



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 AUGUST 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 YEAR ENDED 31 AUGUST 2017**

	Individual Quarter		12 months ended	
	Current Year Quarter 31/08/2017 RM'000	Preceding Year Quarter 31/08/2016 RM'000	Current Year To Date 31/08/2017 RM'000	Preceding Year Corresponding Period 31/08/2016 RM'000
Revenue	39,307	33,805	151,712	131,433
Cost of sales	(13,729)	(11,630)	(52,208)	(45,297)
Gross profit	25,578	22,175	99,504	86,136
Other operating income	200	349	904	1,044
Operating expenses	(17,973)	(16,648)	(69,487)	(63,694)
Profit from operations	7,805	5,876	30,921	23,486
Depreciation and amortisation	(2,923)	(2,441)	(11,247)	(9,486)
Interest income	1,888	2,014	7,550	7,692
Finance costs	(23)	(28)	(85)	(101)
Profit before taxation	6,747	5,421	27,139	21,591
Taxation	4,349	449	(1,105)	(3,720)
Profit after taxation	11,096	5,870	26,034	17,871
Other comprehensive income, net of tax :-				
Foreign currency translations	6	(6)	(34)	(17)
Total comprehensive income for the period	11,102	5,864	26,000	17,854
Profit attributable to :-				
Owners of the parent	11,096	5,870	26,034	17,871
Non-controlling interest	-	-	-	-
	11,096	5,870	26,034	17,871
Total comprehensive income attributable to :-				
Owners of the parent	11,102	5,864	26,000	17,854
Non-controlling interest	-	-	-	-
	11,102	5,864	26,000	17,854
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.64	0.34	1.50	1.05
Diluted	0.42	0.23	0.99	0.70

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with 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 CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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	-	-	-	(34)	-	26,034	26,000	-	26,000
Transactions with owners									
Ordinary shares issued									
- ESOS	821	2,084	-	-	(488)	-	2,417	-	2,417
- Warrants	15	48	-	-	-	-	63	-	63
Share options granted under ESOS	-	-	-	-	1,290	-	1,290	-	1,290
Dividend paid	-	-	-	-	-	(2,673)	(2,673)	-	(2,673)
Total transactions with owners	836	2,132	-	-	802	(2,673)	1,097	-	1,097
Balance at 31 August 2017	174,126	447,573	46,960	5	2,491	43,269	714,424	-	714,424
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 AUGUST 2017**

	As At 31/08/2017 Unaudited RM'000	As At 31/08/2016 Audited RM'000
Non-current assets		
Property, plant and equipment	326,361	322,537
Intangible assets	1,365	-
Goodwill	193,045	193,045
Total non-current assets	520,771	515,582
Current assets		
Inventories	8,247	6,867
Trade and other receivables	33,463	30,644
Current tax assets	52	47
Cash and bank balances	206,989	204,558
Total current assets	248,751	242,116
TOTAL ASSETS	769,522	757,698
Equity attributable to owners of the parent		
Share capital	174,126	173,290
Retained earnings	43,269	19,908
Reserves	497,029	494,129
	714,424	687,327
Non-controlling interest	-	-
TOTAL EQUITY	714,424	687,327
Non-current liabilities		
Borrowings	1,709	1,804
Deferred tax liabilities	10,636	11,096
Total non-current liabilities	12,345	12,900
Current liabilities		
Trade and other payables	42,603	56,316
Borrowings	93	85
Current tax liabilities	57	1,070
Total current liabilities	42,753	57,471
TOTAL EQUITY AND LIABILITIES	769,522	757,698
Net assets per share (RM)	0.41	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 YEAR ENDED 31 AUGUST 2017**

	Current Year To Date 31/08/2017 RM'000	Preceding Year Corresponding Period 31/08/2016 RM'000
Cash flows from operating activities		
Profit before tax	27,139	21,591
Adjustments for :-		
Non-cash items	13,892	11,711
Interest paid	85	101
Interest income	(7,550)	(7,692)
Operating profit before changes in working capital	33,566	25,711
Changes in working capital		
Net change in current assets	(5,493)	3,085
Net change in current liabilities	(3,962)	1,868
Cash generated from operations	24,111	30,664
Interest paid	(85)	(101)
Net income tax paid	(2,582)	(626)
Net cash from operating activities	21,444	29,937
Cash flows from investing activities		
Acquisition of property, plant and equipment	(26,227)	(23,513)
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	6,525	(103,346)
Interest received	7,550	7,692
Net cash used in investing activities	(12,152)	(118,978)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to:		
- Warrants exercised	62	-
- ESOS	2,418	34
Share issuance expenses	-	(1,364)
Dividend paid	(2,673)	(2,425)
Repayment of term loans	(66)	(51)
Repayment of hire purchase	(21)	(20)
Net cash used in financing activities	(280)	(3,826)
Net increase/(decrease) in cash & cash equivalents	9,012	(92,867)
Cash & cash equivalents at beginning of the financial year/ period	49,871	142,725
Exchange rate effects	(55)	13
Cash & cash equivalents at end of the financial year/period	58,828	49,871
Cash & cash equivalents at end of the financial year/period		
Short term deposits (not more than 3 months)	42,615	28,866
Cash and bank balances	16,723	21,515
	59,338	50,381
Less: Deposits pledged to a licensed bank	(510)	(510)
	58,828	49,871

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 YEAR ENDED 31 AUGUST 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 433,000 new ordinary shares under the Employees' Share Option Scheme at an issue price of RM0.75; and

A6 DIVIDENDS PAID

During the financial year ended 31 August 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 August 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 RM4.4 million as at 31 August 2017.

A11 CAPITAL COMMITMENTS

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

	31/08/2017	31/08/2016
	RM'000	RM'000
Approved and contracted for	36,752	46,013
Approved but not contracted for	1,370	1,748
	<u>38,122</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:

	12 months ended 31/08/2017 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 YEAR ENDED 31 AUGUST 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	
	31/08/2017	31/08/2016
	RM'000	RM'000
Revenue	39,307	33,805
Profit before taxation	6,747	5,421

The Group recorded revenue of RM39.3 million and profit before taxation of RM6.7 million for the quarter ended 31 August 2017, a growth of 16% and 24% respectively compared to quarter ended 31 August 2016. Higher revenue was contributed by higher patient load supported by additional bed capacity, additional consultants recruited and continuing marketing activities. Higher profit before tax margin of 17% compared to quarter ended 31 August 2016 of 16% was mainly due to resource optimisation during the quarter.

Review of results for the financial period

	12 months ended	
	31/08/2017	31/08/2016
	RM'000	RM'000
Revenue	151,712	131,433
Profit before taxation	27,139	21,591

For the financial year ended 31 August 2017, the Group recorded revenue of RM151.7 million and profit before taxation of RM27.1 million, a growth of 15% and 26% respectively compared to revenue and profit before taxation of RM131.4 million and RM21.6 million respectively for the financial period ended 31 August 2016. Higher growth rate in profit before taxation compared to revenue is mainly due to lower fair value charges on ESOS and resource optimisation during the year which have driven higher EBITDA margin of 20% in the current financial year compared to EBITDA margin of 18% in the financial period ended 31 August 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	
	31/08/2017	31/05/2017
	RM'000	RM'000
Revenue	39,307	40,694
Profit before taxation	6,747	8,015

Compared with the immediate preceding quarter ended 31 May 2017, revenue and profit before taxation for the quarter ended 31 August 2017 was lower by 3% and 16% to RM39.3 million and RM6.7 million, respectively. The lower revenue for the quarter ended 31 August 2017 was mainly affected by school holiday season and the Hari Raya festivities. Lower profit before taxation is mainly due to lower revenue achieved and lower EBITDA margin of 20% in the current quarter compared to 23% in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2018

The overall muted economic environment will pose challenges to the private healthcare sector. However, the Group is taking measures to maintain growth such as ramping up marketing efforts to boost medical tourism. The Group's expansion project at Kota Damansara is expected to commence construction by end of 2017 while the Iskandariah Hospital in Johor Bahru 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 year ended 31 August 2017.

B5 TAXATION

	Current quarter RM'000	12 months ended 31/08/2017 RM'000
In respect of current financial year		
- income taxation	477	1,566
- deferred taxation	(4,802)	(437)
	<u>(4,325)</u>	<u>1,129</u>
Over provision in respect of prior year		
- income taxation	-	-
- deferred taxation	(24)	(24)
	<u>(24)</u>	<u>(24)</u>
	<u>(4,349)</u>	<u>1,105</u>

The effective tax rate of the Group's current tax charge for the current year under review was lower than the statutory tax rate mainly due to the utilisation of previous years' unrecognised investment tax allowances 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 19 October 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 August 2017 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	<u>1,709</u>	<u>93</u>	<u>1,802</u>

B8 MATERIAL LITIGATION

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

B9 DIVIDENDS

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommends a single tier final dividend of 1.67% for the financial year ended 31 August 2017 (previous financial period ended 31 August 2016 - 1.54%). The net amount payable is RM2.9 million (previous financial period ended 31 August 2016: RM2.7 million).

The entitlement and payment dates for the final dividend will be announced at a later date.

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B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		12 months ended	
	31/08/2017	31/08/2016	31/08/2017	31/08/2016
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	11,096	5,870	26,034	17,871
Weighted average number of ordinary shares outstanding ('000)	1,734,862	1,707,184	1,734,862	1,707,184
EPS (sen)				
- Basic	0.64	0.34	1.50	1.05
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	11,096	5,870	26,034	17,871
Weighted average number of ordinary shares outstanding ('000)	1,734,862	1,707,184	1,734,862	1,707,184
Effect of dilution ('000)	894,264	849,094	894,264	849,094
Adjusted weighted average number of shares ('000)	2,629,126	2,556,278	2,629,126	2,556,278
Diluted EPS (sen)				
- Diluted	0.42	0.23	0.99	0.70

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 year, 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	12 months ended 31/08/2017 RM'000
Interest income	1,888	7,550
Other operating income excluding interest income	200	904
Interest expense	(23)	(85)
Depreciation	(2,910)	(11,022)
Amortisation of intangible assets	(13)	(225)
Impairment losses on receivables	(664)	(1,294)
Fair value charges on share options granted under ESOS	(523)	(1,290)
Foreign exchange loss	(22)	(308)

B13 REALISED AND UNREALISED PROFITS/(LOSSES)

	31/08/2017 RM'000	31/08/2016 RM'000 (Audited)
Total retained earnings:		
- realised	53,952	30,845
- unrealised	(10,683)	(10,937)
As at 31 August 2017 / 31 August 2016	43,269	19,908

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 26 October 2017.