



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 AUGUST 2013**

Contact

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TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 AUGUST 2013**

	3 months ended	
	31.08.2013	31.08.2012
	RM'000	RM'000
Continuing Operations		
Revenue	19,143	16,402
Cost of sales	(7,031)	(5,564)
Gross profit	12,112	10,838
Other operating income	106	114
Operating expenses	(10,716)	(8,892)
Profit from operations	1,502	2,060
Depreciation	(1,970)	(1,856)
Interest income	178	71
Finance costs	(26)	(127)
(Loss) / Profit before tax	(316)	148
Taxation	(52)	(34)
(Loss) / Profit from continuing operations	(368)	114
Discontinued Operations		
Profit from discontinued operations, net of tax	-	2,673
(Loss) / Profit after taxation	(368)	2,787
Other comprehensive income, net of tax :-		
Foreign currency translations	10	5
Total comprehensive (loss) / income for the period	(358)	2,792
(Loss) / Profit attributable to :-		
Owners of the parent	(368)	2,787
Non-controlling interest	-	-
	(368)	2,787
Total comprehensive (loss) / income attributable to :-		
Owners of the parent	(358)	2,792
Non-controlling interest	-	-
	(358)	2,792
(Loss) / Profit per ordinary share attributable to the owners of the parent (sen)		
Basic		
- from continuing operations	(0.05)	0.02
- from discontinued operations	-	0.36
	(0.05)	0.38
Diluted		
- from continuing operations	Anti-dilutive	0.01
- from discontinued operations	-	0.26
	Anti-dilutive	0.27

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 AUGUST 2013**

	Attributable to owners of the parent					Total attributable to owners of the parents 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	Accumulated losses RM'000			
Balance at 1 June 2013	80,237	33,159	28,083	51	(10,219)	131,311	-	131,311
Total comprehensive loss	-	-	-	10	(368)	(358)	-	(358)
Balance at 31 August 2013	80,237	33,159	28,083	61	(10,587)	130,953	-	130,953
Balance at 1 June 2012	80,237	33,159	28,083	10	(21,300)	120,189	-	120,189
Total comprehensive income	-	-	-	41	11,081	11,122	-	11,122
Transactions with owners								
Ordinary shares issued								
- conversion of warrants	*	*	*	-	-	*	-	*
Balance at 31 May 2013	80,237	33,159	28,083	51	(10,219)	131,311	-	131,311

* Insignificant amount

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 May 2013 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD (624409-A)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 AUGUST 2013**

	As At 31.08.2013 Unaudited RM'000	As At 31.05.2013 Audited RM'000
Non-current assets		
Property, plant and equipment	109,560	110,538
Total non-current assets	109,560	110,538
Current assets		
Inventories	3,649	3,641
Trade and other receivables	15,832	14,859
Current tax assets	587	1,550
Cash and cash equivalents	26,982	25,894
Total current assets	47,050	45,944
TOTAL ASSETS	156,610	156,482
Equity attributable to owners of the parent		
Share capital	80,237	80,237
Accumulated losses	(10,587)	(10,219)
Reserves	61,303	61,293
	130,953	131,311
Non-controlling interest	-	-
TOTAL EQUITY	130,953	131,311
Non-current liabilities		
Borrowings	2,026	2,045
Other deferred liabilities	2,882	2,882
Total non-current liabilities	4,908	4,927
Current liabilities		
Trade and other payables	20,639	20,156
Borrowings	79	79
Current tax liabilities	31	9
Total current liabilities	20,749	20,244
TOTAL EQUITY AND LIABILITIES	156,610	156,482
Net assets per share (RM)	0.16	0.16

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD (624409-A)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 AUGUST 2013**

	Current Year-to-date 31.08.2013 RM'000	Comparative Year-to-date 31.08.2012 RM'000
Cash flows from operating activities		
(Loss) / Profit before tax		
- From continuing operations	(316)	148
- From discontinued operations	-	(526)
	<u>(316)</u>	<u>(378)</u>
Adjustment for non-cash flow items :-		
Non-cash items	1,970	1,856
Interest paid	26	127
Interest income	(178)	(71)
	<u>1,502</u>	<u>1,534</u>
Operating profit before changes in working capital		
Changes in working capital		
Net change in current assets	(980)	763
Net change in current liabilities	469	(382)
	<u>991</u>	<u>1,915</u>
Cash flows from operating activities		
Interest paid	(26)	(127)
Income tax refunded, net of tax paid	932	60
	<u>1,897</u>	<u>1,848</u>
Net cash flows from operating activities		
Cash flows (used in) / from investing activities		
Acquisition of property plant and equipment	(992)	(531)
Net cash inflow from disposal of subsidiaries	-	683
Interest received	178	71
	<u>(814)</u>	<u>223</u>
Cash flows used in from financing activities		
Repayment of term loans	(15)	(44)
Repayment of hire purchase	(4)	(4)
	<u>(19)</u>	<u>(48)</u>
Net change in cash & cash equivalents	<u>1,064</u>	<u>2,023</u>
Cash & cash equivalents at beginning of the financial period	25,894	14,303
Exchange rate effects	24	14
Cash & cash equivalents at end of the financial period	<u>26,982</u>	<u>16,340</u>
Cash & cash equivalents at end of the financial period		
Short term deposits	12,221	853
Cash and bank balances	14,761	15,487
	<u>26,982</u>	<u>16,340</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 AUGUST 2013**

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”)

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 Company for the year ended 31 May 2013. 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 and performance of the Company since the year ended 31 May 2013.

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 June 2013.

The initial application of the MFRSs, amendments and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

A2 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group is not significantly affected by any seasonal or cyclical factors.

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

No dividend was paid during the financial period ended 31 August 2013.

A7 SEGMENTAL INFORMATION

The Group operates mainly in Malaysia and currently 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

Except for those disclosed in note B6, there were no other material event subsequent to 31 August 2013 and up to the date of this report.

A9 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review.

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A10 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided corporate guarantees to licensed financial institutions for banking facilities, and suppliers amounting to RM2.3 million and RM2.4 million respectively. The guarantees were granted for the benefit of the Company's subsidiaries. Arising from this, the Company is contingently liable for the amount utilized by its subsidiaries of approximately RM2.4 million as at 31 August 2013.

A11 CAPITAL COMMITMENTS

There was no capital commitment not provided for in the financial quarter as at 31 August 2013.

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 AUGUST 2013**

**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	
	31.08.2013	31.08.2012
	RM'000	RM'000
Revenue	19,143	16,402
(Loss) / Profit before taxation	(316)	148

Revenue rose 17% to RM19.1 million compared to the previous corresponding quarter mainly due to higher patient load with increased bed capacity and more variety of disciplines offered. However, loss before taxation was recorded in current quarter as opposed to the profit before taxation recorded for the same quarter last year, mainly due to higher operating expenses incurred to manage and maintain expanded capacity and additional services in the current period in anticipation of workload growth.

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 and variety of services offered by the Group.

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

	3 months ended	
	31.08.2013	31.05.2013
	RM'000	RM'000
Revenue	19,143	20,569
(Loss) / Profit before taxation	(316)	850

For current financial quarter, revenue decreased by 7% to RM19.1 million and loss before taxation of RM0.3 million was recorded. Lower revenue for the current quarter was mainly due to the festive and school holidays and patient load was low.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MAY 2014

The Group continues to focus on building the business through expanding the existing medical and surgical services and adding new sub-specialised services, by increasing the number of specialists and sub-specialists medical consultants. Leveraging on the aggressive campaigns by the Government in promoting medical tourism, the Group will intensify marketing our fertility services in the Asia region to increase the number of foreign patients. Major challenges that the Group is facing are increased business costs due to healthcare inflation as well as the commencement of operation by competitors in nearby locations. The Board of Directors remains confident of the prospects of the Group and is of the opinion that the performance will continue to improve in tandem with the increasing breadth and depth of the services we offer.

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B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 31 August 2013.

B5 TAXATION

	Current quarter 31.08.2013 RM'000
In respect of current financial year	
- income taxation	2
- deferred taxation	-
	<u>2</u>
Under / (over) provision in respect of prior period	
- income taxation	50
- deferred taxation	-
	<u>50</u>
	<u>52</u>

The effective tax rate of the Group's current tax charge for the current period under review was lower than the statutory tax rate mainly due to the losses made coupled with the tax exemption pursuant to the BioNexus incentive enjoyed by a subsidiary who has been granted the BioNexus Status by the Malaysian Biotechnology Corporation Sdn Bhd.

B6 STATUS OF CORPORATE PROPOSAL

(1) Further to the announcements dated 18 September 2008 and the various subsequent announcements on the extension of the Memorandum Of Understanding (“MOU”) in relation to the proposed establishment of a formal relationship to jointly carry out activities relating to the design, constructing, furnishing, equipping and operating of a hospital in or near Hanoi, Vietnam, on 18 September 2013, the Company announced that the said MOU had expired on 17 September 2013 and would not be extended.

(2) Status of utilisation of proceeds

The status of utilisation of the gross proceeds raised from rights issue as at 25 October 2013 is as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation Amount RM'000	Intended timeframe for Utilisation	Extended timeframe for Utilisation By
Repayment of borrowings	38,960	38,960	-	Within 18 months	-
Capital expenditure	10,000	4,997	5,003	Within 18 months	21 June 2014
Working capital	10,218	10,218	-	Within 18 months	-
Estimated expenses for the rights issue	1,000	1,000	-	Within 3 months	-
Total	<u>60,178</u>	<u>55,175</u>	<u>5,003</u>		

B7 BORROWINGS

The Group's borrowings as at 31 May 2013 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	2,026	79	2,105

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B8 MATERIAL LITIGATION

There were no material litigations 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 August 2012: NIL).

B10 EARNINGS/ (LOSS) PER SHARE (EPS/LPS)

	3 months ended	
	31.08.2013	31.08.2012
(a) Basic EPS / (LPS)		
Net (loss) / profit attributable to owners of the parent (RM'000)		
- From continuing operations	(368)	114
- From discontinued operations	-	2,673
	<u>(368)</u>	<u>2,787</u>
Weighted average number of ordinary shares outstanding (000)	802,373	740,821
EPS / (LPS) (sen)		
- From continuing operations	(0.05)	0.02
- From discontinued operations	-	0.36
	<u>(0.05)</u>	<u>0.38</u>
(b) Diluted EPS		
Net (loss) / profit attributable to owners of the parent (RM'000)		
- From continuing operations	(368)	114
- From discontinued operations	-	2,673
	<u>(368)</u>	<u>2,787</u>
Weighted average number of ordinary shares outstanding (000)	802,373	740,821
Effect of dilution ('000)	401,186	278,083
Adjusted weighted average number of shares ('000)	<u>1,203,560</u>	<u>1,018,904</u>
Diluted EPS / (LPS) (sen)		
- From continuing operations	Anti-dilutive	0.01
- From discontinued operations	-	0.26
	<u>Anti-dilutive</u>	<u>0.27</u>

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 ended 31 May 2013, 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.

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B12 NOTE TO STATEMENT OF COMPREHENSIVE INCOME

	Current quarter 31.08.2013 RM'000
Interest income	178
Other operating income excluding interest income	106
Interest expense	(26)
Depreciation and amortisation	(1,970)
Provision for and write off of receivables	-
Provision for and write off of inventories	-
Gain or loss on disposal of quoted or unquoted investments or properties	-
Impairment of assets	-
Foreign exchange gain / (loss)	(6)
Gain or loss on derivatives	-
Exceptional items	-
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B13 REALISED AND UNREALISED PROFITS/(LOSSES)

	31.08.2013 RM'000	31.05.2013 RM'000 (Audited)
Total accumulated losses:		
- realised	(7,780)	(7,114)
- unrealised	(2,807)	(3,105)
As at 31 August 2013 / 31 May 2013	<hr/> <hr/>	<hr/> <hr/>
	(10,587)	(10,219)

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 25 October 2013.