



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
28 FEBRUARY 2019**

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 28 FEBRUARY 2019**

	Individual Quarter		6 months ended	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year Corresponding Period
	28/02/2019 RM'000	28/02/2018 RM'000	28/02/2019 RM'000	28/02/2018 RM'000
Revenue	45,160	39,711	92,324	81,439
Other operating income	166	364	362	644
Inventories and consumables	(12,911)	(11,827)	(26,531)	(24,048)
Staff costs	(15,595)	(13,641)	(30,650)	(26,591)
Other operating expenses	(7,671)	(6,998)	(15,565)	(14,412)
Depreciation and amortisation	(2,852)	(3,181)	(6,191)	(6,213)
Interest income	1,947	1,997	3,923	3,952
Finance costs	(21)	(22)	(43)	(44)
Profit before taxation	8,223	6,403	17,629	14,727
Taxation	(2,017)	(1,643)	(4,353)	(3,638)
Profit for the period	6,206	4,760	13,276	11,089
Other comprehensive income, net of tax :-				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	11	7	6	15
Total comprehensive income for the period	6,217	4,767	13,282	11,104
Profit attributable to owners of the parent	6,206	4,760	13,276	11,089
Total comprehensive income attributable to owners of the parent	6,217	4,767	13,282	11,104
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.36	0.27	0.76	0.64
Diluted	0.36	0.26	0.76	0.60

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 28 FEBRUARY 2019**

	Attributable to owners of the parent					Total attributable to owners of the parent RM'000	Total equity RM'000
	Non-distributable			Distributable			
	Share capital RM'000	Warrants reserve RM'000	Foreign exchange translation RM'000	Share options reserve RM'000	Retained profits RM'000		
Balance at 1 September 2018	621,912	46,960	34	3,169	68,165	740,240	740,240
Total comprehensive income	-	-	6	-	13,276	13,282	13,282
Transactions with owners							
Share options granted under ESOS	-	-	-	280	-	280	280
Dividend paid	-	-	-	-	(3,177)	(3,177)	(3,177)
Total transactions with owners	-	-	-	280	(3,177)	(2,897)	(2,897)
Balance at 28 February 2019	621,912	46,960	40	3,449	78,264	750,625	750,625
Balance at 1 September 2017	621,699	46,960	5	2,491	43,269	714,424	714,424
Total comprehensive income	-	-	29	-	27,796	27,825	27,825
Transactions with owners							
Ordinary shares issued							
- ESOS	213	-	-	(30)	-	183	183
Share options granted under ESOS	-	-	-	708	-	708	708
Dividend paid	-	-	-	-	(2,900)	(2,900)	(2,900)
Total transactions with owners	213	-	-	678	(2,900)	(2,009)	(2,009)
Balance at 31 August 2018	621,912	46,960	34	3,169	68,165	740,240	740,240

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 August 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019**

	As At 28/02/2019 Unaudited RM'000	As At 31/08/2018 Audited RM'000
Non-current assets		
Property, plant and equipment	368,462	355,414
Intangible assets	195,557	195,311
Total non-current assets	564,019	550,725
Current assets		
Inventories	10,189	9,939
Trade and other receivables	30,643	30,824
Tax recoverable	9,152	7,503
Cash and bank balances	197,796	202,849
Total current assets	247,780	251,115
TOTAL ASSETS	811,799	801,840
Current liabilities		
Trade and other payables	45,014	46,572
Borrowings	94	92
Provision	81	81
Income tax payable	122	65
Total current liabilities	45,311	46,810
NET CURRENT ASSETS	202,469	204,305
Non-current liabilities		
Borrowings	1,578	1,626
Provision	193	193
Deferred tax liabilities	14,092	12,971
Total non-current liabilities	15,863	14,790
TOTAL LIABILITIES	61,174	61,600
NET ASSETS	750,625	740,240
Represented by:		
Equity attributable to owners of the parent		
Share capital	621,912	621,912
Retained profits	78,264	68,165
Reserves	50,449	50,163
TOTAL EQUITY	750,625	740,240
Net assets per share (RM)	0.43	0.43

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 August 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019**

	Current Year To Date 28/02/2019 RM'000	Preceding Year Corresponding Period 28/02/2018 RM'000
Cash flows from operating activities		
Profit before tax	17,629	14,727
Adjustments for :-		
Non-cash items	6,823	6,748
Interest paid	43	43
Interest income	(3,923)	(3,952)
Operating profit before changes in working capital	<u>20,572</u>	<u>17,566</u>
Changes in working capital		
Net change in current assets	(368)	(168)
Net change in current liabilities	1,972	(3,639)
Cash generated from operations	<u>22,176</u>	<u>13,759</u>
Interest paid	(43)	(43)
Net income tax paid	(4,824)	(962)
Net cash flows from operating activities	<u>17,309</u>	<u>12,754</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(23,065)	(10,518)
Proceeds from disposal of property, plant and equipment	-	2
Deposits withdrawn from/(placed with) financial institutions with original maturity of more than three (3) months	16,368	(14,801)
Placement of deposits pledged with a licensed bank	8	8
Interest received	3,923	3,952
Net cash flows used in investing activities	<u>(2,766)</u>	<u>(21,357)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to: - ESOS	-	183
Dividend paid	(3,177)	(2,900)
Repayment of term loans	(35)	(35)
Repayment of hire purchase	(11)	(11)
Net cash flows used in financing activities	<u>(3,223)</u>	<u>(2,763)</u>
Net increase/(decrease) in cash & cash equivalents	<u>11,320</u>	<u>(11,366)</u>
Cash & cash equivalents at beginning of the financial year	61,097	58,828
Exchange rate effects	4	44
Cash & cash equivalents at end of the financial year	<u>72,421</u>	<u>47,506</u>
Cash & cash equivalents at end of the financial year		
Short term deposits (not more than 3 months)	55,135	33,013
Cash and bank balances	17,788	14,995
	<u>72,923</u>	<u>48,008</u>
Less: Deposits pledged to a licensed bank	(502)	(502)
	<u>72,421</u>	<u>47,506</u>

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 28 FEBRUARY 2019**

**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 August 2018. 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 year ended 31 August 2018, and changes in financial performance since the preceeding year corresponding period.

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 August 2018, except for the adoption of the new, revised and amendments to MFRS and IC Interpretations effective as of 1 January 2018 as issued by the Malaysian Accounting Standards Board, which does not have any significant impact on the financial statements of the Group.

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 2018.

A2 SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group business is generally affected by festive and holiday 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 ACCOUNTING 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 28 February 2019, the Company paid the final single tier dividend of 0.183 sen per ordinary share on 1,736,450,269 ordinary shares, amounting RM3,177,700 in respect of the financial year ended 31 August 2018.

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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 and fertility centres.

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

There was no material event subsequent to 28 February 2019 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

Financial guarantees

	28/02/2019	31/08/2018
	RM'000	RM'000
<u>Unsecured</u>		
Corporate guarantee given to licensed bank for banking facility granted to a subsidiary of the Company	1,648	1,683
Letter of guarantee given to suppliers	<u>2,930</u>	<u>3,571</u>
	<u><u>4,578</u></u>	<u><u>5,254</u></u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 28 February 2019 is as follows:

	28/02/2019	31/08/2018
	RM'000	RM'000
Approved and contracted for	312,031	277,959
Approved but not contracted for	<u>164</u>	<u>217</u>
	<u><u>312,195</u></u>	<u><u>278,176</u></u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions between the Group and related party are as follows:

	6 months ended 28/02/2019 RM'000
(a) Rental and utility expenses paid to Skies VB Sdn Bhd, a subsidiary of the ultimate holding company, Thomson Medical Group Limited (formerly known as Rowsley Limited)	<u>50</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019****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	
	28/02/2019	28/02/2018
	RM'000	RM'000
Revenue	45,160	39,711
Profit before taxation	8,223	6,403

The Group recorded revenue of RM45.2 million and profit before taxation of RM8.2 million for the quarter ended 28 February 2019, a growth of 14% and 28% respectively compared to quarter ended 28 February 2018. Higher revenue was contributed by higher patient load and complexity of cases handled. Higher profit before tax margin of 18% compared to quarter ended 28 February 2018 of 16% was mainly due to resource optimisation during the current quarter.

Review of results for the financial period

	6 months ended	
	28/02/2019	28/02/2018
	RM'000	RM'000
Revenue	92,324	81,439
Profit before taxation	17,629	14,727

For the financial period ended 28 February 2019, the Group recorded revenue of RM92.3 million and profit before taxation of RM17.6 million, a growth of 13% and 20% respectively compared to the 6 months financial period ended 28 February 2018. Higher growth rate in profit before taxation compared to revenue is mainly due to resource optimisation during the period which have driven higher EBITDA margin of 22% compared to 21% in the previous corresponding financial period.

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.

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

	3 months ended	
	28/02/2019	30/11/2018
	RM'000	RM'000
Revenue	45,160	47,164
Profit before taxation	8,223	9,406

Compared with the immediate preceding quarter ended 30 November 2018, revenue and profit before taxation for the quarter ended 28 February 2019 was decreased by 4% and 13% to RM45.2 million and RM8.2 million, respectively. The lower revenue for the quarter ended 28 February 2019 was mainly affected by extended holiday season brought about by the proximity of the start of the new calendar year and the Chinese New Year festivities which affected patient volumes. Lower profit before taxation is mainly due to lower revenue coupled with higher total operating expenditure which resulted in a lower EBITDA margin of 20% in the current quarter compared to EBITDA margin of 23% in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2019

The Group will continue to adopt measures to maintain growth by introduction of more tertiary specialty and sub-specialty services. Both of the Group's expansion projects at Thomson Hospital Kota Damansara and Thomson Iskandar Medical Hub in Johor Bahru are progressing on schedule.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 28 February 2019.

B5 TAXATION

	Current	6 months ended
	quarter	28/02/2019
	RM'000	RM'000
In respect of current quarter/ financial period		
- income tax	(15)	3,232
- deferred tax	2,032	1,121
	<u>2,017</u>	<u>4,353</u>
Under provision in respect of prior period		
- income tax	-	-
- deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>2,017</u>	<u>4,353</u>

The effective tax rate of the Group's current tax charge for the current financial period under review was slightly above the statutory tax rate due to certain expenses not deductible for tax purposes.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 16 April 2019, being the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

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B7 BORROWINGS

The Group's borrowings as at 28 February 2019 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	1,578	94	1,672

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 2018: NIL).

B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		6 months ended	
	28/02/2019	28/02/2018	28/02/2019	28/02/2018
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	6,206	4,760	13,276	11,089
Weighted average number of ordinary shares outstanding ('000)	1,736,450	1,736,102	1,736,450	1,736,102
EPS (sen)				
- Basic	0.36	0.27	0.76	0.64
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	6,206	4,760	13,276	11,089
Weighted average number of ordinary shares outstanding ('000)	1,736,450	1,736,102	1,736,450	1,736,102
Effect of dilution ('000)	-	99,232	-	99,232
Adjusted weighted average number of shares ('000)	1,736,450	1,835,334	1,736,450	1,835,334
Diluted EPS (sen)				
- Diluted	0.36	0.26	0.76	0.60

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.

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B12 NOTE TO STATEMENT OF COMPREHENSIVE INCOME

	Current quarter 28/02/2019 RM'000	6 months ended 28/02/2019 RM'000
Interest income	1,947	3,923
Other operating income excluding interest income	166	362
Interest expense	(21)	(43)
Depreciation	(2,674)	(5,842)
Amortisation of intangible assets	(178)	(349)
Impairment losses on receivables	(150)	(300)
Fair value charges on share options granted under ESOS	(140)	(280)
Loss on disposal of property, plant and equipment	-	(52)
Realised loss on foreign exchange	(1)	(3)

B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding at 28 February 2019 and 31 August 2018.

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 23 April 2019.