



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

**AUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023**

Contact

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

AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Individual Quarter		12 months ended	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
Revenue	84,652	70,795	311,443	243,774
Other operating income	1,059	942	4,096	2,255
Inventories and consumables	(24,457)	(21,342)	(90,093)	(75,787)
Staff costs	(25,135)	(20,866)	(95,407)	(80,104)
Other operating expenses	(15,532)	(11,922)	(56,985)	(42,003)
Depreciation and amortisation	(6,605)	(6,008)	(26,007)	(15,853)
Interest income	1,079	524	3,249	2,001
Finance costs	(2,476)	(1,772)	(9,406)	(2,103)
Profit before taxation	12,585	10,351	40,890	32,180
Taxation	660	13,118	(1,633)	9,209
Profit for the financial year, representing total comprehensive income (net of tax) for the financial year	13,245	23,469	39,257	41,389
Profit for the financial year, representing total comprehensive income (net of tax) for the financial year attributable to:-				
Owners of the parent	13,245	23,469	39,257	41,389
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.76	1.35	2.25	2.38
Diluted	0.76	1.35	2.25	2.38

The audited 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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AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Attributable to owners of the parent			Total equity RM'000
	Share capital RM'000	Non-distributable	Distributable	
		Share options reserve RM'000	Retained profits RM'000	
Balance at 1 July 2022	625,986	1,710	199,692	827,388
Profit for the financial year, representing total comprehensive income (net of tax) for the financial year	-	-	39,257	39,257
Transactions with owners				
Share options granted under ESOS	-	127	-	127
Transfer within reserve for ESOS forfeited	-	(422)	422	-
Dividend paid	-	-	(4,813)	(4,813)
Total transactions with owners	-	(295)	(4,391)	(4,686)
Balance at 30 June 2023	625,986	1,415	234,558	861,959
Balance at 1 July 2021	625,986	3,668	159,967	789,621
Profit for the financial year, representing total comprehensive income (net of tax) for the financial year	-	-	41,389	41,389
Transactions with owners				
Share options granted under ESOS	-	236	-	236
Transfer within reserve for ESOS forfeited	-	(2,194)	2,194	-
Dividend paid	-	-	(3,858)	(3,858)
Total transactions with owners	-	(1,958)	(1,664)	(3,622)
Balance at 30 June 2022	625,986	1,710	199,692	827,388

The audited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD
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AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	As At 30/06/2023 Unaudited RM'000	As At 30/06/2022 Audited RM'000
Non-current assets		
Property, plant and equipment	715,150	728,448
Intangible assets	205,598	194,727
Investment property	2,159	2,218
Deferred tax assets	2,088	2,911
Total non-current assets	924,995	928,304
Current assets		
Inventories	13,372	10,878
Trade and other receivables	60,485	41,175
Tax recoverable	11,399	11,358
Cash and bank balances	166,544	141,135
Total current assets	251,800	204,546
TOTAL ASSETS	1,176,795	1,132,850
Current liabilities		
Trade and other payables	80,767	80,026
Borrowings	15,980	8,481
Lease liabilities	1,711	1,554
Provision	63	212
Income tax payable	49	9
Total current liabilities	98,570	90,282
NET CURRENT ASSETS	153,230	114,264
Non-current liabilities		
Borrowings	199,712	198,378
Lease liabilities	1,656	2,029
Provision	493	384
Deferred tax liabilities	14,405	14,389
Total non-current liabilities	216,266	215,180
TOTAL LIABILITIES	314,836	305,462
NET ASSETS	861,959	827,388
Represented by:		
Equity attributable to owners of the parent		
Share capital	625,986	625,986
Reserves	1,415	1,710
Retained profits	234,558	199,692
TOTAL EQUITY	861,959	827,388
Net assets per share (RM)	0.49	0.47

The audited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Current Year To Date 30/06/2023 RM'000	Preceding Year Corresponding Period 30/06/2022 RM'000
Cash flows from operating activities		
Profit before tax	40,890	32,180
Adjustments for :-		
Non-cash items	28,560	16,122
Interest expense	9,406	2,103
Interest income	(3,249)	(2,001)
Operating profit before changes in working capital	75,607	48,404
Changes in working capital		
Net change in current assets	(24,239)	(15,395)
Net change in current liabilities	13,338	13,412
Cash generated from operations	64,706	46,421
Interest paid	(9,340)	(6,432)
Net income tax paid	(795)	(4,342)
Net cash flows generated from operating activities	54,571	35,647
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(31,962)	(67,690)
Acquisition of intangible assets	(2,495)	(998)
Proceeds from disposal of property, plant and equipment	4	-
Placement of deposits placed with:-		
- financial institutions with original maturity of more than three (3) months	(5,825)	(7,290)
- deposits pledged	(1,104)	(52)
- cash restricted in use	(789)	(328)
Interest received	3,249	2,001
Net cash flows used in investing activities	(38,922)	(74,357)
Cash flows generated from financing activities		
Dividend paid	(4,813)	(3,858)
Payment of lease liabilities	(1,914)	(1,835)
Drawdown of term loans	17,245	38,942
Repayment of term loans	(7,594)	(98)
Repayment of hire purchase	(882)	(882)
Net cash flows generated from financing activities	2,042	32,269
Net increase / (decrease) in cash & cash equivalents	17,691	(6,441)
Cash & cash equivalents at beginning of the financial year	98,886	105,327
Cash & cash equivalents at end of the financial year	116,577	98,886
Cash & cash equivalents at end of the financial year		
Cash at banks and on hand	86,811	66,467
Deposits with licenced banks	79,733	74,668
	166,544	141,135
Less: Deposits with licensed banks (for more than 3 months)	(45,803)	(39,978)
Deposit pledged to a licenced bank	(1,704)	(600)
Cash restricted in use	(2,460)	(1,671)
	116,577	98,886

The audited 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 AUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (“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 Berhad and its subsidiaries ("the Group") for the financial year ended 30 June 2022. 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 30 June 2022, 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 30 June 2022, except for the adoption of the new, revised and amendments to MFRS and IC Interpretations effective as of 1 January 2022 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 has charted steady recovery at the transition phase to endemic of COVID-19. Removal of international travel restrictions has seen a surge in foreign patient load in hospital and fertility business.

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 year ended 30 June 2023, the Company paid the final single tier dividend of 0.2763 sen per ordinary share on 1,741,882,393 ordinary shares, amounting RM4,812,806 in respect of the financial year ended 30 June 2022.

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 2023 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	30/06/2023	30/06/2022
	RM'000	RM'000
<u>Unsecured</u>		
Corporate guarantees given to licensed bank for banking facility granted to wholly-owned subsidiaries	215,692	206,859
Letter of guarantee given to suppliers	4,216	4,523
	<u>219,908</u>	<u>211,382</u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 30 June 2023 is as follows:

	30/06/2023	30/06/2022
	RM'000	RM'000
Approved and contracted for	<u>25,846</u>	<u>71,984</u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the quarter under review.

**NOTES TO THE AUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

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 30 June 2023 versus 3 months ended 30 June 2022)

	3 months ended	
	30/06/2023	30/06/2022
	RM'000	RM'000
Revenue	84,652	70,795
Profit before taxation	12,585	10,351

The Group recorded revenue of RM84.7 million and profit before taxation of RM12.6 million for the quarter ended 30 June 2023. Compared to the previous corresponding quarter, revenue and profit before taxation increased by 20% and 22%, respectively. The increase in profit before taxation was in line with increase in revenue attributed to the increase in capacity of Thomson Hospital Kota Damansara (“THKD”) and recovery of fertility business.

Hospital and fertility recorded revenue of RM74.4 million (2022: RM60.8 million) and RM9.7 million (2022: RM9.5 million), respectively for quarter ended 30 June 2023.

Review of results for the financial period (12 months ended 30 June 2023 versus 12 months ended 30 June 2022)

	12 months ended	
	30/06/2023	30/06/2022
	RM'000	RM'000
Revenue	311,443	243,774
Profit before taxation	40,890	32,180

For the financial year ended 30 June 2023, the Group recorded a 28% increase in revenue to RM311.4 million and profit before taxation increased by 27% to RM40.9 million compared to the same period ended 30 June 2022. Revenue and profit before taxation increased due to increased capacity at THKD and recovery of fertility business.

Hospital and fertility recorded revenue of RM272.3 million (2022: RM208.8 million) and RM37.3 million (2022: RM32.0 million), respectively for period ended 30 June 2023.

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 healthcare professionals in our facilities, additional bed capacity and 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 30 June 2023 versus 3 months ended 31 March 2023)**

	3 months ended	
	30/06/2023	31/03/2023
	RM'000	RM'000
Revenue	84,652	81,580
Profit before taxation	12,585	11,895

Compared with the immediate preceding quarter ended 31 March 2023, revenue and profit before taxation increased by 4% and 6%, respectively. Higher revenue was contributed by an increase in hospital and fertility revenue.

Hospital and fertility recorded revenue of RM74.4 million and RM9.7 million for quarter ended 30 June 2023 compared to RM71.7 million and RM9.3 million recorded in the immediate preceding quarter, respectively.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024

The increased capacity in THKD, recovery of fertility business and growth in medical tourism are poised to contribute positively to the growth of the Group in the foreseeable future. The Group is closely monitoring the evolving global economic landscape and is committed to adapt its business strategy to mitigate any adverse impact to the Group's performance.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial year ended 30 June 2023.

B5 TAXATION

	Individual quarter		12 months ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter/financial year				
Current tax expense/(credit)	318	(1,162)	794	1,950
Deferred tax (credit)/expense	(978)	(11,956)	839	(11,159)
	<u>(660)</u>	<u>(13,118)</u>	<u>1,633</u>	<u>(9,209)</u>

The effective tax rate of the Group is lower than the statutory tax rate due to under recognition of tax credits arising from the investment tax allowance in previous financial year captured in current financial year.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 15 August 2023, 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 are as follows:-

	Long Term	Short Term	Total
	RM'000	RM'000	RM'000
As at 30 June 2023			
Secured - Denominated in Ringgit Malaysia	<u>199,712</u>	<u>15,980</u>	<u>215,692</u>
As at 30 June 2022			
Secured - Denominated in Ringgit Malaysia	<u>198,378</u>	<u>8,481</u>	<u>206,859</u>

Included in borrowings of the Group is an amount of Industrial Hire Purchase of RM2,214,000 (30 June 2022: RM3,095,000).

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 first and final single-tier dividend of 0.4199 sen per ordinary share and a special single-tier dividend of 0.4199 sen per ordinary share for the financial year ended 30 June 2023 (30 June 2022 - first and final single-tier dividend of 0.2763 sen per ordinary share). The net amount payable is RM14.6 million (30 June 2022: RM4.8 million).

B10 EARNINGS PER SHARE (EPS)

	Individual quarter		12 months ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	13,245	23,469	39,257	41,389
Weighted average number of ordinary shares in issue ('000)	1,741,882	1,741,882	1,741,882	1,741,882
EPS (sen)				
- Basic	0.76	1.35	2.25	2.38
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	13,245	23,469	39,257	41,389
Weighted average number of ordinary shares in issue ('000)	1,741,882	1,741,882	1,741,882	1,741,882
Effect of dilution ('000)	-	-	-	-
Adjusted weighted average number of shares ('000)	1,741,882	1,741,882	1,741,882	1,741,882
Diluted EPS (sen)				
- Diluted	0.76	1.35	2.25	2.38

Diluted EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average of ordinary shares in issue during the financial year, adjusted to assume the conversion of dilutive potential ordinary shares.

For the current quarter and year ended 30 June 2023, 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	12 months ended
	30/06/2023	30/06/2023
	RM'000	RM'000
Interest income	1,079	3,249
Interest expense	(2,476)	(9,406)
Depreciation of property, plant and equipment, investment property and right-of-use assets	(6,042)	(23,535)
Amortisation of intangible assets	(563)	(2,472)
Impairment loss on receivables	(325)	(1,755)
Fair value charges on share options granted under ESOS	(32)	(127)
Property, plant and equipment written off	-	(13)
Loss on disposal of property, plant and equipment	-	(7)
Inventories written off	(69)	(683)
Reversal of impairment loss on receivables	3	3
Reversal of provision for restoration	(1)	29

B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding as at 30 June 2023 and 30 June 2022.

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 22 August 2023.