



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

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

Contact

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

	Individual Quarter		6 months ended	
	Current Year Quarter 31/12/2020 RM'000	Preceding Year Quarter 31/12/2019 RM'000	Current Year To Date 31/12/2020 RM'000	Preceding Year Corresponding Period 31/12/2019 RM'000
Revenue	48,794	-	99,621	-
Other operating income	239	-	445	-
Inventories and consumables	(16,111)	-	(32,351)	-
Staff costs	(15,718)	-	(30,020)	-
Other operating expenses	(7,406)	-	(14,738)	-
Depreciation and amortisation	(3,266)	-	(6,355)	-
Interest income	537	-	1,183	-
Finance costs	(90)	-	(185)	-
Profit before taxation	6,979	-	17,600	-
Taxation	(1,578)	-	(4,415)	-
Profit for the financial period	5,401	-	13,185	-
Other comprehensive income, net of tax :-				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	(2)	-	3	-
Total comprehensive income for the financial period	5,399	-	13,188	-
Profit attributable to owners of the parent	5,401	-	13,185	-
Total comprehensive income attributable to owners of the parent	5,399	-	13,188	-
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.31	-	0.76	-
Diluted	0.31	-	0.76	-

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 financial information available for the financial period ended 31 December 2020 as there was change in financial year end from 31st August to 30th June.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 July 2020	625,986	-	30	3,466	142,636	772,118	772,118
Total comprehensive income	-	-	3	-	13,185	13,188	13,188
Transactions with owners							
Dividend paid	-	-	-	-	(2,923)	(2,923)	(2,923)
Total transactions with owners	-	-	-	-	(2,923)	(2,923)	(2,923)
Balance at 31 December 2020	625,986	-	33	3,466	152,898	782,383	782,383
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

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	As At 31/12/2020 Unaudited RM'000	As At 30/06/2020 Audited RM'000
Non-current assets		
Property, plant and equipment	624,787	569,606
Intangible assets	194,743	194,949
Total non-current assets	819,530	764,555
Current assets		
Inventories	9,836	11,465
Trade and other receivables	24,649	25,906
Tax recoverable	9,010	12,058
Cash and bank balances	129,696	136,456
Total current assets	173,191	185,885
TOTAL ASSETS	992,721	950,440
Current liabilities		
Trade and other payables	65,407	68,002
Borrowings	979	1,606
Lease liabilities	1,518	-
Provision	278	278
Income tax payable	-	1
Total current liabilities	68,182	69,887
NET CURRENT ASSETS	105,009	115,998
Non-current liabilities		
Borrowings	114,595	86,794
Lease liabilities	4,998	-
Provision	42	42
Deferred tax liabilities	22,521	21,599
Total non-current liabilities	142,156	108,435
TOTAL LIABILITIES	210,338	178,322
NET ASSETS	782,383	772,118
Represented by:		
Equity attributable to owners of the parent		
Share capital	625,986	625,986
Retained profits	152,898	142,636
Reserves	3,499	3,496
TOTAL EQUITY	782,383	772,118
Net assets per share (RM)	0.45	0.44

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2020 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 31 DECEMBER 2020

	Current Year To Date 31/12/2020 RM'000	Preceding Year Corresponding Period 31/12/2019 RM'000
Cash flows from operating activities		
Profit before tax	17,600	-
Adjustments for :-		
Non-cash items	6,738	-
Interest paid	185	-
Interest income	(1,183)	-
Operating profit before changes in working capital	<u>23,340</u>	<u>-</u>
Changes in working capital		
Net change in current assets	2,516	-
Net change in current liabilities	(1,868)	-
Cash generated from operations	<u>23,988</u>	<u>-</u>
Interest paid	(1,637)	-
Net income tax paid	(446)	-
Net cash flows from operating activities	<u>21,905</u>	<u>-</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(59,894)	-
Proceeds from disposal of property, plant and equipment	23	-
Uplift of deposits placed with financial institutions with original maturity of more than three (3) months	1,071	-
Interest received	1,183	-
Net cash flows used in investing activities	<u>(57,617)</u>	<u>-</u>
Cash flows from financing activities		
Dividend paid	(2,923)	-
Payment of lease liabilities	(969)	-
Drawdown of term loans	29,514	-
Repayment of term loans	(16)	-
Drawdown of hire purchase	4,410	-
Net cash flows from financing activities	<u>30,016</u>	<u>-</u>
Net decrease in cash & cash equivalents	<u>(5,696)</u>	<u>-</u>
Cash & cash equivalents at beginning of the financial period	96,697	-
Exchange rate effects	7	-
Cash & cash equivalents at end of the financial period	<u>91,008</u>	<u>-</u>
Cash & cash equivalents at end of the financial period		
Short term deposits (not more than 3 months)	22,262	-
Cash and bank balances	69,246	-
	<u>91,508</u>	<u>-</u>
Less: Deposits pledged to a licensed bank	(500)	-
	<u>91,008</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 financial information available for the financial period ended 31 December 2020 as there was 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 31 DECEMBER 2020**

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (“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 period ended 30 June 2020. 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 30 June 2020, 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 period ended 30 June 2020, except for the adoption of the new, revised and amendments to MFRS and IC Interpretations effective as of 1 January 2020 as issued by the Malaysian Accounting Standards Board, which does not have any significant impact on the financial statements of the Group.

A2 SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group business during the financial period was affected with the implementation of the Conditional Movement Control Order (“CMCO”) on 14 October 2020 where the Group has seen a drop in patient load in our hospital and fertility centres.

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 DIVIDEND PAID

During the financial period ended 31 December 2020, the Company paid the final single tier dividend of 0.1678 sen per ordinary share on 1,741,882,393 ordinary shares, amounting RM2,922,868 in respect of the financial period ended 30 June 2020.

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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 December 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

31/12/2020
RM'000

Unsecured

Corporate guarantees given to licensed bank for banking facility granted to wholly-owned subsidiaries

115,574

Letter of guarantee given to suppliers

2,840

118,414

A11 CAPITAL COMMITMENTS

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

31/12/2020
RM'000

Approved and contracted for

118,333

Approved but not contracted for

142

118,475

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

6 months ended
31/12/2020
RM'000

(a) Rental and utility expenses incurred to Skies VB Sdn Bhd, a subsidiary of the ultimate holding company, Thomson Medical Group Limited

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**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 December 2020 versus the same period in 2019)

	3 months ended	
	31/12/2020 RM'000	31/12/2019 RM'000
Revenue	48,794	53,080
Profit before taxation	6,979	11,629

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 RM48.8 million and profit before taxation of RM7 million for the quarter ended 31 December 2020. Revenue and patient load from elective cases decreased significantly when the number of new Covid-19 cases in this quarter increased significantly in Selangor and Federal Territory areas. Despite lower operating expenditure, profit before taxation was lower mainly due to lower revenue and interest income during the current quarter.

Review of results for the financial period (6 months ended 31 December 2020 versus the same period in 2019)

	6 months ended	
	31/12/2020 RM'000	31/12/2019 RM'000
Revenue	99,621	106,584
Profit before taxation	17,600	22,215

Due to the change in financial year, the Group has provided the analysis on performance for this 6-month period for reference.

For the financial period ended 31 December 2020, the Group recorded revenue of RM99.6 million and profit before taxation of RM17.6 million, a decrease of 7% and 21% respectively compared to the 6-month financial period ended 31 December 2019. Outbreak of Covid-19 in Selangor and Federal Territory areas has led to lower revenue for the current financial period. However, profit after taxation for the 6-month financial period ended 31 December 2020 was RM13.2 million, higher than 6-month financial period ended 31 December 2019 by 50% due to the RM7.1 million deferred tax liability recorded in 2019.

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, continuous marketing effort to boost local and international branding and the prevailing Covid-19 pandemic situation in the country and the region.

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

(Quarter ended 31 December 2020 versus 30 September 2020)

	3 months ended	
	31/12/2020 RM'000	30/09/2020 RM'000
Revenue	48,794	50,827
Profit before taxation	6,979	10,621

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 RM48.8 million and RM7 million, respectively for the quarter ended 31 December 2020. Revenue and patient load decreased significantly since Malaysia moved from the Recovery Movement Control Order (“RMCO”) to the Conditional Movement Control Order (“CMCO”) phase where the Group revenue decreased by 4% to RM48.8 million. The implementation of CMCO has resulted in a decrease of profit before tax by 34% to RM7 million and a decrease in profit after tax by 31% to RM5.4 million, as compared to 3 months ended 30 September 2020.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021

The Group's revenue has decreased since the beginning of the CMCO on 14 October 2020. Various initiatives were implemented during this time including cost control and cash conservation measures as well as the 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 since the introduction of the CMCO. Despite the re-imposition of MCO on 13 January 2021 and increasing number of new Covid-19 cases, 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 December 2020.

B5 TAXATION

	Individual quarter 31/12/2020 RM'000	6 months ended 31/12/2020 RM'000
In respect of current quarter/ financial period		
- income tax	1,583	3,492
- deferred tax	(5)	923
	<u>1,578</u>	<u>4,415</u>

The effective tax rate of the Group's current tax charge for the current financial period under review was slightly higher than the statutory tax rate mainly 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 28 January 2021, 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 December 2020 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	114,595	979	115,574
	<u>114,595</u>	<u>979</u>	<u>115,574</u>

Included in borrowings of the Group is an amount of Industrial Hire Purchase of RM4,410,000 (30 June 2020: NIL).

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 December 2019: NIL).

B10 EARNINGS PER SHARE (EPS)

	Individual quarter 31/12/2020	6 months ended 31/12/2020
(a) Basic EPS		
Net profit attributable to owners of the parent (RM'000)	5,401	13,185
Weighted average number of ordinary shares outstanding ('000)	1,741,882	1,741,882
EPS (sen)		
- Basic	0.31	0.76
(b) Diluted EPS		
Net profit attributable to owners of the parent (RM'000)	5,401	13,185
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	0.31	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 31 December 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 31/12/2020 RM'000	6 months ended 31/12/2020 RM'000
Interest income	537	1,183
Other operating income excluding interest income	239	445
Interest expense	(90)	(185)
Depreciation of property, plant and equipment and right-of-use assets	(3,056)	(5,940)
Amortisation of intangible assets	(210)	(415)
Impairment loss on receivables	(161)	(356)
Property, plant and equipment written off	(28)	(33)
Loss on disposal of property, plant and equipment	20	20
Inventories written off	(10)	(15)
Rental concessions	-	1
Realised loss on foreign exchange	-	(1)

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B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding as at 31 December 2020 and 30 June 2020.

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 December 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 4 February 2021.