



TMC LIFE SCIENCES BERHAD
Company no. 200301021989 (624409-A)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 MAY 2020**

Contact

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TMC LIFE SCIENCES BERHAD**Company no. 200301021989 (624409-A)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2020**

	Individual Quarter		9 months ended	
	Current Year Quarter 31/05/2020 RM'000	Preceding Year Quarter 31/05/2019 RM'000	Current Year To Date 31/05/2020 RM'000	Preceding Year Corresponding Period 31/05/2019 RM'000
Revenue	34,873	-	138,301	-
Other operating income	186	-	1,041	-
Inventories and consumables	(12,674)	-	(43,735)	-
Staff costs	(17,210)	-	(51,645)	-
Other operating expenses	(6,968)	-	(22,138)	-
Depreciation and amortisation	(3,418)	-	(9,987)	-
Interest income	759	-	3,214	-
Finance costs	(103)	-	(309)	-
(Loss)/profit before taxation	(4,555)	-	14,742	-
Taxation	254	-	(4,267)	-
(Loss)/profit for the financial period	(4,301)	-	10,475	-
Other comprehensive income, net of tax :-				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	(1)	-	-	-
Total comprehensive (loss)/income for the period	(4,302)	-	10,475	-
(Loss)/profit attributable to owners of the parent	(4,301)	-	10,475	-
Total comprehensive (loss)/income attributable to owners of the parent	(4,302)	-	10,475	-
(Loss)/profit per ordinary share attributable to the owners of the parent (sen)				
Basic	(0.25)	-	0.60	-
Diluted	(0.25)	-	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.

No comparative figures are shown following the change in financial year end from 31st August to 30th June.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2020

	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 2019	625,986	-	31	3,352	132,867	762,236	762,236
Total comprehensive income	-	-	-	-	10,475	10,475	10,475
Transactions with owners							
Share options granted under ESOS	-	-	-	114	-	114	114
Dividend paid	-	-	-	-	(3,506)	(3,506)	(3,506)
Total transactions with owners	-	-	-	114	(3,506)	(3,392)	(3,392)
Balance at 31 May 2020	625,986	-	31	3,466	139,836	769,319	769,319
Balance at 1 September 2018	621,912	46,960	34	3,169	68,165	740,240	740,240
Total comprehensive income	-	-	(3)	-	20,919	20,916	20,916
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	132,867	762,236	762,236

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD

Company no. 200301021989 (624409-A)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2020**

	As At 31/05/2020 Unaudited RM'000	As At 31/08/2019 Audited RM'000
Non-current assets		
Property, plant and equipment	549,877	421,012
Intangible assets	194,780	195,440
Right-of-use assets	7,075	-
Total non-current assets	751,732	616,452
Current assets		
Inventories	13,010	10,830
Trade and other receivables	23,873	33,965
Tax recoverable	12,572	7,544
Cash and bank balances	137,077	179,725
Total current assets	186,532	232,064
TOTAL ASSETS	938,264	848,516
Current liabilities		
Trade and other payables	58,340	64,790
Borrowings	53	88
Lease liabilities	1,551	-
Provision	278	265
Income tax payable	21	132
Total current liabilities	60,243	65,275
NET CURRENT ASSETS	126,289	166,789
Non-current liabilities		
Borrowings	81,583	1,542
Lease liabilities	5,855	-
Provision	42	55
Deferred tax liabilities	21,222	19,408
Total non-current liabilities	108,702	21,005
TOTAL LIABILITIES	168,945	86,280
NET ASSETS	769,319	762,236
Represented by:		
Equity attributable to owners of the parent		
Share capital	625,986	625,986
Retained profits	139,836	132,867
Reserves	3,497	3,383
TOTAL EQUITY	769,319	762,236
Net assets per share (RM)	0.44	0.44

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2020

	Current Year To Date 31/05/2020 RM'000	Preceding Year Corresponding Period 31/05/2019 RM'000
Cash flows from operating activities		
Profit before tax	14,742	-
Adjustments for :-		
Non-cash items	10,556	-
Interest paid	309	-
Interest income	(3,214)	-
Operating profit before changes in working capital	<u>22,393</u>	<u>-</u>
Changes in working capital		
Net change in current assets	7,462	-
Net change in current liabilities	(6,438)	-
Cash generated from operations	<u>23,417</u>	<u>-</u>
Interest paid	(309)	-
Net income tax paid	(7,592)	-
Net cash flows from operating activities	<u>15,516</u>	<u>-</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(136,925)	-
Proceeds from disposal of property, plant and equipment	5	-
Deposits withdrawn from financial institutions with original maturity of more than three (3) months	36,494	-
Placement of deposits pledged with a licensed bank	9	-
Interest received	3,214	-
Net cash flows used in investing activities	<u>(97,203)</u>	<u>-</u>
Cash flows from financing activities		
Dividend paid	(3,506)	-
Payment of lease liabilities	(946)	-
Drawdown of term loans	80,058	-
Repayment of term loans	(52)	-
Repayment of hire purchase	(12)	-
Net cash flows from financing activities	<u>75,542</u>	<u>-</u>
Net decrease in cash & cash equivalents	<u>(6,145)</u>	<u>-</u>
Cash & cash equivalents at beginning of the financial period	101,515	-
Exchange rate effects	-	-
Cash & cash equivalents at end of the financial period	<u>95,370</u>	<u>-</u>
Cash & cash equivalents at end of the financial period		
Short term deposits (not more than 3 months)	21,266	-
Cash and bank balances	<u>74,604</u>	<u>-</u>
	95,870	-
Less: Deposits pledged to a licensed bank	(500)	-
	<u>95,370</u>	<u>-</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.

No comparative figures are shown following the change in financial year end from 31st August to 30th June.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2020**

**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 TMC Life Sciences and its subsidiaries ("the Group") for the financial year ended 31 August 2019. 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 2019, and changes in financial performance since the preceeding year corresponding period.

The Company has changed its financial year end from 31 August 2020 to 30 June 2020.

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 2019, except for the adoption of the new, revised and amendments to MFRS and IC Interpretations effective as of 1 January 2019 as issued by the Malaysian Accounting Standards Board, which does not have any significant impact on the financial statements of the Group except for MFRS 16 Leases, using the modified retrospective approach.

On the adoption of MFRS 16, the Group recognised right-of-use assets of RM7,624,675 and lease liabilities of RM7,624,675 for its leases previously classified as operating leases as of 1 September 2019.

A2 SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group business during the financial period is generally affected by outbreak of Covid-19 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 31 May 2020, TMC Life Sciences Berhad ("the Company") paid the final single tier dividend of 0.2013 sen per ordinary share on 1,741,882,393 ordinary shares, amounting RM3,506,398 in respect of the financial year ended 31 August 2019.

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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 May 2020 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	31/05/2020 RM'000
<u>Unsecured</u>	
Corporate guarantee given to licensed bank for banking facility granted to a subsidiary of the Company	81,637
Letter of guarantee given to suppliers	<u>1,479</u>
	<u><u>83,116</u></u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 31 May 2020 is as follows:

	31/05/2020 RM'000
Approved and contracted for	170,217
Approved but not contracted for	143
	<u><u>170,360</u></u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	9 months ended 31/05/2020 RM'000
(a) Rental and utility expenses incurred to Skies VB Sdn Bhd, a subsidiary of the ultimate holding company, Thomson Medical Group Limited	78
(b) Expenses paid for administrative works and progress claim for civil and structural engineering services to RSP Engineers Sdn Bhd ("RSPSB")	621
(c) Expenses paid for re-design works to RSP Architects Planners & Engineers (Pte) Ltd ("RSPPL")	542
	<u><u>1,241</u></u>

A13 CHANGE OF FINANCIAL YEAR END

The Board of Directors of the Company had approved the change in the financial year end ("FYE") of the Company from 31 August to 30 June. The Audited Financial Statements for the current year shall be for a period of 10 months from 1 September 2019 to 30 June 2020 and thereafter, the FYE shall be 30 June for each subsequent year. The change in the FYE of the Company from 31 August to 30 June annually is to coincide with the FYE of its holding company.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2020**

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	
	31/05/2020 RM'000	31/05/2019 RM'000
Revenue	34,873	51,130
(Loss)/profit before taxation	<u>(4,555)</u>	<u>10,888</u>

The Group recorded revenue of RM34.9 million and loss before taxation of RM4.6 million for the quarter ended 31 May 2020, a decrease of 32% and 142% respectively compared to quarter ended 31 May 2019. Lower revenue and higher loss before taxation was mainly affected by the outbreak of Covid-19 where patient load was restricted by the Movement Control Order ("MCO") since 18 March 2020 despite lower total operating expenditure during the current quarter.

Review of results for the financial period

	9 months ended	
	31/05/2020 RM'000	31/05/2019 RM'000
Revenue	138,301	143,454
Profit before taxation	<u>14,742</u>	<u>28,517</u>

For the financial period ended 31 May 2020, the Group recorded revenue of RM138.3 million and profit before taxation of RM14.7 million, a decrease of 4% and 48% respectively compared to the 9 months financial period ended 31 May 2019. The Covid-19 outbreak has led to lower revenue for this financial period, with profit before tax margin dropping to 11% from 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 (LOSS)/PROFIT BEFORE TAX AS COMPARED WITH IMMEDIATE PRECEDING QUARTER

	3 months ended	
	31/05/2020 RM'000	29/02/2020 RM'000
Revenue	34,873	50,894
(Loss)/profit before taxation	<u>(4,555)</u>	<u>8,632</u>

Compared with the immediate preceding quarter ended 29 February 2020, revenue for the quarter ended 31 May 2020 decreased by 31% to RM34.9 million and loss before tax increased by 153% to RM4.6 million. The lower revenue for the quarter ended 31 May 2020 was mainly due to the Covid-19 outbreak which affected patient volumes adversely. Higher loss before taxation is mainly due to lower revenue despite lower total operating expenditure in the current quarter.

B3 PROSPECTS FOR THE FINANCIAL PERIOD ENDING 30 JUNE 2020

During the implementation of Movement Control Order, the Group experienced a very challenging operating environment. Various initiatives were implemented during this time including cost control and cash conservation measures as well as new services e.g. Drive-Thru Covid-19 test, e-Pharmacy, home delivery of medication and the Thomson Hospital Online teleconsultation platform. The Group's expansion project at Thomson Hospital Kota Damansara has resumed with the introduction of the Conditional Movement Control Order ("CMCO"). With the implementation of the Recovery Movement Control Order ("RMCO"), the Group has seen a recovery of local patient load to our hospital and fertility operations. The Group is cautiously optimistic of its mid- and long-term prospects.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 31 May 2020.

B5 TAXATION

	Individual quarter 31/05/2020 RM'000	9 months ended 31/05/2020 RM'000
In respect of current quarter/ financial period		
- income tax	(50)	1,937
- deferred tax	(767)	1,516
	<u>(817)</u>	<u>3,453</u>
Under provision in respect of prior year		
- income tax	507	515
- deferred tax	56	299
	<u>563</u>	<u>814</u>
	<u>(254)</u>	<u>4,267</u>

The effective tax rate of the Group's current tax charge for the current financial period under review was slightly lower the statutory tax rate due to utilisation of available investment tax allowances of certain subsidiary company as of 31 May 2020.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 21 July 2020, 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 2020 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	81,583	53	81,636

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 2019: NIL).

B10 EARNINGS PER SHARE (EPS)

	Individual quarter 31/05/2020	9 months ended 31/05/2020
(a) Basic EPS		
Net profit attributable to owners of the parent (RM'000)	(4,301)	10,475
Weighted average number of ordinary shares outstanding ('000)	1,741,673	1,741,673
EPS (sen)		
- Basic	(0.25)	0.60
(b) Diluted EPS		
Net profit attributable to owners of the parent (RM'000)	(4,301)	10,475
Weighted average number of ordinary shares outstanding ('000)	1,741,673	1,741,673
Effect of dilution ('000)	-	-
Adjusted weighted average number of shares ('000)	1,741,673	1,741,673
Diluted EPS (sen)		
- Diluted	(0.25)	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.

For the current quarter and period ended 31 May 2020, share options granted under ESOS have not been included in the calculation of diluted earnings per share because they were anti-dilutive.

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

	Individual quarter 31/05/2020 RM'000	9 months ended 31/05/2020 RM'000
Interest income	759	3,214
Other operating income excluding interest income	186	1,041
Interest expense	(103)	(309)
Depreciation of property, plant and equipment and right-of-use assets	(3,142)	(9,132)
Amortisation of intangible assets	(276)	(855)
Impairment loss on receivables	(150)	(450)
Fair value charges on share options granted under ESOS	(38)	(114)
Property, plant and equipment written off	-	(8)
(Loss)/gain on disposal of property, plant and equipment	(1)	3
Realised loss on foreign exchange	(1)	(4)

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B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding at 31 May 2020 and 31 August 2019.

B14 LISTING REQUIREMENTS

The external auditors, Ernst & Young PLT has performed a limited review on the interim condensed financial statements of the Group as at 31 May 2020.

B15 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 28 July 2020.