



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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 AUGUST 2015

Contact

No. 11 Jalan Teknologi
Taman Sains Selangor 1
PJU 5, Kota Damansara
47810 Petaling Jaya, Selangor D.E.

Tel: +603 6287 1111
Fax: +603 6287 1212

www.tmclife.com

TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	3 months ended	
	31/08/2015 RM'000	31/08/2014 RM'000
Revenue	30,074	23,172
Cost of sales	(10,443)	(8,479)
Gross profit	19,631	14,693
Other operating income	349	100
Operating expenses	(15,186)	(12,404)
Profit from operations	4,794	2,389
Depreciation	(2,253)	(1,958)
Interest income	1,834	237
Finance costs	(25)	(25)
Profit before taxation	4,350	643
Taxation	(1,456)	85
Profit after taxation	2,894	728
Other comprehensive income, net of tax :-		
Foreign currency translations	(28)	5
Total comprehensive income for the period	2,866	733
Profit attributable to :-		
Owners of the parent	2,894	728
Non-controlling interest	-	-
	2,894	728
Total comprehensive income attributable to :-		
Owners of the parent	2,866	733
Non-controlling interest	-	-
	2,866	733
Profit per ordinary share attributable to the owners of the parent (sen)		
Basic	0.24	0.09
Diluted	0.21	0.06

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	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/ (Accumulated losses) RM'000			
Balance at 1 June 2015	119,952	180,104	-	85	-	1,568	301,709	-	301,709
Total comprehensive income	-	-	-	(28)	-	2,894	2,866	-	2,866
Transaction with owners									
Ordinary shares issued	53,333	266,667	-	-	-	-	320,000	-	320,000
- acquisition of a subsidiary									
Issuance of warrants		(46,960)	46,960				-	-	-
Share issuance expenses	-	(164)	-	-	-	-	(164)	-	(164)
Share options granted under ESOS	-	-	-	-	139	-	139	-	139
Balance at 31 August 2015	173,285	399,647	46,960	57	139	4,462	624,550	-	624,550
Balance at 1 June 2014	80,237	33,159	28,083	80	-	(6,169)	135,390	-	135,390
Total comprehensive income	-	-	-	5	-	728	733	-	733
Transaction with owners									
Ordinary shares issued	*	1	*	-	-	-	1	-	1
- conversion of warrants									
Balance at 31 August 2014	80,237	33,160	28,083	85	-	(5,441)	136,124	-	136,124

* 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 2015 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 AUGUST 2015**

	As At 31/8/2015 Unaudited RM'000	As At 31/5/2015 Audited RM'000
Non-current assets		
Property, plant and equipment	292,632	113,242
Goodwill	146,085	-
Total non-current assets	438,717	113,242
Current assets		
Inventories	6,456	6,512
Trade and other receivables	34,990	28,125
Current tax assets	166	173
Cash and cash equivalents	194,064	191,634
Total current assets	235,676	226,444
TOTAL ASSETS	674,393	339,686
Equity attributable to owners of the parent		
Share capital	173,285	119,952
Retained earnings	4,462	1,568
Reserves	446,803	180,189
	624,550	301,709
Non-controlling interest	-	-
TOTAL EQUITY	624,550	301,709
Non-current liabilities		
Borrowings	1,878	1,899
Deferred tax liabilities	9,081	805
Total non-current liabilities	10,959	2,704
Current liabilities		
Trade and other payables	38,693	35,158
Borrowings	81	81
Current tax liabilities	110	34
Total current liabilities	38,884	35,273
TOTAL EQUITY AND LIABILITIES	674,393	339,686
Net assets per share (RM)	0.36	0.25

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	3 months ended 31/8/2015 RM'000	3 months ended 31/8/2014 RM'000
Cash flows from operating activities		
Profit before tax	4,350	643
Adjustments for :-		
Non-cash items	2,603	1,958
Interest paid	25	25
Interest income	(1,834)	(237)
Operating profit before changes in working capital	<u>5,144</u>	<u>2,389</u>
Changes in working capital		
Net change in current assets	(7,019)	(4,969)
Net change in current liabilities	3,506	4,923
Cash flows from operating activities	<u>1,631</u>	<u>2,343</u>
Interest paid	(25)	(25)
Net income tax paid	(273)	(81)
Net cash flows from operating activities	<u>1,333</u>	<u>2,237</u>
Cash flows used in investing activities		
Acquisition of property plant and equipment	(1,644)	(3,294)
Acquisition of:		
subsidiaries for cash, net of cash acquired	985	-
Deposits (placed with)/withdrawn from financial institutions with original maturity of more than three (3) months	(1,308)	-
Placement of deposits pledged with a licensed bank	(3)	-
Interest received	1,834	237
	<u>(136)</u>	<u>(3,057)</u>
Cash flows used in financing activities		
Proceeds from issuance of ordinary shares pursuant to the exercise of warrants	-	1
Repayment of term loans	(15)	(15)
Repayment of hire purchase	(5)	(5)
	<u>(20)</u>	<u>(19)</u>
Net change in cash & cash equivalents	<u>1,177</u>	<u>(839)</u>
Cash & cash equivalents at beginning of the financial period	141,605	32,567
Exchange rate effects	(57)	13
Cash & cash equivalents at end of the financial period	<u>142,725</u>	<u>31,741</u>
Cash & cash equivalents at end of the financial period		
Short term deposits (not more than 3 months)	133,948	21,278
Cash and bank balances	9,286	10,463
	<u>143,234</u>	<u>31,741</u>
Less: Deposits pledged to a licensed bank	(509)	-
	<u>142,725</u>	<u>31,741</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

**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 May 2015. 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 Group since the financial year ended 31 May 2015.

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 May 2015.

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 2015.

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 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 2015.

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.

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

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

There were no other material event subsequent to 31 August 2015 and up to the date of this report except as disclosed in B6.

A9 CHANGES IN THE COMPOSITION OF THE GROUP

On 23 June 2015, the Company completed the acquisition of 100% equity interest in BB Waterfront Sdn Bhd for a purchase consideration of RM320,000,000 to be satisfied via the issuance of 533,333,333 new ordinary shares of RM0.10 each in TMC ("Shares" or TMC shares") ("Consideration Shares") at an issue price of RM0.60 per share, together with 266,666,666 free detachable warrants ("Consideration Warrants") on the basis of one (1) consideration warrant for every two (2) consideration shares.

The fair value of the identifiable assets and liabilities of BB Waterfront Sdn Bhd as at the date of acquisition are as follows:

	RM'000
Property, plant and equipment	180,000
Other receivables	1
Cash and bank balances	1,149
Deferred tax liabilities	(7,177)
Other payables	(58)
Total identifiable net assets	<u>173,915</u>

A10 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided corporate guarantees to licensed financial institutions for banking facilities and suppliers amounting to RM2.1 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 utilised by its subsidiaries of approximately RM3.8 million as at 31 August 2015.

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 31 August 2015 is as follows:

	31/8/2015	31/5/2015
	RM'000	RM'000
Approved and contracted for	3,149	3,651
Approved but not contracted for	1,928	3,915
	<u>5,077</u>	<u>7,566</u>

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 FINANCIAL PERIOD ENDED 31 AUGUST 2015**

**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	
	31/8/2015 RM'000	31/8/2014 RM'000
Revenue	30,074	23,172
Profit before taxation	4,350	643

Revenue increased by 30% to RM30.1 million compared to the previous corresponding quarter. Higher revenue was contributed by higher patient load arising from additional consultants recruited. Profitability improved due to higher revenue recorded and interest income earned.

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	
	31/8/2015 RM'000	31/5/2015 RM'000
Revenue	30,074	28,501
Profit before taxation	4,350	2,637

For the current quarter, revenue rose by 6% to RM30.1 million while profit before tax increased to RM4.4 million as compared to the immediate preceding quarter of RM2.6 million. Improvement in profit before taxation was mainly due to higher revenue achieved and one-off corporate exercise expenses of RM1.5 million in immediate preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL PERIOD ENDING 31 AUGUST 2016

The growth prospects for the healthcare sector in Malaysia remain positive, fuelled by changing demographics, a more affluent society and more health-conscious lifestyles in Malaysia. Medical tourism is also growing. On the other hand, recent foreign exchange rate movements have affected our imported supplies of medicines and medical equipment. The imposition of the Goods and Services Tax (GST) and rising manpower costs, will also have an impact on our operating cost structure. Nonetheless, the Group continues to expand the breadth and diversity of our services to generate more revenue growth. With the 2 new wards comprising 51 beds completed on 9 September 2015, our hospital in Kota Damansara now has a capacity of 200 beds.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 31 August 2015.

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

B5 TAXATION

	Current quarter RM'000
In respect of current financial year	
- income taxation	356
- deferred taxation	1,100
	<u>1,456</u>
Under / (over) provision in respect of prior period	
- income taxation	-
- deferred taxation	-
	<u>-</u>
	<u>1,456</u>

The effective tax rate of the Group's current tax charge for the current period under review was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

B6 STATUS OF CORPORATE PROPOSAL

Except as disclosed below, there are no other corporate proposals announced but not completed as at 14 October 2015, being the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

Based on the Record of Depositors as at 13 October 2015, the Company's public shareholding spread is 21.8%. As such, the Company does not comply with the public shareholding spread requirement pursuant to paragraph 8.02(1) of the Main Market Listing Requirement. On 23 June 2015, the Company has submitted an application for an extension of time to Bursa Malaysia Securities Berhad to rectify the shortfall in the public shareholding spread. On 8 July 2015, Bursa Malaysia Securities Berhad has granted the Company an extension of time from 24 June 2015 to 23 December 2015 to comply with the public shareholding spread requirement. As at the date of this announcement, the Company is in the midst of formulating a rectification plan to address the shortfall in the public shareholding spread, vis-à-vis current prevailing market conditions.

B7 BORROWINGS

The Group's borrowings as at 31 August 2015 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	1,878	81	1,959
	<u>1,878</u>	<u>81</u>	<u>1,959</u>

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 August 2014: NIL).

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

B10 EARNINGS PER SHARE (EPS)

	Current Quarter	
	31/8/2015	31/8/2014
(a) Basic EPS		
Net profit attributable to owners of the parent (RM'000)	2,894	728
Weighted average number of ordinary shares outstanding ('000)	1,185,894	802,373
EPS (sen)		
- Basic	0.24	0.09
(b) Diluted EPS		
Net profit attributable to owners of the parent (RM'000)	2,894	728
Weighted average number of ordinary shares outstanding ('000)	1,185,894	802,373
Effect of dilution ('000)	160,504	401,185
Adjusted weighted average number of shares ('000)	1,346,398	1,203,558
Diluted EPS (sen)		
- Diluted	0.21	0.06

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, 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.

B12 NOTE TO STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter
	31/8/2015 RM'000
Interest income	1,834
Other operating income excluding interest income	349
Interest expense	(25)
Depreciation and amortisation	(2,253)
Impairment losses on receivables	(211)
Fair value charges on share options granted under ESOS	(139)
Foreign exchange gain	11

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

B13 REALISED AND UNREALISED PROFITS/(LOSSES)

	31/8/2015	31/5/2015
	RM'000	RM'000
		(Audited)
Total retained earnings:		
- realised	13,672	2,374
- unrealised	(9,210)	(806)
As at 31 August 2015 / 31 May 2015	<u>4,462</u>	<u>1,568</u>

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 21 October 2015.