

THOMSON MEDICAL CENTRE LIMITED
(Reg. No. 197702260R)

Financial Statement Announcement for the First Half Ended 28 February 2010

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

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the preceding financial year

	Second Quarter Ended			Year-To-Date		
	28 February 2010	28 February 2009	Change	28 February 2010	28 February 2009	Change
	\$'000	\$'000	%	\$'000	\$'000	%
REVENUE	18,872	15,599	21.0	37,661	31,992	17.7
Cost of sales	(10,990)	(8,846)	24.2	(21,697)	(18,146)	19.6
GROSS PROFIT	7,882	6,753	16.7	15,964	13,846	15.3
Other operating income	525	555	(5.4)	1,058	881	20.1
Administrative expenses	(2,534)	(2,346)	8.0	(5,276)	(4,729)	11.6
Other operating expenses	(1,416)	(1,238)	14.4	(2,935)	(2,630)	11.6
Finance costs	(24)	(45)	(46.7)	(48)	(84)	(42.9)
PROFIT BEFORE TAXATION	4,433	3,679	20.5	8,763	7,284	20.3
Taxation	(797)	(627)	27.1	(1,573)	(1,390)	13.2
PROFIT AFTER TAX FOR THE PERIOD	3,636	3,052	19.1	7,190	5,894	22.0
Net profit for the period	3,636	3,052	19.1	7,190	5,894	22.0
Other comprehensive loss - Asset revaluation deficit	-	(4,000)	N.M	-	(4,000)	N.M
Total comprehensive income/(loss) for the period	3,636	(948)	(483.5)	7,190	1,894	279.6
Attributable to:						
Equity holders of the parent	3,523	(926)	(480.5)	7,054	1,925	266.4
Non controlling interest	113	(22)	(613.6)	136	(31)	(538.7)
	3,636	(948)	(483.5)	7,190	1,894	279.6
Net Profit margin (%)	19.3	(6.1)		19.1	5.9	
Profit before taxation includes the following:						
Allowance for impairment on trade receivables	-	(39)		-	(58)	
Depreciation of property and equipment	(935)	(808)		(1,844)	(1,617)	
Interest income	13	17		41	42	
Property and equipment written off	39	(42)		(1)	(44)	
Share option expense	(44)	(80)		(186)	(187)	

N.M. denotes not meaningful

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

	Group		Company	
	28 February 2010	31 August 2009	28 February 2010	31 August 2009
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non Current Assets				
Goodwill	146	146	-	-
Property and equipment	106,214	106,922	104,643	105,229
Subsidiaries	-	-	1,657	1,577
	<u>106,360</u>	<u>107,068</u>	<u>106,300</u>	<u>106,806</u>
Current Assets				
Inventories, at cost	1,281	1,163	906	930
Trade and other receivables	4,393	3,492	6,089	4,583
Deposits and prepayments	954	773	761	611
Fixed deposits	11,835	10,726	8,988	8,000
Cash and bank balances	8,971	9,841	1,798	4,306
	<u>27,434</u>	<u>25,995</u>	<u>18,542</u>	<u>18,430</u>
TOTAL ASSETS	<u>133,794</u>	<u>133,063</u>	<u>124,842</u>	<u>125,236</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	37,516	37,464	37,516	37,464
Reserves	53,114	52,928	53,114	52,928
Retained earnings	22,706	20,910	17,642	16,613
Attributable to equity holders of the company	<u>113,336</u>	<u>111,302</u>	<u>108,272</u>	<u>107,005</u>
Non controlling interest	157	1	-	-
Total equity	<u>113,493</u>	<u>111,303</u>	<u>108,272</u>	<u>107,005</u>
LIABILITIES				
Non Current Liabilities				
Bank borrowings (secured)	680	1,360	680	1,360
Deferred taxation	1,659	1,674	1,596	1,616
	<u>2,339</u>	<u>3,034</u>	<u>2,276</u>	<u>2,976</u>
Current Liabilities				
Trade and other payables	13,976	15,113	10,500	11,886
Current tax payable	2,626	2,253	2,434	2,009
Bank borrowings (secured)	1,360	1,360	1,360	1,360
	<u>17,962</u>	<u>18,726</u>	<u>14,294</u>	<u>15,255</u>
TOTAL EQUITY AND LIABILITIES	<u>133,794</u>	<u>133,063</u>	<u>124,842</u>	<u>125,236</u>

Note:

- (1) There was no share of losses of the associate being recognized as at balance sheet date 31 August 2009 because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The associate was liquidated on 8 October 2009.

	Group		Company	
	28 February 2010	31 August 2009	28 February 2010	31 August 2009
	\$'000	\$'000	\$'000	\$'000
Unquoted equity investment, at cost	50	50	50	50
Allowance for impairment loss	-	-	(50)	(50)
Share of post-acquisition accumulated losses	(50)	(50)	-	-
	-	-	-	-

- (2) Comparative figures for trade and other receivables and trade and other payables have been reclassified to conform with current period's presentation.

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

AMOUNT REPAYABLE IN ONE YEAR OR LESS, OR ON DEMAND

As at 28 February 2010		As at 31 August 2009	
Secured	Unsecured	Secured	Unsecured
\$1,360,000	nil	\$1,360,000	nil

AMOUNT REPAYABLE AFTER ONE YEAR

As at 28 February 2010		As at 31 August 2009	
Secured	Unsecured	Secured	Unsecured
\$680,000	nil	\$1,360,000	nil

Details of any collateral

The Group's borrowings comprise term loan and obligations under finance leases. Term loan is secured by a first legal mortgage over the property located at 339 Thomson Road in Singapore.

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

Consolidated Statement of Cash Flows for the:-

	Half Year Ended	
	28 February 2010	28 February 2009
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	8,763	7,284
Adjustments for :		
Depreciation of property and equipment	1,844	1,617
Employee share option expense	186	187
Interest expense	48	84
Interest income	(41)	(42)
Property and equipment written off	1	44
Allowance for impairment on trade receivables	-	58
Operating profit before working capital changes	<u>10,801</u>	<u>9,232</u>
Increase in inventory	(118)	(2)
(Increase)/Decrease in operating receivables	(878)	590
Increase in deposits and prepayment	(181)	(100)
Decrease in operating payables	(1,137)	(714)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>8,487</u>	<u>9,006</u>
Income taxes paid	(1,215)	(2,621)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>7,272</u>	<u>6,385</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from employee share option scheme	52	-
Acquisition of property and equipment	(1,138)	(2,117)
Interest received	20	42
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,066)</u>	<u>(2,075)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(680)	(680)
Repayment of finance lease obligations	-	(57)
Dividends paid	(5,257)	(4,380)
Interest paid	(50)	(84)
Capital contribution from minority shareholders of a subsidiary	20	-
Increase in pledged deposits	-	(41)
NET CASH USED IN FINANCING ACTIVITIES	<u>(5,967)</u>	<u>(5,242)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	239	(932)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	20,356	15,400
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>20,595</u>	<u>14,468</u>

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise the following:

Cash and bank balances	11,835	8,353
Fixed deposits	8,971	6,326
	<u>20,806</u>	<u>14,679</u>
Pledged deposits	(211)	(211)
	<u>20,595</u>	<u>14,468</u>

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 capitalization issues and distributions to shareholders, together with a comparative statement of the immediately preceding financial year

Statements of Changes in Equity
THE GROUP

	Attributable to equity holders of the Company					Total equity
	Share capital	Revaluation reserve	Share option reserve	Retained earnings	Non controlling interest	
(\$'000)						
Balance at 1 September 2008	37,464	56,386	150	15,418	77	109,495
Employee share option scheme - value of employee services	-	-	187	-	-	187
Total comprehensive (loss)/income for the period	-	(4,000)	-	1,925	(31)	(2,106)
Dividends paid				(4,380)		(4,380)
Balance at 28 February 2009	37,464	52,386	337	12,963	46	103,196
Balance at 1 September 2009	37,464	52,386	542	20,910	1	111,303
Employee share option scheme - value of employee services	-	-	186	-	-	186
Issue of shares under employee share option scheme	52	-	-	-	-	52
Total comprehensive income for the period	-	-	-	7,054	136	7,190
Incorporation of subsidiary	-	-	-	-	20	20
Dividends paid	-	-	-	(5,258)	-	(5,258)
Balance at 28 February 2010	37,516	52,386	728	22,706	157	113,493

THE COMPANY

	Attributable to equity holders of the Company					Total equity
	Share capital	Revaluation reserve	Share option reserve	Retained earnings	Non controlling interest	
(\$'000)						
Balance at 1 September 2008	37,464	56,386	150	12,547	-	106,547
Employee share option scheme - value of employee services	-	-	187	-	-	187
Dividends paid				(4,380)		(4,380)
Total comprehensive (loss)/income for the period	-	(4,000)	-	5,190	-	1,190
Balance at 28 February 2009	37,464	52,386	337	13,357	-	103,544
Balance at 1 September 2009	37,464	52,386	542	16,613	-	107,005
Employee share option scheme - value of employee services	-	-	186	-	-	186
Issue of shares under employee share option scheme	52	-	-	-	-	52
Dividends paid	-	-	-	(5,258)	-	(5,258)
Total comprehensive income for the period	-	-	-	6,287	-	6,287
Balance at 28 February 2010	37,516	52,386	728	17,642	-	108,272

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 or 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 at the end of the current financial period reported on and as the end of the corresponding period of the immediately preceding financial year

There was an exercise of employee share options of 91,250 ordinary shares at total value of \$51,739 as at 28 February 2010 (28 February 2009: 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 the end of the immediately preceding year.

	As at 28 February 2010	As at 31 August 2009
Weighted average number of ordinary shares	292,068,684	291,977,434
Adjustment for potential dilutive ordinary shares	1,189,963	147,627
Weighted average number of ordinary shares	293,258,647	292,125,061

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.

The Company did not hold any treasury shares at 28 February 2010.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing SSRE 2410 (Review of Interim Financial Information Performed by the Independent Auditor of the Entity))

The figures have not been audited or reviewed in accordance with the Singapore Standard on Auditing SSRE 2410 (Engagements To Review of Interim Financial Information by Independent Auditor of the Entity).

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 August 2009, except as disclosed in paragraph 5 below.

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

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 September 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective FRS and INT FRS.

The adoption of new/revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on the Group's financial statements, except for the disclosure of a statement of comprehensive income in accordance with the FRS 1 (Revised) Presentation of Financial Statements and its related change to the statement of changes in equity.

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

	Second Quarter		Year-To-Date	
	28 February 2010	28 February 2009	28 February 2010	28 February 2009
Earnings per ordinary share (cents) :				
Based on basic basis ⁽¹⁾	1.21	1.05	2.42	2.03
Based on fully diluted basis ⁽²⁾	1.20	1.05	2.41	2.03

(1) Basic earnings per share for the 1st half year ended 28 February 2010 and 28 February 2009 have been computed based on 292,068,684 and 291,977,434 ordinary shares respectively.

(2) Diluted earnings per share for the 1st half year ended 28 February 2010 and 28 February 2009 have been computed based on the weighted average number of shares which amounted to 293,258,647 and 291,977,434 ordinary shares respectively.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	As at 28 February 2010	As at 28 February 2009	As at 28 February 2010	As at 28 February 2009
Net asset value per ordinary share (cents)	38.80	36.70	37.07	35.46

Net asset value per ordinary share as at 28 February 2010 and 28 February 2009 have been computed based on 292,068,684 and 291,977,434 ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Profit and Loss Statement

Revenue

Second Quarter FY 2010

The Group's revenue for the Second Quarter ended 28 February 2010 ("Q2 FY2010") increased by 21.0% or \$3.27 million, to \$18.87 million from \$15.60 million for Q2 FY2009. This is due to the strong performance from both the Hospital Operations and Ancillary Services and Specialised and Other Services ..

Revenue from Hospital Operations and Ancillary Services increased by 10.6% or \$1.29 million to \$13.47 million in Q2 FY2010 from \$12.18 million in Q2 FY2009. Revenue from obstetric cases has increased by 10.4% as compared to Q2 FY2009 attributable to the 8.3% increase in the number of babies delivered in Q2 FY 2010 which increased to 2,207 in Q2 FY 2010 from 2,038 in Q2FY2009.

The Group's outpatient services recorded an 8.6% increase in revenue as compared to Q2 FY2009 mainly due to the increase in patient load at the Thomson Lifestyle Centre and the 24-hour Family Clinic. Our parentcraft, diagnostic imaging and fetal assessment services have also contributed to the revenue growth.

Revenue from Specialised and Other Services increased by 57.9% or \$1.98 million to \$5.40 million in Q2 FY2010 from \$3.42 million in Q2 FY2009 as a result of increased patient load in the Group's network of Thomson Women's Clinics, the full six months' contribution from Thomson Women Cancer Centre ("TWCC") which commenced operation on 28 February 2009 and contribution from Thomson Paediatric Centre ("TPC") which commenced its operation on 1 January 2010. TWCC also contributed to inpatient revenue in Hospital Operations and Ancillary Services.

First Half FY 2010

The Group's revenue for the First Half-ended 28 February 2010 ("1H FY2010") increased by \$5.67 million, to \$37.66 million, an increase of 17.7% over the 1H FY2009 owing to the strong performance in both business segments, Hospital Operations and Ancillary Services; and Specialised and Other Services.

Revenue from Hospital Operations and Ancillary Services in 1H FY2010 increased by 10.8% or \$2.69 million from \$25.02 million in 1H FY2009 to \$27.47 million. Both inpatient and outpatient services saw good performance where revenue grew by 11.6% and 10.4% respectively. Deliveries increased 6.5% to 4,685 in 1HFY2010 from 4,397 in 1H FY 2009.

Specialised and Other Services grew by 42.7% or \$2.98 million in 1H FY 2010 due mainly to the two new business units, Thomson Women Cancer Centre and Thomson Paediatric Centre which contributed to the growth in revenue during the period. Revenue in the Group's network of Thomson Women's Clinics also performed well, increasing by \$0.77 million or 16.6% in 1H FY 2010 as a result of increased patient load,

Net Profit After Tax

Q2FY 2010

Net Profit after Tax ("NPAT") for Q2 FY2010 was \$3.64 million, which is 19.1% or \$0.59 million higher than Q2 FY2009. This is attributable to the increase in revenue from both our hospital operations and the two new businesses, namely TWCC and TPC.

Administration expenses increased by 8.0 % in Q2 FY 2010 compared to Q2 FY 2009 due mainly to higher manpower cost as a result of increased staff headcount .Other operating expenses in Q2 FY2010 was higher than Q2 FY 2009 by 14.4% mainly due to an increase in depreciation charge for the newly renovated wards .

1H FY2010

NPAT in 1H FY 2010 grew 22.0% to \$7.19 million from \$5.89 million in 1H FY 2009 mainly attributable to a 17.7% increase in revenue.

Other operating income increased by \$0.18 million in 1H FY2010. This includes an amount of \$0.62 million in Job Credits given under the Resilience Package by the Singapore Government, an increase of \$0.43 million over 1H FY 2009.

Administration expenses increased by 11.6% to \$5.28 million in 1H FY2010 due mainly to higher administrative manpower costs from increased staff headcount.

Other operating expenses were higher by 11.6% in 1H FY 2010 mainly due to an increase in depreciation charge for the newly renovated wards.

The Group's gross margin for 1HFY2010 was 42.4%, which is lower than the 43.3% for 1HFY2009 and this can be attributed mainly to the start-up costs incurred by the two new start-ups, TWCC and TPC.

Other comprehensive loss

The other comprehensive loss relates to the revaluation deficit that was recorded in February 2009 under the statement of changes in equity which is now represented under the statement of comprehensive income in accordance with the revision to FRS1 on presentation of financial statements.

Consolidated Balance Sheet

Shareholders' Equity

The Group's shareholders' equity increased to \$113.49 million at 28 February 2010 from \$111.30 million at 31 August 2009, mainly as a result of the operating profit recorded for the period. This increase is partly offset by dividends payment of \$5.26 million in Q2 FY2010.

Fixed Assets

The freehold land and building of the Group and the Company were revalued based on a desk top valuation by Knight Frank Pte Ltd in February 2009. The deficit on revaluation of \$4,000,000 was debited to asset revaluation reserve under equity. If the assets had been carried at cost less accumulated depreciation, the net book value at the end of the financial year 2009 could have been \$45,664,794.

The Group will be performing a full valuation in respect of its freehold land and building in 4QFY2010 and will book the full revaluation adjustments for year end reporting purposes in accordance with its accounting policies.

Current Assets

The Group's current assets increased by \$1.44 million from \$25.99 million to \$27.43 million as at 31 August 2009 and 28 February 2010 respectively as a result of increase in cash and bank balances, trade and other receivables, deposit and prepayments and inventories.

Bank Borrowings

Bank borrowings have been reduced by the repayment of \$0.68 million during the period as scheduled.

Other Current Liabilities

Lower payables as at 28 February 2010 as compared to 31 August 2009 was mainly due to repayment of trade creditors during the period.

Liquidity

The Group remains in a strong financial position with fixed deposits, cash and bank balance of \$20.81 million as at 28 February 2010.

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

The current financial period's results are in line with the Directors' expectations as disclosed in the Group's Q1 FY2010 results announcement.

10. A commentary at the date of the announcement of the 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

In the Customer Satisfaction Index for Singapore (CSISG) recently released in January 2010, Thomson Medical Centre topped the healthcare sector. Thomson scored 73.3, significantly higher than the healthcare sector average score of 68.9. Through the Thomson Customer Centric Initiative (CCI) learning journey, Thomson has taken steps to increase its product and service quality, patient expectations and perceived value.

These improvements in our customer-focused offerings, among other factors, have positioned Thomson Medical Centre as one of the preferred centres in Singapore for the management of women and children's health. In the last financial year, we reported a 4% increase in deliveries to reach a record high of 8,907 babies. In 1HFY2010, Thomson delivered 4,685 babies, a 6.5% increase over 1HFY 2009. Thomson continues to have the largest share of deliveries among the private hospitals in Singapore.

A senior O&G tenant specialist has started renovation to her clinic and is expected to commence her clinic operations in Q3 FY2010. This will further add to the utilisation of our hospital's facilities and services. In addition, the Group will continue to work towards expanding its network of women's satellite clinics under Thomson Women's Clinic to provide better outreach to the neighbourhoods.

Our Thomson Paediatric Centre, which began operation on 1 January 2010 and is located in our hospital, is a joint venture between Thomson Medical and two senior paediatric consultants, Dr Ang Poon Liat and Dr Ang Ai Tin. In addition to his general paediatrics practice, Dr Ang Poon Liat attends to children with nutritional and behavioural problems while Dr Ang Ai Tin specializes in managing premature and sick babies requiring neonatal intensive care and has a keen interest in childhood skin disorders. This joint venture is in line with the Group's strategy to grow organically by entering into the management of children's health and also in tapping on the strong brand name of Thomson Medical.

The Group's year-old Thomson Women Cancer Centre and the newly started Thomson Paediatric Centre have both contributed positively to the Group's revenue. The two subsidiaries are expected to continue to be growth drivers for the Group in FY2010.

Hanh Phuc International Women and Children Hospital, the Group's consultancy and management project in Binh Duong Province in Vietnam, has experienced a slight delay and is now planning to have its soft opening in September 2010. This will not have a material impact on the Group's financial results

for FY 2010. The Group's second hospital consultancy project in Hanoi, Vietnam, will commence once a suitable site has been identified.

The global economic conditions have shown further signs of resilience and stability and the Government's growth forecast for the Singapore economy has been further revised upwards. With the improving economic environment and barring unforeseen circumstances, the Board of Directors expects the Group to continue to be profitable in FY2010.

11. Dividend

(a) Current financial Period Reported On

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

Name of Dividend	:	First Interim
Dividend type	:	Cash
Dividend amount	:	1.2 cents per ordinary share
Tax rate	:	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date Payable

7 May 2010

(d) Books closure date

23 April 2010

12. If no dividend have been declared/recommended, a statement to that effect.

Not applicable.

13. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited consolidated financial statements of the Group and the unaudited balance sheet and statement of changes in shareholders' equity of the Company for the 1st half year ended 28 February 2010.

BY ORDER OF THE BOARD

Dr Cheng Wei Chen
Executive Chairman

8 April 2010