



Thomson Medical Group Limited and its Subsidiaries
(Company Registration No: 199908381D)

Condensed Interim Financial Statements
For the six months and full year ended 30 June 2021

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THOMSON MEDICAL GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 199908381D)

Condensed Interim Consolidated Statement of Profit or Loss

		6 months ended 30 June			12 months ended 30 June		
		2021 \$'000	2020 \$'000	Change %	2021 \$'000	2020 \$'000	Change %
	Note	(Unaudited)	(Unaudited)		(Audited)	(Unaudited)	
Revenue	5	123,758	97,980	26.3	240,398	216,130	11.2
Other income		3,796	7,824	(51.5)	11,939	10,385	15.0
Inventories and consumables used		(24,950)	(22,443)	11.2	(49,502)	(47,413)	4.4
Staff costs		(41,186)	(33,167)	24.2	(74,880)	(67,637)	10.7
Depreciation and amortisation expenses		(8,806)	(9,088)	(3.1)	(17,954)	(18,248)	(1.6)
Other operating expenses		(29,896)	(123,739)	(75.8)	(61,189)	(157,373)	(61.1)
Results from operating activities		22,716	(82,633)	NM	48,812	(64,156)	NM
Finance income		438	1,068	(59.0)	980	2,558	(61.7)
Finance costs		(11,317)	(12,612)	(10.3)	(23,610)	(25,946)	(9.0)
Net finance costs		(10,879)	(11,544)	(5.8)	(22,630)	(23,388)	(3.2)
Profit/(loss) before taxation	6	11,837	(94,177)	NM	26,182	(87,544)	NM
Income tax expense	7	(4,662)	(2,880)	61.9	(9,272)	(10,476)	(11.5)
Profit/(loss) for the period/year		7,175	(97,057)	NM	16,910	(98,020)	NM
Profit/(loss) attributable to:							
Owners of the Company		6,136	(97,529)	NM	14,237	(99,436)	NM
Non-controlling interest		1,039	472	NM	2,673	1,416	88.8
Profit/(loss) for the period/year		7,175	(97,057)	NM	16,910	(98,020)	NM
EBITDA		31,522	19,870⁽¹⁾	58.6	66,766	47,507⁽¹⁾	40.5

NM – Not meaningful

⁽¹⁾ Excluding the one-off impairment loss on development and investment properties

THOMSON MEDICAL GROUP LIMITED
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Condensed Interim Consolidated Statement of Other Comprehensive Income

	6 months ended 30 June			12 months ended 30 June			
	2021	2020	Change	2021	2020	Change	
	\$'000	\$'000	%	\$'000	\$'000	%	
	Note	(Unaudited)		(Audited)	(Unaudited)		
Profit/(loss) for the period/year		7,175	(97,057)	NM	16,910	(98,020)	NM
Other comprehensive income:							
<u>Item that may be reclassified</u>							
<u>subsequently to profit or loss</u>							
Foreign currency translation		(9,093)	(5,819)	56.3	(2,990)	(1,541)	94.0
Other comprehensive income for the period/year, net of tax		(9,093)	(5,819)	56.3	(2,990)	(1,541)	94.0
Total comprehensive income for the period/year		(1,918)	(102,876)	(98.1)	13,920	(99,561)	NM
Attributable to:							
Owners of the Company		(858)	(102,007)	(99.2)	11,944	(100,372)	NM
Non-controlling interests		(1,060)	(869)	22.0	1,976	811	NM
Total comprehensive income for the period/year		(1,918)	(102,876)	(98.1)	13,920	(99,561)	NM
Earnings/(loss) per share for profit/(loss) for the period/year attributable to the owners of the Company during the period/year (cents)							
Basic ⁽¹⁾		0.023	(0.369)	NM	0.054	(0.376)	NM
Diluted ⁽²⁾		0.023	(0.369)	NM	0.054	(0.376)	NM

⁽¹⁾ The calculation of basic and diluted earnings per share was based on weighted average number of shares in issue of 26,441,016,807 (2020: 26,441,016,807) for Second Half Year and Full Year.

⁽²⁾ The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

THOMSON MEDICAL GROUP LIMITED
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Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'000 (Audited)	\$'000 (Audited)	\$'000 (Audited)	\$'000 (Audited)
ASSETS					
Non-current assets					
Property and equipment	10	435,192	406,085	98	177
Intangible assets	11	486,749	487,453	—	—
Investment properties	12	102,115	102,012	—	—
Right-of-use assets		11,254	13,001	799	266
Investment in subsidiaries		—	—	2,214,498	2,218,464
		1,035,310	1,008,551	2,215,395	2,218,907
Current assets					
Development property	13	95,498	96,058	—	—
Inventories		5,399	6,151	—	—
Trade and other receivables		26,893	23,580	614,242	395,080
Cash and short-term deposits		122,678	159,975	57,723	95,292
		250,468	285,764	671,965	490,372
Total assets		1,285,778	1,294,315	2,887,360	2,709,279
Current liabilities					
Contract liabilities		3,663	3,595	—	—
Trade and other payables		65,601	57,684	8,456	8,657
Income tax payable		7,945	6,591	—	—
Interest-bearing loans and borrowings	14	321	20	—	—
Lease liabilities		5,796	5,605	234	252
		83,326	73,495	8,690	8,909
Net current assets		167,142	212,269	663,275	481,463
Non-current liabilities					
Deferred tax liabilities		10,618	10,298	—	—
Interest-bearing loans and borrowings		619,084	649,241	562,765	398,171
Lease liabilities		5,874	7,789	530	21
Provisions		842	632	35	—
		636,418	667,960	563,330	398,192
Total liabilities		719,744	741,455	572,020	407,101
Net assets		566,034	552,860	2,315,340	2,302,178
Equity attributable to owners of the Company					
Share capital	15	2,364,497	2,364,497	2,364,497	2,364,497
Retained earnings/(accumulated losses)		98,264	84,027	(49,157)	(62,319)
Other reserves		(1,972,921)	(1,970,628)	—	—
		489,840	477,896	2,315,340	2,302,178
Non-controlling interests		76,194	74,964	—	—
Total equity		566,034	552,860	2,315,340	2,302,178
Total equity and liabilities		1,285,778	1,294,315	2,887,360	2,709,279

THOMSON MEDICAL GROUP LIMITED
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Condensed Interim Statements of Changes in Equity

Group	Attributable to owners of the Company								Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Capital reserve \$'000	Total other reserve \$'000	Total \$'000	Non- controlling interests \$'000	
At 1 July 2020	2,364,497	84,027	(1,842,369)	(81,131)	(47,128)	(1,970,628)	477,896	74,964	552,860
Profit for the period	–	8,101	–	–	–	–	8,101	1,634	9,735
<u>Other comprehensive income</u>									
Foreign currency translation	–	–	–	4,701	–	4,701	4,701	1,402	6,103
Other comprehensive income for the period, net of tax	–	–	–	4,701	–	4,701	4,701	1,402	6,103
Total comprehensive income for the period	–	8,101	–	4,701	–	4,701	12,802	3,036	15,838
<u>Contributions by and distributions to owners</u>									
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	(691)	(691)
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(691)	(691)
At 31 December 2020	2,364,497	92,128	(1,842,369)	(76,430)	(47,128)	(1,965,927)	490,698	77,309	568,007
At 1 January 2021	2,364,497	92,128	(1,842,369)	(76,430)	(47,128)	(1,965,927)	490,698	77,309	568,007
Profit for the period	–	6,136	–	–	–	–	6,136	1,039	7,175
<u>Other comprehensive income</u>									
Foreign currency translation	–	–	–	(6,994)	–	(6,994)	(6,994)	(2,099)	(9,093)
Other comprehensive income for the period, net of tax	–	–	–	(6,994)	–	(6,994)	(6,994)	(2,099)	(9,093)
Total comprehensive income for the period	–	6,136	–	(6,994)	–	(6,994)	(858)	(1,060)	(1,918)
<u>Contributions by and distributions to owners</u>									
Grant of equity-settled share options to employees	–	–	–	–	–	–	–	65	65
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	(120)	(120)
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(55)	(55)
At 30 June 2021	2,364,497	98,264	(1,842,369)	(83,424)	(47,128)	(1,972,921)	489,840	76,194	566,034

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Condensed Interim Statements of Changes in Equity (cont'd)

Group	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Retained earnings	Merger reserve	Foreign currency translation reserve	Capital reserve	Total other reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2019	2,364,497	183,463	(1,842,369)	(80,195)	(47,128)	(1,969,692)	578,268	75,170	653,438
(Loss)/profit for the period	–	(1,907)	–	–	–	–	(1,907)	944	(963)
<u>Other comprehensive income</u>									
Foreign currency translation	–	–	–	3,542	–	3,542	3,542	736	4,278
Other comprehensive income for the period, net of tax	–	–	–	3,542	–	3,542	3,542	736	4,278
Total comprehensive income for the period	–	(1,907)	–	3,542	–	3,542	1,635	1,680	3,315
<u>Contributions by and distributions to owners</u>									
Grant of equity-settled share options to employees	–	–	–	–	–	–	–	48	48
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	(280)	(280)
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(222)	(222)
At 31 December 2019	2,364,497	181,556	(1,842,369)	(76,653)	(47,128)	(1,966,150)	579,903	76,628	656,531
At 1 January 2020	2,364,497	181,556	(1,842,369)	(76,653)	(47,128)	(1,966,150)	579,903	76,628	656,531
Profit for the period	–	(97,529)	–	–	–	–	(97,529)	472	(97,057)
<u>Other comprehensive income</u>									
Foreign currency translation	–	–	–	(4,478)	–	(4,478)	(4,478)	(1,341)	(5,819)
Other comprehensive income for the period, net of tax	–	–	–	(4,478)	–	(4,478)	(4,478)	(1,341)	(5,819)
Total comprehensive income for the period	–	(97,529)	–	(4,478)	–	(4,478)	(102,007)	(869)	(102,876)
<u>Contributions by and distributions to owners</u>									
Grant of equity-settled share options to employees	–	–	–	–	–	–	–	19	19
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	(814)	(814)
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(795)	(795)
At 30 June 2020	2,364,497	84,027	(1,842,369)	(81,131)	(47,128)	(1,970,628)	477,896	74,964	552,860

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Condensed Interim Statements of Changes in Equity

Company	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 July 2020	2,364,497	(62,319)	2,302,178
Profit for the period, representing total comprehensive income for the period	–	9,176	9,176
At 31 December 2020	2,364,497	(53,143)	2,311,354
At 1 January 2021	2,364,497	(53,143)	2,311,354
Profit for the period, representing total comprehensive income for the period	–	3,986	3,986
At 30 June 2021	2,364,497	(49,157)	2,315,340
At 1 July 2019	2,364,497	5,035	2,369,532
Profit for the period, representing total comprehensive income for the period	–	5,680	5,680
At 31 December 2019	2,364,497	10,715	2,375,212
At 1 January 2020	2,364,497	10,715	2,375,212
Loss for the period, representing total comprehensive income for the period	–	(73,034)	(73,034)
At 30 June 2020	2,364,497	(62,319)	2,302,178

THOMSON MEDICAL GROUP LIMITED
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Condensed Interim Consolidated Statement of Cash Flows

	12 months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Audited)	(Unaudited)
Operating activities		
Profit/(loss) before taxation	26,182	(87,544)
<u>Adjustments for:</u>		
Allowance for expected credit losses on trade debts, net	409	392
Amortisation of financing fees on bank loan	1,408	1,382
Bad debts written off	–	(4)
Depreciation of property and equipment, investment properties and right-of-use assets	17,537	17,755
Amortisation of intangible assets	417	493
Loss on disposal of property and equipment	185	835
Property and equipment written off	17	10
Impairment loss on development and investment properties	–	93,415
Finance income	(980)	(2,558)
Finance costs	22,202	24,564
Unrealised exchange loss/(gain)	17	(57)
Grant of equity-settled share options to employees	65	67
Total adjustments	41,277	136,294
Operating cash flows before changes in working capital	67,459	48,750
<u>Changes in working capital:</u>		
Decrease/(increase) in inventories	730	(742)
(Increase)/decrease in trade and other receivables and contract assets	(4,844)	517
Increase in trade and other payables and contract liabilities	3,423	10,762
Total changes in working capital	(691)	10,537
Cash flows from operations	66,768	59,287
Interest income received	1,025	2,558
Income taxes paid	(6,540)	(6,597)
Net cash flows from operating activities	61,253	55,248
Investing activities		
Purchase of property and equipment	(37,290)	(56,646)
Purchase of intangible assets	(340)	(359)
Proceeds from disposal of property and equipment	58	192
Net cash flows used in investing activities	(37,572)	(56,813)

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Condensed Interim Consolidated Statement of Cash Flows (cont'd)

	12 months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Audited)	(Unaudited)
Financing activities		
Repayment of interest-bearing loans and borrowings	(285,160)	(347,289)
Decrease in amount due to the ultimate controlling shareholder	–	(4,811)
Proceeds from interest-bearing loans and borrowings	254,256	423,871
Changes in pledged deposits	1,881	(6,009)
Dividends paid to non-controlling interests of subsidiaries	(811)	(1,094)
Payment of principal portion of lease liabilities	(6,736)	(7,154)
Interest paid	(22,251)	(24,053)
Net cash flows (used in)/generated from financing activities	(58,821)	33,461
Net (decrease)/increase in cash and cash equivalents	(35,140)	31,896
Effect of exchange rate changes on cash and cash equivalents	(276)	741
Cash and cash equivalents at 1 July	147,507	114,870
Cash and cash equivalents at 30 June	112,091	147,507

Note:

Cash at banks and on hand	70,688	41,008
Short-term deposits	51,990	118,967
Total cash and short-term deposits	122,678	159,975
Less: Pledge deposits	(10,587)	(12,468)
Cash and cash equivalents at 30 June	112,091	147,507

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Thomson Medical Group Limited (the Company) is a limited liability Company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 101 Thomson Road, #20-04/05, United Square, Singapore 307591.

The principal activities of the Company are those of investments, investment holding and strategic investments and other related activities. The principal activities of the subsidiaries are principally engaged in operating hospital and clinics, and provision of healthcare services.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. 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 audited financial statements for the period ended 30 June 2020.

Comparatives for financial year ended 30 June 2021 relate to the 12 months period from 1 July 2019 to 30 June 2020 whereas the audited financial results for financial period ended 30 June 2020 in the statutory financial statements relate to the 18 months period from 1 January 2019 to 30 June 2020.

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 consolidated financial statements are presented in Singapore Dollars (\$ or SGD) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Significant accounting judgements and estimates

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

In preparing the condensed interim financial statements, the key assumptions concerning the future and other key sources of estimation uncertainty are consistent with that applied to the consolidated financial statements as at and for the period ended 30 June 2020.

Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial period are included in the following notes:

- (a) Note 11 - Impairment testing of goodwill
- (b) Note 10 - Impairment testing of property and equipment attributable to BB Waterfront Sdn Bhd
- (c) Note 12 and Note 13 - Valuation of investment properties and development property

3. Seasonal operations

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

4. Segment information

For management purposes, the Group is organised into business units based on their products and services as follows:

(a) Hospital services

Hospital services comprise the provision of integrated medical healthcare facilities and services for primary, secondary and tertiary healthcare with focus on the areas of obstetrics and gynaecology and paediatric services, diagnostic imaging services, pharmacy, 24-hour outpatient services, laboratory and services provided by outpatient clinics at the hospital.

(b) Specialised services

The specialised services segment includes services provided by the fertility clinics, paediatric centres, cancer centre, cardiology centre, Chinese medicine, specialist skin centre and a pre-natal and clinical diagnostic laboratory. It also includes a consumer business segment, comprising products and services.

(c) Investment holdings

Investment holding and those relating to investment and development properties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

4.1 Reportable segments

	Hospital services	Specialised services	Investment holdings	Elimination	Note	Consolidated
12 months ended 30 June 2021	\$'000	\$'000	\$'000	\$'000		\$'000
Revenue:						
External customers	142,454	97,674	270	–		240,398
Inter-segment revenue	–	1,574	21	(1,595)	A	–
Total revenue	142,454	99,248	291	(1,595)		240,398
Results:						
Finance income	614	102	264	–		980
Finance costs	(88)	(433)	(23,089)	–		(23,610)
Depreciation and amortisation	(9,502)	(7,760)	(692)	–		(17,954)
Segment profit/(loss) before taxation	39,595	11,100	(24,513)	–		26,182
Assets:						
Additions to non-current assets	41,825	5,134	781	–	B	47,740
Segment assets	989,601	35,401	257,878	–		1,282,880
Segment liabilities	101,960	26,920	572,301	–		701,181

4.1 Reportable segments (cont'd)

	Hospital services	Specialised services	Investment holdings	Elimination	Note	Consolidated
12 months ended 30 June 2020	\$'000	\$'000	\$'000	\$'000		\$'000
Revenue:						
External customers	136,958	78,844	328	–		216,130
Inter-segment revenue	–	1,785	25	(1,810)	A	–
Total revenue	136,958	80,629	353	(1,810)		216,130
Results:						
Finance income	1,295	204	1,059	–		2,558
Finance costs	(184)	(520)	(25,242)	–		(25,946)
Depreciation and amortisation	(10,629)	(6,843)	(776)	–		(18,248)
Impairment loss on non-financial assets	–	–	(93,415)	–		(93,415)
Segment profit/(loss) before taxation	31,365	755	(119,664)	–		(87,544)
Assets:						
Additions to non-current assets	54,740	8,750	828	–	B	64,318
Segment assets	948,624	41,064	300,702	–		1,290,390
Segment liabilities	60,325	32,000	632,241	–		724,566

Notes

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of additions to property and equipment, intangible assets, investment properties and right-of-use assets.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	12 months ended 30 June		30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Singapore	174,370	153,075	591,518	597,416
Malaysia	66,028	63,055	443,792	411,135
	240,398	216,130	1,035,310	1,008,551

Non-current assets information presented above consist of property and equipment, intangible assets, investment properties and right-of-use assets as presented in the consolidated statement of financial position.

4.2 A breakdown of sales

	Group		
	30 June 2021	30 June 2020	Change
	\$'000	\$'000	%
(a) Sales reported for the first half year	116,640	118,150	(1.3)
(b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	9,735	(963)	NM
(c) Sales reported for the second half year	123,758	97,980	26.3
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	7,175	(97,057)	NM

5 Disaggregation of revenue

	Group			
	6 months ended 30 June		12 months ended 30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Major product or service lines</u>				
Rendering of services, including sale of goods	122,229	96,549	237,316	213,168
Rental income	1,529	1,431	3,082	2,962
	123,758	97,980	240,398	216,130
<u>Timing of revenue recognition</u>				
At a point in time	120,354	94,583	233,646	209,260
Over time	3,404	3,397	6,752	6,870
	123,758	97,980	240,398	216,130

6. Profit/(loss) before taxation

The following items have been included in arriving at profit/(loss) before taxation:

	Group			
	6 months ended 30 June		12 months ended 30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Allowance for expected credit losses on trade receivables, net	279	251	409	392
Depreciation of property and equipment, investment properties and right-of-use assets	8,591	8,901	17,537	17,755
Amortisation of intangible assets	215	186	417	493
Impairment loss on development and investment properties	—	93,415	—	93,415
Net loss on disposal of property and equipment	181	145	185	835
Property and equipment written off	6	7	17	10

7. Income tax expense

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 consolidated statement profit or loss are:

	Group			
	6 months ended 30 June		12 months ended 30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current income tax				
- current income taxation	4,402	3,136	8,850	7,013
- under/(over) provision in respect of previous years	186	(281)	54	47
	4,588	2,855	8,904	7,060
Deferred income tax				
- origination and reversal of temporary differences	64	(407)	358	(148)
- effect of changes in tax rate on real property gains tax	—	—	—	3,148
- under provision in respect of previous years	10	432	10	416
	74	25	368	3,416
Income tax expense	4,662	2,880	9,272	10,476

8. Related party transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions entered into by the Group in the ordinary course of business on terms agreed between the parties during the financial period/year:

	Group			
	6 months ended 30 June		12 months ended 30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>With affiliates</u>				
Purchase of services	—	36	—	418

9. Net asset value

	Group		Company	
	2021	2020	2021	2020
Net asset value per ordinary share (cents)	2.14	2.09	8.76	8.71

The calculation of net asset value per ordinary share was based on 26,441,016,807 shares as at 30 June 2021 (2020: 26,441,016,807).

10. Property and equipment

During the year ended 30 June 2021, the Group acquired assets amounting to \$42,153,000 (30 June 2020: \$56,646,000) and disposed of assets with a net book value amounting to \$260,000 (30 June 2020: \$1,027,000).

Impairment testing of property and equipment attributable to BB Waterfront Sdn Bhd (BBWF)

The property and equipment attributable to BBWF comprises mainly freehold land located within the Iskandar Development Region, Johor Bahru, Malaysia, and is carried at cost less accumulated depreciation and any accumulated impairment loss. The recoverable amount of the CGU to which these assets are attributable to is determined based on BBWF's value in use calculation. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 11 to the interim financial statements in conjunction with the impairment of goodwill allocated to BBWF.

As at 30 June 2021, the carrying value of BBWF's property and equipment amounted to \$88,304,000 (2020: \$87,108,000).

11. Intangible assets

Group	Goodwill \$'000	Computer software \$'000	Brand name \$'000	Customer relationship \$'000	Hospital management \$'000	Total \$'000
At 30 June 2020						
Cost	486,666	2,065	200	2,812	698	492,441
Accumulated amortisation and impairment	–	(1,370)	(108)	(2,812)	(698)	(4,988)
Net carrying amount	486,666	695	92	–	–	487,453
Cost						
At 1 July 2020	486,666	2,065	200	2,812	698	492,441
Additions	–	340	–	–	–	340
Exchange differences	(623)	(12)	–	–	–	(635)
At 30 June 2021	486,043	2,393	200	2,812	698	492,146
Accumulated amortisation and impairment						
At 1 July 2020	–	1,370	108	2,812	698	4,988
Amortisation	–	348	69	–	–	417
Exchange differences	–	(8)	–	–	–	(8)
At 30 June 2021	–	1,710	177	2,812	698	5,397
Net carrying amount						
At 30 June 2021	486,043	683	23	–	–	486,749

11. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill is derived from the excess of purchase consideration over the fair value of the identifiable net assets acquired. Goodwill arising from business combinations has been allocated to the following cash-generating units (CGUs) for impairment testing:

	Group	
	2021	2020
	\$'000	\$'000
Thomson Medical Pte Ltd (TMPL)	379,788	379,788
Clinic	146	146
TMC Life Sciences Berhad (TMCLS)	43,639	43,896
BB Waterfront Sdn Bhd (BBWF)	62,470	62,836
	486,043	486,666

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period, except for BBWF. BBWF owns Thomson Iskandar, a medical hub project under construction and development in Malaysia. The cash flow projections used in the value in use calculations for BBWF were based on financial budgets approved by management covering a fifteen-year period which comprises an initial five-year period of construction and development, followed by a ten-year period of medical hub operations and an imputed terminal growth thereafter.

The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow beyond the forecasted period are as follows:

	Terminal growth rates (%)		Discount rates (%)	
	2021	2020	2021	2020
TMPL	3.0	3.0	5.9	6.2
Clinic	5.0	5.0	5.9	7.7
TMCLS	4.0	4.0	7.0	9.0
BBWF	3.0	3.5	6.6	6.8

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Growth rates – The growth rates indicated are estimated by management based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates reflect management's estimate of risks specific to each CGU.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

12. Investment properties

Group	Freehold land \$'000	Building \$'000	Total \$'000
At 30 June 2020			
Cost	161,612	814	162,426
Accumulated depreciation and impairment	(60,385)	(29)	(60,414)
Net carrying amount	101,227	785	102,012
Cost			
At 1 July 2020	161,612	814	162,426
Reclassification from property and equipment	–	971	971
Exchange differences	(941)	(12)	(953)
At 30 June 2021	160,671	1,773	162,444
Accumulated depreciation and impairment			
At 1 July 2020	60,385	29	60,414
Charge for the year	–	54	54
Reclassification from property and equipment	–	214	214
Exchange differences	(351)	(2)	(353)
At 30 June 2021	60,034	295	60,329
Net carrying amount			
At 30 June 2021	100,637	1,478	102,115

The investment properties include a piece of freehold land located within the Iskandar Development Region, Johor Bahru, Malaysia.

During the financial year, an investment property was reclassified from property and equipment with a carrying amount of \$737,000.

Asset not measured at fair value, for which fair value is disclosed

The fair value of the freehold land included in investment properties as at the end of the reporting period is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is determined by an independent professional valuer, using the direct comparison method. The direct comparison method involves the analysis and study of recent sales evidence of similar properties in comparable developments in the subject/comparable vicinities. The significant unobservable input used in the direct comparison method is the price per square foot of MYR610 (2020: MYR610). Significant increases/decreases in price per square foot would result in a significantly higher/lower fair value measurement.

13. Development property

	Group	
	2021 \$'000	2020 \$'000
Cost	151,710	152,600
Accumulated impairment losses	(56,212)	(56,542)
Carrying amount	95,498	96,058

13. Development property (cont'd)

The development property held by the Group relates to the land under development within the Iskandar Development Region, Johor Bahru, Malaysia.

Management estimated the recoverable amount of the property based on the fair value carried out by an independent professional valuer using the direct comparison method as disclosed in Note 12.

14. Interest-bearing loans and borrowings

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current:				
Secured bank loans	321	20	—	—
	321	20	—	—
Non-current:				
Secured bank loans	220,186	251,070	163,867	—
Medium-term notes	398,898	398,171	398,898	398,171
	619,084	649,241	562,765	398,171
Total interest-bearing loans and borrowings	619,405	649,261	562,765	398,171

Secured bank loans

Bank loan of the Company is secured by a charge over certain shares of the subsidiaries and cross guarantees provided by the Company and subsidiaries of the Company.

Bank loans of the subsidiaries amounting to \$56,640,000 (2020: \$251,090,000) are secured by a charge over certain shares and assets of the subsidiaries and cross guarantee provided by the Company and subsidiaries of the Company.

Medium-term notes

Two tranches of medium-term notes were issued pursuant to the \$500 million multicurrency debt issuance programme. The first tranche of 3-year \$225 million 4.8% notes is due in July 2022. The second tranche of 5-year \$175 million 4.05% notes is due in January 2025.

The interest is payable semi-annually and the Notes are secured by a charge over interest reserve accounts which are equal to 6 months' interest payable on the notes.

15. Share capital

	Group and Company			
	2021		2020	
	No. of shares		No. of shares	
	'000	\$'000	'000	\$'000
Issued and fully paid ordinary shares:				
At beginning and end of the year	26,441,017	2,364,497	26,441,017	2,364,497

The Company does not hold any treasury shares as at 30 June 2021 and 30 June 2020.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2021 and 30 June 2020.

Other Information Required by Listing Rule Appendix 7.2

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

The consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows of the Group for the financial year ended 30 June 2021 and statement of financial position of the Group and Company as at 30 June 2021 have been audited in accordance with Singapore Standards on Auditing.

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.**

2H2021 compared with 2H2020

The Group posted a revenue growth of 26.3% from \$98.0 million in 2H2020 to \$123.8 million in 2H2021. Revenue from the Hospital and Specialised Services segments grew by 13.1% and 49.6% respectively. The growth was mainly attributed to the increase in overall patient loads and higher average bill sizes as a result of business recovery from COVID-19 impact. In Singapore the revenue growth was further augmented by the additional income received from managing the three vaccination centres as part of the Group's efforts in supporting the Singapore Government's COVID-19 vaccination programme. While in Malaysia revenue continues to improve due to higher outpatient attendance and higher case intensity handled.

The Group's EBITDA grew by 58.6% from \$19.9 million to \$31.5 million during 2H2021. The growth was mainly due to higher revenue recorded during the period, as well as cost-saving measures implemented by the Group to mitigate the impact of COVID-19.

Other income was lower at \$3.8 million during 2H2021. The decrease was mainly due to lower government grant received under the Jobs Support Scheme and property tax rebates granted by the Singapore Government compared to the same period last year.

Other operating expenses were lower at \$29.9 million during 2H2021. The decrease was mainly due to the absence of one-off non-cash impairment of \$93.4 million recorded on the 9.23 ha freehold land located within the Iskandar Development Region in Johor Bahru, Malaysia in the same period last year. The decrease was also due to cost-saving measures implemented by the Group to mitigate the impact of COVID-19. The overall decrease in costs was partially offset by the increase in staff costs by 24.2% to \$41.2 million. The increase was mainly due to higher headcounts and salary adjustments in a bid to maintain salary competitiveness for our staff.

Net finance costs were lower by \$0.7 million due to lower interest rates during 2H2021 compared to the same period last year.

Income tax expense was higher mainly due to higher taxable profits.

As a result of the above, the Group recorded a net profit after tax of \$7.2 million in 2H2021 compared to a net loss of \$97.0 million in 2H2020.

FY2021 compared with FY2020

Revenue for FY2021 grew by 11.2% or \$24.3 million from \$216.1 million in FY2020 to \$240.4 million. Revenue from Hospital and Specialised Services segments grew by 4.0% and 23.9% respectively. The growth was mainly due to higher overall patient loads and increase in average bill sizes as a result of business recovery from COVID-19 impact. In Singapore the revenue growth was further augmented by the additional income received from managing the COVID-19 serology testing operations for migrant workers housed at the dormitories and isolation facilities as well as managing three vaccination centres as part of the Group's efforts in supporting the Singapore Government's COVID-19 vaccination programme. While in Malaysia revenue continues to improve due to higher case intensity handled.

The Group's EBITDA grew by 40.5% from \$47.5 million to \$66.8 million in FY2021 due to higher revenue recorded during the year, as well as cost-saving measures implemented by the Group to mitigate the impact of COVID-19.

Other income was higher at \$11.9 million during FY2021. The increase was mainly due to higher government grant received under the Jobs Support Scheme and property tax rebates granted by the Singapore Government to provide support to Singapore employers during the COVID-19 pandemic.

Other operating expenses were lower at \$61.2 million during FY2021. The decrease was mainly due to the absence of one-off non-cash impairment of \$93.4 million recorded on the 9.23 ha freehold land located within the Iskandar Development Region in Johor Bahru, Malaysia last year. The decrease was also due to cost-saving measures implemented by the Group to mitigate the impact of COVID-19. The overall decrease in cost was partially offset by the increase in staff costs by 10.7% to \$74.9 million. The increase was mainly due to higher headcounts and salary adjustments in a bid to maintain salary competitiveness for our staff.

Net finance costs were lower by \$0.8 million due to lower interest rates during FY2021 compared to last year.

Income tax expense was lower mainly due to the absence of one-off and non-cash additional deferred tax liabilities provided as a result of the change in the tax rate of real property gain tax from 5% to 10% in Malaysia last year.

As a result of the above, the Group recorded a net profit after tax of \$16.9 million in FY2021 compared to a net loss of \$98.0 million last year.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Total assets of the Group of \$1.28 billion as at 30 June 2021 were lower compared to \$1.29 billion as at 30 June 2020. The decrease was mainly due to the net decrease in cash and short-term deposits of \$37.3 million as a result of net loan repayments amounting to \$60.2 million, offset by the additional loan drawdowns of \$29.3 million which mainly to finance the construction costs of Thomson Hospital Kota Damansara ("THKD"). The net decrease in total assets of the Group was partially offset by the net increase in property and equipment of \$30.1 million. The increase in property and equipment was mainly due to the costs incurred for the construction of THKD.

Total liabilities of the Group of \$719.7 million as at 30 June 2021 were lower compared to \$741.5 million as at 30 June 2020. The decrease was mainly due to the net repayment of loans amounting to \$30.9 million during the year.

Total equity of the Group was at \$566.0 million as at 30 June 2021 compared to \$552.9 million as at 30 June 2020. The increase was mainly due to net profit generated during the year, offset by the unrealised loss due to the translation reserve arising from the movement in foreign currency.

REVIEW OF STATEMENT OF CASH FLOWS

The Group recorded a net decrease in cash and cash equivalents during FY2021 of \$35.1 million. The net decrease was mainly due to the net repayment of loans and interests amounting to \$53.2 million, and cash flow used to purchase property and equipment amounting to \$37.3 million. The net decrease was partially offset by the increase in net cash flows from operations of \$61.3 million.

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

No forecast was previously disclosed by the Group.

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 operating period and the next 12 months

In Singapore, the Group remained focused on the execution of its network expansion plan with the opening of new centres and clinics. Our first dedicated specialised learning centre for children with learning difficulties commenced operation under our subsidiary, Thomson Kids. Thomson Women's Clinic Punggol was also set up to expand our obstetrics and gynaecology services to cater to the growing young families in the area and to augment our existing Thomson Paediatric Centre and Thomson Chinese Medicine services at Punggol. During the year Thomson GP Clinic was also set up to expand our primary healthcare services.

As part of the nationwide COVID-19 vaccination programme, Thomson Medical Pte Ltd ("TMPL") is operating three vaccination centres at Senja-Cashew Community Centre, Bishan Community Centre and Potong Pasir Community Centre. Thomson Wellth@Paragon also provides Sinovac vaccines to patients. To further support the Government's COVID-19 initiatives, we have expanded our services at Thomson GP clinic and our 24-hour family clinic at the hospital to include Polymerase Chain Reaction ("PCR") and Antigen Rapid Test ("ART") so patients are able to access the whole spectrum of COVID-19 tests.

In Malaysia, the construction of the 400-bed new wing at Thomson Hospital Kota Damansara has been completed and the Certificate of Completion and Compliance has been obtained. The hospital is currently at the commissioning stage to comply with the requirements of the health ministry. We expect to commence operations around the end of 2021 and will open the new wing in phases.

Barring any worsening of the Covid-19 pandemic and the imposition of additional public health measures or any other unforeseen circumstances, the Group is cautiously optimistic of its business prospects in the new financial year.

5. Dividend Information

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Yes.

Name of Dividend	Final Tax Exempt Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.015 cent per ordinary share
Tax rate	Tax-exempt one-tier

(b) Corresponding Period of the Immediate Preceding Financial Year

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

No.

(c) Date payable

The date of payment of the proposed Final Dividend, if approved by the shareholders of the Company at the forthcoming Annual General Meeting, will be announced at a later date.

(d) Book Closure Date

The books closure date will be announced at a later date.

If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

6. Interested person transactions

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

7. Update on use of exercise proceeds from Warrants Issue

The Company has utilised \$10 million of the proceeds from Warrants Issue towards repayment of bank borrowings. The use of proceeds is in accordance with the intended use as disclosed in the Company's Circular dated 28 February 2018. The Company will make further announcements when the remaining proceeds are materially disbursed.

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. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Thomson Medical Group Limited (the "Company") confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Dr Wong Chiang Yin
Executive Director and Group Chief Executive Officer

27 August 2021