



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 MARCH 2023**

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 MARCH 2023

	Individual Quarter		9 months ended	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Revenue	81,580	61,081	226,791	172,979
Other operating income	1,704	550	3,037	1,313
Inventories and consumables	(23,420)	(19,157)	(65,636)	(54,445)
Staff costs	(24,769)	(20,526)	(70,272)	(59,238)
Other operating expenses	(14,747)	(11,324)	(41,453)	(30,081)
Depreciation and amortisation	(6,862)	(3,513)	(19,402)	(9,845)
Interest income	816	451	2,170	1,477
Finance costs	(2,407)	(104)	(6,930)	(331)
Profit before taxation	11,895	7,458	28,305	21,829
Taxation	2,399	(489)	(2,293)	(3,909)
Profit for the financial period, representing total comprehensive income for the financial period	14,294	6,969	26,012	17,920
Profit for the financial period, representing total comprehensive income for the financial period attributable to:-				
Owners of the parent	14,294	6,969	26,012	17,920
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.82	0.40	1.49	1.03
Diluted	0.82	0.40	1.49	1.03

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 31 MARCH 2023

	Attributable to owners of the parent			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
Profit for the financial period, representing total comprehensive income for the financial period	-	-	26,012	26,012
Transactions with owners				
Share options granted under ESOS	-	95	-	95
Dividend paid	-	-	(4,813)	(4,813)
Total transactions with owners	-	95	(4,813)	(4,718)
Balance at 31 March 2023	625,986	1,805	220,891	848,682
Balance at 1 July 2021	625,986	3,668	159,967	789,621
Profit for the financial period, representing total comprehensive income for the financial year	-	-	41,389	41,389
Transactions with owners				
Share options granted under ESOS	-	236	-	236
Transfer within reserve for ESOS forfeited	-	(2,194)	2,194	-
Dividend paid	-	-	(3,858)	(3,858)
Total transactions with owners	-	(1,958)	(1,664)	(3,622)
Balance at 30 June 2022	625,986	1,710	199,692	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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	As At 31/03/2023 Unaudited RM'000	As At 30/06/2022 Audited RM'000
Non-current assets		
Property, plant and equipment	716,548	728,448
Intangible assets	205,871	194,727
Investment property	2,174	2,218
Deferred tax assets	1,059	2,911
Total non-current assets	925,652	928,304
Current assets		
Inventories	14,038	10,878
Trade and other receivables	64,157	41,175
Tax recoverable	11,424	11,358
Cash and bank balances	151,940	141,135
Total current assets	241,559	204,546
TOTAL ASSETS	1,167,211	1,132,850
Current liabilities		
Trade and other payables	80,763	80,026
Borrowings	15,979	8,481
Lease liabilities	1,636	1,554
Provision	86	212
Income tax payable	11	9
Total current liabilities	98,475	90,282
NET CURRENT ASSETS	143,084	114,264
Non-current liabilities		
Borrowings	203,684	198,378
Lease liabilities	1,548	2,029
Provision	469	384
Deferred tax liabilities	14,353	14,389
Total non-current liabilities	220,054	215,180
TOTAL LIABILITIES	318,529	305,462
NET ASSETS	848,682	827,388
Represented by:		
Equity attributable to owners of the parent		
Share capital	625,986	625,986
Reserves	1,805	1,710
Retained profits	220,891	199,692
TOTAL EQUITY	848,682	827,388
Net assets per share (RM)	0.49	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 MARCH 2023

	Current Year To Date 31/03/2023 RM'000	Preceding Year Corresponding Period 31/03/2022 RM'000
Cash flows from operating activities		
Profit before tax	28,305	21,829
Adjustments for :-		
Non-cash items	21,531	10,774
Interest expense	6,930	331
Interest income	(2,170)	(1,477)
Operating profit before changes in working capital	54,596	31,457
Changes in working capital		
Net change in current assets	(28,187)	(5,919)
Net change in current liabilities	723	(13,694)
Cash generated from operations	27,132	11,844
Interest paid	(6,753)	(4,467)
Net income tax paid	(539)	(4,332)
Net cash flows generated from operating activities	19,840	3,045
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(16,468)	(36,550)
Acquisition of intangible assets	(1,132)	-
Proceeds from disposal of property, plant and equipment	3	-
Uplift/(Placement) of deposits placed with:-		
- financial institutions with original maturity of more than three (3) months	963	(3,790)
- deposits pledged	(100)	(52)
- cash restricted in use	(709)	(328)
Interest received	2,170	1,477
Net cash flows used in investing activities	(15,273)	(39,243)
Cash flows generated from financing activities		
Dividend paid	(4,813)	(3,858)
Payment of lease liabilities	(1,551)	(1,535)
Drawdown of term loans	17,239	38,936
Repayment of term loans	(3,821)	(74)
Repayment of hire purchase	(662)	(663)
Net cash flows generated from financing activities	6,392	32,806
Net increase / (decrease) in cash & cash equivalents	10,959	(3,392)
Cash & cash equivalents at beginning of the financial period	98,886	105,327
Cash & cash equivalents at end of the financial period	109,845	101,935
Cash & cash equivalents at end of the financial period		
Cash at banks and on hand	82,842	67,401
Deposits with licenced banks	69,098	73,283
	151,940	140,684
Less: Deposits with licensed banks (for more than 3 months)	(39,015)	(36,478)
Deposit pledged to a licenced bank	(700)	(600)
Cash restricted in use	(2,380)	(1,671)
	109,845	101,935

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 MARCH 2023**

**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 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 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

During the financial period ended 31 March 2023, 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 March 2023 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	31/03/2023	30/06/2022
	RM'000	RM'000
<u>Unsecured</u>		
Corporate guarantees given to licensed bank for banking facility granted to wholly-owned subsidiaries	219,663	206,859
Letter of guarantee given to suppliers	4,893	4,523
	<u>224,556</u>	<u>211,382</u>

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 31 March 2023 is as follows:

	31/03/2023	30/06/2022
	RM'000	RM'000
Approved and contracted for	<u>34,255</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 MARCH 2023**

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 March 2023 versus 3 months ended 31 March 2022)

	3 months ended	
	31/03/2023	31/03/2022
	RM'000	RM'000
Revenue	81,580	61,081
Profit before taxation	11,895	7,458

The Group recorded revenue of RM81.6 million and profit before taxation of RM11.9 million for the quarter ended 31 March 2023. Compared to the previous corresponding quarter, revenue and profit before taxation increased by 34% and 59%, respectively. The increase in profit before taxation was attributed to the increase in capacity of Thomson Hospital Kota Damansara (“THKD”) and recovery of fertility business which led to higher revenue.

Hospital and fertility recorded revenue of RM72.2 million (2022: RM53.7 million) and RM8.8 million (2022: RM6.8 million), respectively for quarter ended 31 March 2023.

Review of results for the financial period (9 months ended 31 March 2023 versus 9 months ended 31 March 2022)

	9 months ended	
	31/03/2023	31/03/2022
	RM'000	RM'000
Revenue	226,791	172,979
Profit before taxation	28,305	21,829

For the financial period ended 31 March 2023, the Group recorded 31% increase in revenue to RM226.8 million and profit before taxation increased by 30% to RM28.3 million compared to same period ended 31 March 2022. Revenue and profit before taxation increase due to increased capacity at THKD and higher fertility revenue.

Hospital and fertility recorded revenue of RM199.2 million (2022: RM151.5 million) and RM26.2 million (2022: RM19.0 million), respectively for period ended 31 March 2023.

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 March 2023 versus 3 months ended 31 December 2022)**

	3 months ended	
	31/03/2023	31/12/2022
	RM'000	RM'000
Revenue	81,580	73,341
Profit before taxation	11,895	7,682

Compared with the immediate preceding quarter ended 31 December 2022, revenue and profit before taxation increased by 11% and 55%, respectively. Higher revenue was contributed by the increase in hospital and fertility revenue.

Hospital and fertility recorded revenue of RM72.2 million and RM8.8 million for quarter ended 31 March 2023 compared to RM64.3 million and RM8.6 million recorded in the immediate preceding quarter, respectively.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023

The Group is monitoring the development of global economic issues, and will adjust business strategy as appropriate for any adverse impact to the Group's performance. The increased capacity in THKD and recovery of fertility business are poised 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 March 2023.

B5 TAXATION

	Individual quarter		9 months ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense	314	423	476	3,112
Deferred tax (credit)/expense	(2,713)	66	1,817	797
	<u>(2,399)</u>	<u>489</u>	<u>2,293</u>	<u>3,909</u>

The effective tax rate of the Group is lower than the statutory tax rate mainly due to recognition of tax credits arising from the investment tax allowance during the quarter.

B6 STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at 16 May 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 March 2023			
Secured - Denominated in Ringgit Malaysia	<u>203,684</u>	<u>15,979</u>	<u>219,663</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 RM2,434,000 (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 March 2022: NIL).

B10 EARNINGS PER SHARE (EPS)

	Individual quarter		9 months ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	14,294	6,969	26,012	17,920
Weighted average number of ordinary shares in issue ('000)	1,741,882	1,741,882	1,741,882	1,741,882
EPS (sen)				
- Basic	0.82	0.40	1.49	1.03
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	14,294	6,969	26,012	17,920
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	0.82	0.40	1.49	1.03

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 March 2023, 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	9 months ended
	31/03/2023	31/03/2023
	RM'000	RM'000
Interest income	816	2,170
Interest expense	(2,407)	(6,930)
Depreciation of property, plant and equipment, investment property and right-of-use assets	(5,922)	(17,493)
Amortisation of intangible assets	(940)	(1,909)
Impairment loss on receivables	(1,010)	(1,430)
Fair value charges on share options granted under ESOS	(32)	(95)
Property, plant and equipment written off	-	(13)
Loss on disposal of property, plant and equipment	-	(7)
Inventories written off	(18)	(614)
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 March 2023 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 23 May 2023.