



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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
28 FEBRUARY 2013

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)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 28 FEBRUARY 2013

	Individual Quarter		Cumulative Period	
	Current Quarter Unaudited 28/02/2013 RM'000	Comparative Quarter Audited 29/02/2012 RM'000	Current Year-to-date Unaudited 28/02/2013 RM'000	Comparative Year-to-date Audited 29/02/2012 RM'000
Continuing Operations				
Revenue	17,733	14,557	51,652	40,803
Cost of sales	(6,602)	(5,087)	(18,521)	(14,527)
Gross profit	11,131	9,470	33,131	26,276
Other operating income	117	80	434	689
Operating expenses	(9,181)	(8,223)	(26,781)	(24,758)
Profit from operations	2,067	1,327	6,784	2,207
Depreciation	(1,830)	(1,906)	(5,488)	(5,430)
Interest income	86	117	238	124
Finance costs	(45)	(385)	(281)	(1,856)
Profit / (Loss) before tax	278	(847)	1,253	(4,955)
Taxation	(17)	(70)	1	(28)
Profit / (Loss) after taxation from continuing operations	261	(917)	1,254	(4,983)
Discontinued Operations				
Loss from discontinued operations	(165)	(317)	(1,054)	(1,622)
Gain on disposal of property, plant and equipment	2,738	-	2,738	-
Gain on disposal of subsidiaries	-	-	7,220	-
Profit / (Loss) after taxation	2,834	(1,234)	10,158	(6,605)
Other comprehensive income :-				
Exchange differences on translation of foreign operations	(2)	-	8	1
Total comprehensive income / (loss) for the period	2,832	(1,234)	10,166	(6,604)
Profit / (Loss) attributable to :-				
Owners of the parent	2,834	(1,234)	10,158	(6,605)
Non-controlling interest	-	-	-	-
	2,834	(1,234)	10,158	(6,605)
Total comprehensive income / (loss) attributable to :-				
Owners of the parent	2,832	(1,234)	10,166	(6,604)
Non-controlling interest	-	-	-	-
	2,832	(1,234)	10,166	(6,604)
Earnings per share (sen)				
- Basic	0.35	(0.19)	1.27	(1.03)
- Diluted *	0.24	Anti-dilutive	0.84	Anti-dilutive

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.

* There is no dilutive EPS for the comparative quarter and period ended 29.02.2012 as the effect of potential dilution is anti dilutive.

TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 28 FEBRUARY 2013**

	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	-	-	-	8	10,158	10,166	-	10,166
Balance at 28 Feb 2013	80,237	33,159	28,083	18	(11,142)	130,355	-	130,355
Balance at 1 June 2011	60,178	21,752	-	7	(15,895)	66,042	-	66,042
Rights issues	20,059	40,118	-	-	-	60,177	-	60,177
Issuance of share warrants	-	(28,083)	28,083	-	-	-	-	-
Corporate exercise expenses	-	(628)	-	-	-	(628)	-	(628)
Total comprehensive loss	-	-	-	1	(6,605)	(6,604)	-	(6,604)
Balance at 29 Feb 2012	80,237	33,159	28,083	8	(22,500)	118,987	-	118,987

* 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

TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 28 FEBRUARY 2013**

	As At 28/2/2013 Unaudited RM'000	As At 31/5/2012 Audited RM'000
Non-current assets		
Property, plant and equipment	110,484	123,278
Total non-current assets	110,484	123,278
Current assets		
Inventories	3,253	2,778
Trade and other receivables	12,331	11,673
Current tax assets	1,513	1,760
Cash and cash equivalents	24,447	14,303
Total current assets	41,544	30,514
TOTAL ASSETS	152,028	153,792
Equity attributable to owners of the parent		
Share capital	80,237	80,237
Accumulated losses	(11,142)	(21,300)
Reserves	61,260	61,252
	130,355	120,189
Non-controlling interest	-	-
TOTAL EQUITY	130,355	120,189
Non-current liabilities		
Borrowings	2,072	7,401
Other deferred liabilities	2,968	2,968
Trade and other payables	-	2,908
Total non-current liabilities	5,040	13,277
Current liabilities		
Trade and other payables	16,562	20,088
Borrowings	64	231
Current tax liabilities	7	7
Total current liabilities	16,633	20,326
TOTAL EQUITY AND LIABILITIES	152,028	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.

TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 28 FEBRUARY 2013**

	Current Year-to-date 28/2/2013 RM'000	Comparative Year-to-date 29/2/2012 RM'000
Cash flows from operating activities		
Profit / (Loss) before tax		
- From continuing activities	1,253	(4,955)
- From discontinuing activities	(1,054)	(1,622)
	<u>199</u>	<u>(6,577)</u>
Adjustment for non-cash flow items :-		
Non-cash items	5,632	5,751
Interest paid	281	1,856
Interest income	(238)	(124)
Operating profit before changes in working capital	<u>5,874</u>	<u>906</u>
Changes in working capital		
Net change in current assets	(681)	(2,094)
Net change in current liabilities	(124)	(3,939)
Net cash flows from / (used in) operating activities	<u>5,069</u>	<u>(5,127)</u>
Interest paid	(281)	(1,856)
Income tax paid	(26)	(245)
Net cash flows from / (used in) operating activities	<u>4,762</u>	<u>(7,228)</u>
Cash flows from / (used in) investing activities		
Acquisition of property plant and equipment	(1,836)	(858)
Net cash inflow from disposal of subsidiaries	1,450	-
Proceeds from disposal of property, plant and equipment	11,000	6
Interest received	238	124
	<u>10,852</u>	<u>(728)</u>
Cash flows (used in) / from financing activities		
Drawdown of term loans	-	5,000
Proceeds from right issues	-	60,178
Corporate exercise expense	-	(628)
Repayment of term loans	(5,482)	(43,443)
Repayment of hire purchase	(12)	(12)
	<u>(5,494)</u>	<u>21,095</u>
Net change in cash & cash equivalents	<u>10,120</u>	<u>13,139</u>
Cash & cash equivalents at beginning of the financial period	14,303	(1,810)
Exchange rate effects	24	19
Cash & cash equivalents at end of the financial period	<u>24,447</u>	<u>11,348</u>
Cash & cash equivalents at end of the financial period		
Short term deposits	859	425
Cash and bank balances	23,588	11,418
	<u>24,447</u>	<u>11,843</u>
Overdraft	-	(495)
	<u>24,447</u>	<u>11,348</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 28 FEBRUARY 2013**

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.

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

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 28 February 2013.

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 28 February 2013 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.

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

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 discontinued operations as at 28 February 2013 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	
	28/2/2013	29/2/2012	28/2/2013	29/2/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	7	628	714	2,063
Cost of sales	(172)	(403)	(517)	(1,301)
Gross profit	(165)	225	197	762
Other operating income	-	2	29	9
Operating expenses	-	(528)	(1,136)	(2,130)
Loss from operations	(165)	(301)	(910)	(1,359)
Depreciation	-	(16)	(144)	(263)
Loss before tax	(165)	(317)	(1,054)	(1,622)
Taxation	-	-	-	-
Loss after taxation	(165)	(317)	(1,054)	(1,622)

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:

	28/2/2013
	RM'000
Net liabilities disposed	(4,334)
Net proceeds receivable from purchaser	(1,250)
Gain on disposals	7,220
Proceeds received	1,636
Less: cash and cash equivalent disposed off	(186)
Net cash inflow from disposal of subsidiaries	1,450

The disposal of the property had the following effects on the financial position of the Group:

	28/2/2013
	RM'000
Proceeds received	11,000
Net assets disposed	(7,800)
Incidental expenses	(462)
Gain on disposal	2,738

TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

A12 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided corporate guarantees to licensed financial institutions for banking facilities, and suppliers amounting to RM60.3 million and RM2.3 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 RM2.6 million as at 28 February 2013. The corporate guarantee of RM58.0 million was in respect of borrowings from a financial institution which have since been fully repaid and the corporate guarantee thereon is in the midst of being discharged.

A13 CAPITAL COMMITMENTS

There was no capital commitment not provided for in the financial quarter as at 28 February 2013.

A14 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 28 FEBRUARY 2013**

**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	
	28/2/2013	29/2/2012
	RM'000	RM'000
Revenue	17,733	14,557
Profit / (Loss) before taxation	278	(847)

Revenue rose 22% 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	
	28/2/2013	29/2/2012
	RM'000	RM'000
Revenue	51,652	40,803
Profit / (Loss) before taxation	1,253	(4,955)

The Group recorded 27% growth in revenue compared with the previous corresponding financial period, contributed by increased bed capacity and more variety of services offered as a result of successful recruitment of consultants from various disciplines and continuing marketing activities.

The Group recorded profit before tax as compared to loss before tax in the previous corresponding financial 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 hospital and variety of facilities and services offered by the hospital.

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

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

	Individual Quarter	
	28/2/2013 RM'000	30/11/2012 RM'000
Revenue	17,733	17,517
Profit before taxation	278	827

Revenue increased by 1% as compared to the immediate preceding quarter. However, profit before tax declined by RM0.5 million mainly due to higher staff cost and operating expenses.

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	
	28/2/2013 RM'000	29/2/2012 RM'000	28/2/2013 RM'000	29/2/2012 RM'000
In respect of current financial year				
- income taxation	30	65	63	73
- deferred taxation	-	-	-	-
	<u>30</u>	<u>65</u>	<u>63</u>	<u>73</u>
Under / (over) provision in respect of prior period				
- income taxation	(13)	5	(64)	(45)
- deferred taxation	-	-	-	-
	<u>(13)</u>	<u>5</u>	<u>(64)</u>	<u>(45)</u>
	<u>17</u>	<u>70</u>	<u>(1)</u>	<u>28</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.

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

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 15 April 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	3,506	Within 18 months	6,494	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	53,684		6,494	

Note: The unutilised proceeds as at 15 April 2013 would not be fully utilised within the 18 months timeframe which is due in June 2013. A separate announcement will be made on the extension and justification on the same date as this announcement.

B7 BORROWINGS

The Group’s borrowings as at 28 February 2013 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured	2,072	64	2,136

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.

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Period	
	28/2/2013	29/2/2012	28/2/2013	29/2/2012
(a) Basic EPS				
Net profit / (loss) attributable to owners of the parent (RM'000)	2,834	(1,234)	10,158	(6,605)
Weighted average number of ordinary shares outstanding (000)	802,373	639,700	802,373	639,700
EPS / (LPS) (sen)				
- Basic	0.35	(0.19)	1.27	(1.03)
(b) Diluted EPS				
Net profit / (loss) attributable to owners of the parent (RM'000)	2,834	(1,234)	10,158	(6,605)
Weighted average number of ordinary shares outstanding (000)	802,373	639,700	802,373	639,700
Effect of dilution ('000)	401,186	75,841	401,186	75,841
Adjusted weighted average number of shares ('000)	1,203,559	715,541	1,203,559	715,541
EPS (sen)				
- Diluted	0.24	Anti-dilutive	0.84	Anti-dilutive

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 2013, adjusted to assume the conversion of dilutive potential ordinary shares.

B11 REALISED AND UNREALISED PROFITS/(LOSSES)

	28/2/2013	31/5/2012
	RM'000	RM'000
Total accumulated losses:		
- realised	(7,990)	(18,223)
- unrealised	(3,152)	(3,077)
As at 28 February 2013 / 31 May 2012	(11,142)	(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 22 April 2013.