



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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
28 FEBRUARY 2014

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.tmlife.com

TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2014**

	Individual Quarter		9 months ended	
	28/02/2014 RM'000	28/02/2013 RM'000	28/02/2014 RM'000	28/02/2013 RM'000
Continuing Operations				
Revenue	22,109	17,733	63,916	51,652
Cost of sales	(7,580)	(6,602)	(22,536)	(18,521)
Gross profit	14,529	11,131	41,380	33,131
Other operating income	93	117	306	434
Operating expenses	(11,095)	(9,181)	(32,335)	(26,781)
Profit from operations	3,527	2,067	9,351	6,784
Depreciation	(1,953)	(1,830)	(5,903)	(5,488)
Interest income	191	86	565	238
Finance costs	(25)	(45)	(76)	(281)
Profit before taxation	1,740	278	3,937	1,253
Taxation	3	(17)	(161)	1
Profit from continuing operations	1,743	261	3,776	1,254
Discontinued Operations				
Loss from discontinued operations, net of tax	-	(165)	-	(1,054)
Gain on disposal of property, plant and equipment	-	2,738	-	2,738
Gain on disposal of subsidiaries	-	-	-	7,220
Profit after taxation	1,743	2,834	3,776	10,158
Other comprehensive income, net of tax :-				
Foreign currency translations	(11)	(2)	25	8
Total comprehensive income for the period	1,732	2,832	3,801	10,166
Profit attributable to :-				
Owners of the parent	1,743	2,834	3,776	10,158
Non-controlling interest	-	-	-	-
	1,743	2,834	3,776	10,158
Total comprehensive income attributable to :-				
Owners of the parent	1,732	2,832	3,801	10,166
Non-controlling interest	-	-	-	-
	1,732	2,832	3,801	10,166
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic				
- from continuing operations	0.22	0.03	0.47	0.16
- from discontinued operations	-	0.32	-	1.11
	0.22	0.35	0.47	1.27
Diluted				
- from continuing operations	0.14	0.02	0.31	0.10
- from discontinued operations	-	0.21	-	0.74
	0.14	0.24	0.31	0.84

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 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 FINANCIAL PERIOD ENDED 28 FEBRUARY 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 2013	80,237	33,159	28,083	51	(10,219)	131,311	-	131,311
Total comprehensive income	-	-	-	25	3,776	3,801	-	3,801
Transaction with owners								
Dividend paid	-	-	-	-	(2,407)	(2,407)	-	(2,407)
Balance at 28 February 2014	80,237	33,159	28,083	76	(8,850)	132,705	-	132,705
Balance at 1 June 2012	80,237	33,159	28,083	10	(21,300)	120,189	-	120,189
Total comprehensive income	-	-	-	8	10,158	10,166	-	10,166
Transaction with owners								
Ordinary shares issued								
- conversion of warrants	*	*	*	-	-	*	-	*
Balance at 28 February 2013	80,237	33,159	28,083	18	(11,142)	130,355	-	130,355

* 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 28 FEBRUARY 2014**

	As At 28/2/2014 Unaudited RM'000	As At 31/5/2013 Audited RM'000
Non-current assets		
Property, plant and equipment	107,425	110,538
Total non-current assets	107,425	110,538
Current assets		
Inventories	4,319	3,641
Trade and other receivables	18,294	14,859
Current tax assets	721	1,550
Cash and cash equivalents	29,241	25,894
Total current assets	52,575	45,944
TOTAL ASSETS	160,000	156,482
Equity attributable to owners of the parent		
Share capital	80,237	80,237
Accumulated losses	(8,850)	(10,219)
Reserves	61,318	61,293
	132,705	131,311
Non-controlling interest	-	-
TOTAL EQUITY	132,705	131,311
Non-current liabilities		
Borrowings	1,983	2,045
Other deferred liabilities	2,882	2,882
Total non-current liabilities	4,865	4,927
Current liabilities		
Trade and other payables	22,274	20,156
Borrowings	81	79
Current tax liabilities	75	9
Total current liabilities	22,430	20,244
TOTAL EQUITY AND LIABILITIES	160,000	156,482
Net assets per share (RM)	0.17	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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2014**

	9 months ended 28/2/2014 RM'000	9 months ended 28/2/2013 RM'000
Cash flows from operating activities		
Profit / (Loss) before tax		
- From continuing operations	3,937	1,253
- From discontinued operations	-	(1,054)
	3,937	199
Adjustments for non-cash flow items :-		
Non-cash items	5,905	5,632
Interest paid	76	281
Interest income	(565)	(238)
	9,353	5,874
Operating profit before changes in working capital		
Changes in working capital		
Net change in current assets	(4,112)	(681)
Net change in current liabilities	2,086	(124)
	7,327	5,069
Cash flows from operating activities		
Interest paid	(76)	(281)
Income tax refunded, net of tax paid	734	(26)
	7,985	4,762
Net cash flows from operating activities		
Cash flows used in investing activities		
Acquisition of property plant and equipment	(2,793)	(1,836)
Net cash inflow from disposal of subsidiaries	-	1,450
Proceeds from disposal of property, plant and equipment		11,000
Interest received	565	238
	(2,228)	10,852
Cash flows used in from financing activities		
Dividend paid	(2,407)	-
Repayment of term loans	(45)	(5,482)
Repayment of hire purchase	(13)	(12)
	(2,465)	(5,494)
Net change in cash & cash equivalents	3,292	10,120
Cash & cash equivalents at beginning of the financial period	25,894	14,303
Exchange rate effects	55	24
Cash & cash equivalents at end of the financial period	29,241	24,447
Cash & cash equivalents at end of the financial period		
Short term deposits	17,673	859
Cash and bank balances	11,568	23,588
	29,241	24,447

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 FINANCIAL PERIOD ENDED 28 FEBRUARY 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 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 Group since the financial year ended 31 May 2013.

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 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

On 18 November 2013, the Company paid the final single tier dividend of 0.3 sen per ordinary share on 802,373,002 ordinary shares, amounting to RM2,407,117 in respect of the financial year ended 31 May 2013.

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.

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

There were no other material event subsequent to 28 February 2014 and up to the date of this report.

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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 utilized by its subsidiaries of approximately RM3.2 million as at 28 February 2014.

A11 CAPITAL COMMITMENTS

There was no capital commitment not provided for in the financial quarter as at 28 February 2014.

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 28 FEBRUARY 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	
	28/2/2014 RM'000	28/2/2013 RM'000
Revenue	22,109	17,733
Profit before taxation	1,740	278

Revenue rose 25% to RM22.1 million compared to the previous corresponding quarter mainly due to higher patient load supported by additional bed capacity and more variety of disciplines offered. Profitability improved due to higher revenue recorded.

Review of results for the financial period

	9 months ended	
	28/2/2014 RM'000	28/2/2013 RM'000
Revenue	63,916	51,652
Profit before taxation	3,937	1,253

The Group recorded 24% growth in revenue for the 9 months ended 28 February 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 higher profit before tax of RM3.9 million for the current financial period mainly attributable to higher revenue achieved. Operating expenses for the current financial period were also higher due to keen competition in retaining and recruiting experienced healthcare professionals to manage the expanded capacity.

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	
	28/2/2014 RM'000	30/11/2013 RM'000
Revenue	22,109	22,664
Profit before taxation	1,740	2,513

For current financial quarter, revenue decreased by 2% to RM22.1 million as compared with the immediate preceding quarter mainly due to the festive and school holidays. The Group recorded a lower profit before taxation of RM1.7 million for the current quarter mainly attributable to lower revenue coupled with higher operating expenses.

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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.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 28 February 2014.

B5 TAXATION

	Current quarter RM'000	Cumulative period 28/2/2014 RM'000
In respect of current financial year		
- income taxation	8	122
- deferred taxation	-	-
	<u>8</u>	<u>122</u>
Under / (over) provision in respect of prior period		
- income taxation	(11)	39
- deferred taxation	-	-
	<u>(11)</u>	<u>39</u>
	<u>(3)</u>	<u>161</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 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

(1) Status of utilisation of proceeds

The status of utilisation of the gross proceeds raised from rights issue as at 22 April 2014 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 utilized
Capital expenditure	10,000	6,306	3,694	By 21 June 2014
Working capital	10,218	10,218	-	Fully utilized
Estimated expenses for the rights issue	1,000	1,000	-	Fully utilized
Total	<u>60,178</u>	<u>56,484</u>	<u>3,694</u>	

Note: Following the announcement dated 22 April 2013 which extended the timeline for utilisation of proceeds for capital expenditure by 21 June 2014, the Company would extend the timeline for another year till 21 June 2015 to fully utilise the remaining unutilised proceeds of RM3.7 million. A separate announcement would be made on the extension.

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B7 BORROWINGS

The Group's borrowings as at 28 February 2014 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	1,983	81	2,064

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 28 February 2013: NIL).

B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		Cumulative period	
	28/2/2014	28/2/2013	28/2/2014	28/2/2013
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)				
- From continuing operations	1,743	261	3,776	1,254
- From discontinued operations	-	2,573	-	8,904
	1,743	2,834	3,776	10,158
Weighted average number of ordinary shares outstanding ('000)	802,373	802,373	802,373	802,373
EPS (sen)				
- From continuing operations	0.22	0.03	0.47	0.16
- From discontinued operations	-	0.32	-	1.11
	0.22	0.35	0.47	1.27
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)				
- From continuing operations	1,743	261	3,776	1,254
- From discontinued operations	-	2,573	-	8,904
	1,743	2,834	3,776	10,158
Weighted average number of ordinary shares outstanding ('000)	802,373	802,373	802,373	802,373
Effect of dilution ('000)	401,186	401,186	401,186	401,186
Adjusted weighted average number of shares ('000)	1,203,559	1,203,559	1,203,559	1,203,559
Diluted EPS (sen)				
- From continuing operations	0.14	0.02	0.31	0.10
- From discontinued operations	-	0.21	-	0.74
	0.14	0.24	0.31	0.84

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 28 February 2014, adjusted to assume the conversion of dilutive potential ordinary shares.

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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	Cumulative period 28/2/2014 RM'000
Interest income	191	565
Other operating income excluding interest income	93	306
Interest expense	(25)	(76)
Depreciation and amortisation	(1,953)	(5,903)
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	-	-
Reversal of impairment on receivables	8	29
Foreign exchange gain / (loss)	5	(14)
Gain or loss on derivatives	-	-
Exceptional items	-	-

B13 REALISED AND UNREALISED PROFITS/(LOSSES)

	28/2/2014 RM'000	31/5/2013 RM'000 (Audited)
Total accumulated losses:		
- realised	(5,893)	(7,114)
- unrealised	(2,957)	(4,028)
As at 28 February 2014 / 31 May 2013	<u>(8,850)</u>	<u>(11,142)</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 29 April 2014.