



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

**INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED**  
**28 FEBRUARY 2015**

**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 28 FEBRUARY 2015**

	Individual Quarter		9 months ended	
	28/02/2015 RM'000	28/02/2014 RM'000	28/02/2015 RM'000	28/02/2014 RM'000
Revenue	26,411	21,715	74,684	62,742
Cost of sales	(9,048)	(7,213)	(26,433)	(21,442)
Gross profit	17,363	14,502	48,251	41,300
Other operating income	129	93	391	306
Operating expenses	(13,644)	(11,068)	(38,510)	(32,255)
Profit from operations	3,848	3,527	10,132	9,351
Depreciation	(2,049)	(1,953)	(6,035)	(5,903)
Interest income	1,422	191	1,940	565
Finance costs	(25)	(25)	(76)	(76)
<b>Profit before taxation</b>	3,196	1,740	5,961	3,937
Taxation	(290)	3	(20)	(161)
<b>Profit after taxation</b>	2,906	1,743	5,941	3,776
<b>Other comprehensive income, net of tax :-</b>				
Foreign currency translations	(6)	(11)	2	25
<b>Total comprehensive income for the period</b>	2,900	1,732	5,943	3,801
<b>Profit attributable to :-</b>				
Owners of the parent	2,906	1,743	5,941	3,776
Non-controlling interest	-	-	-	-
	2,906	1,743	5,941	3,776
<b>Total comprehensive income attributable to :-</b>				
Owners of the parent	2,900	1,732	5,943	3,801
Non-controlling interest	-	-	-	-
	2,900	1,732	5,943	3,801
<b>Profit per ordinary share attributable to the owners of the parent (sen)</b>				
Basic	0.32	0.22	0.65	0.47
Diluted	0.32	0.14	0.65	0.31

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.

**TMC LIFE SCIENCES BERHAD (624409-A)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 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				Accumulated losses RM'000
<b>Balance at 1 June 2014</b>	80,237	33,159	28,083	80	(6,169)	135,390	-	135,390
<b>Total comprehensive income</b>	-	-	-	2	5,941	5,943	-	5,943
<b>Transaction with owners</b>								
Ordinary shares issued	39,715	146,945	(27,801)	-	-	158,859	-	158,859
- conversion of warrants								
Adjustment for the unexercised warrants upon expiry date	-	-	(282)	-	282	-	-	-
Dividend paid	-	-	-	-	(2,468)	(2,468)	-	(2,468)
<b>Balance at 28 February 2015</b>	<b>119,952</b>	<b>180,104</b>	<b>-</b>	<b>82</b>	<b>(2,414)</b>	<b>297,724</b>	<b>-</b>	<b>297,724</b>
<b>Balance at 1 June 2013</b>	80,237	33,159	28,083	51	(10,219)	131,311	-	131,311
<b>Total comprehensive income</b>	-	-	-	25	3,776	3,801	-	3,801
<b>Transaction with owners</b>								
Dividend paid	-	-	-	-	(2,407)	(2,407)	-	(2,407)
<b>Balance at 28 February 2014</b>	<b>80,237</b>	<b>33,159</b>	<b>28,083</b>	<b>76</b>	<b>(8,850)</b>	<b>132,705</b>	<b>-</b>	<b>132,705</b>

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)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 28 FEBRUARY 2015**

	As At 28/2/2015 Unaudited RM'000	As At 31/5/2014 Audited RM'000
<b>Non-current assets</b>		
Property, plant and equipment	112,828	105,911
Deferred tax assets	258	-
Total non-current assets	113,086	105,911
<b>Current assets</b>		
Inventories	6,393	4,638
Trade and other receivables	25,830	21,111
Current tax assets	251	244
Cash and cash equivalents	190,072	32,630
Total current assets	222,546	58,623
<b>TOTAL ASSETS</b>	<b>335,632</b>	<b>164,534</b>
<b>Equity attributable to owners of the parent</b>		
Share capital	119,952	80,237
Accumulated losses	(2,414)	(6,169)
Reserves	180,186	61,322
	297,724	135,390
<b>Non-controlling interest</b>	-	-
<b>TOTAL EQUITY</b>	<b>297,724</b>	<b>135,390</b>
<b>Non-current liabilities</b>		
Borrowings	1,913	1,969
Other deferred liabilities	2,879	2,879
Total non-current liabilities	4,792	4,848
<b>Current liabilities</b>		
Trade and other payables	32,992	24,168
Borrowings	80	82
Current tax liabilities	44	46
Total current liabilities	33,116	24,296
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>335,632</b>	<b>164,534</b>
Net assets per share (RM)	0.33	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)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2015**

	9 months ended 28/2/2015 RM'000	9 months ended 28/2/2014 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	5,961	3,937
Adjustments for :-		
Non-cash items	6,102	5,906
Interest paid	76	76
Interest income	(1,940)	(565)
Operating profit before changes in working capital	<u>10,199</u>	<u>9,354</u>
Changes in working capital		
Net change in current assets	(6,475)	(4,113)
Net change in current liabilities	8,830	2,085
Cash flows from operating activities	<u>12,554</u>	<u>7,326</u>
Interest paid	(76)	(76)
Net income tax (paid)/refunded	(288)	734
<b>Net cash flows from operating activities</b>	<u>12,190</u>	<u>7,984</u>
<b>Cash flows used in investing activities</b>		
Acquisition of property plant and equipment	(13,027)	(2,793)
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	(49,466)	379
Interest received	1,940	565
	<u>(60,545)</u>	<u>(1,849)</u>
<b>Cash flows from/(used in) financing activities</b>		
Proceeds from issuance of ordinary shares pursuant to the exercise of warrants	158,859	-
Dividend paid	(2,468)	(2,407)
Repayment of term loans	(44)	(45)
Repayment of hire purchase	(14)	(13)
	<u>156,333</u>	<u>(2,465)</u>
<b>Net change in cash &amp; cash equivalents</b>	<u>107,978</u>	<u>3,670</u>
<b>Cash &amp; cash equivalents at beginning of the financial period</b>	32,567	25,453
<b>Exchange rate effects</b>	(2)	56
<b>Cash &amp; cash equivalents at end of the financial period</b>	<u>140,543</u>	<u>29,179</u>
<b>Cash &amp; cash equivalents at end of the financial period</b>		
Short term deposits (not more than 3 months)	110,026	17,611
Cash and bank balances	30,517	11,568
	<u>140,543</u>	<u>29,179</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 28 FEBRUARY 2015**

**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 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 during the quarter under review. The warrants had since expired on 22 December 2014.

**A6 DIVIDENDS PAID**

During the financial period ended 28 February 2015, 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 28 February 2015 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.

**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 RM3.7 million as at 28 February 2015.

**A11 CAPITAL COMMITMENTS**

The amount of commitments for capital expenditure as at 28 February 2015 is as follows:

	28/2/2015	31/5/2014
	RM'000	RM'000
Approved and contracted for	6,705	5,096
Approved but not contracted for	3,915	9,481
	<u>10,620</u>	<u>14,577</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 28 FEBRUARY 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	
	28/2/2015 RM'000	28/2/2014 RM'000
Revenue	26,411	21,715
Profit before taxation	3,196	1,740

Revenue increased by 22% to RM26.4 million compared to the previous corresponding quarter. Higher revenue was contributed by higher patient load catered for by expanded bed capacity and additional consultants recruited. Despite the increase in operating expenditure especially on corporate exercise expenses and staff cost, higher profit before taxation was achieved in the current quarter mainly due to higher revenue and interest income.

**Review of results for the financial period**

	9 months ended	
	28/2/2015 RM'000	28/2/2014 RM'000
Revenue	74,684	62,742
Profit before taxation	5,961	3,937

The Group recorded 19% growth in revenue for the 9 months ended 28 February 2015 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 RM5.9 million for the current financial period as compared to RM3.9 million registered in the previous corresponding period mainly due to higher revenue and interest income. Higher corporate exercise expenses and 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	
	28/2/2015 RM'000	30/11/2014 RM'000
Revenue	26,411	25,101
Profit before taxation	3,196	2,121

For current financial quarter, revenue rose 5% to RM26.4 million while profit before tax increased to RM3.2 million as compared to the immediate preceding quarter of RM2.1 million. Improvement in profit before taxation was mainly due to higher revenue achieved and higher interest income earned from the warrants conversion proceed.



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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 28 February 2015.

**B5 TAXATION**

	Current quarter RM'000	9 months ended 28/2/2015 RM'000
In respect of current financial year		
- income taxation	233	300
- deferred taxation	79	(258)
	<u>312</u>	<u>42</u>
Under / (over) provision in respect of prior period		
- income taxation	(22)	(22)
- deferred taxation	-	-
	<u>(22)</u>	<u>(22)</u>
	<u>290</u>	<u>20</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 April 2015, being the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

As announced on 6 February 2015, TMC Life Sciences Berhad ("TMC" or "the Company") is proposing to undertake the following multiple proposals:

- (I) Proposed acquisition by TMC of 1,000,000 ordinary shares of RM1.00 each, representing the entire equity interest of BB Waterfront Sdn. Bhd. from Best Blend Sdn. Bhd. for a purchase consideration of RM400,000,000 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 RM0.75 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 ("Proposed Acquisition");
- (II) Proposed bonus issue of 599,760,718 warrants ("Bonus Warrants") in TMC to all entitled shareholders of TMC on the basis of one (1) bonus warrant for every two (2) existing TMC shares held at an entitlement date to be determined later ("Proposed Bonus Issue of Warrants"); and
- (III) Proposed increase in the authorised share capital of TMC from RM200,000,000 comprising 2,000,000,000 shares to RM500,000,000 comprising 5,000,000,000 shares and in consequence thereof, the Memorandum and Articles of Association of the Company be altered accordingly ("Proposed IASC").

Further to the above, the Company had on 16 February 2015 announced to undertake the following:

- (IV) Proposed establishment of an Employees' Share Option Scheme of up to fifteen percent (15%) of the issued and paid-up share capital (excluding treasury shares) of TMC ("Proposed ESOS").

(Items (I), (II), (III), and (IV) are collectively referred to as "Proposals").

**TMC LIFE SCIENCES BERHAD (624409-A)**  
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**B6 STATUS OF CORPORATE PROPOSAL (CONT'D)**

The Company had on 25 March 2015 submitted the listing application for the Consideration Shares, Consideration Warrants, Bonus Warrants as well as the new shares to be issued arising from the exercise of the Consideration Warrants, Bonus Warrants and options from the Proposed ESOS to Bursa Malaysia.

The Proposals are subject to shareholders' approval at an extraordinary general meeting to be convened.

The Proposals are expected to be completed by the third (3<sup>rd</sup>) quarter of 2015.

**B7 BORROWINGS**

The Group's borrowings as at 28 February 2015 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	1,913	80	1,993

**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 2014: NIL).

**B10 EARNINGS PER SHARE (EPS)**

	Individual Quarter		9 months ended	
	28/2/2015	28/2/2014	28/2/2015	28/2/2014
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)	2,906	1,743	5,941	3,776
Weighted average number of ordinary shares outstanding ('000)	913,072	802,373	913,072	802,373
EPS (sen)				
- Basic	0.32	0.22	0.65	0.47
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)	2,906	1,743	5,941	3,776
Weighted average number of ordinary shares outstanding ('000)	913,072	802,373	913,072	802,373
Effect of dilution ('000)	4,038	401,186	4,038	401,186
Adjusted weighted average number of shares ('000)	917,110	1,203,559	917,110	1,203,559
Diluted EPS (sen)				
- Diluted	0.32	0.14	0.65	0.31

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.

**TMC LIFE SCIENCES BERHAD (624409-A)**  
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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	9 months ended 28/2/2015 RM'000
Interest income	1,422	1,940
Other operating income excluding interest income	129	391
Interest expense	(25)	(76)
Depreciation and amortisation	(2,049)	(6,035)
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 losses on receivables	(33)	(48)
Foreign exchange loss	(2)	(2)
Gain or loss on derivatives	-	-
Exceptional items	-	-

**B13 REALISED AND UNREALISED PROFITS/(LOSSES)**

	28/2/2015 RM'000	31/5/2014 RM'000 (Audited)
Total accumulated profits/(losses):		
- realised	289	(3,211)
- unrealised	(2,703)	(2,958)
As at 28 February 2015 / 31 May 2014	<u>(2,414)</u>	<u>(6,169)</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 April 2015.