



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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 MAY 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 31 MAY 2014**

	Individual Quarter		12 months ended	
	31/05/2014 RM'000	31/05/2013 RM'000	31/05/2014 RM'000	31/05/2013 RM'000
Continuing Operations				
Revenue	24,216	20,569	88,132	72,221
Cost of sales	(8,886)	(7,477)	(31,422)	(25,998)
Gross profit	15,330	13,092	56,710	46,223
Other operating income	112	122	418	556
Operating expenses	(10,836)	(10,630)	(43,171)	(37,411)
Profit from operations	4,606	2,584	13,957	9,368
Depreciation	(1,993)	(1,856)	(7,896)	(7,344)
Interest income	215	153	780	391
Finance costs	(25)	(31)	(101)	(312)
Profit before taxation	2,803	850	6,740	2,103
Taxation	(122)	73	(283)	74
Profit from continuing operations	2,681	923	6,457	2,177
Discontinued Operations				
Loss from discontinued operations, net of tax	-	-	-	(1,054)
Gain on disposal of property, plant and equipment	-	-	-	2,738
Gain on disposal of subsidiaries	-	-	-	7,220
Profit after taxation	2,681	923	6,457	11,081
Other comprehensive income, net of tax :-				
Foreign currency translations	4	33	29	41
Total comprehensive income for the period	2,685	956	6,486	11,122
Profit attributable to :-				
Owners of the parent	2,681	923	6,457	11,081
Non-controlling interest	-	-	-	-
	2,681	923	6,457	11,081
Total comprehensive income attributable to :-				
Owners of the parent	2,685	956	6,486	11,122
Non-controlling interest	-	-	-	-
	2,685	956	6,486	11,122
Profit per ordinary share attributable to the owners of the parent (sen)				
Basic				
- from continuing operations	0.33	0.12	0.80	0.27
- from discontinued operations	-	-	-	1.11
	0.33	0.12	0.80	1.38
Diluted				
- from continuing operations	0.22	0.08	0.54	0.18
- from discontinued operations	-	-	-	0.74
	0.22	0.08	0.54	0.92

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 31 MAY 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
	Share capital RM'000	Non-distributable			Distributable			
		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	-	-	-	29	6,457	6,486	-	6,486
Transaction with owners								
Dividend paid	-	-	-	-	(2,407)	(2,407)	-	(2,407)
Balance at 31 May 2014	80,237	33,159	28,083	80	(6,169)	135,390	-	135,390
Balance at 1 June 2012	80,237	33,159	28,083	10	(21,300)	120,189	-	120,189
Total comprehensive income	-	-	-	41	11,081	11,122	-	11,122
Transaction with owners								
Ordinary shares issued								
- conversion of warrants	*	*	*	-	-	*	-	*
Balance at 31 May 2013	80,237	33,159	28,083	51	(10,219)	131,311	-	131,311

* 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 31 MAY 2014**

	As At 5/31/2014 Unaudited RM'000	As At 5/31/2013 Audited RM'000
Non-current assets		
Property, plant and equipment	105,911	110,538
Total non-current assets	105,911	110,538
Current assets		
Inventories	4,638	3,641
Trade and other receivables	21,111	14,859
Current tax assets	244	1,550
Cash and cash equivalents	32,625	25,894
Total current assets	58,618	45,944
TOTAL ASSETS	164,529	156,482
Equity attributable to owners of the parent		
Share capital	80,237	80,237
Accumulated losses	(6,169)	(10,219)
Reserves	61,322	61,293
	135,390	131,311
Non-controlling interest	-	-
TOTAL EQUITY	135,390	131,311
Non-current liabilities		
Borrowings	1,969	2,045
Other deferred liabilities	2,879	2,882
Total non-current liabilities	4,848	4,927
Current liabilities		
Trade and other payables	24,163	20,156
Borrowings	82	79
Current tax liabilities	46	9
Total current liabilities	24,291	20,244
TOTAL EQUITY AND LIABILITIES	164,529	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 31 MAY 2014**

	12 months ended 5/31/2014 RM'000	12 months ended 5/31/2013 RM'000
Cash flows from operating activities		
Profit / (Loss) before tax		
- From continuing operations	6,740	2,103
- From discontinued operations	-	(1,054)
	6,740	1,049
Adjustments for non-cash flow items :-		
Non-cash items	7,898	7,799
Interest paid	101	295
Interest income	(780)	(391)
Operating profit before changes in working capital	13,959	8,752
Changes in working capital		
Net change in current assets	(7,247)	(3,780)
Net change in current liabilities	3,971	3,469
Cash flows from operating activities	10,683	8,441
Interest paid	(101)	(295)
Income tax refunded, net of tax paid	1,057	(74)
Net cash flows from operating activities	11,639	8,072
Cash flows (used in)/from investing activities		
Acquisition of property plant and equipment	(3,274)	(3,871)
Net cash inflow from disposal of subsidiaries	-	1,450
Proceeds from disposal of property, plant and equipment	2	11,002
Proceeds from disposal of other investment	-	2
Interest received	780	391
	(2,492)	8,974
Cash flows used in financing activities		
Dividend paid	(2,407)	-
Repayment of term loans	(55)	(5,491)
Repayment of hire purchase	(18)	(17)
	(2,480)	(5,508)
Net change in cash & cash equivalents	6,667	11,538
Cash & cash equivalents at beginning of the financial period	25,894	14,303
Exchange rate effects	64	53
Cash & cash equivalents at end of the financial period	32,625	25,894
Cash & cash equivalents at end of the financial period		
Short term deposits	21,319	13,248
Cash and bank balances	11,306	12,646
	32,625	25,894

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 31 MAY 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 31 May 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 RM3.6 million as at 31 May 2014.

A11 CAPITAL COMMITMENTS

There was no capital commitment not provided for in the financial quarter as at 31 May 2014.

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 MAY 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	
	5/31/2014	5/31/2013
	RM'000	RM'000
Revenue	24,216	20,569
Profit before taxation	2,803	850

Revenue grew 18% to RM24.2 million compared to the previous corresponding quarter mainly driven by higher patient load arising from additional bed capacity and more variety of disciplines offered. Profitability improved due to higher revenue recorded.

Review of results for the financial period

	12 months ended	
	5/31/2014	5/31/2013
	RM'000	RM'000
Revenue	88,132	72,221
Profit before taxation	6,740	2,103

The Group recorded 22% growth in revenue for the financial year ended 31 May 2014 compared with 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 at RM6.7 million for the current financial year mainly attributable to higher revenue achieved. Higher operating expenses were incurred to retain and recruit 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	
	5/31/2014	2/28/2014
	RM'000	RM'000
Revenue	24,216	22,109
Profit before taxation	2,803	1,740

For current financial quarter, revenue rose 10% to RM24.2 million while profit before tax increased to RM2.8 million as compared to the immediate preceding quarter of RM1.7 million. Improvement in profit before tax was mainly due to higher revenue achieved.

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B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MAY 2014

The growth prospects for the healthcare sector in Malaysia remain positive with growing affluence. Rising costs remain a concern and the introduction of Goods and Services Tax will have to be managed carefully by private hospital operators. 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 talent.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

There is no profit forecast or profit guarantee for the financial period ended 31 May 2014.

B5 TAXATION

	Current quarter RM'000	Cumulative period 5/31/2014 RM'000
In respect of current financial year		
- income taxation	96	217
- deferred taxation	-	-
	<u>96</u>	<u>217</u>
Under / (over) provision in respect of prior period		
- income taxation	29	69
- deferred taxation	(3)	(3)
	<u>26</u>	<u>66</u>
	<u>122</u>	<u>283</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 16 July 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	6,694	3,306	By 21 June 2015
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>56,872</u>	<u>3,306</u>	

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B7 BORROWINGS

The Group's borrowings as at 31 May 2014 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured - Denominated in Ringgit Malaysia	1,969	82	2,051

B8 MATERIAL LITIGATION

There was no material litigation as at the date of this report.

B9 DIVIDENDS

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommended a single tier final dividend of 3% for the financial year ended 31 May 2014 (2013 - 3%). The net amount payable is RM2.4 million (2013: RM2.4 million).

The entitlement and payment dates for the final dividend will be announced at a later date.

B10 EARNINGS PER SHARE (EPS)

	Individual Quarter		Cumulative period	
	5/31/2014	5/31/2013	5/31/2014	5/31/2013
(a) Basic EPS				
Net profit attributable to owners of the parent (RM'000)				
- From continuing operations	2,681	923	6,457	2,177
- From discontinued operations	-	-	-	8,904
	<u>2,681</u>	<u>923</u>	<u>6,457</u>	<u>11,081</u>
Weighted average number of ordinary shares outstanding ('000)	<u>802,373</u>	<u>802,373</u>	<u>802,373</u>	<u>802,373</u>
EPS (sen)				
- From continuing operations	0.33	0.12	0.80	0.27
- From discontinued operations	-	-	-	1.11
	<u>0.33</u>	<u>0.12</u>	<u>0.80</u>	<u>1.38</u>
(b) Diluted EPS				
Net profit attributable to owners of the parent (RM'000)				
- From continuing operations	2,681	923	6,457	2,177
- From discontinued operations	-	-	-	8,904
	<u>2,681</u>	<u>923</u>	<u>6,457</u>	<u>11,081</u>
Weighted average number of ordinary shares outstanding ('000)	<u>802,373</u>	<u>802,373</u>	<u>802,373</u>	<u>802,373</u>
Effect of dilution ('000)	<u>401,186</u>	<u>401,186</u>	<u>401,186</u>	<u>401,186</u>
Adjusted weighted average number of shares ('000)	<u>1,203,559</u>	<u>1,203,559</u>	<u>1,203,559</u>	<u>1,203,559</u>
Diluted EPS (sen)				
- From continuing operations	0.22	0.08	0.54	0.18
- From discontinued operations	-	-	-	0.74
	<u>0.22</u>	<u>0.08</u>	<u>0.54</u>	<u>0.92</u>

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.

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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 5/31/2014 RM'000
Interest income	215	780
Other operating income excluding interest income	112	418
Interest expense	(25)	(101)
Depreciation and amortisation	(1,993)	(7,896)
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	(218)	(189)
Foreign exchange gain / (loss)	(2)	(16)
Gain or loss on derivatives	-	-
Exceptional items	-	-

B13 REALISED AND UNREALISED PROFITS/(LOSSES)

	5/31/2014 RM'000	5/31/2013 RM'000 (Audited)
Total accumulated losses:		
- realised	(3,211)	(7,114)
- unrealised	(2,958)	(3,105)
As at 31 May 2014 / 31 May 2013	<u>(6,169)</u>	<u>(10,219)</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 23 July 2014.