



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

**INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

**Contact**

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**INTERIM FINANCIAL REPORT FOR THE  
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**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		CURRENT YEAR QUARTER 30 Jun 2009 RM	PRECEDING YEAR CORRESPONDING QUARTER 30 Jun 2008 RM	CURRENT YEAR TO-DATE 30 Jun 2009 RM	PRECEDING YEAR CORRESPONDING QUARTER 30 Jun 2008 RM
<b>Revenue</b>		<b>11,812,037</b>	8,493,920	<b>21,990,222</b>	16,669,507
Operating expenses		(11,536,387)	(6,580,129)	(22,439,573)	(11,827,598)
<b>(Loss) / Profit from operations</b>		<b>275,650</b>	<b>1,913,791</b>	<b>(449,351)</b>	<b>4,841,909</b>
Amortisation & depreciation		(2,200,728)	(632,478)	(3,909,171)	(1,013,687)
Finance costs		(339,551)	-	(770,361)	-
Interest income		95,894	77,155	115,332	92,146
<b>(Loss) / Profit before taxation</b>		<b>(2,168,735)</b>	<b>1,358,468</b>	<b>(5,013,551)</b>	<b>3,920,368</b>
Taxation	B5	(48,269)	(96,200)	(32,924)	(742,000)
<b>(Loss) / Profit after taxation</b>		<b>(2,217,004)</b>	<b>1,262,268</b>	<b>(5,046,475)</b>	<b>3,178,368</b>
Minority interests		126,712	(48,810)	203,564	54,230
<b>Net (loss) / profit attributable to members of the company</b>		<b><u>(2,090,292)</u></b>	<b><u>1,213,458</u></b>	<b><u>(4,842,911)</u></b>	<b><u>3,232,598</u></b>
Earnings per share (sen)					
- Basic	B15	<u>(0.35)</u>	<u>0.66</u>	<u>(0.81)</u>	<u>1.75</u>

(The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying notes attached to the interim financial report)

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**INTERIM FINANCIAL REPORT FOR THE**  
**SECOND QUARTER ENDED 30 JUNE 2009**

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**CONDENSED CONSOLIDATED BALANCE SHEET**

	Note	AS AT 30 June 2009 (UNAUDITED) RM	AS AT 31 December 2008 (AUDITED) RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		111,596,722	78,538,237
Prepaid land lease payments		18,885,414	18,987,498
Goodwill		3,331,190	3,331,190
Intangible assets		11,781,127	11,977,949
		<u>145,594,453</u>	<u>112,834,874</u>
<b>Current Assets</b>			
Inventories		4,086,500	1,715,190
Trade receivables		5,033,230	2,968,009
Other receivables, deposits and prepayments		14,203,385	28,155,984
Other investment		-	11,969
Cash and cash equivalents		7,370,095	21,302,176
		<u>30,693,210</u>	<u>54,153,328</u>
<b>TOTAL ASSETS</b>		<b>176,287,663</b>	<b>166,988,202</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Attributable To Equity Holders Of The Company</b>			
Share capital		60,177,975	60,177,975
Share premium		21,751,724	21,751,724
Exchange rate reserve		(11,285)	(23,462)
Retained profits		25,455,583	32,103,833
<b>Total Equity</b>		<u>107,373,997</u>	<u>114,010,070</u>
Minority interests		(159,985)	7,656
<b>Total Equity Attributable To Equity Holders Of The Company</b>		<b>107,214,012</b>	<b>114,017,726</b>
<b>Non-Current Liabilities</b>			
Term loan		33,059,799	27,700,213
Hire purchase		472,404	-
Deferred taxation		3,289,054	3,324,588
		<u>36,821,257</u>	<u>31,024,801</u>
<b>Current Liabilities</b>			
Trade payables		6,892,456	3,344,550
Other payables		22,435,604	15,639,024
Term loan		3,260,500	2,299,787
Hire purchase		109,830	-
Tax payable		(445,996)	662,314
		<u>32,252,394</u>	<u>21,945,675</u>
<b>TOTAL LIABILITIES</b>		<b>69,073,651</b>	<b>52,970,476</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>176,287,663</b>	<b>166,988,202</b>

(The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying notes attached to the interim financial report)

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**INTERIM FINANCIAL REPORT FOR THE**  
**SECOND QUARTER ENDED 30 JUNE 2009**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	Share Capital RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Total RM	Minority Interests RM	Total Equity RM
<b>At 1 January 2009</b>	60,177,975	21,751,724	(23,462)	32,103,833	<b>114,010,070</b>	7,656	<b>114,017,726</b>
Net loss for the period	-	-	-	(4,842,911)	<b>(4,842,911)</b>	(203,564)	<b>(5,046,475)</b>
Shares subscribed by minority shareholders	-	-	-	-	-	35,923	<b>35,923</b>
Foreign exchange reserve	-	-	12,177	-	<b>12,177</b>	-	<b>12,177</b>
Dividends paid	-	-	-	(1,805,339)	<b>(1,805,339)</b>	-	<b>(1,805,339)</b>
<b>At 30 June 2009</b>	<u>60,177,975</u>	<u>21,751,724</u>	<u>(11,285)</u>	<u>25,455,583</u>	<u><b>107,373,997</b></u>	<u>(159,985)</u>	<u><b>107,214,012</b></u>
<b>At 1 January 2008</b>	18,516,300	26,990,937	-	29,917,692	<b>75,424,929</b>	(92,202)	<b>75,332,727</b>
Net profit for the year	-	-	-	3,574,864	<b>3,574,864</b>	(201,989)	<b>3,372,875</b>
Shares subscribed by minority shareholders	-	-	-	-	-	99,990	<b>99,990</b>
Acquisition of interest in subsidiaries	-	-	-	-	-	201,857	<b>201,857</b>
Issuance of ordinary shares pursuant to							
- rights issue	18,516,300	18,516,300	-	-	<b>37,032,600</b>	-	<b>37,032,600</b>
- bonus issue	23,145,375	(23,145,375)	-	-	-	-	-
New share issue transaction costs	-	(610,138)	-	-	<b>(610,138)</b>	-	<b>(610,138)</b>
Foreign exchange reserve	-	-	(23,462)	-	<b>(23,462)</b>	-	<b>(23,462)</b>
Dividends paid	-	-	-	(1,388,723)	<b>(1,388,723)</b>	-	<b>(1,388,723)</b>
<b>At 31 December 2008</b>	<u>60,177,975</u>	<u>21,751,724</u>	<u>(23,462)</u>	<u>32,103,833</u>	<u><b>114,010,070</b></u>	<u>7,656</u>	<u><b>114,017,726</b></u>

(The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying notes attached to the interim financial report)

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**INTERIM FINANCIAL REPORT FOR THE**  
**SECOND QUARTER ENDED 30 JUNE 2009**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**

	<b>PERIOD ENDED 30 June 2009 RM (UNAUDITED)</b>	<b>PRECEDING YEAR ENDED 31 December 2008 RM (AUDITED)</b>
<b>Cash flows from operating activities</b>		
(Loss) / Profit before taxation	(5,013,551)	4,048,203
Adjustments for		
Non-cash items	3,909,171	1,902,600
Gain on disposal of nursing sponsorship	-	(21,000)
Interest paid	770,361	1,043,424
Interest income	(115,332)	(112,631)
Operating (loss) / profit before changes in working capital	(449,351)	6,860,596
Changes in working capital:		
Development costs incurred	-	(382,992)
Net change in current assets	9,516,068	(27,267,154)
Net change in current liabilities	10,421,023	7,757,796
Cash generated from / (used in) operations	19,487,740	(13,031,754)
Interest paid	(770,361)	(1,043,424)
Interest received	115,332	112,631
Income tax paid	(1,143,844)	(3,792,340)
<b>Net cash generated from / (used in) operating activities</b>	<b>17,688,867</b>	<b>(17,754,887)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(36,724,262)	(29,160,414)
Acquisition of software	-	(66,467)
Nurse sponsorship incurred, net of receipts	(30,487)	(875,727)
Proceeds from disposal of nursing sponsorship	-	42,000
Proceeds from disposal of property, plant and equipment	-	3,374
Other investment redeemed	11,969	5,593,423
<b>Net cash used in investing activities</b>	<b>(36,742,780)</b>	<b>(24,463,811)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,805,339)	(1,388,723)
Proceeds from issuance of ordinary shares, net of expenses	-	36,422,462
Term loan, net of drawdown	6,320,299	26,685,850
Hire purchase, net of drawdown	582,234	-
Acquisition of subsidiaries	-	(4,041,934)
Net inflow from minority shareholders	35,923	99,990
<b>Net cash generated from financing activities</b>	<b>5,133,117</b>	<b>57,777,645</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(13,920,796)</b>	<b>15,558,947</b>
Cash and cash equivalents at beginning of financial period	21,302,176	5,766,691
Effects of exchange rate changes on cash and bank balances	(11,285)	(23,462)
<b>Cash and cash equivalents at end of financial period</b>	<b>7,370,095</b>	<b>21,302,176</b>
<b>NOTES TO CASH FLOW STATEMENT</b>		
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	7,370,095	21,302,176

(The unaudited condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying notes attached to the interim financial report)

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134  
INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The interim report is prepared in accordance with FRS134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Board.

The accounting policies and method of computation adopted for this quarterly report are consistent with those adopted in the annual financial statements for the year ended 31 December 2008.

A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted in this Interim Financial Report are consistent with those of the audited financial statements for the year ended 31 December 2008.

A3 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications in the annual financial statements of the Company and its subsidiaries for the financial year ended 31 December 2008.

A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group is not significantly affected by any seasonal or cyclical factors.

A5 UNUSUAL ITEMS

During the current quarter under review, there were no 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 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 quarter under review.

A8 PROPERTY, PLANT AND EQUIPMENT

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

A9 DIVIDENDS PAID

Not applicable.

A10 SEGMENTAL INFORMATION

The Group operates mainly in Malaysia and currently is involved in the healthcare sector which includes providing specialist healthcare services in its new multi disciplinary tertiary hospital, gynecological, fertility services, stem cell banking/therapy and research and development in life sciences.

A11 MATERIAL EVENT SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

One of the wholly owned subsidiaries of the Company had on 13 August 2009 entered into three (3) Sale & Purchase Agreements with Pilihan Megah Sdn. Bhd. to acquire three (3) units of three and a half storey (3 ½ ) shop office for a total cash consideration of RM8.9 million.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

Not applicable.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided a corporate guarantee to a licensed financial institution for banking facilities totaling RM63.0 million granted to a wholly owned subsidiary company. The banking facilities are primarily for financing the construction and equipping of the Group's flagship hospital. Arising from this, the Company is contingently liable for the amount utilized by its subsidiary company of approximately RM36.3 million as at 30 June 2009.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 June 2009 are as follows:

	<b>RM '000</b>
Approved and contracted for	105,207
Paid up to 30 June 2009	<u>(94,788)</u>
	<u>10,419</u>

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company and/or its subsidiaries	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 30 June 2009 RM	Cumulative Quarter Ended 30 June 2009 RM
Tropicana Medical Centre (M) Sdn Bhd (formerly known as Damansara Women's Specialist Centre Sdn Bhd)	Dato' Dr Lee Soon Soo	Director and substantial shareholder of the Company	Rental of business premises	210,000	210,000
TMC Women's Specialist Holdings Sdn Bhd (formerly known as Damansara Fertility Centre Sdn Bhd)	Dato' Dr Lee Soon Soo	Director and substantial shareholder of the Company	Rental of premise	7,200	7,200

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on the terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")**

**B1 REVIEW OF PERFORMANCE**

For the 6 months ended 30 June 2009, the group revenue grew 31.9% to RM21.99 million compared to RM16.67 million achieved in corresponding period in the previous year. This was mainly due to new revenue streams from Tropicana Medical Centre (Penang) Sdn Bhd (formerly known as Srigim Medical Centre Sdn Bhd) acquired since September 2008, the opening of the flagship multi disciplinary tertiary hospital in December 2008 and sales from the wellness program.

However for the 6 months ended 30 June 2009, the group registered a loss after taxation and minority interests of RM4.84 million as compared to a profit after tax of RM3.23 million achieved in corresponding period in the previous year. Expansion in human resources for the Group's flagship tertiary hospital, increased in operating expenses, depreciation and finance costs were the main reasons for the loss.



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Review of performance	Current quarter under review			Cumulative quarters under review		
	Current quarter (RM'mil)	Preceding year corresponding quarter (RM'mil)	Changes %	Current period (RM'mil)	Preceding year corresponding period (RM'mil)	Changes %
Revenue	11.81	8.49	39.06%	21.99	16.67	31.91%
Profit after taxation and minority interest	(2.09)	1.21	-272.30%	(4.84)	3.23	-249.85%

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue and loss before taxation of RM11.81 million and RM2.17 million respectively for the current quarter as compared to a revenue of RM10.18 million and a loss before taxation of RM2.84 million in the preceding quarter.

The key contributor for the increase in revenue of RM1.6 million and corresponding decrease in loss before taxation of RM0.67 million was due to the increase in activities in the flagship hospital in Kota Damansara, Selangor during the quarter under review as compared to the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2009

In spite of the current difficult economic environment, the Board is cautiously optimistic that the prospects of the Group in long term remain bright. This optimism is premised on the increasing level of activity of the Group's flagship multi disciplinary tertiary hospital located in Kota Damansara, Selangor, continued encouraging demand experience by the fertility centres and the positive response for our wellness programme.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable.

B5 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	30 Jun 2009	30 Jun 2008	30 Jun 2009	30 Jun 2008
Malaysian income tax:				
- current taxation	48,269	96,200	68,458	742,000
- deferred taxation	-	-	(35,534)	-
<b>Total</b>	<b>48,269</b>	<b>96,200</b>	<b>32,924</b>	<b>742,000</b>

The effective tax rate of the Group for the period ended 30 June 2009 is lower than the statutory tax rate due to the tax incentive enjoyed by one of the subsidiaries.

B6 PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no purchases or disposals of unquoted investment and/or properties during the current financial period under review.

B7 QUOTED SECURITIES

There were no purchases or disposals of quoted securities during the current financial period under review.

B8 SIGNIFICANT EVENT

There was no significant event in the quarter under review.

B9 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals in this quarter except the following:

On 18 September 2008, the Company entered into a Memorandum of Understanding with Berjaya Corporation Berhad and Viet Ha Corporation to establish a formal relationship in order to jointly carry out activities relating to the design, construction, furnishing, equipping and operating of a hospital in or near Hanoi, Vietnam. The relevant parties are still conducting the feasibility study on the venture.

B10 STATUS OF UTILISATION OF LISTING PROCEEDS

The proceeds arising from the Rights Issue were fully utilized during this quarter as follows:-

	Proposed Utilisation RM000	Transfer from / to RM000	Actual Utilization RM000	Unutilised Proceeds RM'000	%
Repayment of borrowing of the TMC Group	10,000	-	10,000	-	0%
Detracting estimated expenses relating to the Proposals	1,000	(390)	610	-	0%
Part finance the purchase of furniture, fittings and equipment	15,000	-	15,000	-	0%
Working Capital of the TMC Group	11,033	390	11,423	-	0%
Total	37,033	-	37,033	-	100%

B11 BORROWINGS

The Group's borrowings as at 30 June 2009 as follows:-

	Long Term (RM million)	Short Term (RM million)	Total (RM million)
Secured	33.06	3.26	36.32
Unsecured	-	-	-
Total	33.06	3.26	36.32

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B12 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at the date of this report.

B13 MATERIAL LITIGATION

There were no material litigations as at the date of this report.

B14 DIVIDENDS

There were no dividends proposed in the quarter under review.

B15 EARNINGS PER SHARE

	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
<b>Basic earnings per share (EPS)</b>	30 Jun 2009	30 Jun 2008	30 Jun 2009	30 Jun 2008
Net profit attributable to shareholders	(2,090,292)	1,213,458	(4,842,911)	3,232,598
Weighted average number of ordinary shares in issue ('000)	600,177	185,163	600,177	185,163
<b>EPS (sen)</b>	(0.35)	0.66	(0.81)	1.75