

FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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

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

Consolidated Statement of Profit or Loss	Q1 2017	Q1 2016	Change
	S\$'000	S\$'000	%
Revenue	114,915	116,859	(1.7)
Other operating income	727	1,878	(61.3)
Inventories and consumables used	(12,799)	(13,327)	(4.0)
Purchased and contracted services	(8,780)	(9,011)	(2.6)
Staff costs	(60,975)	(61,579)	(1.0)
Depreciation of property, plant and equipment	(3,575)	(3,538)	1.0
Amortisation of intangible assets	(103)	(90)	14.4
Operating lease expenses	(3,454)	(3,514)	(1.7)
Other operating expenses	(7,869)	(8,953)	(12.1)
Profit from operating activities	18,087	18,725	(3.4)
Finance income	227	246	(7.7)
Finance expenses	(45)	(35)	28.6
Profit before tax	18,269	18,936	(3.5)
Tax expense	(3,304)	(3,731)	(11.4)
Profit for the period	14,965	15,205	(1.6)
Profit attributable to :			
Owners of the Company	15,545	15,526	0.1
Non-controlling interests	(580)	(321)	80.7
Profit for the period	14,965	15,205	(1.6)

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

	Q1 2017	Q1 2016	Change
	S\$'000	S\$'000	%
Consolidated statement of comprehensive income			
Profit for the period	14,965	15,205	(1.6)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	(2,018)	(2,490)	(19.0)
Total comprehensive income for the period	12,947	12,715	1.8
Total comprehensive income attributable to:			
Owners of the company	13,943	13,914	0.2
Non-controlling interests	(996)	(1,199)	(16.9)
Total comprehensive income for the period	12,947	12,715	1.8

Explanatory notes to the Consolidated Statement of Profit or Loss

- Other operating income decreased mainly due to lower wage credit received.
- Lower other operating expenses were mainly due to lower doubtful debts provision as well as advertising expenses.
- Profit from operating activities before taxation includes the following:

	Q1 2017	Q1 2016
Group	S\$'000	S\$'000
(a) Other operating expenses		
Allowance for doubtful receivables	180	678
Property, plant and equipment written off	33	5
Write-off for stock obsolescence	34	39

- The adjustment for tax in respect of prior years are as follows:

	Q1 2017	Q1 2016
Group	S\$'000	S\$'000
Current tax expense		
Over provision in respect of prior years	43	-

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

Statements of Financial Position	Group		Company	
	31/03/2017 S\$'000	31/12/2016 S\$'000	31/03/2017 S\$'000	31/12/2016 S\$'000
Non-current assets				
Property, plant and equipment	267,818	270,066	7,875	8,040
Intangible assets and goodwill	29,716	30,660	93	93
Investment properties	383,081	371,472	-	-
Subsidiaries	-	-	456,993	451,431
Deferred tax assets	439	437	-	-
Trade and other receivables	4,602	4,711	7,147	7,658
	<u>685,656</u>	<u>677,346</u>	<u>472,108</u>	<u>467,222</u>
Current assets				
Inventories	9,289	9,994	2,401	2,643
Trade and other receivables	106,345	101,408	104,910	103,234
Cash and cash equivalents	119,395	111,883	32,193	32,619
	<u>235,029</u>	<u>223,285</u>	<u>139,504</u>	<u>138,496</u>
Total assets	<u>920,685</u>	<u>900,631</u>	<u>611,612</u>	<u>605,718</u>
Equity attributable to owners of the Company				
Share capital	315,852	314,165	315,852	314,165
Reserves	369,249	352,223	244,583	242,894
	<u>685,101</u>	<u>666,388</u>	<u>560,435</u>	<u>557,059</u>
Non-controlling interests	16,544	15,456	-	-
Total equity	<u>701,645</u>	<u>681,844</u>	<u>560,435</u>	<u>557,059</u>
Non-current liabilities				
Loans and borrowings	16,962	16,947	-	-
Trade and other payables	4,682	4,397	87	96
Other financial liabilities	6,184	8,377	-	-
Deferred tax liabilities	4,802	4,853	722	722
	<u>32,630</u>	<u>34,574</u>	<u>809</u>	<u>818</u>
Current liabilities				
Loans and borrowings	13,015	13,451	9,079	9,518
Current tax liabilities	14,646	14,163	1,342	1,644
Trade and other payables	135,176	144,728	39,947	36,679
Other financial liabilities	-	166	-	-
Insurance contract provisions	23,573	11,705	-	-
	<u>186,410</u>	<u>184,213</u>	<u>50,368</u>	<u>47,841</u>
Total liabilities	<u>219,040</u>	<u>218,787</u>	<u>51,177</u>	<u>48,659</u>
Total equity and liabilities	<u>920,685</u>	<u>900,631</u>	<u>611,612</u>	<u>605,718</u>

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

Explanatory notes to the Statement of Financial Position

1. Investment properties increased by S\$11.6 million, largely due to the investment property development expenditure for Raffles Hospital Extension and Raffles Medical Shanghai Hospital Project.
2. The Group's net cash position increased from S\$81.5 million as at 31 December 2016 to S\$89.4 million as at 31 March 2017. This was mainly contributed by the strong operating cash flows from its business operations, partly offset by payments for investment properties amounting to S\$13.0 million.
3. The decrease in other financial liabilities was due to the adjustment to the present value of the exercise price of written put options with the non-controlling shareholders in respect of the subsidiaries acquired in Q4 2015.
4. Insurance contract provisions increased by S\$11.9 million, mainly due to higher provision for unearned premiums resulting from billings for premium from the Group's insurance business.

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

Amount repayable in one year or less, or on demand

As at 31/03/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	13,015	-	13,451

Amount repayable after one year

As at 31/03/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	16,962	-	16,947

Details of any collateral

Nil.

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

	Q1 2017 S\$'000	Q1 2016 S\$'000
Cash flows from operating activities		
Profit for the period	14,965	15,205
<i>Adjustments for :</i>		
Amortisation of intangible assets	103	90
Depreciation of property, plant and equipment	3,575	3,538
Equity-settled share-based payment transactions	724	451
Finance expenses	45	35
Finance income	(227)	(246)
Property, plant and equipment written off	33	5
Tax expense	3,304	3,731
	<u>22,522</u>	<u>22,809</u>
<i>Changes in working capital :</i>		
Inventories	704	27
Trade and other receivables	(4,717)	(20,855)
Trade and other payables	(9,276)	20,236
Insurance contract provisions	11,868	14,731
Cash generated from operations	<u>21,101</u>	<u>36,948</u>
Tax paid	(2,856)	(2,575)
Interest paid	(70)	-
Net cash from operating activities	<u>18,175</u>	<u>34,373</u>
Cash flows from investing activities		
Interest received	222	250
Purchase of property, plant and equipment	(1,411)	(1,289)
Payment for investment properties under development	(12,972)	(10,466)
Net cash used in investing activities	<u>(14,161)</u>	<u>(11,505)</u>
Cash flows from financing activities		
Loan from subsidiary's non-controlling interest	122	177
Proceeds from issue of shares under share option scheme	1,687	1,618
Proceeds from issue of shares to non-controlling interests of subsidiary	2,084	-
Proceeds from bank loans	25,942	21,686
Repayment of bank loans	(26,063)	(21,473)
Net cash from financing activities	<u>3,772</u>	<u>2,008</u>
Net increase in cash and cash equivalents	7,786	24,876
Cash and cash equivalents at 1 January	111,883	86,057
Effect of exchange rate fluctuations on cash held	(274)	(380)
Cash and cash equivalents at 31 March	<u>119,395</u>	<u>110,553</u>

Explanatory notes to the Statement of Cash Flows

The Group's cash and cash equivalents increased by S\$7.5 million from S\$111.9 million as at 31 December 2016 to S\$119.4 million as at 31 March 2017. This was attributed mainly to strong operating cashflows generated by the Group from its business operations, offset by the payment for investment properties under development as well as capital expenditure for business expansion which amounted to S\$14.4 million.

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

Group	Share capital S\$'000	Translation reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Other reserve S\$'000	Accumulated profits S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2016	286,366	(1,149)	21,089	1,712	(8,790)	303,877	603,105	18,922	622,027
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	15,526	15,526	(321)	15,205
Other comprehensive income									
Foreign currency translation differences - foreign operations	-	(1,612)	-	-	-	-	(1,612)	(878)	(2,490)
Total other comprehensive income for the period	-	(1,612)	-	-	-	-	(1,612)	(878)	(2,490)
Total comprehensive income for the period	-	(1,612)	-	-	-	15,526	13,914	(1,199)	12,715
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 Scheme	1,618	-	-	-	-	-	1,618	-	1,618
Value of employee services received for issue of share options	-	-	451	-	-	-	451	-	451
Total contributions by and distributions to owners	1,618	-	451	-	-	-	2,069	-	2,069
Changes in ownership interests in subsidiaries									
Present value of the exercise price of written put options	-	-	-	-	623	-	623	-	623
Total changes in ownership interests in subsidiaries	-	-	-	-	623	-	623	-	623
Total transactions with owners	1,618	-	451	-	623	-	2,692	-	2,692
At 31 March 2016	287,984	(2,761)	21,540	1,712	(8,167)	319,403	619,711	17,723	637,434

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

Group	Share capital S\$'000	Translation reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Other reserve S\$'000	Accumulated profits S\$'000	Total attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2017	314,165	(4,092)	23,745	1,712	(8,543)	339,401	666,388	15,456	681,844
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	15,545	15,545	(580)	14,965
Other comprehensive income									
Foreign currency translation differences - foreign operations	-	(1,602)	-	-	-	-	(1,602)	(416)	(2,018)
Total other comprehensive income for the period	-	(1,602)	-	-	-	-	(1,602)	(416)	(2,018)
Total comprehensive income for the period	-	(1,602)	-	-	-	15,545	13,943	(996)	12,947
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 Scheme	1,687	-	-	-	-	-	1,687	-	1,687
Issue of shares to non-controlling interests of subsidiary	-	-	-	-	-	-	-	2,084	2,084
Value of employee services received for issue of share options	-	-	724	-	-	-	724	-	724
Total contributions by and distributions to owners	1,687	-	724	-	-	-	2,411	2,084	4,495
Changes in ownership interests in subsidiaries									
Present value of the exercise price of written put options	-	-	-	-	2,359	-	2,359	-	2,359
Total changes in ownership interests in subsidiaries	-	-	-	-	2,359	-	2,359	-	2,359
Total transactions with owners	1,687	-	724	-	2,359	-	4,770	2,084	6,854
At 31 March 2017	315,852	(5,694)	24,469	1,712	(6,184)	354,946	685,101	16,544	701,645

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

Company	Share capital S\$'000	Share option reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
At 1 January 2016	286,366	21,089	179,212	486,667
Total comprehensive income for the period				
Profit for the period	-	-	1,481	1,481
Total comprehensive income for the period	-	-	1,481	1,481
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 Scheme	1,618	-	-	1,618
Value of employee services received for issue of share options	-	451	-	451
Total contributions by and distributions to owners	1,618	451	-	2,069
At 31 March 2016	287,984	21,540	180,693	490,217
At 1 January 2017	314,165	23,745	219,149	557,059
Total comprehensive income for the period				
Profit for the period	-	-	965	965
Total comprehensive income for the period	-	-	965	965
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 Scheme	1,687	-	-	1,687
Value of employee services received for issue of share options	-	724	-	724
Total contributions by and distributions to owners	1,687	724	-	2,411
At 31 March 2017	315,852	24,469	220,114	560,435

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the first quarter ended 31 March 2017, the Company issued a total of 2,162,000 new ordinary shares, upon the exercise of options under the Raffles Medical Group Share Option Schemes.

Exercise price per share (Post Share Split)	S\$0.38	S\$0.41	S\$0.55	S\$0.73	S\$0.78	S\$1.07	S\$1.09
Number of new shares issued	228,000	81,000	153,000	207,000	938,000	243,000	312,000

On 3 April 2017, options to subscribe for 5,000,000 ordinary shares at an exercise price of S\$1.42 were granted to about 425 eligible participants pursuant to the Raffles Medical Group (2010) Share Option Scheme.

As at 31 March 2017, there were outstanding options for conversion into 60,419,000 (31 March 2016: 19,647,000 (Pre Share Split)) ordinary shares. The Company does not hold any treasury shares as at 31 March 2017 (31 March 2016: Nil).

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

	31/03/2017	31/12/2016
Number of issued shares excluding treasury shares	1,750,326,318	1,748,164,318

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2017 (31 December 2016: Nil).

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

The financial statements on consolidated results for the first quarter ended 31 March 2017 have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Accounting policies and methods of computation used in the consolidated financial statements for the first quarter ended 31 March 2017 are consistent with those applied in the financial statements for the year ended 31 December 2016, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2017. The adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

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

Please refer to Item 4 above.

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

	First Quarter	
	Q1 2017	Q1 2016
Earnings per ordinary share for the year based on 1(a) above :-		
(i) Basic earnings per share [A]	0.89 cents	0.90 cents
(ii) Diluted earnings per share [B]	0.88 cents	0.89 cents

[A] The calculation of earnings per ordinary share was based on weighted average number of shares 1,749,204,629 (Q1 2016: 1,725,980,643) in issue during the period. For comparative purposes, the weighted average number of ordinary shares for Q1 2016 had been adjusted for the Share Split.

[B] The calculation of earnings per ordinary share (on a fully diluted basis) was based on weighted average number of shares of 1,763,160,356 (Q1 2016: 1,741,799,433) in issue during the period. For comparative purposes, the weighted average number of ordinary shares for Q1 2016 had been adjusted for the Share Split.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Net asset value per ordinary share [C]	39.14 cents	38.12 cents	32.02 cents	31.87 cents

[C] The calculation of net asset value per ordinary share was based on 1,750,326,318 shares as at 31 March 2017 (31 December 2016: 1,748,164,318).

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

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

The Group recorded a quarterly revenue of **S\$114.9** million in Q1 2017 as compared to **S\$116.9** million in Q1 2016. The marginal decline was due to softer than expected demand from foreign patients. Healthcare and Hospital Services divisions recorded a revenue decrease of **2.0%** and **1.9%** respectively.

The Group registered a net profit after tax attributable to owners of the Company of **S\$15.5** million in Q1 2017, a marginal increase of **0.1%** over Q1 2016. Despite the lower revenue, the Group was able to contain costs and maintain its profitability. In addition, the Group's profitability was affected by the lower wage credit received in Q1 2017 of **S\$0.7** million as compared to **S\$1.9** million in Q1 2016. Excluding the wage credit received, the Group's operating profit would have grown by **3.8%**.

The Group maintained its strong cashflow from operating activities of **S\$18.2** million in Q1 2017. The Group has a healthy cash position of **S\$119.4** million as at 31 March 2017. The strong operating cashflows enabled the Group to support its investments in **RafflesHospital Shanghai** and **RafflesHospital Extension**. These investments together with capital expenditure for business expansion amounted to **S\$14.4** million in Q1 2017.

RafflesMedical continues to grow its portfolio of corporate clients through the **RafflesOne** corporate portfolio package by leveraging on employee medical benefits, group insurance and administration services offered by the Group.

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

The current financial period's results showed a lower than expected revenue whilst the Group remains profitable.

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

RafflesHospital Extension's completion in 4th Quarter 2017 will allow *RafflesHospital* to further increase its breadth and depth of clinical services with projected concurrent expansion in outpatient specialist centres and inpatient facilities capacity. Paired with *RafflesHealthInstitute's* staff training and development initiatives, the integrated medical complex will be able to serve the total healthcare needs of our patients and corporate clients, both current and future.

RafflesMedical expanded its network of clinics in 2017 by opening a new clinic at Hillion Mall. Existing clinics at Asia Square, Clementi and Nex will be refreshed in Q2 2017 to serve our patients better. Through these initiatives, *RafflesMedical* continues to enhance its touchpoints across Singapore by offering greater convenience to quality healthcare for our patients.

As announced on 3 April 2017, the Group has acquired a piece of land with estimated land area of 28,000 square metres together with an in-construction building thereon, located in the Liangjiang New Area in Chongqing for the development of a 700-bed international tertiary hospital. *RafflesHospital Chongqing* will serve local, expatriate patients in the western part of China as well as foreign patients from Central Asian republics.

Going forward, demand for healthcare services may be affected by the economic slowdown in Singapore and the region, as well as increased competition from regional countries for foreign patients. However, the Group has positioned itself well to weather the challenging conditions. The Group will continue to be vigilant and respond to new opportunities and challenges that may arise.

Based on the current economic outlook and barring unforeseen circumstances, the Directors expect the Group to remain profitable in 2017.

11. **Dividend**

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

(b) **Corresponding Period of the Immediately Preceding Financial Year**

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

(c) **Date payable**

Not applicable.

(d) **Books closure date**

Not applicable.

12. **If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 2017.

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors, which may render the unaudited interim financial statements of the Group and the Company for the first quarter ended 31 March 2017 to be false or misleading in any material aspect.

- 15. 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.

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
24 April 2017