



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 AUGUST 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 YEAR ENDED 31 AUGUST 2018**

	Individual Quarter		12 months ended	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/08/2018 RM'000	31/08/2017 RM'000	31/08/2018 RM'000	31/08/2017 RM'000
Revenue	43,194	39,307	169,039	151,712
Cost of sales	(15,315)	(13,729)	(57,067)	(52,208)
Gross profit	27,879	25,578	111,972	99,504
Other operating income	461	200	1,268	904
Operating expenses	(16,173)	(17,973)	(74,845)	(69,487)
Profit from operations	12,167	7,805	38,395	30,921
Depreciation and amortisation	(3,431)	(2,923)	(12,875)	(11,247)
Interest income	2,002	1,888	8,008	7,550
Finance costs	(22)	(23)	(88)	(85)
Profit before taxation	10,716	6,747	33,440	27,139
Taxation	624	4,349	(5,384)	(1,105)
Profit after taxation	11,340	11,096	28,056	26,034
Other comprehensive income, net of tax :-				
Foreign currency translations	15	6	29	(34)
Total comprehensive income for the period	11,355	11,102	28,085	26,000
Profit attributable to :-				
Owners of the parent	11,340	11,096	28,056	26,034
Non-controlling interest	-	-	-	-
	11,340	11,096	28,056	26,034
Total comprehensive income attributable to :-				
Owners of the parent	11,355	11,102	28,085	26,000
Non-controlling interest	-	-	-	-
	11,355	11,102	28,085	26,000
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.65	0.64	1.62	1.50
Diluted	0.63	0.59	1.57	1.38

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 YEAR ENDED 31 AUGUST 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	-	-	-	29	-	28,056	28,085	-	28,085
Transactions with owners									
Ordinary shares issued									
- ESOS	213	-	-	-	(30)	-	183	-	183
Share options granted under ESOS	-	-	-	-	708	-	708	-	708
Dividend paid	-	-	-	-	-	(2,900)	(2,900)	-	(2,900)
Total transactions with owners	213	-	-	-	678	(2,900)	(2,009)	-	(2,009)
Balance at 31 August 2018	621,912	-	46,960	34	3,169	68,425	740,500	-	740,500
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 31 AUGUST 2018**

	As At 31/08/2018 Unaudited RM'000	As At 31/08/2017 Audited RM'000
Non-current assets		
Property, plant and equipment	355,414	326,361
Intangible assets	195,311	194,410
Total non-current assets	550,725	520,771
Current assets		
Inventories	9,939	8,247
Trade and other receivables	30,824	33,463
Tax recoverable	7,421	52
Cash and bank balances	202,849	206,989
Total current assets	251,033	248,751
TOTAL ASSETS	801,758	769,522
Equity attributable to owners of the parent		
Share capital	621,912	621,699
Retained earnings	68,425	43,269
Reserves	50,163	49,456
	740,500	714,424
Non-controlling interest	-	-
TOTAL EQUITY	740,500	714,424
Non-current liabilities		
Borrowings	1,626	1,709
Deferred tax liabilities	12,971	10,636
Other payables	193	-
Total non-current liabilities	14,790	12,345
Current liabilities		
Trade and other payables	46,311	42,603
Borrowings	92	93
Income tax payable	65	57
Total current liabilities	46,468	42,753
TOTAL EQUITY AND LIABILITIES	801,758	769,522
Net assets per share (RM)	0.43	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 YEAR ENDED 31 AUGUST 2018**

	Current Year To Date 31/08/2018 RM'000	Preceding Year Corresponding Period 31/08/2017 RM'000
Cash flows from operating activities		
Profit before tax	33,440	27,139
Adjustments for :-		
Non-cash items	13,463	13,892
Interest paid	88	85
Interest income	(8,008)	(7,550)
Operating profit before changes in working capital	38,983	33,566
Changes in working capital		
Net change in current assets	1,067	(5,493)
Net change in current liabilities	3,920	(15,506)
Cash generated from operations	43,970	12,567
Interest paid	(88)	(85)
Net income tax paid	(10,410)	(2,583)
Net cash flows from operating activities	33,472	9,899
Cash flows from investing activities		
Acquisition of property, plant and equipment	(42,572)	(14,142)
Acquisition of intangible assets	(315)	(540)
Proceeds from disposal of property, plant and equipment	5	-
Deposits withdrawn from financial institutions with original maturity of more than three (3) months	6,409	6,525
Withdrawal of deposits pledged with a licensed bank	1	1
Interest received	8,008	7,550
Net cash flows used in investing activities	(28,464)	(606)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to:		
- Warrants exercised	-	62
- ESOS	183	2,418
Dividend paid	(2,900)	(2,673)
Repayment of term loans	(61)	(66)
Repayment of hire purchase	(22)	(21)
Net cash flows used in financing activities	(2,800)	(280)
Net increase in cash & cash equivalents	2,208	9,013
Cash & cash equivalents at beginning of the financial year	58,828	49,871
Exchange rate effects	61	(56)
Cash & cash equivalents at end of the financial year	61,097	58,828
Cash & cash equivalents at end of the financial year		
Short term deposits (not more than 3 months)	45,529	42,615
Cash and bank balances	16,078	16,723
	61,607	59,338
Less: Deposits pledged to a licensed bank	(510)	(510)
	61,097	58,828

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 YEAR ENDED 31 AUGUST 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.

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.

A6 DIVIDENDS PAID

During the financial year ended 31 August 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 and fertility centres.

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

There was no material event subsequent to 31 August 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

	31/08/2018	31/08/2017
	RM'000	RM'000
<u>Unsecured</u>		
Corporate guarantee given to licensed bank for banking facility granted to a subsidiary of the Company	1,683	1,744
Letter of guarantee given to suppliers	<u>3,571</u>	<u>2,638</u>
	<u><u>5,254</u></u>	<u><u>4,382</u></u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 31 August 2018 is as follows:

	31/08/2018	31/08/2017
	RM'000	RM'000
Approved and contracted for	277,659	37,078
Approved but not contracted for	<u>217</u>	<u>1,370</u>
	<u><u>277,876</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:

	12 months ended	
	31/08/2018	31/08/2017
	RM'000	RM'000
(a) Professional fees and consultancy service fees paid to Thomson International Health Services Pte Ltd (TIHSPL)	570	280
(b) Rental and utility expenses paid to Skies VB Sdn Bhd (SVB)	108	102
(c) Professional fees paid to RSP Architects Planners & Engineers (Pte) Ltd ("RSP")	-	3,408
	<u>678</u>	<u>3,790</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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	
	31/08/2018	31/08/2017
	RM'000	RM'000
Revenue	43,194	39,307
Profit before taxation	10,716	6,747

The Group recorded revenue of RM43.2 million and profit before taxation of RM10.7 million for the quarter ended 31 August 2018, a growth of 10% and 59% respectively compared to quarter ended 31 August 2017. Higher revenue was contributed by higher patient load and higher intensity cases handled. Higher profit before tax margin of 25% compared to quarter ended 31 August 2017 of 17% was mainly due to lower total operating expenditure during the current quarter.

Review of results for the financial year

	12 months ended	
	31/08/2018	31/08/2017
	RM'000	RM'000
Revenue	169,039	151,712
Profit before taxation	33,440	27,139

For the financial year ended 31 August 2018, the Group recorded revenue of RM169.0 million and profit before taxation of RM33.4 million, a growth of 11% and 23% respectively compared to the financial year ended 31 August 2017. Higher growth rate in profit before taxation compared to revenue is mainly due lower total operating expenditure driven higher EBITDA margin of 23% during the current financial year compared to EBITDA margin of 20% in 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.

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

	3 months ended	
	31/08/2018 RM'000	31/05/2018 RM'000
Revenue	43,194	44,406
Profit before taxation	10,716	7,997

Compared with the immediate preceding quarter ended 31 May 2018, revenue decreased by 3% to RM43.2 million while profit before taxation rose by 34% to RM10.7 million. The lower revenue for the quarter ended 31 August 2018 was mainly affected by school holiday season and the Hari Raya festivities. Higher profit before taxation is mainly due to lower total operating expenditure with higher EBITDA margin of 28% in the current quarter compared to EBITDA margin 21% in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2019

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. The Group's expansion project at Thomson Hospital Kota Damansara has completed piling work in July 2018 and the construction work is progressing on schedule; the Thomson Iskandar Medical Hub in Johor Bahru is in the midst of obtaining the relevant regulatory approvals and is expected to begin piling work by end 2018.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial year ended 31 Aug 2018.

B5 TAXATION

	Current quarter RM'000	12 months ended 31/08/2018 RM'000
In respect of current quarter/ financial year		
- income tax	(1,002)	3,029
- deferred tax	358	2,335
	<u>(644)</u>	<u>5,364</u>
Under provision in respect of prior year		
- income tax	20	20
- deferred tax	-	-
	<u>20</u>	<u>20</u>
	<u>(624)</u>	<u>5,384</u>

The effective tax rate of the Group's current tax charge for the current financial year under review was lower than the statutory tax rate mainly due to the utilisation of previous years' unutilised tax losses and unrecognised investment tax allowances of certain subsidiary company.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 22 October 2018, being the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

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B7 BORROWINGS

The Group's borrowings as at 31 August 2018 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	1,626	92	1,718

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 1.83% for the financial year ended 31 August 2018 (31 August 2017 - 1.67%). The net amount payable is RM3.2 million (31 August 2017: RM2.9 million).

B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		12 months ended	
	31/08/2018	31/08/2017	31/08/2018	31/08/2017
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	11,340	11,096	28,056	26,034
Weighted average number of ordinary shares outstanding (000)	1,736,372	1,734,862	1,736,372	1,734,862
EPS (sen)				
- Basic	0.65	0.64	1.62	1.50
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	11,340	11,096	28,056	26,034
Weighted average number of ordinary shares outstanding (000)	1,736,372	1,734,862	1,736,372	1,734,862
Effect of dilution ('000)	49,638	150,517	49,638	150,517
Adjusted weighted average number of shares ('000)	1,786,010	1,885,379	1,786,010	1,885,379
Diluted EPS (sen)				
- Diluted	0.63	0.59	1.57	1.38

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.

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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	12 months ended 31/08/2018 RM'000
Interest income	2,002	8,008
Other operating income excluding interest income	461	1,268
Interest expense	(22)	(88)
Depreciation	(3,293)	(12,498)
Amortisation of intangible assets	(138)	(377)
Reversal of impairment losses on receivables	609	119
Fair value charges on share options granted under ESOS	(173)	(708)
Property, plant and equipment written off	-	(39)
Loss on disposal of property, plant and equipment	(2)	(14)
Unrealised (loss) / gain on foreign exchange	(144)	54
Realised loss on foreign exchange	(1)	(65)

B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding at 31 August 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 29 October 2018.