



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 DECEMBER 2022**

Contact

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Individual Quarter		6 months ended	
	Current Year Quarter 31/12/2022 RM'000	Preceding Year Quarter 31/12/2021 RM'000	Current Year To Date 31/12/2022 RM'000	Preceding Year Corresponding Period 31/12/2021 RM'000
Revenue	73,341	59,217	145,212	111,898
Other operating income	612	381	1,333	763
Inventories and consumables	(23,316)	(18,265)	(42,216)	(35,288)
Staff costs	(23,031)	(19,928)	(45,503)	(38,712)
Other operating expenses	(11,917)	(9,816)	(26,707)	(18,757)
Depreciation and amortisation	(6,300)	(2,924)	(12,540)	(6,332)
	757	499	1,354	1,026
Finance costs	(2,464)	(116)	(4,523)	(227)
Profit before taxation	7,682	9,048	16,410	14,371
Taxation	(2,192)	(2,143)	(4,692)	(3,420)
Profit for the financial period, representing total comprehensive income for the financial period	5,490	6,905	11,718	10,951
Profit for the financial period, representing total comprehensive income for the financial period attributable to:-				
Owners of the parent	5,490	6,905	11,718	10,951
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.32	0.40	0.67	0.63
Diluted	0.32	0.40	0.67	0.63

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Attributable to owners of the parent			Total attributable to owners of the parent RM'000	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	827,388
Total comprehensive income	-	-	11,718	11,718	11,718
Transactions with owners					
Share options granted under ESOS	-	63	-	63	63
Dividend paid	-	-	(4,813)	(4,813)	(4,813)
Total transactions with owners	-	63	(4,813)	(4,750)	(4,750)
Balance at 31 December 2022	625,986	1,773	206,597	834,356	834,356
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 31 DECEMBER 2022

	As At 31/12/2022 Unaudited RM'000	As At 30/06/2022 Audited RM'000
Non-current assets		
Property, plant and equipment	718,519	728,448
Intangible assets	207,185	194,727
Investment property	2,189	2,218
Deferred tax assets	-	2,911
Total non-current assets	927,893	928,304
Current assets		
Inventories	14,320	10,878
Trade and other receivables	50,390	41,175
Tax recoverable	11,651	11,358
Cash and bank balances	140,415	141,135
Total current assets	216,776	204,546
TOTAL ASSETS	1,144,669	1,132,850
Current liabilities		
Trade and other payables	73,341	80,026
Borrowings	15,977	8,481
Lease liabilities	1,729	1,554
Provision	86	212
Income tax payable	8	9
Total current liabilities	91,141	90,282
NET CURRENT ASSETS	125,635	114,264
Non-current liabilities		
Borrowings	200,874	198,378
Lease liabilities	1,821	2,029
Provision	469	384
Deferred tax liabilities	16,008	14,389
Total non-current liabilities	219,172	215,180
TOTAL LIABILITIES	310,313	305,462
NET ASSETS	834,356	827,388
Represented by:		
Equity attributable to owners of the parent		
Share capital	625,986	625,986
Reserves	1,773	1,710
Retained profits	206,597	199,692
TOTAL EQUITY	834,356	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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Current Year To Date 31/12/2022 RM'000	Preceding Year Corresponding Period 31/12/2021 RM'000
Cash flows from operating activities		
Profit before tax	16,410	14,371
Adjustments for :-		
Non-cash items	13,609	6,975
Interest expense	4,523	227
Interest income	(1,354)	(1,026)
Operating profit before changes in working capital	33,188	20,547
Changes in working capital		
Net change in current assets	(13,674)	(3,328)
Net change in current liabilities	(6,697)	(15,640)
Cash generated from operations	12,817	1,579
Interest paid	(4,401)	(2,871)
Net cash flows generated from / (used in) operating activities	8,416	(1,292)
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(13,906)	(26,564)
Acquisition of intangible assets	(255)	-
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	(37)	6,210
- deposits pledged	(100)	(52)
- cash restricted in use	(540)	(234)
Interest received	1,354	1,026
Net cash flows used in investing activities	(13,482)	(19,614)
Cash flows generated from financing activities		
Share issuance expenses		
Dividend paid	(4,813)	(3,858)
Payment of lease liabilities	(1,023)	(1,002)
Drawdown of term loans	10,448	27,542
Repayment of term loans	(47)	(49)
Repayment of hire purchase	(441)	(442)
Net cash flows generated from financing activities	4,124	22,191
Net decrease in cash & cash equivalents	(942)	1,285
Cash & cash equivalents at beginning of the financial period	98,886	105,327
Cash & cash equivalents at end of the financial period	97,944	106,612
Cash & cash equivalents at end of the financial period		
Cash at banks and on hand	71,862	77,118
Deposits with licenced banks	68,553	56,243
	140,415	133,361
Less: Deposits with licenced banks (for more than 3 months)	(40,015)	(26,478)
Deposit pledged to a licenced bank	(700)	(600)
Cash restricted in use	(2,211)	(1,577)
	97,489	104,706

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 31 DECEMBER 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
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 period ended 31 December 2022, 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 31 December 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	31/12/2022	30/06/2022
	RM'000	RM'000
<u>Unsecured</u>		
Corporate guarantees given to licensed bank for banking facility granted to wholly-owned subsidiaries	216,851	206,859
Letter of guarantee given to suppliers	4,699	4,523
	<u>221,550</u>	<u>211,382</u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 31 December 2022 is as follows:

	31/12/2022	30/06/2022
	RM'000	RM'000
Approved and contracted for	<u>66,736</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 31 DECEMBER 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 31 December 2022 versus 3 months ended 31 December 2021)

	3 months ended	
	31/12/2022	31/12/2021
	RM'000	RM'000
Revenue	73,341	59,217
Profit before taxation	7,682	9,048

The Group recorded revenue of RM73.3 million and profit before taxation of RM7.7 million for the quarter ended 31 December 2022. Revenue increased by 24% due to increase in Thomson Hospital Kota Damansara (“THKD”) capacity and recovery of fertility business. Profit before taxation decreased despite higher revenue achieved due to depreciation and interest expense.

Hospital and fertility recorded revenue of RM64.3 million (2021: RM51.8 million) and RM8.6 million (2021: RM6.6 million), respectively for quarter ended 31 December 2022.

Review of results for the financial period (6 months ended 31 December 2022 versus 6 months ended 31 December 2021)

	6 months ended	
	31/12/2022	31/12/2021
	RM'000	RM'000
Revenue	145,212	111,898
Profit before taxation	16,410	14,371

For the financial period ended 31 December 2022, the Group recorded 30% increase in revenue to RM145.2 million and profit before taxation increased by 14% to RM16.4 million compared to same period ended 31 December 2021. Revenue and profit before taxation increase was due to increased capacity at THKD and higher fertility revenue.

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 31 December 2022 versus 3 months ended 30 September 2022)**

	3 months ended	
	31/12/2022	30/09/2022
	RM'000	RM'000
Revenue	73,341	71,871
Profit before taxation	7,682	8,728

Compared with the immediate preceding quarter ended 30 September 2022, revenue increased by 2%, however, profit before taxation decreased by 12%. Higher revenue was contributed by the increase in hospital revenue while decrease in profit before taxation was due to higher staff costs and interest expense.

Hospital and fertility recorded revenue of RM64.3 million and RM8.6 million for quarter ended 31 December 2022 compared to RM62.8 million and RM8.7 million recorded in the immediate preceding quarter, respectively.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023

The Group is monitoring the global economic issues, particularly inflation that might impact the Group's performance. Barring any unforeseen headwinds, the increased capacity in THKD and recovery of fertility business are expected to contribute positively to the growth of the Group going forward.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 31 December 2022.

B5 TAXATION

	Individual quarter		6 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter/ financial period				
- income tax	85	1,118	162	2,690
- deferred tax	2,107	1,025	4,530	730
	<u>2,192</u>	<u>2,143</u>	<u>4,692</u>	<u>3,420</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 1 February 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 31 December 2022			
Secured - Denominated in Ringgit Malaysia	<u>200,874</u>	<u>15,977</u>	<u>216,851</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 RM2,655,000 (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 31 December 2021: NIL).

B10 EARNINGS PER SHARE (EPS)

	Individual quarter		6 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	5,490	6,905	11,718	10,951
Weighted average number of ordinary shares in issue ('000)	1,741,882	1,741,882	1,741,882	1,741,882
EPS (sen)				
- Basic	0.32	0.40	0.67	0.63
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	5,490	6,905	11,718	10,951
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	0.32	0.40	0.67	0.63

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 31 December 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	6 months ended
	31/12/2022	31/12/2022
	RM'000	RM'000
Interest income	757	1,354
Interest expense	(2,464)	(4,523)
Depreciation of property, plant and equipment, investment property and right-of-use assets	(5,874)	(11,571)
Amortisation of intangible assets	(426)	(969)
Impairment loss on receivables	(210)	(420)
Fair value charges on share options granted under ESOS	(31)	(63)
Property, plant and equipment written off	(1)	(13)
Loss on disposal of property, plant and equipment	-	(7)
Inventories written off	(107)	(596)
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 31 December 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 8 February 2023.