



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
30 SEPTEMBER 2022**

Contact

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TMC LIFE SCIENCES BERHAD
Company no. 200301021989 (624409-A)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	3 months ended	
	Current Year To Date 30/09/2022 RM'000	Preceding Year Corresponding Period 30/09/2021 RM'000
Revenue	71,871	52,681
Other operating income	721	382
Inventories and consumables	(18,900)	(17,023)
Staff costs	(22,472)	(18,784)
Other operating expenses	(14,790)	(8,941)
Depreciation and amortisation	(6,240)	(3,408)
Interest income	597	527
Finance costs	(2,059)	(111)
Profit before taxation	8,728	5,323
Taxation	(2,500)	(1,277)
Profit for the financial period, representing total comprehensive income for the financial period	6,228	4,046
Profit for the financial period, representing total comprehensive income for the financial period attributable to:-		
Owners of the parent	6,228	4,046
Profit per ordinary share attributable to the owners of the parent (sen)		
Basic	0.36	0.23
Diluted	0.36	0.23

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 30 SEPTEMBER 2022

	Attributable to owners of the parent			Total attributable to owners of the parent RM'000	Total equity RM'000
	Non-distributable	Distributable			
	Share options reserve RM'000	Retained profits RM'000	Share capital RM'000		
Balance at 1 July 2022	625,986	1,710	199,692	827,388	827,388
Total comprehensive income	-	-	6,228	6,228	6,228
Transactions with owners					
Share options granted under ESOS	-	32	-	32	32
Total transactions with owners	-	32	-	32	32
Balance at 30 September 2022	625,986	1,742	205,920	833,648	833,648
Balance at 1 July 2021	625,986	3,668	159,967	789,621	789,621
Total comprehensive income	-	-	41,389	41,389	41,389
Transactions with owners					
Share options granted under ESOS	-	236	-	236	236
Transfer within reserve for ESOS forfeited	-	(2,194)	2,194	-	-
Dividend paid	-	-	(3,858)	(3,858)	(3,858)
Total transactions with owners	-	(1,958)	(1,664)	(3,622)	(3,622)
Balance at 30 June 2022	625,986	1,710	199,692	827,388	827,388

The unaudited 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
Company no. 200301021989 (624409-A)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	As At 30/09/2022 Unaudited RM'000	As At 30/06/2022 Audited RM'000
Non-current assets		
Property, plant and equipment	717,513	728,448
Intangible assets	206,792	194,727
Investment property	2,204	2,218
Deferred tax assets	488	2,911
Total non-current assets	926,997	928,304
Current assets		
Inventories	15,322	10,878
Trade and other receivables	47,801	41,175
Tax recoverable	11,691	11,358
Cash and bank balances	148,857	141,135
Total current assets	223,671	204,546
TOTAL ASSETS	1,150,668	1,132,850
Current liabilities		
Trade and other payables	80,944	80,026
Borrowings	12,228	8,481
Lease liabilities	1,840	1,554
Provision	86	212
Income tax payable	-	9
Total current liabilities	95,098	90,282
NET CURRENT ASSETS	128,573	114,264
Non-current liabilities		
Borrowings	204,850	198,378
Lease liabilities	2,216	2,029
Provision	468	384
Deferred tax liabilities	14,388	14,389
Total non-current liabilities	221,922	215,180
TOTAL LIABILITIES	317,020	305,462
NET ASSETS	833,648	827,388
Represented by:		
Equity attributable to owners of the parent		
Share capital	625,986	625,986
Reserves	1,742	1,710
Retained profits	205,920	199,692
TOTAL EQUITY	833,648	827,388
Net assets per share (RM)	0.48	0.47

The unaudited 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.

TMC LIFE SCIENCES BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	Current Year To Date 30/09/2022 RM'000	Preceding Year Corresponding Period 30/09/2021 RM'000
Cash flows from operating activities		
Profit before tax	8,728	5,323
Adjustments for :-		
Non-cash items	6,960	3,723
Interest expense	2,059	111
Interest income	(597)	(527)
Operating profit before changes in working capital	17,150	8,630
Changes in working capital		
Net change in current assets	(11,770)	(9,852)
Net change in current liabilities	904	(9,073)
Cash generated from / (used in) operations	6,284	(10,295)
Interest paid	(1,997)	(1,399)
Net income tax paid	(418)	(774)
Net cash flows generated from / (used in) operating activities	3,869	(12,468)
Cash flows (used in) / generated from investing activities		
Acquisition of property, plant and equipment	(6,293)	(5,427)
Acquisition of intangible assets	(144)	-
Proceeds from disposal of property, plant and equipment	2	-
(Placement)/Uplift of deposits placed with:-		
- financial institutions with original maturity of more than three (3) months	-	6,210
- deposits pledged	(100)	(18)
- cash restricted in use	(540)	-
Interest received	597	527
Net cash flows (used in) / generated from investing activities	(6,478)	1,292
Cash flows generated from / (used in) financing activities		
Payment of lease liabilities	(512)	(449)
Drawdown of term loans	10,448	-
Repayment of term loans	(24)	(24)
Repayment of hire purchase	(221)	(221)
Net cash flows generated from / (used in) financing activities	9,691	(694)
Net increase / (decrease) in cash & cash equivalents	7,082	(11,870)
Cash & cash equivalents at beginning of the financial period	98,886	105,327
Cash & cash equivalents at end of the financial period	105,968	93,457
Cash & cash equivalents at end of the financial period		
Cash at banks and on hand	74,012	63,394
Deposits with licenced banks	74,845	58,450
	148,857	121,844
Less: Deposits with licenced banks (for more than 3 months)	(39,978)	(26,478)
Deposit pledged to a licenced bank	(700)	(566)
Cash restricted in use	(2,211)	(1,343)
	105,968	93,457

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 30 SEPTEMBER 2022**

**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 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 preceding 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

No dividend was paid during the financial period ended 30 September 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 September 2022 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

	30/09/2022	30/06/2022
	RM'000	RM'000
<u>Unsecured</u>		
Corporate guarantees given to licensed bank for banking facility granted to wholly-owned subsidiaries	217,077	206,859
Letter of guarantee given to suppliers	3,814	4,523
	<u>220,891</u>	<u>211,382</u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 30 September 2022 is as follows:

	30/09/2022	30/06/2022
	RM'000	RM'000
Approved and contracted for	<u>70,721</u>	<u>71,894</u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

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 September 2022 versus 3 months ended 30 September 2021)

	3 months ended	
	30/09/2022	30/09/2021
	RM'000	RM'000
Revenue	71,871	52,681
Profit before taxation	8,728	5,323

The Group recorded revenue of RM71.9 million for the quarter ended 30 September 2022 increased by 36% compared to the corresponding period in the previous year. The increase in revenue was due to increased capacity at Thomson Hospital Kota Damansara (“THKD”) and higher patient load in fertility business.

Hospital and fertility recorded revenue of RM62.8 million (2021:RM45.9 million) and RM8.7 million (2021: RM5.6 million), respectively for quarter ended 30 September 2022.

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, interest rate and currency movement.

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

(3 months ended 30 September 2022 versus 3 months ended 30 June 2022)

	3 months ended	
	30/09/2022	30/06/2022
	RM'000	RM'000
Revenue	71,871	70,795
Profit before taxation	8,728	10,351

Compared with the immediate preceding quarter ended 30 June 2022, profit before taxation decreased by 16% mainly due to higher staff cost and interest expense.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023

The increased capacity in THKD and recovery of fertility business is expected to contribute positively to the growth of the Group. However, we anticipate some headwinds from possible further increases in interest rate and inflation.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 30 September 2022.

B5 TAXATION

	Individual quarter	
	30/09/2022	30/09/2021
	RM'000	RM'000
In respect of current quarter/ financial period		
- income tax	75	1,571
- deferred tax	2,425	(294)
	<u>2,500</u>	<u>1,277</u>

The effective tax rate of the Group is at the statutory rate of 24%.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 9 November 2022, 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 September 2022			
Secured - Denominated in Ringgit Malaysia	<u>204,850</u>	<u>12,228</u>	<u>217,078</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 RM2,875,000 (30 June 2022: RM3,095,000).

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 30 September 2021: NIL).

B10 EARNINGS PER SHARE (EPS)

	Individual quarter	
	30/09/2022	30/09/2021
(a) Basic EPS		
Net profit attributable to owners of the parent (RM'000)	6,228	4,046
Weighted average number of ordinary shares in issue ('000)	1,741,882	1,741,882
EPS (sen)		
- Basic	0.36	0.23
(b) Diluted EPS		
Net profit attributable to owners of the parent (RM'000)	6,228	4,046
Weighted average number of ordinary shares in issue ('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	0.36	0.23

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 ended 30 September 2022, 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
	30/09/2022 RM'000
Interest income	597
Interest expense	(2,059)
Depreciation of property, plant and equipment, investment property and right-of-use assets	(5,697)
Amortisation of intangible assets	(543)
Impairment loss on receivables	(210)
Fair value charges on share options granted under ESOS	(32)
Property, plant and equipment written off	(12)
Loss on disposal of property, plant and equipment	(7)
Inventories written off	(489)
Reversal of provision of restoration	30

B13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group did not enter into any derivative financial instruments which were outstanding as at 30 September 2022 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 16 November 2022.