



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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
30 NOVEMBER 2012

Contact

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TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 NOVEMBER 2012

	Individual Quarter		Cumulative Period	
	Current Quarter Unaudited 30/11/2012 RM'000	Comparative Quarter Unaudited 30/11/2011 RM'000	Current Year-to-date Unaudited 30/11/2012 RM'000	Comparative Year-to-date Unaudited 30/11/2011 RM'000
Continuing Operations				
Revenue	17,517	13,754	33,919	26,246
Cost of Sales	(6,356)	(5,226)	(11,920)	(9,440)
Gross profit	11,161	8,528	21,999	16,806
Other operating income	204	114	318	609
Operating expenses	(8,708)	(8,671)	(17,600)	(16,793)
Profit / (loss) from operations	2,657	(29)	4,717	622
Depreciation	(1,801)	(1,700)	(3,657)	(3,524)
Interest income	81	4	152	7
Finance costs	(110)	(804)	(237)	(1,470)
Profit / (Loss) before tax	827	(2,529)	975	(4,365)
Taxation	52	41	18	41
Profit / (Loss) after taxation from continuing operations	879	(2,488)	993	(4,324)
Discontinued Operations				
Loss from discontinued operations	(363)	(549)	(889)	(1,047)
Gain on disposal of subsidiaries	4,021	-	7,220	-
Profit / (Loss) after taxation	4,537	(3,037)	7,324	(5,371)
Other comprehensive income :-				
Exchange differences on translation of foreign operations	5	15	10	-
Total comprehensive income / (loss) for the period	4,542	(3,022)	7,334	(5,371)
Profit / (Loss) attributable to :-				
Owners of the parent	4,537	(3,037)	7,324	(5,371)
Non-controlling interest	-	-	-	-
	4,537	(3,037)	7,324	(5,371)
Total comprehensive income / (loss) attributable to :-				
Owners of the parent	4,542	(3,022)	7,334	(5,371)
Non-controlling interest	-	-	-	-
	4,542	(3,022)	7,334	(5,371)
Earnings per share (sen)				
- Basic	0.57	(0.50)	0.93	(0.89)
- Diluted	0.39	N/A	0.63	N/A

Note: N/A denotes Not Applicable

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 2012 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 30 NOVEMBER 2012**

	Attributable to owners of the parent				Total attributable to owners of the parents RM'000	Non- controlling interest RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign exchange translation RM'000				Distributable Accumulated losses RM'000
Balance at 1 June 2012	80,237	33,159	28,083	10	(21,300)	120,189	-	120,189
Conversion of warrants	*	*	*	-	-	-	-	-
Total comprehensive income	-	-	-	10	7,324	7,334	-	7,334
Balance at 30 November 2012	80,237	33,159	28,083	20	(13,976)	127,523	-	127,523
Balance at 1 June 2011	60,178	21,752	-	7	(15,895)	66,042	-	66,042
Total comprehensive loss	-	-	-	-	(5,371)	(5,371)	-	(5,371)
Balance at 30 November 2011	60,178	21,752	-	7	(21,266)	60,671	-	60,671

* amount is insignificant

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 2012 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 30 NOVEMBER 2012**

	As At 30/11/2012 Unaudited RM'000	As At 31/5/2012 Audited RM'000
Non-current assets		
Property, plant and equipment	111,865	123,278
Total non-current assets	111,865	123,278
Current assets		
Inventories	3,117	2,778
Trade and other receivables	15,281	11,673
Current tax assets	1,487	1,760
Cash and cash equivalents	17,773	14,303
Assets classified as held for sale	6,920	-
Total current assets	44,578	30,514
TOTAL ASSETS	156,443	153,792
Equity attributable to owners of the parent		
Share capital	80,237	80,237
Accumulated losses	(13,976)	(21,300)
Reserves	61,262	61,252
	127,523	120,189
Non-controlling interest	-	-
TOTAL EQUITY	127,523	120,189
Non-current liabilities		
Borrowings	2,085	7,401
Other deferred liabilities	2,968	2,968
Trade and other payables	-	2,908
Total non-current liabilities	5,053	13,277
Current liabilities		
Trade and other payables	18,418	20,088
Borrowings	5,442	231
Current tax liabilities	7	7
Total current liabilities	23,867	20,326
TOTAL EQUITY AND LIABILITIES	156,443	153,792
Net assets per share (RM)	0.16	0.15

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 NOVEMBER 2012**

	Current Year-to-date 30/11/2012 RM'000	Comparative Year-to-date 30/11/2011 RM'000
Cash flows from operating activities		
Profit / (Loss) before tax		
Continuing operations	975	(4,365)
Discontinued operations	(889)	(1,047)
	<u>86</u>	<u>(5,412)</u>
Adjustment for non-cash flow items :-		
Non-cash items	3,802	3,766
Interest paid	237	1,470
Interest income	(152)	(7)
	<u>3,973</u>	<u>(183)</u>
Operating profit before changes in working capital		
Changes in working capital		
Net change in current assets	(1,875)	(1,116)
Net change in current liabilities	2,194	652
	<u>4,292</u>	<u>(647)</u>
Net cash flows from / (used in) operating activities		
Interest paid	(237)	(1,462)
Income tax refunded / (paid)	17	(143)
	<u>4,072</u>	<u>(2,252)</u>
Net cash flows from / (used in) operating activities		
Cash flows used in investing activities		
Acquisition of property plant and equipment	(1,387)	(221)
Net cash inflow from disposal of subsidiaries	710	-
Proceeds from disposal of property, plant and equipment	-	5
Interest received	152	7
	<u>(525)</u>	<u>(209)</u>
Cash flows (used in) / from financing activities		
Drawdown of term loans	-	5,000
Repayment of term loans	(97)	(3,747)
Repayment of hire purchase	(8)	(8)
	<u>(105)</u>	<u>1,245</u>
Net change in cash & cash equivalents	3,442	(1,216)
Cash & cash equivalents at beginning of the financial period	14,303	(1,810)
Exchange rate effects	28	3
Cash & cash equivalents at end of the financial period	<u>17,773</u>	<u>(3,023)</u>
Cash & cash equivalents at end of the financial period		
Short term deposits	856	421
Cash and bank balances	16,917	1,468
	<u>17,773</u>	<u>1,889</u>
Overdraft	-	(4,912)
	<u>17,773</u>	<u>(3,023)</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 2012 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 NOVEMBER 2012**

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 Financial Reporting Standards (“FRS”) 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 2012. 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 2012.

Changes in Accounting Policies

Since the issuance of the previous annual audited financial statements as at 31 May 2012, the Group has adopted new and revised Financial Reporting Standards (“FRSs”), Amendments to FRSs, Interpretations and Technical Releases which were effective for the Group's financial period beginning on 1 June 2012.

Unless otherwise described below, the new FRSs, Amendments to FRSs, Interpretations and Technical Releases are expected to have no significant impact on the financial statements of the Group upon their initial application except for the changes in presentation and disclosures of financial information.

Standards and Interpretations issued but not yet effective

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 2012.

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

A2 SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

The audited financial statements of the Group for the year ended 31 May 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 31 May 2012 except as discussed below:

Business Combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (a) The classification of former business combinations under FRS is maintained;
- (b) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (c) The carrying amount of goodwill recognised under FRS is not adjusted.

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A3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements was not qualified.

A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A5 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.

A6 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.

A7 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.

A8 DIVIDENDS PAID

No dividend was paid during the financial period ended 30 November 2012.

A9 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.

A10 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 30 November 2012 and up to the date of this report.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review except that Tropicana Medical Centre (Penang) Sdn Bhd ceased to be a subsidiary of the Group.

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A12 DISCONTINUED OPERATIONS AND GAIN ON DISPOSAL OF SUBSIDIARIES

During the financial period, the Group had disposed of Stemtech International Sdn Bhd and Tropicana Medical Centre (Penang) Sdn Bhd and that piece of freehold land held under GRN 62532 for Lot No. 4778 Section 5, Bandar Georgetown, Daerah Timor Laut, Penang together with a four storey building erected thereon (hereinafter referred to as "Disposal". In accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations, the Disposals are classified as Assets and Liabilities held for sale/discontinued operations as at 30 November 2012 and the comparative condensed consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

The loss attributable to the discontinued operations are as follows:

	Individual Quarter		Cumulative Period	
	30/11/2012	30/11/2011	30/11/2012	30/11/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	120	708	708	1,435
Cost of sales	(149)	(460)	(516)	(899)
Gross profit	(29)	248	192	536
Other operating income	11	6	29	7
Operating expenses	(120)	(630)	(801)	(1,330)
Loss from operations	(138)	(376)	(580)	(787)
Depreciation	(225)	(173)	(309)	(260)
Loss before tax	(363)	(549)	(889)	(1,047)
Taxation	-	-	-	-
Loss after taxation	(363)	(549)	(889)	(1,047)

The assets held for sale for the freehold land and building in Penang as at 30 November 2012 are as follows:

	30/11/2012
	RM'000
ASSETS	
Property, plant and equipment	7,800
Proceeds received	(880)
Assets classified as held for sale	<u>6,920</u>

The disposal of the freehold land and building was completed in December 2012.

The disposal of Stemtech International Sdn Bhd and Tropicana Medical Centre (Penang) Sdn Bhd had the following effects on the financial position of the Group:

	30/11/2012
	RM'000
Net liabilities disposed	(4,334)
Net proceeds receivable from purchaser	(1,990)
Gain on disposals	7,220
Proceeds received	<u>896</u>
Less: cash and cash equivalent disposed off	(186)
Net cash inflow from disposal of subsidiaries	<u>710</u>

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A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided corporate guarantees to licensed financial institutions for banking facilities, and suppliers amounting to RM66.06 million and RM2.29 million respectively. The guarantees were granted for the benefit of the Company's subsidiaries and invested company. Arising from this, the Company is contingently liable for the amount utilized by its subsidiaries and invested company of approximately RM8.2 million as at 30 November 2012.

A14 CAPITAL COMMITMENTS

There was no capital commitment not provided for in the financial quarter as at 30 November 2012.

A15 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 30 NOVEMBER 2012**

**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

	Individual Quarter	
	30/11/2012	30/11/2011
	RM'000	RM'000
Revenue	17,517	13,754
Profit / (Loss) before taxation	827	(2,529)

Revenue rose 27% compared to the previous corresponding quarter mainly due to higher patient load, both local and foreign, with increased bed capacity and more variety of disciplines offered.

The Group recorded profit before tax for the current quarter as compared to loss before tax in the previous corresponding quarter. The improvement was mainly attributable to higher revenue achieved coupled with reduction in interest expenses from repayment of RM39.0 million bank borrowings in end December 2011.

Review of results for the financial period

	Cumulative Period	
	30/11/2012	30/11/2011
	RM'000	RM'000
Revenue	33,919	26,246
Profit / (Loss) before taxation	975	(4,365)

Revenue rose 29% compared to the previous corresponding period mainly due to higher patient load, both local and foreign, with increased bed capacity and more variety of disciplines offered.

The Group recorded profit before tax as compared to loss before tax in the previous corresponding period. The improvement was mainly attributable to higher revenue achieved coupled with reduction in interest expenses from repayment of RM39.0 million bank borrowings in end December 2011.

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 hospitals and variety of facilities and services offered by the hospitals.

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

	Individual Quarter	
	30/11/2012	31/8/2012
	RM'000	RM'000
Revenue	17,517	16,402
Profit before taxation	827	148

Revenue increased by RM1.1 million or 7% compared to the immediate preceding quarter. In addition, higher profit before tax was recorded for the current quarter under review as compared to that in the previous quarter was mainly due to higher revenue recorded for current quarter under review as a results of higher patient load.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MAY 2013

The Group continues to focus on building the business through greater market awareness programs in both the domestic and international market, increasing the number of specialists and sub-specialists medical consultants. The Board of Directors is of the opinion that the prospects of the Group remain positive and the performance will continue to improve in tandem with increasing hospital capacity and marketing activities.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable.

B5 TAXATION

	Individual Quarter		Cumulative Period	
	30/11/2012	30/11/2011	30/11/2012	30/11/2011
	RM'000	RM'000	RM'000	RM'000
In respect of current financial year				
- income taxation	-	10	34	10
- deferred taxation	-	-	-	-
	-	10	34	10
Under / (over) provision in respect of prior period				
- income taxation	(52)	(51)	(52)	(51)
- deferred taxation	-	-	-	-
	(52)	(51)	(52)	(51)
	(52)	(41)	(18)	(41)

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 utilisation of previous years' tax losses 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.

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B6 STATUS OF CORPORATE PROPOSAL

(1) Further to the announcement made on 19 September 2011 pertaining to the Memorandum of Understanding (“MoU”) with Berjaya Corporation Berhad and Viet Ha Corporation, on 14 September 2012, the Company announced that the parties to the MoU have mutually agreed to extend the duration of the MoU for a further period of twelve (12) months from 18 September 2012 until 17 September 2013.

(2) Status of Utilisation of Proceeds

The status of utilisation of the gross proceeds raised from Rights Issue as at 21 January 2013 is as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for Utilisation	Deviation Amount RM'000	Explanation
Repayment of borrowings	38,960	38,960	Within 18 months	-	
Capital expenditure	10,000	2,543	Within 18 months	7,457	Note
Working capital	10,218	10,218	Within 18 months	-	
Estimated expenses for the Rights Issue	1,000	1,000	Within 3 months	-	
Total	60,178	52,721		7,457	

Note: The proceeds will be utilised within the estimated timeframe.

B7 BORROWINGS

The Group’s borrowings as at 30 November 2012 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured	2,085	5,442	7,527

B8 MATERIAL LITIGATION

There were no material litigations as at the date of this report.

B9 DIVIDENDS

The Board does not recommend the payment of any dividend for the current financial quarter under review.

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

	Individual Quarter		Cumulative Period	
	30/11/2012	30/11/2011	30/11/2012	30/11/2011
(a) Basic EPS				
Net profit / (loss) attributable to owners of the parent (RM'000)	4,537	(3,037)	7,324	(5,371)
Weighted average number of ordinary shares outstanding (000)	790,832	601,780	790,832	601,780
EPS / (LPS) (sen)				
- Basic	0.57	(0.50)	0.93	(0.89)
(b) Diluted EPS				
Net profit / (loss) attributable to owners of the parent (RM'000)	4,537	(3,037)	7,324	(5,371)
Weighted average number of ordinary shares outstanding (000)	790,832	601,780	790,832	601,780
Effect of dilution ('000)	378,105	NA	378,105	NA
Adjusted weighted average number of shares ('000)	1,168,937	601,780	1,168,937	601,780
EPS (sen)				
- Diluted	0.39	N/A	0.63	N/A

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 30 November 2012, adjusted to assume the conversion of dilutive potential ordinary shares.

B11 REALISED AND UNREALISED PROFITS/(LOSSES)

	30/11/2012	31/5/2012
	RM'000	RM'000
Total accumulated losses:		
- realised	(10,822)	(18,223)
- unrealised	(3,154)	(3,077)
As at 30 November 2012 / 31 May 2012	(13,976)	(21,300)

B12 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 January 2013.