



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
28 FEBRUARY 2017**

Contact

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TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

	Individual Quarter		6 months ended	
	Current Year Quarter 28/02/2017 RM'000	Preceding Year Quarter 29/02/2016 RM'000	Current Year To Date 28/02/2017 RM'000	Preceding Year Corresponding Period 29/02/2016 RM'000
Revenue	35,509	31,386	71,711	62,718
Cost of sales	(12,400)	(10,992)	(24,684)	(21,644)
Gross profit	23,109	20,394	47,027	41,074
Other operating income	290	253	511	536
Operating expenses	(16,180)	(15,314)	(33,732)	(30,869)
Profit from operations	7,219	5,333	13,806	10,741
Depreciation	(2,780)	(2,343)	(5,229)	(4,657)
Interest income	1,855	1,888	3,841	3,701
Finance costs	(22)	(24)	(40)	(48)
Profit before taxation	6,272	4,854	12,378	9,737
Taxation	(1,728)	(1,579)	(3,395)	(3,124)
Profit after taxation	4,544	3,275	8,983	6,613
Other comprehensive income, net of tax :-				
Foreign currency translations	(7)	(10)	(41)	(22)
Total comprehensive income for the period	4,537	3,265	8,942	6,591
Profit attributable to :-				
Owners of the parent	4,544	3,275	8,983	6,613
Non-controlling interest	-	-	-	-
	4,544	3,275	8,983	6,613
Total comprehensive income attributable to :-				
Owners of the parent	4,537	3,265	8,942	6,591
Non-controlling interest	-	-	-	-
	4,537	3,265	8,942	6,591
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.26	0.22	0.52	0.45
Diluted	0.17	0.17	0.34	0.34

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 PERIOD ENDED 28 FEBRUARY 2017**

	Attributable to owners of the parent						Total attributable to owners of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
	Non-distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign exchange translation RM'000	Share options reserve RM'000	Retained earnings RM'000			
Balance at 1 September 2016	173,290	445,441	46,960	39	1,689	19,908	687,327	-	687,327
Total comprehensive income	-	-	-	(41)	-	8,983	8,942	-	8,942
Transactions with owners									
Ordinary shares issued									
- acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
- ESOS	264	2,130	-	-	(415)	-	1,979	-	1,979
- Warrants	8	54	-	-	-	-	62	-	62
Share issuance expenses	-	-	-	-	-	-	-	-	-
Share options granted under ESOS	-	-	-	-	408	-	408	-	408
Dividend paid	-	-	-	-	-	(2,673)	(2,673)	-	(2,673)
Total transactions with owners	272	2,184	-	-	(7)	(2,673)	(224)	-	(224)
Balance at 28 February 2017	173,562	447,625	46,960	(2)	1,682	26,218	696,045	-	696,045
Balance at 1 June 2015	119,952	180,104	-	85	-	1,568	301,709	-	301,709
Total comprehensive income	-	-	-	(46)	-	20,765	20,719	-	20,719
Transactions with owners									
Ordinary shares issued									
- acquisition of a subsidiary	53,333	266,667	46,960	-	-	-	366,960	-	366,960
- ESOS	5	34	-	-	(5)	-	34	-	34
Share issuance expenses	-	(1,364)	-	-	-	-	(1,364)	-	(1,364)
Share options granted under ESOS	-	-	-	-	1,694	-	1,694	-	1,694
Dividend paid	-	-	-	-	-	(2,425)	(2,425)	-	(2,425)
Total transactions with owners	53,338	265,337	46,960	-	1,689	(2,425)	364,899	-	364,899
Balance at 31 August 2016	173,290	445,441	46,960	39	1,689	19,908	687,327	-	687,327

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 August 2016 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 28 FEBRUARY 2017**

	As At 28/02/2017 Unaudited RM'000	As At 31/08/2016 Audited RM'000
Non-current assets		
Property, plant and equipment	325,117	322,537
Goodwill	193,045	193,045
Total non-current assets	518,162	515,582
Current assets		
Inventories	6,955	6,867
Trade and other receivables	30,626	30,644
Current tax assets	85	47
Cash and bank balances	191,025	204,558
Total current assets	228,691	242,116
TOTAL ASSETS	746,853	757,698
Equity attributable to owners of the parent		
Share capital	173,562	173,290
Retained earnings	26,218	19,908
Reserves	496,265	494,129
	696,045	687,327
Non-controlling interest	-	-
TOTAL EQUITY	696,045	687,327
Non-current liabilities		
Borrowings	1,749	1,804
Deferred tax liabilities	13,756	11,096
Total non-current liabilities	15,505	12,900
Current liabilities		
Trade and other payables	34,885	56,316
Borrowings	91	85
Current tax liabilities	327	1,070
Total current liabilities	35,303	57,471
TOTAL EQUITY AND LIABILITIES	746,853	757,698
Net assets per share (RM)	0.40	0.40

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 August 2016 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 PERIOD ENDED 28 FEBRUARY 2017**

	Current Year To Date 28/02/2017 RM'000	Preceding Year Corresponding Period 29/02/2016 RM'000
Cash flows from operating activities		
Profit before tax	12,378	9,737
Adjustments for :-		
Non-cash items	6,259	6,178
Interest paid	40	48
Interest income	(3,841)	(3,701)
Operating profit before changes in working capital	<u>14,836</u>	<u>12,262</u>
Changes in working capital		
Net change in current assets	(491)	(888)
Net change in current liabilities	(11,809)	2,787
Cash generated from operations	<u>2,536</u>	<u>14,161</u>
Interest paid	(40)	(48)
Net income tax paid	(1,515)	(443)
Net cash from operating activities	<u>981</u>	<u>13,670</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(17,593)	(11,255)
Proceeds from disposal of property, plant and equipment	-	25
Acquisition of:		
subsidiaries for shares, net of cash acquired	-	164
Deposits withdrawn/(placed with) financial institutions with original maturity of more than three (3) months	83,152	(112,293)
Placement of deposits pledged with a licensed bank	9	7
Interest received	3,841	3,701
Net cash from/(used in) investing activities	<u>69,409</u>	<u>(119,651)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to:		
- Warrants exercised	62	-
- ESOS	1,979	-
Share issuance expenses	-	(1,364)
Dividend paid	(2,673)	(2,426)
Repayment of term loans	(38)	(30)
Repayment of hire purchase	(11)	(10)
Net cash used in financing activities	<u>(681)</u>	<u>(3,830)</u>
Net increase/(decrease) in cash & cash equivalents	<u>69,709</u>	<u>(109,811)</u>
Cash & cash equivalents at beginning of the financial period	49,871	142,725
Exchange rate effects	(81)	(41)
Cash & cash equivalents at end of the financial period	<u>119,499</u>	<u>32,873</u>
Cash & cash equivalents at end of the financial period		
Short term deposits (not more than 3 months)	108,172	12,551
Cash and bank balances	11,829	20,824
	<u>120,001</u>	<u>33,375</u>
Less: Deposits pledged to a licensed bank	(502)	(502)
	<u>119,499</u>	<u>32,873</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.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

**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 period ended 31 August 2016. 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 31 August 2016, and changes in financial performance since the preceeding year corresponding period, following the change of financial year end.

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 31 August 2016.

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 2016.

The adoption and application of the amendments to MFRSs and IC Interpretations are not expected to have any significant financial impact to the financial statements of the Group.

A2 SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group business is generally affected by festive 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 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 other than the following:

- (a) Issuance of 1,871,000 new ordinary shares of RM0.10 each under the Employees' Share Option Scheme at an issue price of RM0.75; and
- (b) Issuance of 49,750 new ordinary shares of RM0.10 each pursuant to the exercise of warrants at the exercise price of RM0.75.

A6 DIVIDENDS PAID

During the financial period ended 28 February 2017, the Company paid the final single tier dividend of 0.154 sen per ordinary share on 1,735,550,619 ordinary shares, amounting RM2,672,745 in respect of the financial period ended 31 August 2016.

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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.

A8 MATERIAL EVENT SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

There were no material event subsequent to 28 February 2017 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

The Company has provided corporate guarantees to licensed financial institutions for banking facilities and suppliers amounting to RM2.1 million and RM2.4 million, respectively. The guarantees were granted for the benefit of the Company's subsidiaries. Arising from this, the Company is contingently liable for the amount utilised by its subsidiaries of approximately RM4 million as at 28 February 2017.

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 28 February 2017 is as follows:

	28/02/2017	31/08/2016
	RM'000	RM'000
Approved and contracted for	41,957	46,013
Approved but not contracted for	1,608	1,748
	<u>43,565</u>	<u>47,761</u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions between the Group and the companies ultimately controlled by a substantial shareholder are as follows:

	6 months ended 28/02/2017
	RM'000
(a) Professional fees paid to RSP Architects Planners & Engineers (Pte) Ltd ("RSP")	<u>3,408</u>

The professional fees payable to RSP above remained outstanding as at 28 February 2017 amounting to RM1 million.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

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	
	28/02/2017	29/02/2016
	RM'000	RM'000
Revenue	35,509	31,386
Profit before taxation	6,272	4,854

The Group recorded revenue of RM35.5 million and profit before taxation of RM6.3 million for the quarter ended 28 February 2017, a growth of 13% and 29% respectively compared to quarter ended 29 February 2016. Higher revenue was mainly due to higher patient load supported by additional bed capacity, additional consultants recruited and continuing marketing activities. Higher profit before tax margin of 18% compared to quarter ended 29 February 2016 of 15% was mainly due to lower fair value charges on ESOS and resource optimisation during the quarter.

Review of results for the financial period

	6 months ended	
	28/02/2017	29/02/2016
	RM'000	RM'000
Revenue	71,711	62,718
Profit before taxation	12,378	9,737

For the current 6 months financial period ended 28 February 2017, the Group recorded revenue of RM71.7 million and profit before taxation of RM12.4 million, a growth of 14% and 27% respectively compared to the 6 months financial period ended 29 February 2016. Higher growth rate in profit before taxation compared to revenue is mainly due to lower fair value charges on ESOS and resource optimisation during the period which have driven higher EBITDA margin of 19% in the current financial period compared to EBITDA margin of 17% in 6 months financial period ended 29 February 2016.

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 and higher intensity cases handled.

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

	3 months ended	
	28/02/2017	30/11/2016
	RM'000	RM'000
Revenue	35,509	36,202
Profit before taxation	6,272	6,105

Compared with the immediate preceding quarter ended 30 November 2016, revenue for the quarter ended 28 February 2017 was lower by 2% to RM35.5 million while profit before taxation was higher by 3% to RM6.3 million. The lower revenue for the quarter ended 28 February 2017 was mainly affected by extended holiday season brought about by the proximity of the start of the new calendar year and the Chinese New Year festivities where a number of our specialists and staff were away during the extended holiday period directly affected patient volumes. Higher profit before taxation due to lower operating expenditure with higher EBITDA margin of 20% in the current quarter compared to EBITDA margin 18% in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2017

Current overall economic environment will affect the healthcare sector but the Group expects to build on its growth momentum through the new Ipoh Fertility Centre which commenced operations in February 2017 and additional specialist clinics opened in January 2017 at Tropicana Medical Centre in Kota Damansara. The Group will ramp up marketing efforts, especially for foreign patients which we see as a driver for growth even if domestic demand is affected by the muted overall economic climate. The Group's two major expansion projects at Kota Damansara and Iskandariah Hospital in Johor Bahru are in the midst of obtaining the relevant regulatory approvals.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 28 February 2017.

B5 TAXATION

	Current quarter RM'000	6 months ended 28/02/2017 RM'000
In respect of current financial period		
- income taxation	340	735
- deferred taxation	1,388	2,660
	<u>1,728</u>	<u>3,395</u>
(Over)/Under provision in respect of prior period		
- income taxation	-	-
- deferred taxation	-	-
	<u>-</u>	<u>-</u>
	<u>1,728</u>	<u>3,395</u>

The effective tax rate of the Group's current tax charge for the current period under review was lower than the statutory tax rate mainly due to the utilisation of previous years' tax losses and unabsorbed capital allowances coupled with the tax exemption pursuant to the BioNexus incentive enjoyed by a subsidiary.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 20 April 2017, 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 28 February 2017 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	1,749	91	1,840
	<u>1,749</u>	<u>91</u>	<u>1,840</u>

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 29 February 2016: NIL).

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B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		6 months ended	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	4,544	3,275	8,983	6,613
Weighted average number of ordinary shares outstanding (000)	1,733,325	1,476,003	1,733,325	1,476,003
EPS (sen)				
- Basic	0.26	0.22	0.52	0.45
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	4,544	3,275	8,983	6,613
Weighted average number of ordinary shares outstanding (000)	1,733,325	1,476,003	1,733,325	1,476,003
Effect of dilution ('000)	891,119	489,515	891,119	489,515
Adjusted weighted average number of shares ('000)	2,624,444	1,965,518	2,624,444	1,965,518
Diluted EPS (sen)				
- Diluted	0.17	0.17	0.34	0.34

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 period, 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.

B12 NOTE TO STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter RM'000	6 months ended 28/02/2017 RM'000
Interest income	1,855	3,841
Other operating income excluding interest income	290	511
Interest expense	(22)	(40)
Depreciation	(2,780)	(5,229)
Impairment losses on receivables	(210)	(420)
Fair value charges on share options granted under ESOS	(204)	(408)
Foreign exchange loss	(27)	(303)

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B13 REALISED AND UNREALISED PROFITS/(LOSSES)

	28/02/2017	31/08/2016
	RM'000	RM'000
		(Audited)
Total retained earnings:		
- realised	40,171	30,845
- unrealised	(13,953)	(10,937)
As at 28 February 2017 / 31 August 2016	<u>26,218</u>	<u>19,908</u>

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 27 April 2017.