

## Thomson Medical posts improved profitability amidst tough economic conditions

- Q2 FY09 revenue jumped 6.7% to \$15.60 million while net profit grew to \$3.05 million
- Q2 FY09 gross and net profit after tax margins stood at 43.3% and 19.6% respectively
- Increased foreign patient load and market share in deliveries
- Commencement of Thomson Women Cancer Centre on 27 February 2009 as a new growth driver

	Q2FY09 ended 28 Feb	Q2FY08 ended 29 Feb	% Change	1HFY09 ended 28 Feb	1HFY08 ended 29 Feb	% Change
Revenue (S\$'m)	15.60	14.62	6.7	31.99	29.54	8.3
Gross Profit (S\$'m)	6.75	6.68	1.0	13.85	13.19	5.0
Net Profit after tax (S\$'m)	3.05	2.93	4.1	5.89	5.62	4.8
Gross Profit Margin (%)	43.3	45.7	-	43.3	44.6	-
Net Profit after tax Margin (%)	19.6	20.0	-	18.4	19.0	-
EPS* (Singapore cents)	1.05	1.00	5.0	2.03	1.92	5.7

(\*Based on 291,977,434 ordinary shares)

**SINGAPORE – 7 April 2009** – Despite the challenging economic conditions, **Singapore Exchange Main Board-listed Thomson Medical Centre Limited** (“Thomson Medical” or the “Group”), a niche healthcare provider for women and children, today announced continued profitability for the second quarter ended 28 February 2009 (“Q2FY09”).

Q2FY09 revenue jumped 6.7% to S\$15.60 million while net profit after tax grew 4.1% to \$3.05 million. The latest set of results lifted the Group’s 1HFY09 revenue to \$31.99 million and net profit after tax to \$5.89 million, representing a growth of 8.3% and 4.8% respectively.

The Group’s good performance for the period under review was attributed to increased contributions from both its business segments - *Hospital Operations and Ancillary Services*, as well as *Specialised and Other Services*. Revenue from Hospital Operations and Ancillary Services improved 4.4% to \$12.18 million while Specialised and Other Services rose 15.9% to \$3.42 million. Demonstrating the Group’s operational efficiency, gross profit and net profit after tax margins continued to be robust, at 43.3% and 19.6% respectively. These were achieved despite

the closure of Level 5 inpatient wards from 23 December 2008 to 25 February 2009 due to renovation and upgrading works.

“It is heartening for us to record improved performance and strong patients load amidst the current challenging economic situation. We are also encouraged to have seen an increase in the foreign patient load, which reaffirms our strong and trusted brand name in the region. Additionally, the commencement of our Thomson Women Cancer Centre stands poised as a new growth driver for the Group,” said Dr Cheng Wei Chen, Executive Chairman.

## **Segmental Review**

### ***Hospital Operations and Ancillary Services***

Revenue for this business segment rose 4.4% to \$12.18 million in Q2FY09. The growth was driven by a 17.6% jump in gynaecology services, an 11.6% increase in diagnostic imaging and fetal assessment services, as well as an increase of 8% in foreign patients.

The hospital delivered 2,038 babies in Q2FY09, bringing the number of deliveries in 1HFY09 to 4,397. This resulted in a 6.1% increase in 1HFY09 obstetrics revenue. In year 2008, the Group augmented its market share from 20% to 22% with 8,610 deliveries out of total national births of 39,935.

### ***Specialised and Other Services***

Revenue from Specialised and Other Services increased 15.9% to \$3.42 million in Q2FY09. This was a result of increased patient load and positive contributions from the Group’s network of Thomson Women’s Clinics, Thomson Aesthetics Centre and Thomson Fertility Centre. Thomson Women’s Clinic at AMK Hub, which commenced operations in March 2008, has seen continued increased patient load and has provided healthy referrals to the hospital.

Located in Novena Medical Centre, Thomson Women Cancer Centre, (“TWCC”) the first private women’s cancer centre in Singapore, commenced operations in February 2009. TWCC, which is dedicated to the screening, prevention, diagnosis and treatment of breast, gynaecological and colorectal tumours, was established in line with the Group’s objective to grow organically in the management of women’s health.

## **Healthy Cash Flow**

Thomson Medical continues to generate healthy cashflow from its operating activities. The net cash position stood at \$14.5 million on 28 February 2009.

## **Interim Dividend**

Based on the latest set of results, the Board of Directors have declared a one-tier tax exempt interim dividend of S\$2.92 million, representing a payout ratio of 50% based on the total net profit for 1HFY09.

## **Looking Ahead**

With the completion of the upgrading of Level 5 to a premier ward by mid April 2009, the Group would have completed the renovation of all its inpatient wards. The creation of the exclusive single room premier ward is in response to the increasing demand of our patients for higher-end room facilities. The Group will maintain the availability of the 2 and 4 bedded rooms to meet the needs of patients seeking more affordable room facilities.

TWCC, the joint venture between Thomson Medical and three established senior specialists, Drs Tay Eng Hseon, Denis Cheong and Low Sze Chuan, will provide gynaecological and cancer treatment for women patients locally and in the region. TWCC is expected to be another growth driver for the Group. In addition, Thomson Medical will continue to work in partnership with specialists to provide efficient and effective services to patients. Joining the Group's established tenant O&G specialists is another senior O&G consultant, who commenced her clinic practice at Thomson Medical Centre from 1 April 2009.

Regionally, the Group's consultancy project in Binh Duong Province in Vietnam is progressing on schedule. The hospital construction is targeted to complete in the third quarter of 2009 and the commissioning of the hospital is expected to take place from June 2009. The hospital operations are scheduled to commence in the first quarter of 2010, upon which the hospital management services contract will take effect. The Group is also finalising the business plan for its second hospital consultancy project for the proposed women and children's hospital in Hanoi, Vietnam.

Barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable in FY2009.

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### **About Thomson Medical Centre Limited**

*Incorporated in 1977, Thomson Medical Centre Limited (“Thomson Medical”) is one of Singapore’s leading providers of healthcare services for women and children. It provides a comprehensive range of facilities and services for primary, secondary and tertiary healthcare, with focus in the areas of Obstetrics and Gynaecology (“O&G”) and Paediatric services.*

*Thomson Medical has been in operation since 1979 and offers quality healthcare by a team of highly experienced O&G specialists and paediatricians. It also operates the Thomson Fertility Centre, which offers In-Vitro Fertilisation (“IVF”) programmes to aspiring parents, as well as a chain of Thomson Women’s Clinics islandwide. Thomson Medical’s other subsidiaries include Thomson Women’s Cancer Centre, Thomson Pre-Natal Diagnostic Laboratory, Thomson Aesthetics Centre and Thomson International Health Services.*

*Thomson Medical is also expanding beyond Singapore. To date, it has secured two hospital consultancy projects in Vietnam and will continue to expand its regional reach.*

### **About Thomson Medical’s partnership with Hanh Phuc JSC in Vietnam**

#### **1) Hanh Phuc International Women and Children Hospital – Binh Duong Province**

*In October 2005, Thomson International was appointed as the Hospital Project Consultant for Hanh Phuc Hospital providing the following services:*

- *hospital planning and design brief;*
- *design development and project management;*
- *technical advisory services;*
- *operational resource planning; and*
- *hospital commissioning.*

*In November 2006, Hanh Phuc JSC appointed Thomson International as the Hospital Management Consultant for Hanh Phuc Hospital for a five-year term, with Thomson International having the first right of refusal to renew the said agreement for a further period of five years on terms and conditions to be mutually agreed between Hanh Phuc JSC and Thomson International.*

*As set out in the Hospital Management Agreement, Thomson International and Hanh Phuc JSC agreed to enter into an exclusive arrangement on the planning, development and management of women and children’s hospitals in Vietnam. In this regard, Hanh Phuc JSC has committed to Thomson International on the development of three women and children’s hospitals in Vietnam with Thomson International as the Hospital Project Consultant and Hospital Management Consultant.*

*In May 2008, Thomson International entered into: (a) an option with Hanh Phuc JSC to subscribe for a 25% equity stake in Hanh Phuc JSC, and (b) a Put Option with Prosper Joint Stock Company in respect of the right to require Prosper Joint Stock Company to purchase the said equity stake based on agreed terms and conditions.*

#### **2) Proposed Women & Children’s Hospital – Hanoi**

*In September 2008, Thomson International entered into a Memorandum of Understanding (“MOU”) and an Agreement to Establish Business Plan (the “Agreement”) with Hanh Phuc JSC. Pursuant to the MOU and the Agreement, Thomson International will establish a business plan for the proposed development of a women and children’s hospital in Hanoi, Vietnam (“Proposed Hospital”). If the findings demonstrate good potential, Thomson International will be appointed the hospital’s project and management consultant to oversee the development. Hanh Phuc JSC is currently identifying and securing a suitable land site in Hanoi for the development of the Proposed Hospital. It is also the Group’s intention to acquire up to 25% equity stake in the Proposed Hospital. When developed, the Proposed Hospital will represent Hanh Phuc JSC’s second women and children’s hospital in Vietnam.*

*For more information, please visit Thomson Medical’s corporate website at [www.thomsonmedical.com](http://www.thomsonmedical.com).*

**Contact Information:**

**August Consulting**

Tel: 65-6733 8873      Fax: 65-6733 9913

Winston CHOO – [winston@august.com.sg](mailto:winston@august.com.sg)

Nora SNG – [nora@august.com.sg](mailto:nora@august.com.sg)

FOO Yiting – [yiting@august.com.sg](mailto:yiting@august.com.sg)

Erin TAN – [erin@august.com.sg](mailto:erin@august.com.sg)