



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

**AUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2020**

Contact

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TMC LIFE SCIENCES BERHAD
Company no. 200301021989 (624409-A)
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AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	1 month ended		10 months ended	
	Current Year Quarter 30/06/2020 RM'000	Preceding Year Quarter 30/06/2019 RM'000	Current Year To Date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
Revenue	15,105	-	153,406	-
Other operating income	360	-	1,401	-
Inventories and consumables	(5,902)	-	(49,637)	-
Staff costs	(3,761)	-	(55,406)	-
Other operating expenses	(2,402)	-	(24,540)	-
Depreciation and amortisation	43	-	(9,944)	-
Interest income	248	-	3,462	-
Finance costs	(13)	-	(322)	-
Profit before taxation	3,678	-	18,420	-
Taxation	(878)	-	(5,145)	-
Profit for the financial period	2,800	-	13,275	-
Other comprehensive income, net of tax :-				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	(1)	-	(1)	-
Total comprehensive income for the period	2,799	-	13,274	-
Profit attributable to owners of the parent	2,800	-	13,275	-
Total comprehensive income attributable to owners of the parent	2,799	-	13,274	-
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.16	-	0.76	-
Diluted	0.16	-	0.76	-

The audited 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.

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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	-	-	(1)	-	13,275	13,274	13,274
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 30 June 2020	625,986	-	30	3,466	142,636	772,118	772,118
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 audited 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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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	As At 30/06/2020 Audited RM'000	As At 31/08/2019 Audited RM'000
Non-current assets		
Property, plant and equipment	569,606	421,012
Intangible assets	194,949	195,440
Total non-current assets	764,555	616,452
Current assets		
Inventories	11,465	10,830
Trade and other receivables	25,906	33,965
Tax recoverable	12,058	7,544
Cash and bank balances	136,456	179,725
Total current assets	185,885	232,064
TOTAL ASSETS	<u>950,440</u>	<u>848,516</u>
Current liabilities		
Trade and other payables	68,002	64,790
Borrowings	1,606	88
Provision	278	265
Income tax payable	1	132
Total current liabilities	69,887	65,275
NET CURRENT ASSETS	<u>115,998</u>	<u>166,789</u>
Non-current liabilities		
Borrowings	86,794	1,542
Lease liabilities		-
Provision	42	55
Deferred tax liabilities	21,599	19,408
Total non-current liabilities	108,435	21,005
TOTAL LIABILITIES	<u>178,322</u>	<u>86,280</u>
NET ASSETS	<u>772,118</u>	<u>762,236</u>
Represented by:		
Equity attributable to owners of the parent		
Share capital	625,986	625,986
Retained profits	142,636	132,867
Reserves	3,496	3,383
TOTAL EQUITY	<u>772,118</u>	<u>762,236</u>
Net assets per share (RM)	<u>0.44</u>	<u>0.44</u>

The audited 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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AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Current Year To Date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
Cash flows from operating activities		
Profit before tax	18,420	-
Adjustments for :-		
Non-cash items	10,340	-
Interest paid	322	-
Interest income	(3,462)	-
Operating profit before changes in working capital	25,620	-
Changes in working capital		
Net change in current assets	6,924	-
Net change in current liabilities	(10,014)	-
Cash generated from operations	22,530	-
Interest paid	(312)	-
Net income tax paid	(7,599)	-
Net cash flows from operating activities	14,619	-
Cash flows from investing activities		
Acquisition of property, plant and equipment	(136,559)	-
Proceeds from disposal of property, plant and equipment	5	-
Uplift of deposits placed with financial institutions with original maturity of more than three (3) months	38,451	-
Interest received	3,462	-
Net cash flows used in investing activities	(94,641)	-
Cash flows from financing activities		
Dividend paid	(3,506)	-
Payment of lease liabilities	(1,286)	-
Payment of finance lease obligation	(12)	-
Drawdown of term loans	80,062	-
Repayment of term loans	(52)	-
Net cash flows from financing activities	75,206	-
Net decrease in cash & cash equivalents	(4,816)	-
Cash & cash equivalents at beginning of the financial period	101,515	-
Exchange rate effects	(2)	-
Cash & cash equivalents at end of the financial period	96,697	-
Cash & cash equivalents at end of the financial period		
Short term deposits (not more than 3 months)	20,915	-
Cash and bank balances	76,282	-
	97,197	-
Less: Deposits pledged to a licensed bank	(500)	-
	96,697	-

The audited 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.

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARD (“MFRS”)**

A1 BASIS OF PREPARATION

The interim financial report is 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 MRFS 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 30 June 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 30 June 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	30/06/2020 RM'000
<u>Unsecured</u>	
Corporate guarantees given to licensed bank for banking facility granted to wholly-owned subsidiaries	81,646
Letter of guarantee given to suppliers	<u>1,067</u>
	<u><u>82,713</u></u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 30 June 2020 is as follows:

	30/06/2020 RM'000
Approved and contracted for	159,757
Approved but not contracted for	<u>143</u>
	<u><u>159,900</u></u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	10 months ended 30/06/2020 RM'000
(a) Rental and utility expenses incurred to Skies VB Sdn Bhd, a subsidiary of the ultimate holding company, Thomson Medical Group Limited	(83)
(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)
(d) Expenses paid for surgical mask to Thomson Medical Pte Ltd	(55)
(e) Administration service charges received from Vantage Bay JB Sdn Bhd	<u>47</u>
	<u><u>(1,254)</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 AUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 (1 month ended 30 June 2020 versus the same period in 2019)

	1 month ended	
	30/06/2020	30/06/2019
	RM'000	RM'000
Revenue	15,105	14,731
Profit before taxation	3,678	2,077

Due to the change in financial year, the Group has provided the analysis on performance for this quarter for reference.

The Group recorded revenue of RM15.1 million and profit before taxation of RM3.7 million for the quarter ended 30 June 2020. Revenue and patient load increased significantly since Malaysia moved from the Movement Control Order ("MCO") to the Conditional Movement Control Order ("CMCO") phase. Higher profit before taxation was mainly due to higher revenue and lower operating expenditure incurred during the current quarter (i.e month of June 2020).

Review of results for the financial period (10 months ended 30 June 2020 versus the same period in 2019)

	10 months ended	
	30/06/2020	30/06/2019
	RM'000	RM'000
Revenue	153,406	158,184
Profit before taxation	18,420	30,594

Due to the change in financial year, the Group has provided the analysis on performance for this 10-month period for reference.

For the financial period ended 30 June 2020, the Group recorded revenue of RM153.4 million and profit before taxation of RM18.4 million, a decrease of 3% and 40% respectively compared to the 10-month financial period ended 30 June 2019. Outbreak of Covid-19 has led to lower revenue for the current financial period, with profit before tax margin dropping to 12% from 19%.

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/(LOSS) BEFORE TAX AS COMPARED WITH IMMEDIATE PRECEDING (Quarter ended 30 June 2020 versus 31 May 2020)

	1 month ended	3 months ended
	30/06/2020	31/05/2020
	RM'000	RM'000
Revenue	15,105	34,873
Profit/(loss) before taxation	3,678	(4,555)

Due to the change in financial year, the Group has provided the analysis on performance for reference.

The Group recorded revenue and profit before taxation of RM15.1 million and RM3.7 million, respectively for the quarter ended 30 June 2020. Revenue and patient load increased significantly since Malaysia moved from the MCO to the CMCO phase.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021

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 introduction of new services e.g. e-Pharmacy, home delivery of medication and the Thomson Hospital Online telehealth platform. The Group's expansion project at Thomson Hospital Kota Damansara has resumed with the introduction of the CMCO. With the implementation of the Recovery Movement Control Order ("RMCO"), the Group has seen an increase of patient load in our hospital and fertility centres. 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 30 June 2020.

B5 TAXATION

	Individual quarter 30/06/2020 RM'000	10 months ended 30/06/2020 RM'000
In respect of current quarter/ financial period		
- income tax	519	2,456
- deferred tax	55	1,571
	<u>574</u>	<u>4,027</u>
Under provision in respect of prior year		
- income tax	(17)	498
- deferred tax	321	620
	<u>304</u>	<u>1,118</u>
	<u>878</u>	<u>5,145</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 30 June 2020.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 18 August 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 30 June 2020 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	86,794	1,606	88,400

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 1.678% for the financial period ended 30 June 2020 (31 August 2019 - 2.013%). The net amount payable is RM2.9 million (31 August 2019: RM3.5 million).

B10 EARNINGS PER SHARE (EPS)

	Individual quarter 30/06/2020	10 months ended 30/06/2020
(a) Basic EPS		
Net profit attributable to owners of the parent (RM'000)	2,800	13,275
Weighted average number of ordinary shares outstanding ('000)	1,741,882	1,741,882
EPS (sen)		
- Basic	0.16	0.76
(b) Diluted EPS		
Net profit attributable to owners of the parent (RM'000)	2,800	13,275
Weighted average number of ordinary shares outstanding ('000)	1,741,882	1,741,882
Effect of dilution ('000)	-	-
Adjusted weighted average number of shares ('000)	1,741,882	1,741,882
Diluted EPS (sen)		
- Diluted	0.16	0.76

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 30 June 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 30/06/2020 RM'000	10 months ended 30/06/2020 RM'000
Interest income	248	3,462
Other operating income excluding interest income	360	1,401
Interest expense	(13)	(322)
Depreciation of property, plant and equipment and right-of-use assets	(115)	(9,247)
Amortisation of intangible assets	158	(697)
Impairment loss on receivables	(50)	(500)
Fair value charges on share options granted under ESOS	-	(114)
Property, plant and equipment written off	(1)	(9)
Gain on disposal of property, plant and equipment	1	4
Gain on remeasurement of lease liability	223	223
Realised loss on foreign exchange	-	(4)

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B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding at 30 June 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 30 June 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 25 August 2020.