



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 AUGUST 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 YEAR ENDED 31 AUGUST 2019**

	Individual Quarter		12 months ended	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/08/2019 RM'000	31/08/2018 RM'000	31/08/2019 RM'000	31/08/2018 RM'000
Revenue	51,524	43,194	194,978	169,039
Other operating income	294	119	866	926
Inventories and consumables	(16,021)	(13,992)	(57,376)	(51,398)
Staff costs	(16,514)	(11,950)	(63,404)	(52,813)
Other operating expenses	(8,741)	(5,547)	(33,014)	(27,702)
Depreciation and amortisation	(2,494)	(3,431)	(11,207)	(12,875)
Interest income	1,606	2,002	7,393	8,008
Finance costs	(20)	(22)	(85)	(88)
Profit before taxation	9,634	10,373	38,151	33,097
Taxation	(3,171)	707	(10,055)	(5,301)
Profit for the year	6,463	11,080	28,096	27,796
Other comprehensive income, net of tax :-				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	(3)	15	(3)	29
Total comprehensive income for the period	6,460	11,095	28,093	27,825
Profit attributable to owners of the parent	6,463	11,080	28,096	27,796
Total comprehensive income attributable to owners of the parent	6,460	11,095	28,093	27,825
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.37	0.64	1.62	1.60
Diluted	0.37	0.62	1.62	1.55

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 YEAR ENDED 31 AUGUST 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	-	-	(3)	-	28,096	28,093	28,093
Transactions with owners							
Ordinary shares issued							
- Warrants	4,074	-	-	-	-	4,074	4,074
Share options granted under ESOS	-	-	-	183	-	183	183
Expiry of unexercised warrants	-	(46,960)	-	-	46,960	-	-
Dividend paid	-	-	-	-	(3,177)	(3,177)	(3,177)
Total transactions with owners	4,074	(46,960)	-	183	43,783	1,080	1,080
Balance at 31 August 2019	625,986	-	31	3,352	140,044	769,413	769,413
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.

TMC LIFE SCIENCES BERHAD (624409-A)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019**

	As At 31/08/2019 Unaudited RM'000	As At 31/08/2018 Audited RM'000
Non-current assets		
Property, plant and equipment	421,012	355,414
Intangible assets	195,440	195,311
Total non-current assets	616,452	550,725
Current assets		
Inventories	10,830	9,939
Trade and other receivables	33,965	30,824
Tax recoverable	7,544	7,503
Cash and bank balances	179,725	202,849
Total current assets	232,064	251,115
TOTAL ASSETS	848,516	801,840
Current liabilities		
Trade and other payables	64,790	46,572
Borrowings	88	92
Provision	113	81
Income tax payable	132	65
Total current liabilities	65,123	46,810
NET CURRENT ASSETS	166,941	204,305
Non-current liabilities		
Borrowings	1,542	1,626
Provision	207	193
Deferred tax liabilities	12,231	12,971
Total non-current liabilities	13,980	14,790
TOTAL LIABILITIES	79,103	61,600
NET ASSETS	769,413	740,240
Represented by:		
Equity attributable to owners of the parent		
Share capital	625,986	621,912
Retained profits	140,044	68,165
Reserves	3,383	50,163
TOTAL EQUITY	769,413	740,240
Net assets per share (RM)	0.44	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.

TMC LIFE SCIENCES BERHAD (624409-A)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019**

	Current Year To Date 31/08/2019 RM'000	Preceding Year Corresponding Period 31/08/2018 RM'000
Cash flows from operating activities		
Profit before tax	38,151	33,097
Adjustments for :-		
Non-cash items	12,048	13,463
Interest paid	85	88
Interest income	(7,393)	(8,008)
Operating profit before changes in working capital	42,891	38,640
Changes in working capital		
Net change in current assets	(4,631)	1,066
Net change in current liabilities	21,800	(3,371)
Cash generated from operations	60,060	36,335
Interest paid	(85)	(88)
Net income tax paid	(10,770)	(10,409)
Net cash flows from operating activities	49,205	25,838
Cash flows from investing activities		
Acquisition of property, plant and equipment	(80,522)	(35,253)
Proceeds from disposal of property, plant and equipment	1	5
Deposits withdrawn from financial institutions with original maturity of more than three (3) months	63,541	6,409
Interest received	7,393	8,008
Net cash flows used in investing activities	(9,587)	(20,831)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to:		
- Warrants exercised	4,074	-
- ESOS	-	183
Dividend paid	(3,177)	(2,900)
Repayment of term loans	(65)	(61)
Repayment of hire purchase	(23)	(23)
Net cash flows from/(used in) financing activities	809	(2,801)
Net increase in cash & cash equivalents	40,427	2,206
Cash & cash equivalents at beginning of the financial period	61,097	58,828
Exchange rate effects	(9)	63
Cash & cash equivalents at end of the financial period	101,515	61,097
Cash & cash equivalents at end of the financial period		
Short term deposits (not more than 3 months)	80,956	45,529
Cash and bank balances	21,068	16,078
	102,024	61,607
Less: Deposits pledged to a licensed bank	(509)	(510)
	101,515	61,097

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 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 year ended 31 August 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 31 August 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

	31/08/2019	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	1,618	1,683
Letter of guarantee given to suppliers	3,886	3,571
	<u>5,504</u>	<u>5,254</u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 31 August 2019 is as follows:

	31/08/2019	31/08/2018
	RM'000	RM'000
Approved and contracted for	262,685	277,959
Approved but not contracted for	164	217
	<u>262,849</u>	<u>278,176</u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	12 months ended	
	31/08/2019	31/08/2018
	RM'000	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)	101	108
(b) Expenses paid for administrative works to RSP Engineers Sdn Bhd ("RSP")	98	
(c) Professional fees and consultancy service fees paid to Thomson International Health Services Pte Ltd (TIHSPL)	-	570
	<u>199</u>	<u>678</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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	
	31/08/2019	31/08/2018
	RM'000	RM'000
Revenue	51,524	43,194
Profit before taxation	9,634	10,373

For the quarter ended 31 August 2019, revenue rose by 19% to RM51.5 million while profit before taxation decreased by 7% to RM9.6 million. Higher revenue was contributed by higher patient load and higher case intensity handled. Lower profit before tax margin of 19% compared to quarter ended 31 August 2018 of 24% was mainly due to higher total operating expenditure during the current quarter.

Review of results for the financial year

	12 months ended	
	31/08/2019	31/08/2018
	RM'000	RM'000
Revenue	194,978	169,039
Profit before taxation	38,151	33,097

For the financial year ended 31 August 2019, the Group recorded revenue of RM195.0 million and profit before taxation of RM38.2 million, an increase of 15% for both revenue and profit before taxation compared to the financial year ended 31 August 2018. Higher patient load and higher case intensity handled have driven the growth of the revenue during the year, with profit before tax margin maintained at 20%.

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, higher case intensity handled and continuous marketing effort to boost local and international branding.

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

	3 months ended	
	31/08/2019 RM'000	31/05/2019 RM'000
Revenue	51,524	51,130
Profit before taxation	9,634	10,888

Compared with the immediate preceding quarter ended 31 May 2019, revenue was increased by 1% to RM51.5 million while profit before taxation decreased by 12% to RM9.6 million. Lower profit before taxation is mainly due to lower EBITDA margin of 20% in the current quarter compared to EBITDA margin of 23% in the preceding quarter despite higher revenue by 1%.

B3 PROSPECTS FOR THE FINANCIAL PERIOD ENDING 30 JUNE 2020

The Group's expansion project at Thomson Hospital Kota Damansara is progressing on schedule.

The Group is encouraged by the announcement by the Government that it will proceed with the Johor Bahru - Singapore Rail Transit System (RTS) project and the Group keenly awaits information on when the RTS is expected to be completed. The Group remains committed to the project at Thomson Iskandar Medical Hub, with the aim to complete the hospital within 12 to 24 months after the RTS project at Bukit Chagar is fully operational.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial year ended 31 August 2019.

B5 TAXATION

	Individual Quarter		12 months ended	
	31/08/2019 RM'000	31/08/2018 RM'000	31/08/2019 RM'000	31/08/2018 RM'000
In respect of current quarter/ financial year				
- income tax	3,098	(1,085)	9,906	2,946
- deferred tax	(825)	794	(741)	2,771
	<u>2,273</u>	<u>(291)</u>	<u>9,165</u>	<u>5,717</u>
Under provision in respect of prior year				
- income tax	898	20	890	20
- deferred tax	-	(436)	-	(436)
	<u>898</u>	<u>(416)</u>	<u>890</u>	<u>(416)</u>
	<u>3,171</u>	<u>(707)</u>	<u>10,055</u>	<u>5,301</u>

The effective tax rate of the Group's current tax charge for the current financial year under review remained the same with the statutory tax rate.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 17 October 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 31 August 2019 are as follows:-

	Long Term	Short Term	Total
	RM'000	RM'000	RM'000
Secured - Denominated in Ringgit Malaysia	1,542	88	1,630

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 2.013% for the financial year ended 31 August 2019 (31 August 2018 - 1.83%). The net amount payable is RM3.506 million (31 August 2018: RM3.2 million).

B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		12 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	6,463	11,080	28,096	27,796
Weighted average number of ordinary shares outstanding ('000)	1,737,627	1,736,372	1,737,627	1,736,372
EPS (sen)				
- Basic	0.37	0.64	1.62	1.60
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	6,463	11,080	28,096	27,796
Weighted average number of ordinary shares outstanding ('000)	1,737,627	1,736,372	1,737,627	1,736,372
Effect of dilution ('000)	-	51,232	-	51,232
Adjusted weighted average number of shares ('000)	1,737,627	1,787,604	1,737,627	1,787,604
Diluted EPS (sen)				
- Diluted	0.37	0.62	1.62	1.55

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

	Individual Quarter		12 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
	RM'000	RM'000	RM'000	RM'000
Interest income	1,606	2,002	7,393	8,008
Other operating income excluding interest income	294	119	866	926
Interest expense	(20)	(22)	(85)	(88)
Depreciation	(2,276)	(3,294)	(10,468)	(12,498)
Amortisation of intangible assets	(218)	(137)	(739)	(377)
(Impairment loss) / reversal of impairment loss on receivables	(150)	609	(600)	119
Write back of / (fair value charges) on share options granted under ESOS	237	(173)	(183)	(708)
Property, plant and equipment written off	-	-	-	(39)
Loss on disposal of property, plant and equipment	(6)	(2)	(59)	(14)
Unrealised (loss) / gain on foreign exchange	-	(144)	-	54
Realised loss on foreign exchange	(1)	(1)	(5)	(65)

B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding at 31 August 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 24 October 2019.