

THOMSON MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No: 199908381D)
(the "Company")

Unaudited Half Year Financial Statement Announcement For The Financial Period Ended 31 December 2020

PART I - INFORMATION REQUIRED FOR HALF YEAR AND FULL YEAR ANNOUNCEMENTS

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.

1 (a)(i) CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	Group		
	6 months ended 31 December		
	2020 \$'000	2019 \$'000	Change %
Revenue	116,640	118,150	(1.3)
Other income	8,143	2,561	218.0
Inventories and consumables used	(24,552)	(24,970)	(1.7)
Staff costs	(33,694)	(34,470)	(2.3)
Depreciation and amortisation expenses	(9,148)	(9,160)	(0.1)
Other operating expenses	(31,293)	(33,634)	(7.0)
Results from operating activities	26,096	18,477	41.2
Finance income	542	1,490	(63.6)
Finance costs	(12,293)	(13,334)	(7.8)
Net finance costs	(11,751)	(11,844)	(0.8)
Profit before tax	14,345	6,633	116.3
Income tax expense	(4,610)	(7,596)	(39.3)
Profit/(loss) for the period	9,735	(963)	NM
Attributable to:			
Owners of the Company	8,101	(1,907)	NM
Non-controlling interests	1,634	944	73.1
Profit/(loss) for the period	9,735	(963)	NM
EBITDA	35,244	27,637	27.5
Adjusted EBITDA¹	31,771	23,956	32.6

NM – Not meaningful

⁽¹⁾ Excluding the effect of SFRS(I) 16 Leases with effect from 1 January 2019.

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.

1 (a)(ii) OTHER INFORMATION

	Group		
	6 months ended 31 December		
	2020 \$'000	2019 \$'000	Change %
Other expenses			
Loss on disposal of property and equipment	(4)	(690)	(99.4)
Property, plant and equipment written off	(11)	(3)	NM
Allowance for expected credit losses on trade debts, net	(130)	(141)	(7.8)
Foreign exchange gain/(loss), net	21	(8)	NM
Income tax expenses			
Under provision of prior year tax	-	(293)	NM
Deferred tax arising from change in the tax rate of real property gains tax in Malaysia	-	(3,186)	NM

1 (a)(iii) STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	Group		
	6 months ended 31 December		
	2020 \$'000	2019 \$'000	Change %
Profit/(loss) for the period	9,735	(963)	NM
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	6,103	4,278	42.7
Total comprehensive income for the period	15,838	3,315	377.8
Attributable to:			
Owners of the Company	12,802	1,635	683.0
Non-controlling interests	3,036	1,680	80.7
Total comprehensive income for the period	15,838	3,315	377.8

NM – Not meaningful

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.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31 Dec 2020	As at 30 Jun 2020	As at 31 Dec 2020	As at 30 Jun 2020
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property and equipment	423,935	406,085	130	177
Intangible assets	488,606	487,453	-	-
Investment property	103,215	102,012	-	-
Investment in subsidiaries	-	-	2,218,464	2,218,464
Right-of-use assets	11,420	13,001	143	266
	<u>1,027,176</u>	<u>1,008,551</u>	<u>2,218,737</u>	<u>2,218,907</u>
Current assets				
Development property	97,209	96,058	-	-
Inventories	5,391	6,151	-	-
Amounts due from subsidiaries (non-trade)	-	-	615,241	394,871
Trade and other receivables	21,179	23,580	223	209
Cash and short-term deposits	117,844	159,975	58,520	95,292
	<u>241,623</u>	<u>285,764</u>	<u>673,984</u>	<u>490,372</u>
TOTAL ASSETS	1,268,799	1,294,315	2,892,721	2,709,279
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	2,921	3,595	-	-
Trade and other payables	57,604	57,684	8,750	8,657
Income tax payable	6,694	6,591	-	-
Interest-bearing loans and borrowings	323	20	-	-
Lease liabilities	5,432	5,605	149	252
	<u>72,974</u>	<u>73,495</u>	<u>8,899</u>	<u>8,909</u>
Net current assets	168,649	212,269	665,085	481,463
Non-current liabilities				
Deferred tax liabilities	10,570	10,298	-	-
Interest-bearing loans and borrowings	610,216	649,241	572,468	398,171
Lease liabilities	6,516	7,789	-	21
Provisions	516	632	-	-
	<u>627,818</u>	<u>667,960</u>	<u>572,468</u>	<u>398,192</u>
TOTAL LIABILITIES	700,792	741,455	581,367	407,101
NET ASSETS	568,007	552,860	2,311,354	2,302,178
Equity attributable to owners of the Company				
Share capital	2,364,497	2,364,497	2,364,497	2,364,497
Retained earnings/ (accumulated losses)	92,128	84,027	(53,143)	(62,319)
Other reserves	(1,965,927)	(1,970,628)	-	-
	<u>490,698</u>	<u>477,896</u>	<u>2,311,354</u>	<u>2,302,178</u>
Non-controlling interests	<u>77,309</u>	<u>74,964</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	568,007	552,860	2,311,354	2,302,178
TOTAL EQUITY AND LIABILITIES	1,268,799	1,294,315	2,892,721	2,709,279

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

Group

Amount repayable in one year or less, or on demand:

	As at 31 December 2020		As at 30 June 2020	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Bank Loans	32	-	20	-
Obligations under finance lease	291	-	-	-

Amount repayable after one year:

	As at 31 December 2020		As at 30 June 2020	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Bank Loans	210,123	-	251,070	-
Medium Term Notes	-	398,931	-	398,171
Obligations under finance lease	1,162	-	-	-

Medium Term Notes ("MTN")

In the previous financial year, the Company issued \$225,000,000 4.8% Notes and \$175,000,000 4.05% Notes due in 2022 and 2025 respectively under its \$500 million Multicurrency Debt Issuance Programme.

The net proceeds arising from the issuance of the Notes were used to refinance the Group's existing borrowings. The interests on the Notes are payable semi-annually and are secured by a charge over an interest service reserve account equivalent to one interest payment on the Notes.

Details of Collateral

The bank loans are secured by a charge over certain shares and assets of the subsidiaries and corporate guarantees provided by the Company and subsidiaries of the Company.

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	6 months ended 31 December	
	2020 \$'000	2019 \$'000
Operating activities		
Profit before tax	14,345	6,633
<u>Adjustments for:</u>		
Allowance for expected credit losses on trade debts, net	130	141
Amortisation of intangible assets	202	307
Amortisation of upfront fees	909	740
Bad debts written off	-	46
Depreciation of property and equipment and right-of-use assets	8,946	8,853
Finance costs	11,384	12,594
Interest income	(542)	(1,490)
Loss on disposal of property and equipment	4	690
Property, plant and equipment written off	11	3
Employee share-based expenses	-	48
Unrealised gain on foreign exchange	(21)	(102)
Operating cash flows before changes in working capital	35,368	28,463
<u>Changes in working capital:</u>		
Inventories	757	(467)
Trade and other receivables and contract assets	1,446	(1,129)
Trade and other payables and contract liabilities	(1,247)	17,511
Cash flows from operations	36,324	44,378
Interest received	594	1,490
Tax paid	(3,333)	(1,945)
Net cash flows from operating activities	33,585	43,923
Investing activities		
Purchase of intangible assets	(68)	(275)
Purchase of property and equipment	(20,671)	(37,588)
Proceeds from disposal of property and equipment	8	21
Net cash flows used in investing activities	(20,731)	(37,842)
Financing activities		
Changes in pledged deposits	2,493	(2,423)
Dividends paid to non-controlling interests of subsidiaries	(691)	(280)
Interest paid	(11,188)	(12,083)
Payment of principal portion of lease liabilities	(3,473)	(3,681)
Proceeds from interest-bearing loans and borrowings	234,993	223,228
Repayment of interest-bearing loans and borrowings	(275,005)	(224,779)
Net cash flows used in financing activities	(52,871)	(20,018)
Net decrease in cash and cash equivalents	(40,017)	(13,937)
Cash and cash equivalents at beginning of the period	147,507	114,870
Effect of exchange rate changes on cash and cash equivalents	379	1,091
Cash and cash equivalents at end of period	107,869	102,024
Note:		
Cash on hand and at banks	39,282	24,823
Short-term deposits	78,562	86,083
Total cash and short-term deposits	117,844	110,906
Less: Pledged deposits	(9,975)	(8,882)
Cash and cash equivalents at end of period	107,869	102,024

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.

<u>Group</u>	Attributable to owners of the Company								
	Share capital	Retained earnings	Merger reserve	Foreign currency translation reserve	Capital reserve	Total Other reserve	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 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

STATEMENT OF CHANGES IN EQUITY

Company

	Share capital	Retained earnings/ (accumulated losses)	Total equity
	\$'000	\$'000	\$'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 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

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issues, 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.

	31 December 2020		30 June 2020	
	No. of issued shares	Amount \$'000	No. of issued shares	Amount \$'000
At the beginning and end of the period	26,441,016,807	2,364,497	26,441,016,807	2,364,497

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

	As at 31 Dec 2020	As at 30 Jun 2020
Number of issued shares	26,441,016,807	26,441,016,807
Number of treasury shares	Nil	Nil

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

There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

- 1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

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

The figures have neither been audited nor reviewed by the Company's auditors.

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 half ended 31 December 2020 are consistent with those applied in the financial statements for the year ended 30 June 2020, as well as applicable new accounting standards (including its consequential amendments) and interpretations which became effective for the financial period beginning 1 July 2020.

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 adoption of the new or revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

6. Earnings per ordinary share ("EPS") 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 :-

- (a) Based on the weighted average number of ordinary shares on issue; and
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

EPS based on net profit attributable to shareholders of the Company (cents):		
	6 months ended 31 December	
	2020	2019
(a) Basic*	0.0306	(0.0072)
(b) Diluted**	0.0306	(0.0072)
Weighted average number of ordinary shares on issue as at the end of the period	26,441,016,807	26,441,016,807
Weighted average number of ordinary shares on issue after adjusting for effects of dilutive warrants as at the end of the period	26,441,016,807	26,441,016,807

* Based on weighted average number of fully paid shares in issue

** The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares

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.

	As at	
	31 Dec 2020	30 June 2020
Net asset value per ordinary share of		
Group (cents)	2.15	2.09
Company (cents)	8.74	8.71

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.

REVIEW OF THE GROUP'S PERFORMANCE

The Group's revenue decreased by 1.3% to \$116.6 million for the period ended 31 December 2020 compared to the same period last year of \$118.2 million. The decrease was mainly due to the lower overall patient loads in both Singapore and Malaysia owing to the various restrictions imposed by the respective governments to contain the COVID-19 transmission.

The Group's adjusted EBITDA increased by 32.6% from \$24.0 million to \$31.8 million during 6M2021. The increase was mainly due to the government grants 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. The EBITDA was augmented by the additional income received from managing the serology tests for foreign workers housed at the dormitories and isolation facilities as well as cost saving measures carried out by the Group to mitigate the COVID-19 impact.

Net finance costs were lower by \$0.1 million mainly due to lower interest rates during 1H2021 compared to the same period last year.

Income tax expense was lower mainly due to the absence of deferred tax expense arising from the change in the tax rate of real property gains tax in Malaysia in the same period last year.

As a result of the above, the Group recorded a net profit after tax of \$9.7 million in 1H2021 compared to a loss of \$1.0 million in the same period last year.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Total assets of the Group of \$1.27 billion as at 31 December 2020 were lower compared to \$1.29 billion as at 30 June 2020. The decrease was mainly due to the repayment of loan amounting to \$50 million offset by the increase in property and equipment of \$20.7 million arising mainly from the additional loan drawn to partially finance the construction works at the Thomson Hospital Kota Damansara.

Total liabilities of the Group of \$700.8 million as at 31 December 2020 were lower compared to \$741.5 million as at 30 June 2020. The decrease was mainly due to the net repayment of loan amounting to \$40.0 million during the reporting period.

Total equity of the Group was \$568.0 million as at 31 December 2020 compared to \$552.3 million as at 30 June 2020. The increase was mainly due to the net profit generated during the six month period ended 31 December 2020 and the increase in foreign currency translation reserve arising from the movement in the foreign currency.

REVIEW OF STATEMENT OF CASH FLOWS

The Group recorded a net decrease in cash and cash equivalents during the first half ended 31 December 2020 of \$40.1 million. The net decrease was mainly due to the net repayment of loan and interest amounting to \$53.0 million; and cash flows used for purchases of property and equipment. The net decrease was partially offset by the increase in net cash flows from operations.

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

Not applicable.

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.

In Singapore, the Group expects to open its first dedicated specialised learning centre for children with developmental delay, operating under its subsidiary, Thomson Kids in the third quarter of this financial year. The centre which is supported by a psychologist, speech therapist and trained teachers aims to build an ecosystem of synergistic services where children's developmental health and well-being are being taken care of in a holistic and multidisciplinary way. To further future-proof the Group's business model, Thomson X was set up to oversee the technology roadmap of the Group through partnership with various HealthTech startups and international associations to deliver innovative health and wellness solutions globally.

In Malaysia the government re-imposed further lockdowns as the country grapples with a surge in COVID-19 cases. Management is currently monitoring the situation closely on the impact to its operations and the expansion works of the new wing at Thomson Hospital Kota Damansara.

The Singapore government expects the COVID-19 pandemic to last for some time. The vaccination programme has only just begun and may take another year to be completed whilst more virulent strains of the virus seem to be emerging. Barring additional public health measures to contain the pandemic or any other unforeseen circumstances, the Group is cautiously optimistic in the outlook of its performance for the current financial year.

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/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for the current financial period as the Company will only consider declaring a final dividend after the end of each financial year.

13. **If the Group has obtained a general mandate from shareholders for 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. **Update on use of exercise proceeds from Warrants Issue.**

The proceeds from the Bonus Warrants have not been utilised as of 31 December 2020. The Company will make periodic announcements as and when such proceeds are materially disbursed.

15. **Negative Confirmation pursuant to rule 705(5)**

To the best of our knowledge, nothing has come to the attention of the Board of Directors, which may render the unaudited interim financial results for the period ended 31 December 2020 to be false or misleading in any material aspect.

16. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in appendix 7.7) under rule 720(1).**

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

Dr Wong Chiang Yin
Executive Director and Group Chief Executive Officer

8 February 2021