



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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED
31 MAY 2013

Contact

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TMC LIFE SCIENCES BERHAD (624409-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MAY 2013

	Individual Quarter		Cumulative Period	
	Current Quarter Unaudited 31.05.2013 RM'000	Comparative Quarter Restated 31.05.2012 RM'000	Current Year-to-date Unaudited 31.05.2013 RM'000	Comparative Year-to-date Restated 31.05.2012 RM'000
Continuing Operations				
Revenue	20,569	18,403	72,221	59,206
Cost of sales	(7,477)	(6,730)	(25,999)	(21,256)
Gross profit	13,092	11,673	46,222	37,950
Other operating income	110	1,533	544	2,222
Operating expenses	(10,602)	(9,662)	(37,383)	(34,420)
Profit from operations	2,600	3,544	9,383	5,752
Depreciation	(1,853)	(2,018)	(7,341)	(7,449)
Interest income	153	66	391	190
Finance costs	(31)	(131)	(312)	(1,987)
Profit / (Loss) before tax	869	1,461	2,121	(3,494)
Taxation	72	(466)	74	(494)
Profit / (Loss) after taxation from continuing operations	941	995	2,195	(3,988)
Discontinued Operations				
Loss from discontinued operations	-	(810)	(1,054)	(2,432)
Gain on disposal of property, plant and equipment	-	-	2,738	-
Gain on disposal of subsidiaries	-	-	7,220	-
Profit / (Loss) after taxation	941	185	11,099	(6,420)
Other comprehensive income :-				
Exchange differences on translation of foreign operations	33	-	41	3
Total comprehensive income / (loss) for the period	974	185	11,140	(6,417)
Profit / (Loss) attributable to :-				
Owners of the parent	941	185	11,099	(6,420)
Non-controlling interest	-	-	-	-
	941	185	11,099	(6,420)
Total comprehensive income / (loss) attributable to :-				
Owners of the parent	974	185	11,140	(6,417)
Non-controlling interest	-	-	-	-
	974	185	11,140	(6,417)
Earnings per share (sen)				
- Basic	0.12	0.03	1.38	(0.93)
- Diluted *	0.08	0.02	0.92	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 31.05.2012 as the effect of potential dilution is anti dilutive.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MAY 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
	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 2012	80,237	33,159	28,083	10	(21,300)	120,189	-	120,189
Conversion of warrants	*	*	*	-	-	*	-	*
Total comprehensive income	-	-	-	41	11,099	11,140	-	11,140
Balance at 31 May 2013	80,237	33,159	28,083	51	(10,201)	131,329	-	131,329
Balance at 1 June 2011	60,178	21,752	-	7	(14,880)	67,057	-	67,057
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	-	-	-	3	(6,420)	(6,417)	-	(6,417)
Balance at 31 May 2012	80,237	33,159	28,083	10	(21,300)	120,189	-	120,189

* 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 statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 MAY 2013**

	As At 31.05.2013 Unaudited RM'000	As At 31.05.2012 Audited RM'000
Non-current assets		
Property, plant and equipment	110,561	123,278
Total non-current assets	110,561	123,278
Current assets		
Inventories	3,641	2,778
Trade and other receivables	15,039	11,673
Current tax assets	1,550	1,760
Cash and cash equivalents	25,709	14,303
Total current assets	45,939	30,514
TOTAL ASSETS	156,500	153,792
Equity attributable to owners of the parent		
Share capital	80,237	80,237
Accumulated losses	(10,201)	(21,300)
Reserves	61,293	61,252
	131,329	120,189
Non-controlling interest	-	-
TOTAL EQUITY	131,329	120,189
Non-current liabilities		
Borrowings	2,045	7,401
Other deferred liabilities	2,888	2,968
Trade and other payables	-	2,908
Total non-current liabilities	4,933	13,277
Current liabilities		
Trade and other payables	20,150	20,088
Borrowings	79	231
Current tax liabilities	9	7
Total current liabilities	20,238	20,326
TOTAL EQUITY AND LIABILITIES	156,500	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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MAY 2013**

	Current Year-to-date 31.05.2013 RM'000	Comparative Year-to-date 31.05.2012 RM'000
Cash flows from operating activities		
Profit / (Loss) before tax		
- From continuing activities	2,121	(3,494)
- From discontinuing activities	(1,054)	(2,500)
	1,067	(5,994)
Adjustment for non-cash flow items :-		
Non-cash items	7,578	8,877
Interest paid	312	1,950
Interest income	(391)	(190)
	8,566	4,643
Operating profit before changes in working capital		
Changes in working capital		
Net change in current assets	(3,778)	(3,539)
Net change in current liabilities	3,464	(2,620)
	8,252	(1,516)
Net cash flows from / (used in) operating activities		
Interest paid	(312)	(1,950)
Income tax paid	(69)	(275)
	7,871	(3,741)
Net cash flows from / (used in) operating activities		
Cash flows from / (used in) investing activities		
Acquisition of property plant and equipment	(3,860)	(1,411)
Net cash inflow from disposal of subsidiaries	1,450	-
Proceeds from disposal of property, plant and equipment	11,002	15
Interest received	391	190
	8,983	(1,206)
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	(5,491)	(43,489)
Repayment of hire purchase	(17)	(16)
	(5,508)	21,045
Net change in cash & cash equivalents	11,346	16,098
Cash & cash equivalents at beginning of the financial period	14,303	(1,810)
Exchange rate effects	60	15
Cash & cash equivalents at end of the financial period	25,709	14,303
Cash & cash equivalents at end of the financial period		
Short term deposits	12,221	849
Cash and bank balances	13,488	13,454
	25,709	14,303

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 31 MAY 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.

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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 31 May 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 31 May 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.

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A12 DISCONTINUED OPERATIONS AND GAIN ON DISPOSAL OF SUBSIDIARIES

During the previous quarters of the financial year, the Group had completed the disposals 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 31 May 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	
	31.05.2013	31.05.2012	31.05.2013	31.05.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	-	713	714	2,776
Cost of sales	-	(485)	(517)	(1,786)
Gross profit	-	228	197	990
Other operating income	-	29	29	38
Operating expenses	-	(954)	(1,136)	(3,084)
Loss from operations	-	(697)	(910)	(2,056)
Depreciation	-	(181)	(144)	(444)
Loss before tax	-	(878)	(1,054)	(2,500)
Taxation	-	-	-	68
Loss after taxation	-	(878)	(1,054)	(2,432)

The disposals of Stemtech International Sdn Bhd and Tropicana Medical Centre (Penang) Sdn Bhd had the following effects on the financial position of the Group:

	31.05.2013
	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:

	31.05.2013
	RM'000
Proceeds received	11,000
Net assets disposed	(7,800)
Incidental expenses	(462)
Gain on disposal	2,738

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A12 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 RM3.4 million as at 31 May 2013.

A13 CAPITAL COMMITMENTS

There was no capital commitment not provided for in the financial quarter as at 31 May 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 31 MAY 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	
	31.05.2013 RM'000	31.05.2012 RM'000
Revenue	20,569	18,403
Profit before taxation	869	1,461

Revenue rose 12% to RM20.6 million compared to the previous corresponding quarter mainly due to higher patient load with increased bed capacity and more variety of disciplines offered. However, profit before tax was lower by RM0.6 million to RM0.9 million in current quarter mainly due to lower other income coupled with higher operating expenses incurred for expanded capacity in the current period.

Review of results for the financial period

	Cumulative Period	
	31.05.2013 RM'000	31.05.2012 RM'000
Revenue	72,221	59,206
Profit / (Loss) before taxation	2,121	(3,494)

The Group recorded 22% growth in revenue compared with previous financial year, 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 of RM2.1 million for current financial year as opposed to loss before tax of RM3.5 million in the previous financial year. The turnaround 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 facilities and variety of services offered by the Group.

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

	Individual Quarter	
	31.05.2013 RM'000	28.02.2013 RM'000
Revenue	20,569	17,733
Profit before taxation	869	278

For current financial quarter, revenue increased by 16% to RM20.6 million while profit before tax rose to RM0.9 million as compared to the immediate preceding quarter of RM0.3 million. The improved profitability was mainly due to higher revenue achieved.

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 Asia Pacific region to increase the number of foreign patients. The Board of Directors is 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.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable.

B5 TAXATION

	Individual Quarter		Cumulative Period	
	31.05.2013 RM'000	31.05.2012 RM'000	31.05.2013 RM'000	31.05.2012 RM'000
In respect of current financial year				
- income taxation	3	135	66	208
- deferred taxation	(74)	(11)	(74)	(11)
	<u>(71)</u>	<u>124</u>	<u>(8)</u>	<u>197</u>
Under / (over) provision in respect of prior period				
- income taxation	6	301	(59)	256
- deferred taxation	(7)	41	(7)	41
	<u>(1)</u>	<u>342</u>	<u>(66)</u>	<u>297</u>
	<u>(72)</u>	<u>466</u>	<u>(74)</u>	<u>494</u>

During the quarter, apart from the tax exemption enjoyed by a subsidiary who was granted the BioNexus Status by the Malaysian Biotechnology Corporation Sdn Bhd, the Group also utilised its unabsorbed tax losses from previous years. The net tax credit for current quarter was mainly due to the franked dividend receivable from a subsidiary.

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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 22 July 2013 is as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation Amount RM'000	Intended timeframe for Utilisation	Extended timeframe for Utilisation By
Repayment of borrowings	38,960	38,960	-	Within 18 months	-
Capital expenditure	10,000	4,644	5,356	Within 18 months	21 June 2014
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	54,822	5,356		

B7 BORROWINGS

The Group’s borrowings as at 31 May 2013 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured	2,045	79	2,124

B8 MATERIAL LITIGATION

There were no material litigations 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 2013 (2012 - nil). The net amount payable is RM2.4 million (2012: nil).

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

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

	Individual Quarter		Cumulative Period	
	31.05.2013	31.05.2012	31.05.2013	31.05.2012
(a) Basic EPS				
Net profit / (loss) attributable to owners of the parent (RM'000)	941	185	11,099	(6,420)
Weighted average number of ordinary shares outstanding (000)	802,373	690,261	802,373	690,261
EPS / (LPS) (sen)				
- Basic	0.12	0.03	1.38	(0.93)
(b) Diluted EPS				
Net profit / (loss) attributable to owners of the parent (RM'000)	941	185	11,099	(6,420)
Weighted average number of ordinary shares outstanding (000)	802,373	690,261	802,373	690,261
Effect of dilution ('000)	401,186	176,962	401,186	176,962
Adjusted weighted average number of shares ('000)	1,203,559	867,222	1,203,559	867,222
EPS (sen)				
- Diluted	0.08	0.02	0.92	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 31 May 2013, adjusted to assume the conversion of dilutive potential ordinary shares.

B11 REALISED AND UNREALISED PROFITS/(LOSSES)

	31.05.2013	31.05.2012
	RM'000	RM'000
Total accumulated losses:		
- realised	(7,098)	(18,223)
- unrealised	(3,103)	(3,077)
As at 31 May 2013 / 31 May 2012	(10,201)	(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 July 2013.