283	16,093	959,376

Condensed Interim Statements of Changes in Equity (cont'd) Period ended 30 June 2023

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 period						
Profit for the period	–	–	–	–	48,075	48,075
Total comprehensive income for the period	–	–	–	–	48,075	48,075
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	6,244	–	–	–	–	6,244
Value of employee services received for issue of share options and share awards	–	1,852	–	–	–	1,852
Final dividend paid of 3.80 cents per ordinary share - Cash	–	–	–	–	(70,683)	(70,683)
Total contributions by and distributions to owners	6,244	1,852	–	–	(70,683)	(62,587)
At 30 June 2023	438,623	37,610	(323)	(26,894)	530,983	979,999
At 1 January 2022	426,346	33,061	(106)	(3,230)	398,745	854,816
Total comprehensive income for the period						
Profit for the period	–	–	–	–	58,176	58,176
Total comprehensive income for the period	–	–	–	–	58,176	58,176
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Schemes	4,431	–	–	–	–	4,431
Own shares acquired	–	–	–	(23,557)	–	(23,557)
Value of employee services received for issue of share options and share awards	–	1,513	–	–	–	1,513
Final dividend paid of 2.80 cents per ordinary share - Cash	–	–	–	–	(52,015)	(52,015)
Total contributions by and distributions to owners	4,431	1,513	–	(23,557)	(52,015)	(69,628)
At 30 June 2022	430,777	34,574	(106)	(26,787)	404,906	843,364

Notes to the Condensed Interim Financial Statements

1 Corporate information

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

These condensed interim financial statements as at and for the six months ended 30 June 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

The Group and the Company are partners of the following:

Changi Medical Services LLP
Raffles International Medical Assistance LLP

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

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

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

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

2. Basis of preparation (cont'd)

2.1 New and amended standards adopted by the Group

The Group had adopted *SFRS(I) 17 Insurance Contracts (SFRS(I) 17)* with effect from 1 January 2023.

Pursuant to the adoption of SFRS (I) 17, the Group had restated certain comparative amounts and presented restated statements of financial position retrospectively, including the comparatives numbers presented in these financial statements.

In addition to the amendment relating to SFRS(I) 17, a number of amendments to Standards have become applicable in the current reporting period. Except for SFRS(I) 17, the Group did not have to change its accounting policies or make retrospective adjustment as a result of adopting those other standards. The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of SFRS(I) 17 are summarised below.

2.1.1 Recognition, measurement and presentation of insurance contracts

SFRS(I) 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. 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, with 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 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.

The Group applies the Premium Allocation Approach (PAA) to simplify the measurement of contracts in the insurance service segment. When measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts (deferred acquisition costs) until those costs were included in profit or loss and other comprehensive income (OCI). Under SFRS(I) 17, in applying the PAA, the group elected to recognise any insurance acquisition cash flow as expenses as and when they are incurred.

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

2.1.2 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:

2. Basis of preparation (cont'd)

2.1 New and amended standards adopted by the Group (cont'd)

2.1.2 Transition (cont'd)

- identified, recognised and measured each group of insurance and reinsurance contracts 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 some deferred acquisition costs for insurance contracts, insurance receivables and insurance payables. Under SFRS(I) 17, they are not included in the measurement of the insurance contracts;

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.

2.2 Use of estimates and judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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

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
- Note 2.1.2 – transition to SFRS(I) 17: determining whether sufficient reasonable and supportable information is available to apply a full or modified retrospective approach.

2. Basis of preparation (cont'd)

2.2 Use of estimates and judgements (cont'd)

Changes in the assumptions about claims development, discount rates, including any illiquidity premiums may change the fulfilment cash flows materially over the course of the contracts. However, these changes would adjust the CSM and would not affect the carrying amounts of the contracts, unless they arise from onerous contracts or do not relate to future services.

Measurement of fair values

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

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

3 Seasonal operations

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

4 Segment and revenue information

The Group has 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.

4.1 Reportable segments

	Healthcare services		Hospital services		Insurance services		Investment holdings		Total	
	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated
Revenue and expenses										
Revenue	167,266	231,602	160,364	151,773	67,022	54,621	22,880	25,136	417,532	463,132
Inter-segment revenue	5,350	7,918	20,558	22,674	1,435	1,303	19,339	21,498	46,682	53,393
Insurance expenses	–	–	–	–	(47,342)	(29,989)	–	–	(47,342)	(29,989)
Finance expenses	(711)	(369)	(17)	(30)	(54)	(7)	(1,991)	(3,067)	(2,773)	(3,473)
Depreciation and amortisation	(7,426)	(7,860)	(4,974)	(5,970)	(624)	(536)	(97)	(82)	(13,121)	(14,448)
Reportable segment profit before tax	59,940	68,440	8,655	4,404	(1,253)	307	14,280	14,539	81,622	87,690
Other material non-cash items:										
- Reversal / (Impairment losses) on trade receivable	66	(567)	(285)	(199)	–	–	–	–	(219)	(766)
Reportable segment assets	1,190,364	1,134,237	241,896	282,632	141,993	117,667	957,319	1,032,433	2,531,572	2,566,969
Capital expenditure	8,050	5,261	4,129	2,575	168	57	46	214	12,393	8,107
Reportable segment liabilities	224,773	295,317	174,533	204,641	112,261	86,979	752,222	802,622	1,263,789	1,389,559

4.1 Reportable segments (cont'd)

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

	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated
Revenues		
Total revenue for reportable segments	417,532	463,132
Elimination of inter-segment revenue	(46,682)	(53,393)
Consolidated revenue	<u>370,850</u>	<u>409,739</u>
Profit or loss before tax		
Total profit for reportable segments	81,622	87,690
Elimination of inter-segment profits / Consolidation adjustment	2,705	1,816
Adjustment for depreciation of property, plant and equipment and amortisation of intangible assets	(5,901)	(6,178)
Consolidated profit before tax	<u>78,426</u>	<u>83,328</u>
Assets		
Total assets for reportable segments	2,531,572	2,566,969
Elimination of inter-segment assets	(1,013,060)	(1,020,211)
Unallocated amounts-current tax and deferred tax assets	4,300	1,263
Consolidated total assets	<u>1,522,812</u>	<u>1,548,021</u>
Liabilities		
Total liabilities for reportable segments	1,263,789	1,389,559
Elimination of inter-segment liabilities	(807,433)	(847,932)
Unallocated amounts-current tax and deferred tax liabilities	51,768	47,018
Consolidated total liabilities	<u>508,124</u>	<u>588,645</u>

Other material items

	Reportable segment totals S\$'000	Adjustments S\$'000	Consolidated totals S\$'000
30 June 2023			
Depreciation and amortisation	<u>13,121</u>	5,901	<u>19,022</u>
30 June 2022			
Depreciation and amortisation	<u>14,448</u>	6,178	<u>20,626</u>

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

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

4.1 Reportable segments (cont'd)

The amount of S\$5,901,000 (30 June 2022: S\$6,178,000) relates to the depreciation of these properties for the year ended 30 June 2023.

The Group operations are primarily in Singapore, Greater China (China and Hong Kong SAR), Vietnam, Cambodia and Japan.

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

	Group	
	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated
Revenue		
Singapore	333,853	377,058
Greater China	28,762	24,742
Rest of Asia	8,235	7,939
Consolidated revenue	370,850	409,739
Non-current assets		
Singapore	674,470	680,760
Greater China	332,297	394,702
Rest of Asia	5,490	6,532
Consolidated non-current assets*	1,012,257	1,081,994

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

4.2 Disaggregation of Revenue

	Group	
	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated
Revenue from contracts with customers	367,430	406,042
Rental income	3,420	3,697
	370,850	409,739

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 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
30 June 2023							
Financial assets not measured at fair value							
Trade and other receivables #	151,270	–	151,270				
Cash and cash equivalents	300,695	–	300,695				
	<u>451,965</u>	<u>–</u>	<u>451,965</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(70,772)	(70,772)	–	(70,772)	–	(70,772)
Trade and other payables*	–	(264,778)	(264,778)				
Other financial liabilities	–	(2,771)	(2,771)	–	–	(2,771)	(2,771)
	<u>–</u>	<u>(338,321)</u>	<u>(338,321)</u>				
31 December 2022 (restated)							
Financial assets not measured at fair value							
Trade and other receivables #	190,385	–	190,385				
Cash and cash equivalents	253,127	–	253,127				
	<u>443,512</u>	<u>–</u>	<u>443,512</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(73,043)	(73,043)	–	(73,043)	–	(73,043)
Trade and other payables*	–	(271,237)	(271,237)				
Other financial liabilities	–	(2,744)	(2,744)	–	–	(2,744)	(2,744)
	<u>–</u>	<u>(347,024)</u>	<u>(347,024)</u>				

Excludes prepayments

* Excludes deferred income and other long-term employee benefits

5 Financial assets and financial liabilities (cont'd)

Company	Carrying amount			Fair value			
	At amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
30 June 2023							
Financial assets not measured at fair value							
Trade and other receivables #	94,016	–	94,016				
Cash and cash equivalents	161,469	–	161,469				
Amounts due from subsidiaries	832,177	–	832,177	–	–	832,177	832,177
	<u>1,087,662</u>	<u>–</u>	<u>1,087,662</u>				
Financial liabilities not measured at fair value							
Loans and borrowings	–	(20,460)	(20,460)	–	(20,460)	–	(20,460)
Trade and other payables*	–	(116,585)	(116,585)				
	<u>–</u>	<u>(137,045)</u>	<u>(137,045)</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 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000
Contributions to defined contribution plans	10,589	15,327
Foreign exchange loss	799	938
Loss on disposal of property, plant and equipment, net	–	15
Interest expense:		
- bank loans	1,558	2,416
- subsidiary's non-controlling interest	764	836
- lease liabilities	451	221
Interest income	(4,533)	(579)
Jobs Growth Incentive (JGI), wage credit and other grants	(8,187)	(6,040)
Property, plant and equipment written-off	141	43
Recovery of bad debts	(228)	(615)
Value of employee services received for issue of share options and share awards, included in staff costs	1,852	1,513
Write-off for stock obsolescence	81	109

7 Taxation

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

	Group	
	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000 Restated
Current income tax expense	17,500	22,243
Current withholding tax expense	718	733
Deferred income tax expense relating to origination and reversal of temporary differences	(209)	383
	<u>18,009</u>	<u>23,359</u>
Adjustment for under provision of tax in respect of prior years		
Current income tax expense – Under provision in respect of prior years	–	136
	<u>18,009</u>	<u>23,495</u>

8 Dividends

	Group	
	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000
Ordinary dividends paid:		
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 3.80 cents per share (6 months ended 30 June 2022: 2.80 cents per share)	70,683	52,015

9 Net assets value

	Group		Company	
	30 June 2023 S\$	31 December 2022 S\$ Restated	30 June 2023 S\$	31 December 2022 S\$
Net asset value per ordinary share [C]	53.70 cents	54.59 cents	52.68 cents	53.63 cents

[C] The calculation of net asset value per ordinary share was based on 1,860,326,625 shares as at 30 June 2023 (31 December 2022: 1,854,547,625).

10 Intangible assets and goodwill

	Goodwill S\$'000	Customer relationship S\$'000	Membership rights S\$'000	Software		Total S\$'000
				under development S\$'000	Software S\$'000	
Group						
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	–	–	–	–	261	261
Effects of movement in exchange rate	(808)	(164)	–	–	(166)	(1,138)
At 30 June 2023	23,693	4,133	164	–	16,869	44,859
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	–	160	–	–	1,119	1,279
Effects of movement in exchange rate	(506)	(151)	–	–	(60)	(717)
At 30 June 2023	12,845	3,852	136	–	9,191	26,024
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 30 June 2023	10,848	281	28	–	7,678	18,835

10 Intangible assets and goodwill (cont'd)

Impairment testing

Goodwill that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 30 June 2023 based on the CGU's business performance. The Group performed its annual impairment test in December 2022. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

11 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment amounting to S\$12,132,000 (30 June 2022: S\$8,006,000) and disposed of assets amounting to S\$Nil (30 June 2022: S\$32,000).

12 Investment properties

	Group	
	2023 S\$'000	2022 S\$'000
Balance as at 1 January and 30 June	273,400	274,000

Valuation of investment properties

The Group's policy is for investment property to be measured at fair value for which the Group completes property valuations at least annually by independent registered valuers at the end of the year. The Group did not engage an independent valuer to determine the fair value of the properties as at 30 June 2023. However, the Management had taken into considerations those underlying factors that would have impacts to the fair value of the investment properties since the last valuations completed in December 2022; including any tenant changes, assessing market rentals, etc. There are no major factors that could affect the fair value of the investment properties as at 30 June 2023.

13 Loans and borrowings

	Group		Company	
	30 June 2023 S\$'000	31 December 2022 S\$'000	30 June 2023 S\$'000	31 December 2022 S\$'000
Amount repayable within one year or on demand				
Unsecured bank loans	10,460	9,667	10,460	9,667
Amount repayable after one year				
Unsecured bank loans	60,312	63,376	10,000	10,000
Total loans and borrowings	70,772	73,043	20,460	19,667

14 Share capital

Company	30 June 2023		31 December 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	5,779	6,244	6,546	6,033
At 30 June / 31 December	<u>1,883,051</u>	<u>438,623</u>	<u>1,877,272</u>	<u>432,379</u>

The total number of issued shares excluding treasury shares as at 30 June 2023 was 1,860,326,625 (31 December 2022: 1,854,547,625).

(i) Exercise of share options and share awards

During the first half ended 30 June 2023, the Company issued a total of 5,779,000 new ordinary shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share	S\$0.81	S\$1.04	S\$1.07	S\$1.09	S\$1.31	S\$1.42
Number of new shares issued	302,000	361,000	394,000	4,471,000	250,000	1,000

As at 30 June 2023, there were outstanding options for conversion into 70,488,000 (30 June 2022: 69,433,000) ordinary shares.

As at 30 June 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 2,340,650 (30 June 2022: 2,564,000).

(ii) Treasury shares

The Company holds 22,725,300 treasury shares as at 30 June 2023 (30 June 2022: 23,300,000).

Treasury shares held by the Company as at 30 June 2023 represent 1.22% (30 June 2022: 1.26%) of the total number of issued shares (excluding treasury shares).

	Number of treasury shares
Balance as at 1 January 2023	22,725,300
Acquisition of treasury shares	-
Balance as at 30 June 2023	22,725,300

(iii) Subsidiary holdings

There is no subsidiary holdings as at 30 June 2023 (30 June 2022: Nil).

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2023 (30 June 2022: Nil).

15 Subsequent events

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

Other Information Required by Listing Rule Appendix 7.2

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

The condensed interim financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the condensed interim consolidated statement of financial position of the Group and the condensed interim statement of financial position of the Company as at 30 June 2023, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows of the Group for the six-month period then ended, and notes to the financial statements have not been audited or reviewed.

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Reflecting a return to normal operating activities, the Group posted a revenue of **S\$370.9** million for 1H 2023. In contrast with **S\$409.7** million in 1H 2022, this is **9.5%** lower because of fewer COVID-19 related activities.

The return of foreign patients seeking medical treatment in Singapore, saw the Group's revenue from its Hospital Services division grew **5.7%** in 1H 2023 to **S\$160.4** million. The Healthcare Services division, which included revenue from COVID-19 activities in 1H 2022, reported a lower revenue of **S\$167.3** million for 1H 2023.

On the resumption of normal activities in China, patients returned to our clinics and hospitals. The revenue of China operations grew **16.2%** in 1H 2023 to **S\$28.8** million from **S\$24.7** million in 1H 2022. In the rest of Asia, a similar trend was observed with a **3.7%** growth in revenue.

Consistent with the reduction in COVID-19 related activities, the Group incurred lower staff and manpower expenditures by **17.3%** in 1H 2023 while continuing to improve its operating leverages. Consequently, the Group reported a modest increase in profit after tax to **S\$60.4** million in 1H 2023 from **S\$59.8** million in 1H 2022.

In 1H 2023, the Group generated cash from operating activities of **S\$126.7** million. As at 30 June 2023, the Group remained in a net cash position with **S\$299.6** million in cash and cash equivalents and **S\$93.0** million of debt after dividends of **S\$70.7** million.

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current financial period's results are in line with the Directors' expectations as disclosed in the Group's FY2022 results announcement.

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

Across the Group, we offer a suite of healthcare solutions that can meet the varying needs of corporate clients and individual patients. To this end, we continue to evolve and work with key corporate customers and clients across the various geographies in which we operate, to develop and offer integrated healthcare solutions tailored to meet their organisations' needs.

With a return to normal activities, the Group continues to focus on growing its core healthcare services in Singapore through its network of family and corporate medical clinics as well as its specialist services. The Group is also an active participant in the Singapore Government's recently launched Healthier SG initiative and has launched complementary initiatives in support of this programme.

The slower growth in the regions in which we operate, coupled with higher inflation and interest rates remain a threat and may dampen the demand for high-end healthcare services. Labour constraints may also impact the Group negatively.

Based on current conditions and barring unforeseen circumstances, the Directors expect the Group to remain profitable in FY 2023.

5 Dividend

(a) Current Financial Period Reported on

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

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

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

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

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

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

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

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Lew Yoong Keong Allen
Director

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
31 July 2023