



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED
28 FEBRUARY 2018**

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 2018**

	Individual Quarter		6 months ended	
	Current Year Quarter 28/02/2018 RM'000	Preceding Year Quarter 28/02/2017 RM'000	Current Year To Date 28/02/2018 RM'000	Preceding Year Corresponding Period 28/02/2017 RM'000
Revenue	39,711	35,509	81,439	71,711
Cost of sales	(13,060)	(12,400)	(26,757)	(24,684)
Gross profit	26,651	23,109	54,682	47,027
Other operating income	364	290	644	511
Operating expenses	(19,406)	(16,180)	(38,294)	(33,732)
Profit from operations	7,609	7,219	17,032	13,806
Depreciation and amortisation	(3,181)	(2,780)	(6,213)	(5,229)
Interest income	1,997	1,855	3,952	3,841
Finance costs	(22)	(22)	(44)	(40)
Profit before taxation	6,403	6,272	14,727	12,378
Taxation	(1,643)	(1,728)	(3,638)	(3,395)
Profit after taxation	4,760	4,544	11,089	8,983
Other comprehensive income, net of tax :-				
Foreign currency translations	7	(7)	15	(41)
Total comprehensive income for the period	4,767	4,537	11,104	8,942
Profit attributable to :-				
Owners of the parent	4,760	4,544	11,089	8,983
Non-controlling interest	-	-	-	-
	4,760	4,544	11,089	8,983
Total comprehensive income attributable to :-				
Owners of the parent	4,767	4,537	11,104	8,942
Non-controlling interest	-	-	-	-
	4,767	4,537	11,104	8,942
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.27	0.26	0.64	0.52
Diluted	0.26	0.24	0.60	0.47

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 2018**

	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 2017	621,699	-	46,960	5	2,491	43,269	714,424	-	714,424
Total comprehensive income	-	-	-	15	-	11,089	11,104	-	11,104
Transactions with owners									
Ordinary shares issued									
- ESOS	213	-	-	-	(30)	-	183	-	183
- Warrants	-	-	-	-	-	-	-	-	-
Share options granted under ESOS	-	-	-	-	370	-	370	-	370
Dividend paid	-	-	-	-	-	(2,900)	(2,900)	-	(2,900)
Total transactions with owners	213	-	-	-	340	(2,900)	(2,347)	-	(2,347)
Balance at 28 February 2018	621,912	-	46,960	20	2,831	51,458	723,181	-	723,181
Balance at 1 September 2016	173,290	445,441	46,960	39	1,689	19,908	687,327	-	687,327
Total comprehensive income	-	-	-	(34)	-	26,034	26,000	-	26,000
Transactions with owners									
Ordinary shares issued									
- ESOS	821	2,085	-	-	(488)	-	2,418	-	2,418
- Warrant	15	47	-	-	-	-	62	-	62
Share options granted under ESOS	-	-	-	-	1,290	-	1,290	-	1,290
Dividend paid	-	-	-	-	-	(2,673)	(2,673)	-	(2,673)
Total transactions with owners	836	2,132	-	-	802	(2,673)	1,097	-	1,097
Effect of implementation of the Companies Act 2016	447,573	(447,573)	-	-	-	-	-	-	-
Balance at 31 August 2017	621,699	-	46,960	5	2,491	43,269	714,424	-	714,424

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 2017 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 2018**

	As At 28/02/2018 Unaudited RM'000	As At 31/08/2017 Audited RM'000
Non-current assets		
Property, plant and equipment	330,281	326,361
Intangible assets	1,737	1,365
Goodwill	193,045	193,045
Total non-current assets	525,063	520,771
Current assets		
Inventories	9,503	8,247
Trade and other receivables	32,026	33,463
Tax recoverable	297	52
Cash and bank balances	210,460	206,989
Total current assets	252,286	248,751
TOTAL ASSETS	777,349	769,522
Equity attributable to owners of the parent		
Share capital	621,912	621,699
Retained earnings	51,458	43,269
Reserves	49,811	49,456
	723,181	714,424
Non-controlling interest	-	-
TOTAL EQUITY	723,181	714,424
Non-current liabilities		
Borrowings	1,666	1,709
Deferred tax liabilities	13,086	10,636
Total non-current liabilities	14,752	12,345
Current liabilities		
Trade and other payables	38,796	42,603
Borrowings	90	93
Income tax payable	530	57
Total current liabilities	39,416	42,753
TOTAL EQUITY AND LIABILITIES	777,349	769,522
Net assets per share (RM)	0.42	0.41

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 2017 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 2018**

	Current Year To Date 28/02/2018 RM'000	Preceding Year Corresponding Period 28/02/2017 RM'000
Cash flows from operating activities		
Profit before tax	14,727	12,378
Adjustments for :-		
Non-cash items	6,748	6,259
Interest paid	43	40
Interest income	(3,952)	(3,841)
Operating profit before changes in working capital	17,566	14,836
Changes in working capital		
Net change in current assets	(168)	(491)
Net change in current liabilities	(3,639)	(11,809)
Cash generated from operations	13,759	2,536
Interest paid	(43)	(40)
Net income tax paid	(962)	(1,515)
Net cash flows from operating activities	12,754	981
Cash flows from investing activities		
Acquisition of property, plant and equipment	(10,518)	(17,593)
Proceeds from disposal of property, plant and equipment	2	-
Deposits (placed with)/withdrawn from financial institutions with original maturity of more than three (3) months	(14,801)	83,152
Placement of deposits pledged with a licensed bank	8	9
Interest received	3,952	3,841
Net cash flows (used in)/from investing activities	(21,357)	69,409
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to:		
- Warrants exercised	-	62
- ESOS	183	1,979
Share issuance expenses	-	-
Dividend paid	(2,900)	(2,673)
Repayment of term loans	(35)	(38)
Repayment of hire purchase	(11)	(11)
Net cash flows used in financing activities	(2,763)	(681)
Net (decrease)/increase in cash & cash equivalents	(11,366)	69,709
Cash & cash equivalents at beginning of the financial year	58,828	49,871
Exchange rate effects	44	(81)
Cash & cash equivalents at end of the financial year	47,506	119,499
Cash & cash equivalents at end of the financial year		
Short term deposits (not more than 3 months)	33,013	108,172
Cash and bank balances	14,995	11,829
	48,008	120,001
Less: Deposits pledged to a licensed bank	(502)	(502)
	47,506	119,499

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 2018**

**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 year ended 31 August 2017. 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 2017, 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 year ended 31 August 2017.

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 2017.

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 and holiday 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 119,500 new ordinary shares under the Employees' Share Option Scheme at an issue price of RM0.75.

A6 DIVIDENDS PAID

During the financial period ended 28 February 2018, the Company paid the final single tier dividend of 0.167 sen per ordinary share on 1,736,450,269 ordinary shares, amounting RM2,899,868 in respect of the financial year ended 31 August 2017.

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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 2018 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

(a) Financial guarantees

	28/02/2018	31/08/2017
	RM'000	RM'000
Unsecured		
Corporate guarantee given to licensed bank for banking facility granted to a subsidiary of the Company	1,709	1,744
Letter of guarantee given to suppliers	<u>2,733</u>	<u>2,638</u>
	<u><u>4,442</u></u>	<u><u>4,382</u></u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 28 February 2018 is as follows:

	28/02/2018	31/08/2017
	RM'000	RM'000
Approved and contracted for	279,574	37,078
Approved but not contracted for	<u>1,027</u>	<u>1,370</u>
	<u><u>280,601</u></u>	<u><u>38,448</u></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 28/02/2018 RM'000
(a) Professional fees paid to Thomson International Health Services Pte Ltd (TIHSPL)	<u>570</u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2018**

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	
	28/02/2018	28/02/2017
	RM'000	RM'000
Revenue	39,711	35,509
Profit before taxation	6,403	6,272

The Group recorded revenue of RM39.7 million and profit before taxation of RM6.4 million for the quarter ended 28 February 2018, a growth of 12% and 2% respectively compared to quarter ended 28 February 2017. Higher revenue was mainly due to higher patient load and higher intensity cases handled. Lower profit before tax margin of 16% compared to quarter ended 28 February 2017 of 18% was mainly due to the effect of annual salary increment driving higher operating expenditure incurred during the quarter.

Review of results for the financial period

	6 months ended	
	28/02/2018	28/02/2017
	RM'000	RM'000
Revenue	81,439	71,711
Profit before taxation	14,727	12,378

For the financial period 28 February 2018, the Group recorded revenue of RM81.4 million and profit before taxation of RM14.7 million, a growth of 14% and 19% respectively compared to the 6 months financial period ended 28 February 2017. Higher growth rate in profit before taxation compared to revenue is mainly due to resource optimisation during the period which have driven higher EBITDA margin of 21% in the current financial period compared to 19% in the financial period ended 28 February 2017.

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	
	28/02/2018	30/11/2017
	RM'000	RM'000
Revenue	39,711	41,728
Profit before taxation	6,403	8,324

Compared with the immediate preceding quarter ended 30 November 2017, revenue and profit before taxation for the quarter ended 28 February 2018 was lower by 5% and 23% to RM39.7 million and RM6.4 million, respectively. The lower revenue for the quarter ended 28 February 2018 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 staffs were away during the extended holiday period directly affected patient volumes. Lower profit before taxation is mainly due to lower revenue coupled with higher operating expenditure which resulted a lower EBITDA margin of 19% in the current quarter compared to 23% in the preceding quarter.

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B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2018

The Group will continue to adopt measures to maintain growth by introducing more services while ramping up outreach and marketing efforts to ensure that it is the healthcare service provider of choice for private patients. Work on the Group's expansion project at Kota Damansara has begun; the Hospital Iskandariah project in Johor Bahru is in the midst of obtaining the relevant regulatory approvals. In view of these two projects, capex spending will increase in 2018 but the Group will be taking measures to manage costs.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 28 February 2018.

B5 TAXATION

	Current quarter RM'000	6 months ended 28/02/2018 RM'000
In respect of current financial period		
- income taxation	768	1,188
- deferred taxation	875	2,450
	<u>1,643</u>	<u>3,638</u>
Over provision in respect of prior year		
- income taxation	-	-
- deferred taxation	-	-
	<u>-</u>	<u>-</u>
	<u>1,643</u>	<u>3,638</u>

The effective tax rate of the Group's current tax charge for the current financial period under review was lower than the statutory tax rate mainly due to the utilisation of previous years' unutilised tax losses, unrecognised investment tax allowances 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 23 April 2018, 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 2018 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	<u>1,666</u>	<u>90</u>	<u>1,756</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 28 February 2017: NIL).

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B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		6 months ended	
	28/02/2018	28/02/2017	28/02/2018	28/02/2017
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	4,760	4,544	11,089	8,983
Weighted average number of ordinary shares outstanding ('000)	1,736,102	1,733,325	1,736,102	1,733,325
EPS (sen)				
- Basic	0.27	0.26	0.64	0.52
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	4,760	4,544	11,089	8,983
Weighted average number of ordinary shares outstanding ('000)	1,736,102	1,733,325	1,736,102	1,733,325
Effect of dilution ('000)	98,347	191,135	98,347	191,135
Adjusted weighted average number of shares ('000)	1,834,449	1,924,460	1,834,449	1,924,460
Diluted EPS (sen)				
- Diluted	0.26	0.24	0.60	0.47

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 28/02/2018 RM'000
Interest income	1,997	3,952
Other operating income excluding interest income	364	644
Interest expense	(22)	(44)
Depreciation	(3,109)	(6,098)
Amortisation of intangible assets	(72)	(115)
Impairment losses on receivables	(140)	(350)
Fair value charges on share options granted under ESOS	(199)	(370)
Foreign exchange loss	142	135

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B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding at 28 February 2018 and 31 August 2017.

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 30 April 2018.