



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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
30 NOVEMBER 2014

Contact

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TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2014**

	Individual Quarter		6 months ended	
	30/11/2014 RM'000	30/11/2013 RM'000	30/11/2014 RM'000	30/11/2013 RM'000
Revenue	25,101	22,220	48,273	41,027
Cost of sales	(8,906)	(7,519)	(17,385)	(14,229)
Gross profit	16,195	14,701	30,888	26,798
Other operating income	162	107	262	213
Operating expenses	(12,462)	(10,486)	(24,866)	(21,187)
Profit from operations	3,895	4,322	6,284	5,824
Depreciation	(2,028)	(1,980)	(3,986)	(3,950)
Interest income	280	196	518	374
Finance costs	(26)	(25)	(51)	(51)
Profit before taxation	2,121	2,513	2,765	2,197
Taxation	186	(112)	270	(164)
Profit after taxation	2,307	2,401	3,035	2,033
Other comprehensive income, net of tax :-				
Foreign currency translations	3	26	8	36
Total comprehensive income for the period	2,310	2,427	3,043	2,069
Profit attributable to :-				
Owners of the parent	2,307	2,401	3,035	2,033
Non-controlling interest	-	-	-	-
	2,307	2,401	3,035	2,033
Total comprehensive income attributable to :-				
Owners of the parent	2,310	2,427	3,043	2,069
Non-controlling interest	-	-	-	-
	2,310	2,427	3,043	2,069
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic	0.28	0.30	0.37	0.25
Diluted	0.20	0.20	0.26	0.17

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2014**

	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	Accumulated losses RM'000				
Balance at 1 June 2014	80,237	33,159	28,083	80	(6,169)	135,390	-	135,390
Total comprehensive income	-	-	-	8	3,035	3,043	-	3,043
Transaction with owners								
Ordinary shares issued - conversion of warrants	5,376	19,891	(3,763)	-	-	21,504	-	21,504
Dividend paid	-	-	-	-	(2,468)	(2,468)	-	(2,468)
Balance at 30 November 2014	85,613	53,050	24,320	88	(5,602)	157,469	-	157,469
Balance at 1 June 2013	80,237	33,159	28,083	51	(10,219)	131,311	-	131,311
Total comprehensive income	-	-	-	36	2,033	2,069	-	2,069
Transaction with owners								
Dividend paid	-	-	-	-	(2,407)	(2,407)	-	(2,407)
Balance at 30 November 2013	80,237	33,159	28,083	87	(10,593)	130,973	-	130,973

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 2014 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 2014**

	As At 30/11/2014 Unaudited RM'000	As At 31/5/2014 Audited RM'000
Non-current assets		
Property, plant and equipment	107,799	105,911
Deferred tax assets	337	-
Total non-current assets	108,136	105,911
Current assets		
Inventories	5,728	4,638
Trade and other receivables	21,897	21,111
Current tax assets	323	244
Cash and cash equivalents	55,191	32,630
Total current assets	83,139	58,623
TOTAL ASSETS	191,275	164,534
Equity attributable to owners of the parent		
Share capital	85,613	80,237
Accumulated losses	(5,602)	(6,169)
Reserves	77,458	61,322
	157,469	135,390
Non-controlling interest	-	-
TOTAL EQUITY	157,469	135,390
Non-current liabilities		
Borrowings	1,933	1,969
Other deferred liabilities	2,879	2,879
Total non-current liabilities	4,812	4,848
Current liabilities		
Trade and other payables	28,865	24,168
Borrowings	79	82
Current tax liabilities	50	46
Total current liabilities	28,994	24,296
TOTAL EQUITY AND LIABILITIES	191,275	164,534
Net assets per share (RM)	0.19	0.17

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 2014 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 FINANCIAL PERIOD ENDED 30 NOVEMBER 2014**

	6 months ended 30/11/2014 RM'000	6 months ended 30/11/2013 RM'000
Cash flows from operating activities		
Profit before tax	2,765	2,197
Adjustments for :-		
Non-cash items	3,977	3,952
Interest paid	51	51
Interest income	(518)	(374)
Operating profit before changes in working capital	<u>6,275</u>	<u>5,826</u>
Changes in working capital		
Net change in current assets	(1,876)	(1,787)
Net change in current liabilities	4,696	2,505
Cash flows from operating activities	<u>9,095</u>	<u>6,544</u>
Interest paid	(51)	(51)
Net income tax (paid)/refunded	(142)	889
Net cash flows from operating activities	<u>8,902</u>	<u>7,382</u>
Cash flows used in investing activities		
Acquisition of property plant and equipment	(5,873)	(1,933)
Proceeds from disposal of property plant and equipment	8	-
Deposits (placed with)/withdrawn from financial institutions with original maturity of more than three (3) months	(10,951)	346
Interest received	518	374
	<u>(16,298)</u>	<u>(1,213)</u>
Cash flows from/(used in) financing activities		
Proceeds from issuance of ordinary shares pursuant to the exercise of warrants	21,504	-
Dividend paid	(2,468)	(2,407)
Repayment of term loans	(29)	(30)
Repayment of hire purchase	(9)	(9)
	<u>18,998</u>	<u>(2,446)</u>
Net change in cash & cash equivalents	<u>11,602</u>	<u>3,723</u>
Cash & cash equivalents at beginning of the financial period	32,567	25,453
Exchange rate effects	9	78
Cash & cash equivalents at end of the financial period	<u>44,178</u>	<u>29,254</u>
Cash & cash equivalents at end of the financial period		
Short term deposits (not more than 3 months)	30,067	16,451
Cash and bank balances	14,111	12,803
	<u>44,178</u>	<u>29,254</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2014**

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 Group for the financial year ended 31 May 2014. 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 2014.

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 2014.

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 2014.

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 other than the issuance of 53,757,292 new ordinary shares of RM0.10 each pursuant to the exercise of 53,757,292 warrants at the exercise price of RM0.40 per share during the quarter under review.

A6 DIVIDENDS PAID

During the financial period ended 30 November 2014, the Company paid the final single tier dividend of 0.3 sen per ordinary share on 822,674,460 ordinary shares, amounting RM2,468,022 in respect of the financial year ended 31 May 2014.

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.

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

There were no other material event subsequent to 30 November 2014 till 15 January 2015 other than the issuance of 343,389,476 new ordinary shares of RM0.10 each pursuant to the exercise of 343,389,476 warrants at the exercise price of RM0.40 per share. The warrants had since expired on 22 December 2014.

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

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 utilised by its subsidiaries of approximately RM3.3 million as at 30 November 2014.

A11 CAPITAL COMMITMENTS

The amount of commitments for capital expenditure as at 30 November 2014 is as follows:

	30/11/2014	31/5/2014
	RM'000	RM'000
Approved and contracted for	2,710	5,096
Approved but not contracted for	8,919	9,481
	<u>11,629</u>	<u>14,577</u>

A12 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2014****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	
	30/11/2014 RM'000	30/11/2013 RM'000
Revenue	25,101	22,220
Profit before taxation	2,121	2,513

Revenue rose by 13% to RM25.1 million compared to the previous corresponding quarter. Higher revenue was contributed by higher patient load catered for by increased bed capacity and additional consultants recruited. Increased operating expenditure especially on staff cost had resulted in lower profit before taxation for the current quarter.

Review of results for the financial period

	6 months ended	
	30/11/2014 RM'000	30/11/2013 RM'000
Revenue	48,273	41,027
Profit before taxation	2,765	2,197

The Group recorded 18% growth in revenue for the 6 months ended 30 November 2014 compared with the corresponding period in the previous financial year. The growth was contributed by additional bed capacity and more variety of services offered coupled with continuing marketing activities.

The Group recorded profit before taxation of RM2.8 million for the current financial period as compared to RM2.2 million registered in the previous corresponding period. Corporate exercise expenses on the unconditional take-over offer undertaken by Sasteria (M) Pte. Ltd. together with higher staff cost incurred to retain and recruit experienced healthcare professionals to manage the expanded capacity had resulted in higher operating expenses for the current financial period.

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	
	30/11/2014 RM'000	31/8/2014 RM'000
Revenue	25,101	23,172
Profit before taxation	2,121	643

For current financial quarter, revenue rose 8% to RM25.1 million while profit before tax increased to RM2.1 million as compared to the immediate preceding quarter of RM0.6 million. Improvement in profit before taxation was mainly due to higher revenue achieved.

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B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MAY 2015

The growth prospects for the healthcare sector in Malaysia remains positive. Rising costs remain a concern and the introduction of Goods and Services Tax will have to be managed carefully by private hospital operators. Malaysian economy appears to be slowing down. Many of our supplies and drugs are imported products and these costs will be adversely affected by the weakening Ringgit. Nonetheless, the Directors are optimistic that the Company will continue to grow in the current financial year and the Company continues to expand the breadth of services through attracting medical, nursing and allied health talents.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 30 November 2014.

B5 TAXATION

	Current quarter RM'000	6 months ended 30/11/2014 RM'000
In respect of current financial year		
- income taxation	6	67
- deferred taxation	(192)	(337)
	<u>(186)</u>	<u>(270)</u>
Under / (over) provision in respect of prior period		
- income taxation	-	-
- deferred taxation	-	-
	<u>-</u>	<u>-</u>
	<u>(186)</u>	<u>(270)</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 recognition of deferred tax assets and 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.

B6 STATUS OF CORPORATE PROPOSAL

Except as disclosed below, there are no other corporate proposals announced but not completed as at 15 January 2015, being the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

(1) On 7 August 2014, Sasteria (M) Pte. Ltd. acquired 213,842,882 ordinary shares of RM0.10 each in TMC Life Sciences Berhad ("TMC" or "the Company"), representing approximately 26.65% of the issued and paid-up share capital of Company, for a total cash consideration of RM102,644,583.36 or RM0.48 per share.

Sasteria (M) Pte. Ltd. had made an unconditional take-over offer on 28 August 2014 to acquire all the remaining ordinary shares and warrants in the Company for a cash offer price of RM0.48 per offer share and RM0.08 per offer warrant respectively.

On 29 August 2014, the Company announced that Gilberta Investments Limited, one of the substantial shareholders, had on 28 August 2014 accepted the offer to dispose 261,466,666 ordinary shares, which represents 32.59% of the issued and paid-up share capital of the Company and 130,733,332 warrants in the Company.

Following this, Sasteria (M) Pte. Ltd. and Sasteria Pte. Ltd. became the immediate holding company and ultimate holding company, respectively of TMC.

As announced on 19 September 2014, TMC's shares held by Sasteria (M) Pte. Ltd. at the close of the offer at 5pm on 18 September 2014 amounted to 614,436,872 ordinary shares, represented 76.57% of the issued and paid-up share capital then. Accordingly, the Company did not comply with the public shareholding spread requirement pursuant to 8.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") which stipulates that a listed issuer must ensure that at least 25% of its total listed shares are in the hands of public shareholders.

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B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

(1) Sasteria (M) Pte. Ltd. would explore various options or proposals to rectify the public shareholding spread of Company or procure TMC to explore all possible options to rectify the public shareholding spread of Company within 3 months from 18 September 2014 or such extended timeframe as allowed by the relevant authorities to maintain the listing status of the Company on Bursa Malaysia.

The Company had on 23 September 2014 written to Bursa Malaysia seeking an extension of time of 6 months up to 18 March 2015 to comply with the public shareholding spread requirement of the Listing Requirements.

The Company had on 30 October 2014 announced that based on the record of depositors as at 28 October 2014, the Company was in compliance with the public shareholding spread requirement pursuant to 8.02(1) of the Main Market Listing Requirement of Bursa Malaysia with its public shareholding spread at 25.23% with 2,532 public shareholders.

Bursa Malaysia after taking into consideration the relevant facts and circumstances including the fact that the Company had already complied with the public shareholding spread requirement with effect from 28 October 2014, had vide its letter dated 19 November 2014, granted the Company an extension of time from 19 September 2014 until 28 October 2014 (instead of 6 months from 19 September 2014 until 18 March 2015 as applied by the Company) to comply with the public shareholding spread requirement.

(2) Status of utilisation of proceeds

The status of utilisation of the gross proceeds raised from rights issue as at 15 January 2015 is as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation Amount RM'000	Intended timeframe for Utilisation	
Repayment of borrowings	38,960	38,960	-	Fully utilised	
Capital expenditure	10,000	10,000	-	By 21 June 2015	(Note)
Working capital	10,218	10,218	-	Fully utilised	
Estimated expenses for the rights issue	1,000	1,000	-	Fully utilised	
Total	60,178	60,178	-		

Note: The Company had fully utilised the proceeds identified for capital expenditure during the current financial quarter under review.

B7 BORROWINGS

The Group's borrowings as at 30 November 2014 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	1,933	79	2,012

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 30 November 2013: NIL).

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B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		6 months ended	
	30/11/2014	30/11/2013	30/11/2014	30/11/2013
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	2,307	2,401	3,035	2,033
Weighted average number of ordinary shares outstanding (000)	810,824	802,373	810,824	802,373
EPS (sen)				
- Basic	0.28	0.30	0.37	0.25
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	2,307	2,401	3,035	2,033
Weighted average number of ordinary shares outstanding (000)	810,824	802,373	810,824	802,373
Effect of dilution ('000)	347,427	401,186	347,427	401,186
Adjusted weighted average number of shares ('000)	1,158,251	1,203,559	1,158,251	1,203,559
Diluted EPS (sen)				
- Diluted	0.20	0.20	0.26	0.17

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 year ended 31 May 2014, 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 RM'000	6 months ended 30/11/2014 RM'000
Interest income	280	518
Other operating income excluding interest income	162	262
Interest expense	(26)	(51)
Depreciation and amortisation	(2,028)	(3,986)
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	-	-
(Provision) / reversal of impairment on receivables	(23)	(15)
Foreign exchange gain / (loss)	3	-
Gain or loss on derivatives	-	-
Exceptional items	-	-

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B13 REALISED AND UNREALISED PROFITS/(LOSSES)

	30/11/2014	31/5/2014
	RM'000	RM'000
		(Audited)
Total accumulated losses:		
- realised	(2,972)	(3,211)
- unrealised	(2,630)	(7,382)
As at 30 November 2014 / 31 May 2014	<u>(5,602)</u>	<u>(10,593)</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 22 January 2015.