

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

Half Year Financial Statement Announcement for the Period Ended 29 February 2008

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR AND FULL YEAR RESULTS

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

Consolidated Profit and Loss Statement for the:

	Period Ended		Increase/ (Decrease) %
	29 February 2008 \$'000	28 February 2007 \$'000	
REVENUE	29,536	24,259	21.8
Cost of sales	(16,352)	(14,009)	16.7
GROSS PROFIT	13,184	10,250	28.6
Other operating income	423	1,080	(60.8)
Administration expenses	(3,932)	(3,536)	11.2
Other operating expenses	(2,554)	(2,343)	9.0
Finance costs	(181)	(223)	(18.8)
Share of associated company result ⁽¹⁾	-	-	N.M.
PROFIT BEFORE TAXATION	6,940	5,228	32.7
Taxation	(1,251)	(796)	57.2
PROFIT FOR THE PERIOD	5,689	4,432	28.4
Attributable to:			
Equity holders of the parent	5,696	4,441	28.3
Minority Interests	(7)	(9)	(22.2)
	5,689	4,432	28.4
Net Profit margin (%)	19.3	18.3	
Profit before taxation includes the following:			
Allowance for impairment on trade receivables	(19)	(32)	
Depreciation of property and equipment	(1,438)	(1,341)	
Loss in fair value of derivative financial instrument	-	(41)	
Property and equipment written off	(12)	(4)	
Interest income	108	178	
Gain on sale of associated company	-	621	

Certain figures in the comparative year had been reclassified to conform to current year's presentation.

N.M. denotes not meaningful

Note:

(1) There is no share of associated company results as the share of losses has exceeded the cost of investment.

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

Balance Sheets as at :

	Group		Company	
	29 February 2008 \$'000	31 August 2007 \$'000	29 February 2008 \$'000	31 August 2007 \$'000
ASSETS				
Non Current Assets				
Goodwill	146	146	-	-
Property and equipment	96,809	97,462	96,128	96,738
Subsidiary companies	-	-	1,527	1,527
Associated companies ⁽¹⁾	-	-	-	-
	96,955	97,608	97,655	98,265
Current Assets				
Inventory, at cost	860	893	683	705
Trade and other receivables	3,620	2,871	3,252	2,492
Pledged deposits	155	155	155	155
Cash and cash equivalents	17,090	15,133	11,728	10,939
	21,725	19,052	15,818	14,291
TOTAL ASSETS	118,680	116,660	113,473	112,556
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	37,464	37,464	37,464	37,464
Reserves	45,125	45,125	45,125	45,125
Retained earnings	12,835	10,059	10,554	8,535
Equity attributable to shareholders	95,424	92,648	93,143	91,124
Minority interests	114	121	-	-
Total equity	95,538	92,769	93,143	91,124
LIABILITIES				
Non Current Liabilities				
Obligations under finance leases	9	66	9	66
Bank borrowings (secured)	6,400	7,080	6,400	7,080
Deferred taxation	1,586	1,555	1,520	1,490
	7,995	8,701	7,929	8,636
Current Liabilities				
Trade and other payables	11,870	11,537	9,298	9,365
Obligations under finance leases	113	113	113	113
Provision for taxation	1,804	2,180	1,630	1,958
Bank borrowings (secured)	1,360	1,360	1,360	1,360
	15,147	15,190	12,401	12,796
TOTAL EQUITY AND LIABILITIES	118,680	116,660	113,473	112,556

Note:

- (1) There is no share of associated company results as
 (a) the Group has divested one of the loss-making associated companies in FY2007; and
 (b) the share of losses of the other associated company has exceeded its cost of investment.

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

AMOUNT REPAYABLE IN ONE YEAR OR LESS, OR ON DEMAND

As at 29 February 2008		As at 31 August 2007	
Secured \$1,473,000	Unsecured nil	Secured \$1,473,000	Unsecured nil

AMOUNT REPAYABLE AFTER ONE YEAR

As at 29 February 2008		As at 31 August 2007	
Secured \$6,409,000	Unsecured nil	Secured \$7,146,000	Unsecured 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 Cash Flow Statements for the:-

	Half Year Ended	
	29 February 2008 \$'000	28 February 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	6,940	5,228
Adjustments for :		
Depreciation of property and equipment	1,438	1,341
Interest expense	181	223
Interest income	(108)	(178)
Property and equipment written off	12	4
Loss in fair value of derivative financial instruments	-	41
Loss on disposal of property and equipment	1	9
Gain on disposal of asset held for sale	-	(621)
Operating profit before working capital changes	8,464	6,047
Decrease / (increase) in inventory	33	(11)
Increase in operating receivables	(749)	(1,168)
Increase in operating payables	343	503
Cash generated from operations	8,091	5,371
Income taxes paid	(1,596)	(992)
NET CASH GENERATED FROM OPERATING ACTIVITIES	6,495	4,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(799)	(3,746)
Interest received	108	178
Proceeds from disposal of asset held for sale	-	950
Proceeds from disposal of property and equipment	1	67
NET CASH USED IN INVESTING ACTIVITIES	(690)	(2,551)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(680)	(680)
Repayment of finance lease obligations	(57)	(83)
Interest paid	(191)	(230)
Dividends paid	(2,920)	(3,253)
Repayment of loan from associated company	-	1,000
Increase in pledged deposits	-	(129)
NET CASH USED IN FINANCING ACTIVITIES	(3,848)	(3,375)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,957	(1,547)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,133	14,028
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17,090	12,481

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 for the corresponding period of the immediately preceding financial year

Statements of Changes in Shareholders' Equity
THE GROUP

	← Attributable to equity holders of the Company →					Total equity
	Share capital	Revaluation reserve	Fair value reserve	Retained earnings	Minority interests	
(\$'000)						
Balance at 1 September 2006	37,464	32,657	9	8,181	131	78,442
Net fair value changes on available-for-sale investments	-	-	3	-	-	3
Net income recognised directly in equity	-	-	3	-	-	3
Net profit for the period	-	-	-	4,441	(9)	4,432
Total recognised income and expenses for the period	-	-	3	4,441	(9)	4,435
Dividends paid	-	-	-	(3,253)	-	(3,253)
Balance at 28 February 2007	37,464	32,657	12	9,369	122	79,624
Balance at 1 September 2007	37,464	45,125	-	10,059	121	92,769
Net profit for the period	-	-	-	5,696	(7)	5,689
Total recognised income and expenses for the period	-	-	-	5,696	(7)	5,689
Dividends paid	-	-	-	(2,920)	-	(2,920)
Balance at 29 February 2008	37,464	45,125	-	12,835	114	95,538

	Share capital	Revaluation reserve	Fair value reserve	Retained earnings	Minority interests	Total equity
THE COMPANY						
(\$'000)						
Balance at 1 September 2006	37,464	32,657	9	7,920	-	78,050
Net fair value changes on available-for-sale investments	-	-	3	-	-	3
Net income recognised directly in equity	-	-	3	-	-	3
Net profit for the period	-	-	-	3,143	-	3,143
Total recognised income and expenses for the period	-	-	3	3,143	-	3,146
Dividends paid	-	-	-	(3,253)	-	(3,253)
Balance at 28 February 2007	37,464	32,657	12	7,810	-	77,943
Balance at 1 September 2007	37,464	45,125	-	8,535	-	91,124
Net profit for the period	-	-	-	4,939	-	4,939
Total recognised income and expenses for the period	-	-	-	4,939	-	4,939
Dividends paid	-	-	-	(2,920)	-	(2,920)
Balance at 29 February 2008	37,464	45,125	-	10,554	-	93,143

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

On 17 August 2007, a total of 3,608,000 share options of ordinary shares were offered to employees at exercise price of \$0.567. A total of 3,179,000 options were accepted on 17 September 2007. These are exercisable from 17 September 2009. The exercise price is determined at a discount of 10% off the average of last dealt price for the 5 consecutive market days immediately preceding the grant date.

As at 29 February 2008, there were 3,113,000 unexercised share options.

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 29 February 2008	As at 31 August 2007
Weighted average number of ordinary shares	291,977,434	291,977,434
Adjustment for potential dilutive ordinary shares	500,592	-
Weighted average number of ordinary shares	<u>292,478,026</u>	<u>291,977,434</u>

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing SSRE 2400 (Engagements to Review Financial Statements, or an equivalent standard)

The figures have not been audited or reviewed in accordance with the Singapore Standard on Auditing SSRE 2400 (Engagements To Review Financial statements).

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 adopted all the Singapore Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after 1 January 2007.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 August 2007.

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

Not applicable.

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

	Group	
	Half Year Ended	Half Year Ended
	29 February	28 February
	2008	2007
Earnings per ordinary share (cents) :		
Based on basic basis ⁽¹⁾	1.95	1.52
Based on fully diluted basis ⁽²⁾	1.95	1.52

(1) Earnings per share for 1H2008 and 1H2007 have been computed based on 291,977,434 ordinary shares.

(2) Diluted earnings per share for 1H2008 has been computed based on the weighted average number of shares which amounted to 292,478,026 ordinary shares.

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		Year Ended	
	29 February	31 August	29 February	31 August
	2008	2007	2008	2007
Net asset value per ordinary share (cents)	32.68	31.73	31.90	31.21

Net asset value per ordinary share as at 29 February 2008 and 31 August 2007 have been computed based on 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

The Group's revenue for the half year ended 29 February 2008 ("1H2008") increased by 21.8% to \$29.54 million from \$24.26 million for half year ended 28 February 2007 ("1H2007"). This is due to the strong performance from both the *hospital operations and ancillary services* and *specialised and other services* business segments.

The Group continued to see increases in baby deliveries and inpatient admission. The Group delivered 4,413 babies in 1H2008, an increase of 576 or 15.0% over 1H2007 deliveries. It also recorded increases in patient referrals from its tenant specialists, peripheral specialists and its network of Thomson Women's Clinics. Revenue from hospital operations and ancillary services increased by 20.5% to \$23.55 million from \$19.54 million.

Revenue from specialised and other services increased by 26.8% to \$5.99 million from \$4.72 million in 1H2007, mainly due to increased contribution from all its subsidiaries.

Net Profit after Tax

The Group achieved commendable results for the half year ended 29 February 2008.

The Group's net profit after tax rose by 28.4% to \$5.69 million from \$4.43 million in 1H2007. Excluding the \$0.62 million gain from the divestment of loss-making associated company recognised in 1H2007, the increase in net profit after tax was 49.3%. The robust earnings was due mainly to the strong contributions from operating activities of the Group.

Other operating income decreased by 60.8% from \$1.08 million in 1H2007 to \$0.42 million and this was due to the gain on sale of associated company of \$0.62 million recognised in 1H2007.

Administration expenses increased by \$0.39 million or 11.2% to \$3.93 million from \$3.54 million in 1H2007 mainly due to higher administrative manpower costs.

Other operating expenses increased by \$0.21 million or 9.0% to \$2.55 million from \$2.34 million in 1H2007 mainly due to higher depreciation costs and increased operating expenses in line with increased business activities.

Consolidated Balance Sheet

Total Equity

The Group's total equity increased to \$95.54 million as at 29 February 2008 from \$92.77 million as at 31 August 2007 as a result of higher earnings. The profit contribution for the six months amounted to \$5.69 million.

Bank Borrowings

The Group continued to reduce its bank borrowings with the repayment of \$0.68 million during the period under review. Consequently, bank borrowings reduced to \$7.76 million as of 29 February 2008 compared to \$8.44 million as of 31 August 2007.

Liquidity

The Group has paid second interim ordinary dividends of \$2.92 million for FY2007 and income tax of \$1.60 million during the period under review.

The Group remains in a healthy financial position with a cash and bank balance of \$17.09 million as at 29 February 2008.

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

The current year's results are in line with the Directors' expectations as disclosed in the Group's full year 2007 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

Hospital Operations and Ancillary Services:

With the administrative office at Level 6 decanted off-site, the hospital is now reconfiguring the space to add six patient rooms, of which four are suites. These rooms, when completed in end April 2008 will cater to the growing demand for our premium services and facilities.

In addition, the Thomson Lifestyle Centre on Level 5 will be relocated to the nearby Novena Medical Centre to make way for more clinic space. The new Lifestyle Centre will offer better convenience to its customers.

The hospital has also attracted another senior O&G specialist, who has since commenced practice in Thomson Medical Centre in April 2008.

The hospital will continue its upgrading programme in 2H FY2008, with renovation of Level 3 in-patient wards into a resort-style setting, as well as the addition of two operating theatres to the current four operating theatres to meet the increasing surgical procedure workload.

We also experienced a healthy increase in foreign patient load.

The successful implementation of our pro-family programmes such as the enhanced First Born and Subsequent Born Incentive programmes and the Junior Angels Club has seen positive results through increased membership. We will continue to develop new programmes to meet the evolving needs of our patients. These programmes are part of our ongoing efforts to build brand loyalty and provide added reasons for expectant mothers to choose Thomson Medical Centre for their health care needs.

Specialised and Other Services:

The Group expects its subsidiaries to continue to contribute positively to the overall performance.

It has since March 2008 set up a new Thomson Women's Clinic in AMK Hub to bring its services nearer to its patients. With this new addition, the Group now has a total of seven satellite clinics island-wide. To increase patient referral to our facilities, the Group will continue to expand its network of satellite Thomson Women's Clinics in Singapore.

Thomson Fertility Centre has seen increased patient load and this is expected to continue further with the Group's effort in marketing activities, both locally and regionally, as well as seeking further strategic referral collaboration with regional doctors and partners.

Regionally, its hospital consultancy project in Vietnam is progressing well and is expected to complete on schedule in the third quarter of Year 2009. The Group will continue to recognise its consultancy fees as the project progresses. A business plan has been completed on the setting up of a proposed fertility centre in Vietnam to tap the significant unmet demand.

With the Government and the Group's own pro-family initiatives, increasing medical tourism and the recent changes in healthcare policies such as means testing for subsidised care, which could potentially increase demand for private healthcare services and barring any unforeseen circumstances, the Board of Directors is optimistic that Thomson Medical and its subsidiaries will continue to perform well in 2H2008.

11. Dividend

(a) Current financial Period Reported On

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

(b)(i) Current Period

Name of Dividend	:	1 st Interim Ordinary
Dividend type	:	Cash
Dividend amount	:	1.0 cent per ordinary share (one-tier tax)
Tax rate	:	Tax exempt

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

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

Name of Dividend	:	Interim Ordinary
Dividend type	:	Cash
Dividend amount	:	0.75 cent per ordinary share (net of tax)
Tax rate	:	18%

Name of Dividend : Special Interim
Dividend type : Cash
Dividend amount : 0.75 cent per ordinary share (net of tax)
Tax rate : 18%

(c) The dividend is one-tier and tax exempt

(d) Date Payable

The Directors have declared a First Interim Dividend in respect of the half year ended 29 February 2008, payable on 7 May 2008.

(e) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed from 24 April 2008 after 5.00 p.m. to 25 April 2008 for the purpose of determining the shareholders' entitlement to the First Interim Dividend.

Duly stamped and completed transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., of 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721 up to 5.00 p.m. on 24 April 2008 will be registered to determine the shareholders' entitlement to the First Interim Dividend. In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlement to the CDP account holders in accordance with its normal practice.

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

Not applicable.

13. Confirmation pursuant to Rule 705(4) 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 financial statements of the Company or the unaudited consolidated financial statements of the Group for the first half year ended 29 February 2008 to be false or misleading in any material respect.

On behalf of the board of directors

Dr Cheng Wei Chen
Executive Chairman

Dr Cheng Li Chang
Executive Deputy Chairman

BY ORDER OF THE BOARD

Dr Cheng Wei Chen
Executive Chairman

10 April 2008