

THOMSON MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 199908381D)

(the "Company")

Unaudited 1st Quarter Financial Statement Announcement For The Financial Period Ended 31 March 2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), 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 MARCH 2019

	Group		
	1st quarter ended 31 March		
	2019	2018	Change
	\$'000	\$'000	%
<u>Healthcare - Continuing operations</u>			
Revenue	54,518	52,523	4
Other income	1,406	1,735	(19)
Inventories and consumables	(11,141)	(10,693)	4
Staff costs	(16,395)	(15,858)	3
Depreciation and amortisation	(4,039)	(2,799)	44
Other operating expenses	(14,991)	(16,821)	(11)
Results from operating activities	9,358	8,087	16
Finance income	713	758	(6)
Finance costs	(6,135)	(2,551)	NM
Net finance costs	(5,422)	(1,793)	NM
Profit before tax from continuing operations	3,936	6,294	(37)
Income tax expense	(1,921)	(1,986)	(3)
Profit from continuing operations, net of tax	2,015	4,308	(53)
<u>Real Estate - Discontinued operation</u>			
Loss from discontinued operation, net of tax	(2,260)	(3,474)	(35)
Profit for the period	(245)	834	NM
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax	1,192	3,270	(64)
Loss from discontinued operation, net of tax	(2,205)	(3,181)	(31)
Profit for the period attributable to owners of the company	(1,013)	89	NM
Non-controlling interests			
Profit from continuing operations, net of tax	823	1,038	(21)
Loss from discontinued operation, net of tax	(55)	(293)	(81)
Profit for the period attributable to non-controlling interests	768	745	3
<u>Healthcare - Continuing operations</u>			
EBITDA	13,397	10,886	23
Adjusted EBITDA¹	13,397	11,751	14

NM – Not meaningful

¹ Adjusted for one-off transactions and non-recurring costs

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 - HEALTHCARE - CONTINUING OPERATIONS

	Group		
	1st quarter ended 31 March		
	2019 \$'000	2018 \$'000	Change %
Other expenses			
Rental expenses	(24)	(1,477)	(98)
Transaction costs on corporate exercise	-	(880)	NM
Loss on disposal of property and equipment	(2)	(6)	(67)
Allowance for expected credit losses on trade debts, net	(50)	(47)	6

1 (a)(iii) STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	Group		
	1st quarter ended 31 March		
	2019 \$'000	2018 \$'000	Change %
Profit for the period	(245)	834	NM
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income	62	(805)	NM
	62	(805)	NM
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	3,970	18,851	(79)
	3,970	18,851	(79)
Other comprehensive income for the period, net of tax	4,032	18,046	(78)
Total comprehensive income for the period	3,787	18,880	(80)
Attributable to:			
Owners of the Company	2,260	14,678	(85)
Non-controlling interests	1,527	4,202	(64)
Total comprehensive income for the period	3,787	18,880	(80)
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax	4,465	18,453	(76)
Total comprehensive income from discontinued operation, net of tax	(2,205)	(3,775)	(42)
Total comprehensive income for the period attributable to owners of the Company	2,260	14,678	(85)

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 Mar 2019	As at 31 Dec 2018	As at 31 Mar 2019	As at 31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property and equipment	351,680	345,784	369	399
Intangible assets	489,849	489,130	-	-
Investment property	151,711	150,606	-	-
Investment in subsidiaries	-	-	2,294,803	2,294,803
Right-of-use assets	15,660	-	569	-
	1,008,900	985,520	2,295,741	2,295,202
Current assets				
Development property	143,956	142,916	-	-
Inventories	5,357	5,540	-	-
Amounts due from subsidiaries (non-trade)	-	-	190,523	175,314
Trade and other receivables	23,841	22,939	180	529
Cash and short-term deposits	130,594	121,745	18,766	6,141
	303,748	293,140	209,469	181,984
Assets of disposal group classified as held for distribution	-	210,406	-	154,041
	303,748	503,546	209,469	336,025
TOTAL ASSETS	1,312,648	1,489,066	2,505,210	2,631,227
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	3,000	3,410	-	-
Trade and other payables	40,625	40,235	1,544	1,839
Amounts due to the ultimate controlling shareholder	9,811	9,811	9,811	9,811
Income tax payable	5,512	8,316	-	-
Interest-bearing loans and borrowings	236,858	236,636	129,750	129,569
Lease liabilities	5,318	-	569	-
	301,124	298,408	141,674	141,219
Liabilities directly associated with disposal group classified as held for distribution	-	57,603	-	-
	301,124	356,011	141,674	141,219
Net current assets	2,624	147,535	67,795	194,806
Non-current liabilities				
Deferred tax liabilities	7,321	6,960	-	-
Interest-bearing loans and borrowings	341,807	341,665	-	-
Lease liabilities	10,342	-	-	-
Provisions	297	297	-	-
	359,767	348,922	-	-
TOTAL LIABILITIES	660,891	704,933	141,674	141,219
NET ASSETS	651,757	784,133	2,363,536	2,490,008
Equity attributable to owners of the Company				
Share capital	2,349,800	2,772,209	2,349,800	2,772,209
Retained earnings/ (accumulated losses)	173,394	(97,499)	14,476	(282,201)
Other reserves	(1,945,776)	(1,959,396)	(740)	-
Reserve of disposal group classified as held for distribution	-	(1,276)	-	-
	577,418	714,038	2,363,536	2,490,008
Non-controlling interests	74,339	70,095	-	-
TOTAL EQUITY	651,757	784,133	2,363,536	2,490,008
TOTAL EQUITY AND LIABILITIES	1,312,648	1,489,066	2,505,210	2,631,227

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 March 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Bank Loans	236,851	-	236,628	-
Obligations under finance lease	7	-	8	-

Amount repayable after one year:

	As at 31 March 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Bank Loans	341,807	-	341,664	-
Obligations under finance lease	- *	-	1	-

*Less than \$1,000

Details of Collateral

The bank loans are secured by a charge over certain shares and warrants of the subsidiaries and corporate guarantees provided by the Company and a subsidiary 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	
	1st quarter ended 31 March	
	2019 \$'000	2018 \$'000
Operating activities		
Profit before tax from continued operations	3,936	6,294
Loss before tax from discontinued operation	(2,225)	(3,197)
Profit before tax, total	1,711	3,097
<u>Adjustments for:</u>		
Allowance for expected credit losses on trade debts, net	50	53
Amortisation of intangible assets	159	951
Amortisation of upfront fees	367	41
Bad debts written off	1	-
Depreciation of property and equipment and right-of-use assets	4,208	3,412
Finance costs	5,768	2,686
Fair value changes on purchase consideration	25	(458)
Interest income	(713)	(764)
Loss on disposal of property and equipment	2	6
Reversal of allowance for onerous contracts/foreseeable losses	-	(248)
Share of results of associates	86	(700)
Transaction costs on corporate exercise	-	865
Employee share-based expenses	47	61
Unrealised gain on foreign exchange	(19)	(51)
Operating cash flows before changes in working capital	11,692	8,951
<u>Changes in working capital:</u>		
Inventories	175	(415)
Trade and other receivables and contract assets	4,454	2,090
Trade and other payables and contract liabilities	(1,391)	(3,968)
Cash flows from operations	14,930	6,658
Interest received	713	913
Tax paid	(4,871)	(3,969)
Net cash flows from operating activities	10,772	3,602
Investing activities		
Additions to intangible assets	(14)	(490)
Additions to property and equipment	(8,464)	(3,535)
Dividend received from associate	-	722
Expenditure on investment property	(9)	(10)
Net cash outflow on distribution of the Real Estate Business	(24,101)	-
Payments made for acquisition expenses arising from acquisition of the Healthcare Business	-	(438)
Proceeds from disposal of property and equipment	-	2
Net cash flows used in investing activities	(32,588)	(3,749)
Financing activities		
Changes in pledged deposits	(14)	2,325
Dividends paid to non-controlling interests of subsidiaries	(493)	(470)
Interest paid	(5,613)	(4,568)
Payment of lease liabilities	(1,559)	-
Proceeds from exercise of employee share options	-	29
Proceeds from interest-bearing loans and borrowings	-	106,301
Proceeds from exercise of bonus warrants	14,758	-
Repayment of interest-bearing loans and borrowings	(8)	(100,000)
Repayment of shareholder loan	-	(5,250)
Net cash flows generated from/ (used in) financing activities	7,071	(1,633)
Net decrease in cash and cash equivalents	(14,745)	(1,780)
Cash and cash equivalents at beginning of the period	138,911	135,541
Effect of exchange rate changes on cash and cash equivalents	(166)	2,044
Cash and cash equivalents at end of period	124,000	135,805
Note:		
<u>Continuing operations</u>		
Cash on hand and at banks	95,540	91,163
Short-term deposits	35,054	32,097
Cash and cash equivalents from continuing operations	130,594	123,260
<u>Discontinued operation</u>		
Cash on hand and at banks	-	13,310
Short-term deposits	-	2,359
Cash and cash equivalents from discontinued operation	-	15,669
Total cash and short-term deposits	130,594	138,929
Less: Pledged deposits	(6,594)	(3,124)
Cash and cash equivalents at end of period	124,000	135,805

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.

Group	Attributable to owners of the Company													
	Share capital	Retained earnings/ (accumulated losses)	Merger reserve	Foreign currency translation reserve	Assets revaluation reserve	Warrant reserve	Fair value reserve	Statutory reserve	Capital reserve	Total Other reserve	Reserve of disposal group classified as held for distribution	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	2,772,209	(97,499)	(1,842,369)	(85,867)	-	15,426	-	-	(46,586)	(1,959,396)	(1,276)	714,038	70,095	784,133
Profit for the period	-	(1,013)	-	-	-	-	-	-	-	-	-	(1,013)	768	(245)
<u>Other comprehensive income</u>														
Foreign currency translation	-	-	-	3,211	-	-	-	-	-	3,211	-	3,211	759	3,970
Net change in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	62	-	-	62	-	62	-	62
Other comprehensive income for their period, net of tax	-	-	-	3,211	-	-	62	-	-	3,273	-	3,273	759	4,032
Total comprehensive income for the period	-	(1,013)	-	3,211	-	-	62	-	-	3,273	-	2,260	1,527	3,787
<u>Contributions by and distributions to owners</u>														
Shares issued on conversion of warrants	14,758	-	-	-	-	-	-	-	-	-	-	14,758	-	14,758
Non-cash distribution to owners of the Company	(155,973)	(9,288)	-	10,089	-	-	-	-	-	10,089	1,534	(153,638)	3,163	(150,475)
Capital reduction	(281,194)	281,194	-	-	-	-	-	-	-	-	-	-	-	-
Grant of equity-settled share options to employees	-	-	-	-	-	-	-	-	-	-	-	-	47	47
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(493)	(493)
Total contributions by and distributions to owners	(422,409)	271,906	-	10,089	-	-	-	-	-	10,089	1,534	(138,880)	2,717	(136,163)
Total transactions with owners, recorded directly in equity	(422,409)	271,906	-	10,089	-	-	-	-	-	10,089	1,534	(138,880)	2,717	(136,163)
<u>Others</u>														
Reserve attributable to disposal group classified as held for distribution	-	-	-	320	-	-	(62)	-	-	258	(258)	-	-	-
Total others	-	-	-	320	-	-	(62)	-	-	258	(258)	-	-	-
At 31 March 2019	2,349,800	173,394	(1,842,369)	(72,247)	-	15,426	-	-	(46,586)	(1,945,776)	-	577,418	74,339	651,757
At 1 January 2018 (previously reported)	788,267	(185,197)	100	(86,390)	89,462	15,426	405	197	2,791	21,991	-	625,061	115,627	740,688
Effects of adoption of SFRS(I)	-	85,537	-	-	(89,462)	-	-	-	-	(89,462)	-	(3,925)	-	(3,925)
At 1 January 2018 (restated)	788,267	(99,660)	100	(86,390)	-	15,426	405	197	2,791	(67,471)	-	621,136	115,627	736,763
Profit for the period	-	89	-	-	-	-	-	-	-	-	-	89	745	834
<u>Other comprehensive income</u>														
Foreign currency translation	-	-	-	15,394	-	-	-	-	-	15,394	-	15,394	3,457	18,851
Net change in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(805)	-	-	(805)	-	(805)	-	(805)
Other comprehensive income for their period, net of tax	-	-	-	15,394	-	-	(805)	-	-	14,589	-	14,589	3,457	18,046
Total comprehensive income for the period	-	89	-	15,394	-	-	(805)	-	-	14,589	-	14,678	4,202	18,880
<u>Contributions by and distributions to owners</u>														
Grant of equity-settled share options to employees	-	-	-	-	-	-	-	-	-	-	-	-	61	61
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(471)	(471)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-	-	(410)	(410)
<u>Changes in ownership interests in subsidiaries</u>														
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	(8)	(8)	-	(8)	8	-
Dilution of equity interests in a subsidiary due to the exercise of employee share options	-	-	-	-	-	-	-	-	-	-	-	-	29	29
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(8)	(8)	-	(8)	37	29
Total transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(8)	(8)	-	(8)	(373)	(381)
At 31 March 2018	788,267	(99,571)	100	(70,996)	-	15,426	(400)	197	2,783	(52,890)	-	635,806	119,456	755,262

STATEMENT OF CHANGES IN EQUITY

Company

	Share capital	Retained earnings/ (accumulated losses)	Capital reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	2,772,209	(282,201)	-	2,490,008
Profit for the period, representing total comprehensive income for the period	-	15,483	-	15,483
<u>Contributions by and distributions to owners</u>				
Shares issued on conversion of warrants	14,758	-	-	14,758
Non-cash distribution to owners of the Company	(155,973)	-	(740)	(156,713)
Capital reduction	(281,194)	281,194	-	-
Total contributions by and distributions to owners	(422,409)	281,194	(740)	(141,955)
At 31 March 2019	2,349,800	14,476	(740)	2,363,536
At 1 January 2018	788,267	(419,572)	-	368,695
Loss for the period, representing total comprehensive income for the period	-	(1,743)	-	(1,743)
At 31 March 2018	788,267	(421,315)	-	366,952

- 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 March 2019		31 March 2018	
	No. of issued shares	Amount \$'000	No. of issued shares	Amount \$'000
Balance as at 1 Jan	26,072,880,745	2,772,209	4,738,417,411	788,267
Conversion of warrants	184,420,000	14,758	-	-
Non-cash distribution to owners of the Company	-	(155,973)	-	-
Capital reduction	-	(281,194)	-	-
Balance as at 31 Mar	26,257,300,745	2,349,800	4,738,417,411	788,267

- a) A total of 9,476,834,822 Bonus Warrants which were issued and allotted to the shareholders on 25 April 2018 pursuant to the Very Substantial Acquisition have expired on 24 April 2019. Following the expiration of the Bonus Warrants, a total of 369,266,062 warrants have been exercised and 369,266,062 new ordinary shares were issued. Of the total warrants exercised, a total of 184,420,000 bonus warrants were exercised and 184,420,000 new ordinary shares were issued for the quarter ended 31 March 2019.

Total gross proceeds raised from the exercise of the Bonus Warrants amounting to \$29.6 million will be used in accordance with the uses as disclosed in the Company's Circular dated 28 February 2018.

Pursuant to the Bonus Warrants, the Company has issued and allotted a total of 369,266,062 Piggyback Warrants to the Warrant holders. The Piggyback Warrants entitles the warrant holders to subscribe for one (1) new ordinary share in the share capital of the Company at an exercise price of \$0.11 in cash. The Piggyback Warrants will expire on 24 April 2022.

- b) On 31 January 2019, the Company completed the distribution of all its shares in its Real Estate Business held by RSP Holdings Pte Ltd by way of capital reduction amounting to \$156.0 million. On the same date, the Company also completed its further capital reduction to write-off the accumulated losses of the Company amounting to \$281.2 million.

- 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 Mar 2019	As at 31 Dec 2018
Number of issued shares	26,257,300,745	26,072,880,745
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 quarter ended 31 March 2019 are consistent with those applied in the financial statements for the year ended 31 December 2018, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2019 as disclosed in item 5 below.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) 16 Leases which took effect on 1 January 2019, using the modified retrospective approach. In compliance with SFRS(I) 16 Leases, the Group has applied the practical expedient to recognise the amount of right-of-use assets equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

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):		
	3 months ended 31 March	
	2019	2018
(a) Basic*	(0.0039)	0.0003
(b) Diluted**	(0.0039)	0.0003
<u>Continuing operations</u>		
(a) Basic*	0.0046	0.0126
(b) Diluted**	0.0046	0.0126
Weighted average number of ordinary shares on issue as at the end of the period***	26,116,182,834	26,002,977,265
Weighted average number of ordinary shares on issue after adjusting for effects of dilutive warrants as at the end of the period***	26,116,182,834	26,002,977,265

* 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

*** The weighted average number of shares for the comparative period has been adjusted for the issuance of the 21,333,333,334 shares for the acquisition of the entire issued and paid-up share capital of Sasteria, which is assumed to be in issue since the beginning of the earliest period presented.

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 Mar 2019	31 Mar 2018
Net asset value per ordinary share of		
Group (cents)	2.20	2.74 *
Company (cents)	9.00	9.55

* The number of shares have been adjusted for the issuance of the 21,333,333,334 shares for the acquisition of the entire issued and paid-up share capital of Sasteria, which is assumed to be in issue as at the end of the reporting period.

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 registered an increase in quarterly revenue of 3.8% from \$52.5 million in 1Q2018 to \$54.5 million in 1Q2019. The increase was attributable mainly to higher overall inpatient load and higher average bill sizes in both Hospital Operations Division and Specialised Services Division. The Group's adjusted EBITDA increased by 14.0% from \$11.8 million to \$13.4 million during the quarter mainly due to lower operating expenses as a result of adoption of the new SFRS (I) 16 Leases, which resulted in a corresponding increase in depreciation expenses. Excluding the effect from the adoption of SFRS (I) 16 Leases, the Group's adjusted EBITDA remained stable.

Staff costs increased by 3.4% mainly due to higher manpower and wage costs.

Net finance costs were higher by \$3.6 million mainly due to additional bank borrowings taken as part of the acquisition of the Healthcare Business.

The Group registered a lower net profit after tax of \$2.0 million in 1Q2019. The decrease is mainly due to higher financing costs arising from bank borrowings taken for the acquisition of the Healthcare Business offset by better operating results of the Group.

The discontinued operations reported a loss, net of tax of \$2.3 million in 1Q2019 compared to a loss of \$3.5 million in 1Q2018. The loss was mainly attributable to unrealised foreign exchange loss of \$1.0 million arising from exchange rate movement between Sterling Pound and Singapore dollars for the period under review.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Total assets of the Group were \$176.4 million lower as at the quarter ended 31 March 2019 mainly due to the distribution of the Real Estate Business assets, partially offset by the recognition of right-of-use assets as a result of the adoption of SFRS(I) 16 Leases.

Total liabilities were \$44.0 million lower as at 31 March 2019 compared to 31 December 2018, due mainly to the derecognition of the liabilities following the completion of distribution of the Real Estate Business, partially offset by the recognition of lease liabilities as a result of the adoption of SFRS(I) 16 Leases.

REVIEW OF STATEMENT OF CASH FLOWS

The Group recorded a net decrease in cash and cash equivalents for 1Q2019 of \$14.7 million. The decrease is mainly due to the effect of net cash outflow of \$24.1 million on completion of the distribution of its shares in the Real Estate Business, interest paid on bank loans of \$5.6 million and addition to plant and equipment of \$8.5 million offset by the net cash inflows generated from operating activities of \$10.8 million and proceeds from the exercise of bonus warrants of \$14.8 million.

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.

The Group will continue to focus on building its strategic partnership in areas of collaboration with Brigham Health International and Dana-Farber Cancer Institute and other strategic partners in the region to deepen its core specialties in oncology, women and children's health, fertility, and preventative healthcare and wellness. The Company has identified women's health and oncology as the first areas of collaboration with the two industry-leading partners, both affiliates of Harvard Medical School. As previously announced, TMG intends to expand its existing Thomson Women Cancer Centre ("TWCC") into a regional platform, starting with new clinics and centres in Singapore, Malaysia and Indonesia. This is in line with the Company's strategy of deepening its core specialties in oncology, women and children's health, fertility, and preventative healthcare and wellness.

In Singapore, the Group expects to open its new flagship multi-specialty centre at Paragon Medical Centre in phases from late July 2019. The new centre will house an integrated facility offering fertility treatment, obstetrics & gynaecology services, TCM, sports medicine, preventive medicine and wellness services, aesthetics and diagnostic imaging services.

In Malaysia, Thomson Hospital Kota Damansara continues to perform well and registered growth in its revenue and patient volume. The project at Thomson Hospital Kota Damansara in Kuala Lumpur is on schedule and the pilling works at Thomson Iskandar Medical Hub in Johor Bahru is progressing as planned.

Based on the current economic outlook and barring any unforeseen circumstances, the Directors expect the Group to remain profitable in 2019.

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 first quarter ended 31 March 2019 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.**

There was no reportable IPT as required under Rule 920(1)(a)(ii) and no IPT general mandate has been obtained during the reporting financial period.

14. **Update on use of exercise proceeds from Warrants Issue.**

The proceeds from the Bonus Warrants have not been utilised as of 31 March 2019. The Company will make periodic announcements on the material disbursement of any proceeds arising from the exercise of the Bonus Warrants 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 March 2019 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

Quek Hong Sheng Roy
Executive Director and Chief Executive Officer

13 May 2019