



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 MAY 2017**

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 31 MAY 2017**

	Individual Quarter		9 months ended	
	Current Year Quarter 31/05/2017 RM'000	Preceding Year Quarter 31/05/2016 RM'000	Current Year To Date 31/05/2017 RM'000	Preceding Year Corresponding Period 31/05/2016 RM'000
Revenue	40,694	34,910	112,405	97,628
Cost of sales	(13,795)	(12,023)	(38,479)	(33,667)
Gross profit	26,899	22,887	73,926	63,961
Other operating income	193	159	704	695
Operating expenses	(17,782)	(16,177)	(51,514)	(47,046)
Profit from operations	9,310	6,869	23,116	17,610
Depreciation and amortisation	(3,095)	(2,388)	(8,324)	(7,045)
Interest income	1,822	1,977	5,663	5,678
Finance costs	(22)	(25)	(63)	(73)
Profit before taxation	8,015	6,433	20,392	16,170
Taxation	(2,060)	(1,045)	(5,454)	(4,169)
Profit after taxation	5,955	5,388	14,938	12,001
Other comprehensive income, net of tax :-				
Foreign currency translations	2	12	(40)	(11)
Total comprehensive income for the period	5,957	5,400	14,898	11,990
Profit attributable to :-				
Owners of the parent	5,955	5,388	14,938	12,001
Non-controlling interest	-	-	-	-
	5,955	5,388	14,938	12,001
Total comprehensive income attributable to :-				
Owners of the parent	5,957	5,400	14,898	11,990
Non-controlling interest	-	-	-	-
	5,957	5,400	14,898	11,990
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.34	0.34	0.86	0.75
Diluted	0.23	0.24	0.57	0.53

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2017**

	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 RM'000			
Balance at 1 September 2016	173,290	445,441	46,960	39	1,689	19,908	687,327	-	687,327
Total comprehensive income	-	-	-	(40)	-	14,938	14,898	-	14,898
Transactions with owners									
Ordinary shares issued									
- acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
- ESOS	443	2,084	-	-	(435)	-	2,092	-	2,092
- Warrants	15	48	-	-	-	-	63	-	63
Share issuance expenses	-	-	-	-	-	-	-	-	-
Share options granted under ESOS	-	-	-	-	768	-	768	-	768
Dividend paid	-	-	-	-	-	(2,673)	(2,673)	-	(2,673)
Total transactions with owners	458	2,132	-	-	333	(2,673)	250	-	250
Balance at 31 May 2017	173,748	447,573	46,960	(1)	2,022	32,173	702,475	-	702,475
Balance at 1 June 2015	119,952	180,104	-	85	-	1,568	301,709	-	301,709
Total comprehensive income	-	-	-	(46)	-	20,765	20,719	-	20,719
Transactions with owners									
Ordinary shares issued									
- acquisition of a subsidiary	53,333	266,667	46,960	-	-	-	366,960	-	366,960
- ESOS	5	34	-	-	(5)	-	34	-	34
Share issuance expenses	-	(1,364)	-	-	-	-	(1,364)	-	(1,364)
Share options granted under ESOS	-	-	-	-	1,694	-	1,694	-	1,694
Dividend paid	-	-	-	-	-	(2,425)	(2,425)	-	(2,425)
Total transactions with owners	53,338	265,337	46,960	-	1,689	(2,425)	364,899	-	364,899
Balance at 31 August 2016	173,290	445,441	46,960	39	1,689	19,908	687,327	-	687,327

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 August 2016 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD (624409-A)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2017**

	As At 31/05/2017 Unaudited RM'000	As At 31/08/2016 Audited RM'000
Non-current assets		
Property, plant and equipment	324,897	322,537
Intangible assets	1,312	-
Goodwill	193,045	193,045
Total non-current assets	519,254	515,582
Current assets		
Inventories	6,772	6,867
Trade and other receivables	31,566	30,644
Current tax assets	98	47
Cash and bank balances	201,092	204,558
Total current assets	239,528	242,116
TOTAL ASSETS	758,782	757,698
Equity attributable to owners of the parent		
Share capital	173,748	173,290
Retained earnings	32,173	19,908
Reserves	496,554	494,129
	702,475	687,327
Non-controlling interest	-	-
TOTAL EQUITY	702,475	687,327
Non-current liabilities		
Borrowings	1,732	1,804
Deferred tax liabilities	15,462	11,096
Total non-current liabilities	17,194	12,900
Current liabilities		
Trade and other payables	38,570	56,316
Borrowings	92	85
Current tax liabilities	451	1,070
Total current liabilities	39,113	57,471
TOTAL EQUITY AND LIABILITIES	758,782	757,698
Net assets per share (RM)	0.40	0.40

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 August 2016 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD (624409-A)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2017**

	Current Year To Date 31/05/2017 RM'000	Preceding Year Corresponding Period 31/05/2016 RM'000
Cash flows from operating activities		
Profit before tax	20,392	16,170
Adjustments for :-		
Non-cash items	9,908	8,999
Interest paid	63	73
Interest income	(5,663)	(5,678)
Operating profit before changes in working capital	24,700	19,564
Changes in working capital		
Net change in current assets	(1,459)	3,309
Net change in current liabilities	(8,122)	12,106
Cash generated from operations	15,119	34,979
Interest paid	(63)	(73)
Net income tax paid	(1,757)	(450)
Net cash from operating activities	13,299	34,456
Cash flows from investing activities		
Acquisition of property, plant and equipment	(21,783)	(27,526)
Proceeds from disposal of property, plant and equipment	-	25
Acquisition of:		
subsidiaries for shares, net of cash acquired	-	164
Deposits withdrawn/(placed with) financial institutions with original maturity of more than three (3) months	43,137	(88,253)
Placement of deposits pledged with a licensed bank	5	3
Interest received	5,663	5,678
Net cash from/(used in) investing activities	27,022	(109,909)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to:		
- Warrants exercised	62	-
- ESOS	2,093	10
Share issuance expenses	-	(1,364)
Dividend paid	(2,673)	(2,426)
Repayment of term loans	(49)	(45)
Repayment of hire purchase	(16)	(15)
Net cash used in financing activities	(583)	(3,840)
Net increase/(decrease) in cash & cash equivalents	39,738	(79,293)
Cash & cash equivalents at beginning of the financial period	49,871	142,725
Exchange rate effects	(62)	(14)
Cash & cash equivalents at end of the financial period	89,547	63,418
Cash & cash equivalents at end of the financial period		
Short term deposits (not more than 3 months)	70,098	46,050
Cash and bank balances	19,955	17,875
	90,053	63,925
Less: Deposits pledged to a licensed bank	(506)	(506)
	89,547	63,419

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2017**

**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 period ended 31 August 2016. 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 of the Group since the financial period ended 31 August 2016, and changes in financial performance since the preceeding year corresponding period, following the change of financial year end.

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 period ended 31 August 2016.

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 September 2016.

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 Group business is generally affected by festive periods where lower patient load is expected.

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 other than the following:

- (a) Issuance of 152,400 new ordinary shares under the Employees' Share Option Scheme at an issue price of RM0.75; and

A6 DIVIDENDS PAID

During the financial period ended 31 May 2017, the Company paid the final single tier dividend of 0.154 sen per ordinary share on 1,735,550,619 ordinary shares, amounting RM2,672,745 in respect of the financial period ended 31 August 2016.

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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.

A8 MATERIAL EVENT SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

There were no material event subsequent to 31 May 2017 and up to the date of this report that would likely affect substantially the results of the operations of the Group .

A9 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review.

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 RM4.3 million as at 31 May 2017.

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 31 May 2017 is as follows:

	31/05/2017	31/08/2016
	RM'000	RM'000
Approved and contracted for	41,425	46,013
Approved but not contracted for	1,093	1,748
	<u>42,518</u>	<u>47,761</u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions between the Group and the companies ultimately controlled by a substantial shareholder are as follows:

	9 months ended 31/05/2017
	RM'000
(a) Professional fees paid to RSP Architects Planners & Engineers (Pte) Ltd ("RSP")	<u>3,408</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2017**

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	
	31/05/2017	31/05/2016
	RM'000	RM'000
Revenue	40,694	34,910
Profit before taxation	8,015	6,433

The Group recorded revenue of RM40.7 million and profit before taxation of RM8 million for the quarter ended 31 May 2017, a growth of 17% and 25% respectively compared to quarter ended 31 May 2016. Higher revenue was contributed by higher patient load supported by additional bed capacity, additional consultants recruited and targeted marketing activities.

Review of results for the financial period

	9 months ended	
	31/05/2017	31/05/2016
	RM'000	RM'000
Revenue	112,405	97,628
Profit before taxation	20,392	16,170

For the current 9 months financial period ended 31 May 2017, the Group recorded revenue of RM112.4 million and profit before taxation of RM20.4 million, a growth of 15% and 26% respectively compared to the 9 months financial period ended 31 May 2016. Higher growth rate in profit before taxation compared to revenue is mainly due to lower fair value charges on ESOS and enhanced resource optimisation during the period which have contributed higher EBITDA margin of 21% in the current financial period compared to EBITDA margin of 18% in the corresponding 9 months financial period ended 31 May 2016.

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, additional services offered by the Group and higher intensity cases handled.

B2 MATERIAL CHANGE IN PROFIT BEFORE TAX AS COMPARED WITH IMMEDIATE PRECEDING QUARTER

	3 months ended	
	31/05/2017	28/02/2017
	RM'000	RM'000
Revenue	40,694	35,509
Profit before taxation	8,015	6,272

Compared with the immediate preceding quarter ended 28 February 2017, revenue and profit before taxation for the quarter ended 31 May 2017 was higher by 15% and 28% to RM40.7 million and RM8 million. Higher profit before taxation is mainly due to resource optimisation with higher EBITDA margin of 23% in the current quarter compared to EBITDA margin 20% in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2017

Notwithstanding a relatively muted overall economic environment, the Group expects to build on its growth momentum through the new Ipoh Fertility Centre which commenced operations in February 2017 and additional specialist clinics opened in January 2017 at Tropicana Medical Centre in Kota Damansara. The Group will ramp up marketing efforts, including foreign patients which we see as an additional driver for growth. Ground breaking for the Group's hospital expansion project at Kota Damansara will take place in August 2017. For the proposed Iskandariah Hospital in Johor Bahru, the Group is in the midst of obtaining the relevant regulatory approvals.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 31 May 2017.

B5 TAXATION

	Current quarter RM'000	9 months ended 31/05/2017 RM'000
In respect of current financial period		
- income taxation	354	1,088
- deferred taxation	1,706	4,366
	<u>2,060</u>	<u>5,454</u>
(Over)/Under provision in respect of prior period		
- income taxation	-	-
- deferred taxation	-	-
	<u>-</u>	<u>-</u>
	<u>2,060</u>	<u>5,454</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 and unabsorbed capital allowances coupled with the tax exemption pursuant to the BioNexus incentive enjoyed by a subsidiary.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 20 July 2017, being the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

B7 BORROWINGS

The Group's borrowings as at 31 May 2017 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	<u>1,732</u>	<u>92</u>	<u>1,824</u>

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 31 May 2016: NIL).

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B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		9 months ended	
	31/05/2017	31/05/2016	31/05/2017	31/05/2016
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	5,955	5,388	14,938	12,001
Weighted average number of ordinary shares outstanding (000)	1,734,050	1,599,814	1,734,050	1,599,814
EPS (sen)				
- Basic	0.34	0.34	0.86	0.75
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	5,955	5,388	14,938	12,001
Weighted average number of ordinary shares outstanding (000)	1,734,050	1,599,814	1,734,050	1,599,814
Effect of dilution ('000)	892,832	669,323	892,832	669,323
Adjusted weighted average number of shares ('000)	2,626,882	2,269,137	2,626,882	2,269,137
Diluted EPS (sen)				
- Diluted	0.23	0.24	0.57	0.53

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 31/05/2017 RM'000
Interest income	1,822	5,663
Other operating income excluding interest income	193	704
Interest expense	(22)	(63)
Depreciation	(2,907)	(8,136)
Amortisation of intangible assets	(188)	(188)
Impairment losses on receivables	(210)	(630)
Fair value charges on share options granted under ESOS	(359)	(768)
Foreign exchange gain/(loss)	17	(286)

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B13 REALISED AND UNREALISED PROFITS/(LOSSES)

	31/05/2017	31/08/2016
	RM'000	RM'000
		(Audited)
Total retained earnings:		
- realised	47,812	30,845
- unrealised	(15,639)	(10,937)
As at 31 May 2017 / 31 August 2016	<u>32,173</u>	<u>19,908</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 27 July 2017.