



**TMC LIFE SCIENCES BERHAD**  
**Company no. 624409-A**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED**  
**29 FEBRUARY 2016**

**Contact**

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**TMC LIFE SCIENCES BERHAD (624409-A)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

	Individual Quarter		9 months ended	
	29/02/2016 RM'000	28/02/2015 RM'000	29/02/2016 RM'000	28/02/2015 RM'000
Revenue	31,386	26,411	92,792	74,684
Cost of sales	(10,992)	(9,048)	(32,087)	(26,433)
Gross profit	20,394	17,363	60,705	48,251
Other operating income	253	129	885	391
Operating expenses	(15,314)	(13,644)	(46,055)	(38,510)
Profit from operations	5,333	3,848	15,535	10,132
Depreciation	(2,343)	(2,049)	(6,910)	(6,035)
Interest income	1,888	1,422	5,535	1,940
Finance costs	(24)	(25)	(73)	(76)
<b>Profit before taxation</b>	4,854	3,196	14,087	5,961
Taxation	(1,579)	(290)	(4,580)	(20)
<b>Profit after taxation</b>	3,275	2,906	9,507	5,941
<b>Other comprehensive income, net of tax :-</b>				
Foreign currency translations	(10)	(6)	(51)	2
<b>Total comprehensive income for the period</b>	3,265	2,900	9,456	5,943
<b>Profit attributable to :-</b>				
Owners of the parent	3,275	2,906	9,507	5,941
Non-controlling interest	-	-	-	-
	3,275	2,906	9,507	5,941
<b>Total comprehensive income attributable to :-</b>				
Owners of the parent	3,265	2,900	9,456	5,943
Non-controlling interest	-	-	-	-
	3,265	2,900	9,456	5,943
<b>Profit per ordinary share attributable to the owners of the parent (sen)</b>				
Basic	0.21	0.32	0.61	0.65
Diluted	0.15	0.32	0.44	0.65

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

**TMC LIFE SCIENCES BERHAD (624409-A)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

	Attributable to owners of the parent						Total attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
	Non-distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign exchange translation RM'000	Share options reserve RM'000	Retained earnings/ (Accumulated losses) RM'000			
<b>Balance at 1 June 2015</b>	119,952	180,104	-	85	-	1,568	301,709	-	301,709
<b>Total comprehensive income</b>	-	-	-	(51)	-	9,507	9,456	-	9,456
<b>Transaction with owners</b>									
Ordinary shares issued	53,333	266,667	-	-	-	-	320,000	-	320,000
- acquisition of a subsidiary									
Issuance of warrants		(46,960)	46,960				-	-	-
Share issuance expenses	-	(1,364)	-	-	-	-	(1,364)	-	(1,364)
Share options granted under ESOS	-	-	-	-	1,258	-	1,258	-	1,258
Dividend paid	-	-	-	-	-	(2,425)	(2,425)	-	(2,425)
<b>Balance at 29 February 2016</b>	<b>173,285</b>	<b>398,447</b>	<b>46,960</b>	<b>34</b>	<b>1,258</b>	<b>8,650</b>	<b>628,634</b>	<b>-</b>	<b>628,634</b>
<b>Balance at 1 June 2014</b>	80,237	33,159	28,083	80	-	(6,169)	135,390	-	135,390
<b>Total comprehensive income</b>	-	-	-	2	-	5,941	5,943	-	5,943
<b>Transaction with owners</b>									
Ordinary shares issued	39,715	146,945	(27,801)	-	-	-	158,859	-	158,859
- conversion of warrants									
Adjustment for the unexercised warrants upon expiry date	-	-	(282)	-	-	282	-	-	-
Dividend paid	-	-	-	-	-	(2,468)	(2,468)	-	(2,468)
<b>Balance at 28 February 2015</b>	<b>119,952</b>	<b>180,104</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>(2,414)</b>	<b>297,724</b>	<b>-</b>	<b>297,724</b>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

**TMC LIFE SCIENCES BERHAD (624409-A)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 29 FEBRUARY 2016**

	As At 29/2/2016 Unaudited RM'000	As At 31/5/2015 Audited RM'000
<b>Non-current assets</b>		
Property, plant and equipment	299,229	113,242
Goodwill	146,085	-
Total non-current assets	445,314	113,242
<b>Current assets</b>		
Inventories	6,901	6,512
Trade and other receivables	35,007	28,125
Current tax assets	226	173
Cash and bank balances	196,498	191,634
Total current assets	238,632	226,444
<b>TOTAL ASSETS</b>	<b>683,946</b>	<b>339,686</b>
<b>Equity attributable to owners of the parent</b>		
Share capital	173,285	119,952
Retained earnings	8,650	1,568
Reserves	446,699	180,189
	628,634	301,709
<b>Non-controlling interest</b>	-	-
<b>TOTAL EQUITY</b>	<b>628,634</b>	<b>301,709</b>
<b>Non-current liabilities</b>		
Borrowings	1,836	1,899
Deferred tax liabilities	11,476	805
Total non-current liabilities	13,312	2,704
<b>Current liabilities</b>		
Trade and other payables	41,462	35,158
Borrowings	84	81
Current tax liabilities	454	34
Total current liabilities	42,000	35,273
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>683,946</b>	<b>339,686</b>
Net assets per share (RM)	0.36	0.25

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

**TMC LIFE SCIENCES BERHAD (624409-A)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

	9 months ended 29/2/2016 RM'000	9 months ended 28/2/2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	14,087	5,961
Adjustments for :-		
Non-cash items	8,781	6,102
Interest paid	73	76
Interest income	(5,535)	(1,940)
Operating profit before changes in working capital	17,406	10,199
Changes in working capital		
Net change in current assets	(7,907)	(6,475)
Net change in current liabilities	6,293	8,830
Cash flows from operating activities	15,792	12,554
Interest paid	(73)	(76)
Net income tax paid	(716)	(288)
<b>Net cash flows from operating activities</b>	15,003	12,190
<b>Cash flows used in investing activities</b>		
Acquisition of property plant and equipment	(12,899)	(13,027)
Proceeds from disposal of property plant and equipment	25	8
Acquisition of:		
subsidiaries for cash, net of cash acquired	1,149	-
Deposits placed with financial institutions		
with original maturity of more than three (3) months	(113,601)	(49,466)
Placement of deposits pledged with a licensed bank	4	-
Interest received	5,535	1,940
	(119,787)	(60,545)
<b>Cash flows used in financing activities</b>		
Proceeds from issuance of ordinary shares pursuant to the exercise of warrants	-	158,859
Share issuance expenses	(1,364)	-
Dividend paid	(2,426)	(2,468)
Repayment of term loans	(45)	(44)
Repayment of hire purchase	(15)	(14)
	(3,850)	156,333
<b>Net change in cash &amp; cash equivalents</b>	(108,634)	107,978
<b>Cash &amp; cash equivalents at beginning of the financial period</b>	141,605	32,567
<b>Exchange rate effects</b>	(98)	(2)
<b>Cash &amp; cash equivalents at end of the financial period</b>	32,873	140,543
<b>Cash &amp; cash equivalents at end of the financial period</b>		
Short term deposits (not more than 3 months)	12,551	110,026
Cash and bank balances	20,824	30,517
	33,375	140,543
Less: Deposits pledged to a licensed bank	(502)	-
	32,873	140,543

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING  
STANDARD (“MFRS”)**

**A1 BASIS OF PREPARATION**

The interim financial report is not audited and has been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding the changes in the financial position and performance of the Group since the financial year ended 31 May 2015.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 May 2015.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 June 2015.

The adoption and application of the amendments to MFRSs and IC Interpretations are not expected to have any significant financial impact to the financial statements of the Group.

**A2 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Group is not significantly affected by any seasonal or cyclical factors.

**A3 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

There were no material items or events that arose, which affected assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

**A4 CHANGE IN ESTIMATES**

There were no material changes in the nature and amount of estimates reported that have a material effect in the current financial quarter under review.

**A5 ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities in the current financial quarter under review.

**A6 DIVIDENDS PAID**

During the financial period ended 29 February 2016, the Company paid the final single tier dividend of 0.14 sen per ordinary share on 1,732,854,769 ordinary shares, amounting RM2,425,996 in respect of the financial year ended 31 May 2015.

**A7 SEGMENTAL INFORMATION**

The Group operates mainly in Malaysia and is involved in the healthcare sector which includes providing specialist healthcare services in its multi disciplinary tertiary hospital.

**TMC LIFE SCIENCES BERHAD (624409-A)**  
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**A8 MATERIAL EVENT SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD**

There were no other material event subsequent to 29 February 2016 and up to the date of this report except as disclosed in B6.

**A9 CHANGES IN THE COMPOSITION OF THE GROUP**

On 23 June 2015 ("Acquisition Date"), the Company completed the acquisition of 100% equity interest in BB Waterfront for a purchase consideration of RM320,000,000 to be satisfied via the issuance of 533,333,333 new ordinary shares of RM0.10 each in TMC ("Shares" or TMC shares") ("Consideration Shares") at an issue price of RM0.60 per share, together with 266,666,666 free detachable warrants ("Consideration Warrants") on the basis of one (1) consideration warrant for every two (2) consideration shares. The shares consideration was based on the fair value of RM0.60 per ordinary share of the Company, which represents the last traded market price at Acquisition Date.

The fair value of the identifiable assets and liabilities of BB Waterfront as at the date of acquisition are as follows:

	RM'000
Property, plant and equipment	180,000
Other receivables	1
Cash and bank balances	1,149
Deferred tax liabilities	(7,177)
Other payables	(58)
Total identifiable net assets	<u><u>173,915</u></u>

**A10 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The Company has provided corporate guarantees to licensed financial institutions for banking facilities and suppliers amounting to RM2.1 million and RM2.4 million, respectively. The guarantees were granted for the benefit of the Company's subsidiaries. Arising from this, the Company is contingently liable for the amount utilised by its subsidiaries of approximately RM4 million as at 29 February 2016.

**A11 CAPITAL COMMITMENTS**

The amount of commitments for capital expenditure as at 29 February 2016 is as follows:

	29/2/2016	31/5/2015
	RM'000	RM'000
Approved and contracted for	891	3,651
Approved but not contracted for	<u>2,686</u>	<u>3,915</u>
	<u><u>3,577</u></u>	<u><u>7,566</u></u>

**A12 SIGNIFICANT RELATED PARTY TRANSACTIONS**

	9 months ended 29/2/2016 RM'000
Consultancy fees payable to Thomson International Health Services Pte Ltd, a company ultimately controlled by substantial shareholder	<u>5,212</u>

The consultancy fees payable above remained outstanding at 29 February 2016.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD  
("BURSA SECURITIES")**

**B1 REVIEW OF THE PERFORMANCE OF THE GROUP**

**Analysis of performance**

**Review of results for the financial quarter**

	3 months ended	
	29/2/2016	28/2/2015
	RM'000	RM'000
Revenue	31,386	26,411
Profit before taxation	4,854	3,196

Revenue rose 19% to RM31.3 million compared to the previous corresponding quarter. Higher revenue was mainly due to higher patient load with increased bed capacity, additional consultants recruited and higher growth in fertility business. Profitability improved due to higher revenue recorded and interest income earned.

**Review of results for the financial period**

	9 months ended	
	29/2/2016	28/2/2015
	RM'000	RM'000
Revenue	92,792	74,684
Profit before taxation	14,087	5,961

The Group recorded 24% growth in revenue for the 9 months ended 29 February 2016 compared with the corresponding period in the previous financial year. The growth was contributed by additional bed capacity, growth in fertility business and additional services offered.

The Group recorded profit before taxation of RM14.1 million for the current financial period mainly attributable to higher revenue and interest income. Operating expenses for the current financial period were also higher due to keen competition in retaining and recruiting experienced healthcare professionals to manage the expanded capacity. Nevertheless, the Group was able to optimise existing resources and achieved higher EBITDA margin of 17% compared to 14% in the corresponding period in the previous year.

**Material factors affecting the earnings and / or revenue of the Group**

The material factors that affect the earnings and / or revenue of the Group are the successful recruitment of doctors practicing in our facilities and additional services offered by the Group.



**TMC LIFE SCIENCES BERHAD (624409-A)**  
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**B2 MATERIAL CHANGE IN PROFIT BEFORE TAX AS COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	3 months ended	
	29/2/2016	30/11/2015
	RM'000	RM'000
Revenue	31,386	31,332
Profit before taxation	4,854	4,883

For the current financial quarter, profit before tax maintained at RM4.9 million with the revenue remained at about the same level as the immediate preceding quarter.

**B3 PROSPECTS FOR THE FINANCIAL PERIOD ENDING 31 AUGUST 2016**

The growth prospects for the healthcare sector in Malaysia remain positive, fuelled by changing demographics, a more affluent society and more health-conscious lifestyles in Malaysia. Medical tourism is also growing. On the other hand, foreign exchange rate movements have affected our imported supplies of medicines and medical equipment. The imposition of the Goods and Services Tax (GST), rising manpower and overhead costs, have had an impact on our overall operating cost structure. Nonetheless, the Group continues to expand the breadth and diversity of our services to generate more revenue growth. With the recent completion of 2 new wards, our hospital in Kota Damansara is now a 200-bed hospital to meet the growing demand. The Group plans to open a new TMC Fertility Centre branch in Ipoh and a retail pharmacy in Johor Bahru during the financial period ending 31 August 2016.

**B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE**

There is no profit forecast or profit guarantee for the financial period ended 29 February 2016.

**B5 TAXATION**

	Current	9 months ended
	quarter	29/2/2016
	RM'000	RM'000
In respect of current financial period		
- income taxation	369	1,053
- deferred taxation	1,195	3,495
	<u>1,564</u>	<u>4,548</u>
Under provision in respect of prior period		
- income taxation	15	32
- deferred taxation	-	-
	<u>15</u>	<u>32</u>
	<u>1,579</u>	<u>4,580</u>

The effective tax rate of the Group's current tax charge for the current period under review was lower than the statutory tax rate mainly due to the utilisation of previous years' tax losses coupled with the tax exemption pursuant to the BioNexus incentive enjoyed by a subsidiary.

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**B6 STATUS OF CORPORATE PROPOSAL**

Except as disclosed below, there are no other corporate proposals announced but not completed as at 14 April 2016, being the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

As announced on 18 March 2016, TMC Life Sciences Berhad ("Company") has incorporated a wholly-owned subsidiary namely, TMC Care Sdn. Bhd. ("TMC Care"). The authorised share capital of TMC Care is RM400,000 divided into 400,000 ordinary shares of RM1.00 each with a total issued and paid-up share capital of RM1,000.00 comprising 1,000 ordinary shares of RM1.00 each. The intended business activities of TMC Care are carrying on retail business of healthcare products.

The aforesaid incorporation would not have a material effect on the Group's earnings and net assets for the financial year ending 31 August 2016.

None of the Directors and substantial shareholders of the Company and persons connected to the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the abovesaid matter.

**B7 BORROWINGS**

The Group's borrowings as at 29 February 2016 are as follows:-

	Long Term	Short Term	Total
	RM'000	RM'000	RM'000
Secured - Denominated in Ringgit Malaysia	1,836	84	1,920

**B8 MATERIAL LITIGATION**

There was no material litigation as at the date of this report.

**B9 DIVIDENDS**

The Board does not recommend any dividend for the current quarter under review (previous year corresponding period ended 28 February 2015: NIL).

**TMC LIFE SCIENCES BERHAD (624409-A)**  
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**B10 EARNINGS PER SHARE (EPS)**

	Individual Quarter		9 months ended	
	29/2/2016	28/2/2015	29/2/2016	28/2/2015
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	3,275	2,906	9,507	5,941
Weighted average number of ordinary shares outstanding (000)	1,566,279	913,072	1,566,279	913,072
EPS (sen)				
- Basic	0.21	0.32	0.61	0.65
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	3,275	2,906	9,507	5,941
Weighted average number of ordinary shares outstanding (000)	1,566,279	913,072	1,566,279	913,072
Effect of dilution ('000)	609,614	4,038	609,614	4,038
Adjusted weighted average number of shares ('000)	2,175,893	917,110	2,175,893	917,110
Diluted EPS (sen)				
- Diluted	0.15	0.32	0.44	0.65

Diluted EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average of ordinary shares outstanding during the financial period, adjusted to assume the conversion of dilutive potential ordinary shares.

**B11 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report of the preceding annual financial statements was unqualified.

**B12 NOTE TO STATEMENT OF COMPREHENSIVE INCOME**

	Current quarter RM'000	9 months ended 29/2/2016 RM'000
Interest income	1,888	5,535
Other operating income excluding interest income	253	885
Interest expense	(24)	(73)
Depreciation and amortisation	(2,343)	(6,910)
Impairment losses on receivables	(217)	(635)
Fair value charges on share options granted under ESOS	(949)	(1,258)
Foreign exchange gain	1	12

**TMC LIFE SCIENCES BERHAD (624409-A)**  
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**B13 REALISED AND UNREALISED PROFITS/(LOSSES)**

	29/2/2016	31/5/2015
	RM'000	RM'000
		(Audited)
Total retained earnings:		
- realised	20,109	2,374
- unrealised	(11,459)	(806)
As at 29 February 2016 / 31 May 2015	<u>8,650</u>	<u>1,568</u>

**B14 AUTHORISED FOR ISSUE**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 April 2016.