



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

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

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INTERIM FINANCIAL REPORT FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 Dec 2009	PRECEDING YEAR CORRESPONDING QUARTER 31 Dec 2008	CURRENT YEAR TO-DATE 31 Dec 2009	PRECEDING YEAR CORRESPONDING QUARTER 31 Dec 2008
		RM	RM	RM	RM
Revenue		14,287,590	13,384,629	48,530,928	39,019,440
Operating expenses		(14,042,546)	(12,784,905)	(48,156,217)	(33,066,291)
Profit from operations		245,044	599,724	374,711	5,953,149
Amortisation & depreciation		(1,424,365)	(430,366)	(7,426,329)	(1,505,274)
Finance costs		(576,517)	(510,133)	(1,817,161)	(512,303)
Interest income		12,440	18,444	134,926	112,631
Share of profit of associate		736	-	736	-
(Loss) / Profit before taxation		(1,742,662)	(322,331)	(8,733,117)	4,048,203
Taxation	B5	82,148	74,198	22,328	(675,328)
(Loss) / Profit after taxation		(1,660,514)	(248,133)	(8,710,789)	3,372,875
ATTRIBUTABLE TO:					
Equity holders of the Company		(1,729,592)	(167,686)	(8,481,663)	3,574,864
Minority interests		69,078	(80,447)	(229,126)	(201,989)
		(1,660,514)	(248,133)	(8,710,789)	3,372,875
(Loss) / Earnings per share (sen)					
- Basic	B14	(0.29)	(0.03)	(1.41)	0.69
- Diluted		N/A	N/A	N/A	N/A

Note : N/A denotes Not Applicable

(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
FOURTH QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS AT 31 December 2009 (UNAUDITED) RM	AS AT 31 December 2008 (AUDITED) RM
ASSETS			
Non-Current Assets			
Property, plant and equipment		116,478,471	78,538,237
Prepaid land lease payments		18,783,330	18,987,498
Goodwill		3,331,190	3,331,190
Intangible assets		12,478,382	11,977,949
Investment in associate		216,121	-
		<u>151,287,494</u>	<u>112,834,874</u>
Current Assets			
Inventories		3,627,210	1,715,190
Trade receivables		5,692,992	2,968,009
Other receivables, deposits and prepayments		5,259,767	28,155,984
Other investment		-	11,969
Cash and cash equivalents		4,989,667	21,302,176
		<u>19,569,636</u>	<u>54,153,328</u>
TOTAL ASSETS		<u>170,857,130</u>	<u>166,988,202</u>
EQUITY AND LIABILITIES			
Equity Attributable To Equity Holders Of The Company			
Share capital		60,177,975	60,177,975
Share premium		21,751,724	21,751,724
Exchange rate reserve		(3,727)	(23,462)
Retained profits		21,816,831	32,103,833
Total Equity		<u>103,742,803</u>	<u>114,010,070</u>
Minority interests		(172,590)	7,656
Total Equity Attributable To Equity Holders Of The Company		<u>103,570,213</u>	<u>114,017,726</u>
Non-Current Liabilities			
Term loan		38,211,159	27,700,213
Hire purchase		413,110	-
Deferred taxation		3,259,167	3,324,588
		<u>41,883,436</u>	<u>31,024,801</u>
Current Liabilities			
Trade payables		6,314,942	3,344,550
Other payables		11,489,481	15,639,024
Term loan		7,486,455	2,299,787
Hire purchase		112,603	-
Tax payable		-	662,314
		<u>25,403,481</u>	<u>21,945,675</u>
TOTAL LIABILITIES		<u>67,286,917</u>	<u>52,970,476</u>
TOTAL EQUITY AND LIABILITIES		<u>170,857,130</u>	<u>166,988,202</u>
NET ASSETS PER TEN SEN ORDINARY SHARE (RM)		<u>0.1721</u>	<u>0.1895</u>

(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)

TMC LIFE SCIENCES BHD

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**INTERIM FINANCIAL REPORT FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 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
At 1 January 2009	60,177,975	21,751,724	(23,462)	32,103,833	114,010,070	7,656	114,017,726
Net loss for the period	-	-	-	(8,481,663)	(8,481,663)	(229,126)	(8,710,789)
Shares subscribed by minority shareholders	-	-	-	-	-	48,880	48,880
Foreign exchange reserve	-	-	19,735	-	19,735	-	19,735
Dividends paid	-	-	-	(1,805,339)	(1,805,339)	-	(1,805,339)
At 31 December 2009	<u>60,177,975</u>	<u>21,751,724</u>	<u>(3,727)</u>	<u>21,816,831</u>	<u>103,742,803</u>	<u>(172,590)</u>	<u>103,570,213</u>
At 1 January 2008	18,516,300	26,990,937	-	29,917,692	75,424,929	(92,202)	75,332,727
Net profit for the year	-	-	-	3,574,864	3,574,864	(201,989)	3,372,875
Shares subscribed by minority shareholders	-	-	-	-	-	99,990	99,990
Acquisition of interest in subsidiaries	-	-	-	-	-	201,857	201,857
Issuance of ordinary shares pursuant to							
- rights issue	18,516,300	18,516,300	-	-	37,032,600	-	37,032,600
- bonus issue	23,145,375	(23,145,375)	-	-	-	-	-
New share issue transaction costs	-	(610,138)	-	-	(610,138)	-	(610,138)
Foreign exchange reserve	-	-	(23,462)	-	(23,462)	-	(23,462)
Dividends paid	-	-	-	(1,388,723)	(1,388,723)	-	(1,388,723)
At 31 December 2008	<u>60,177,975</u>	<u>21,751,724</u>	<u>(23,462)</u>	<u>32,103,833</u>	<u>114,010,070</u>	<u>7,656</u>	<u>114,017,726</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
FOURTH QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	PERIOD ENDED 31 December 2009 RM (UNAUDITED)	PRECEDING YEAR ENDED 31 December 2008 RM (AUDITED)
Cash flows from operating activities		
(Loss) / Profit before taxation	(8,733,117)	4,048,203
Adjustments for		
Non-cash items	7,573,285	1,902,600
Gain on disposal of nursing sponsorship	-	(21,000)
Share of profits in associate company	(736)	-
Interest paid	1,817,161	1,043,424
Interest income	(134,926)	(112,631)
Operating profit before changes in working capital	<u>521,667</u>	<u>6,860,596</u>
Changes in working capital:		
Development costs incurred	-	(382,992)
Net change in current assets	18,259,214	(27,267,154)
Net change in current liabilities	(1,179,151)	7,757,796
Cash generated from / (used in) operations	<u>17,601,730</u>	<u>(13,031,754)</u>
Interest paid	(1,817,161)	(1,043,424)
Interest received	134,926	112,631
Income tax paid	(705,407)	(3,792,340)
Net cash generated from / (used in) operating activities	<u>15,214,088</u>	<u>(17,754,887)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(44,803,141)	(29,160,414)
Acquisition of software	-	(66,467)
Nurse sponsorship incurred, net of receipts	(1,006,643)	(875,727)
Proceeds from disposal of nursing sponsorship	-	42,000
Proceeds from disposal of property, plant and equipment	-	3,374
Investment in associate company	(215,385)	-
Other investment redeemed	11,969	5,593,423
Net cash used in investing activities	<u>(46,013,200)</u>	<u>(24,463,811)</u>
Cash flows from financing activities		
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	15,697,614	26,685,850
Hire purchase, net of drawdown	525,713	-
Acquisition of subsidiaries	-	(4,041,934)
Net inflow from minority shareholders	48,880	99,990
Net cash generated from financing activities	<u>14,466,868</u>	<u>57,777,645</u>
Net (decrease) / increase in cash and cash equivalents	(16,332,244)	15,558,947
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	19,735	(23,462)
Cash and cash equivalents at end of financial period	<u>4,989,667</u>	<u>21,302,176</u>
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents comprise:		
Cash and bank balances	<u>4,989,667</u>	<u>21,302,176</u>

(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 FOURTH QUARTER ENDED 31 DECEMBER 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 was 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

There were no material events subsequent to 31 December 2009 and up to the date of this report.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

The Group acquired 20% equity interest in Academy of Nursing (M) Sdn Bhd for a purchase consideration of RM215,385 on 9th December 2009.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided a corporate guarantee to a licensed financial institution for banking facilities totaling RM58.0 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 RM48.5 million as at 31 December 2009.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 December 2009 are as follows:

	RM '000
Approved and contracted for	74,313
Paid up to 31 December 2009	<u>(69,884)</u>
	<u>4,429</u>

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company and/or its subsidiaries	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 31 Dec 09 RM	Cumulative Quarter Ended 31 Dec 09 RM
Tropicana Medical Centre (M) Sdn Bhd	Dato' Dr Lee Soon Soo	Director and substantial shareholder of the Company	Rental of business premises	26,250	288,750
TMC Women's Specialist Holdings Sdn Bhd	Dato' Dr Lee Soon Soo	Director and substantial shareholder of the Company	Rental of premise	3,600	14,400

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 12 months ended 31 December 2009, the group revenue grew 24.4% to RM48.53 million compared to RM39.02 million achieved in the corresponding period in the previous year. This was mainly due to new revenue streams from the opening of the flagship multi disciplinary tertiary hospital in December 2008, sales from the wellness program and Tropicana Medical Centre (Penang) Sdn. Bhd. acquired since September 2008,.

However for the 12 months ended 31 December 2009, the group registered a loss after taxation and minority interests of RM8.48 million as compared to a profit after tax and minority interests of RM3.57 million achieved in the 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.

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	14.29	13.38	6.80%	48.53	39.02	24.37%
(Loss)/Profit after taxation and minority interest	(1.73)	(0.17)	917.65%	(8.48)	3.57	-337.54%

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue and loss before taxation of RM14.29 million and RM1.74 million respectively for the current quarter as compared to a revenue of RM12.25 million and a loss before taxation of RM1.98 million in the preceding quarter.

The key contributor for the increase in revenue of RM2.04 million and corresponding decrease in loss before taxation of RM0.24 million was due to the increase in activities in the flagship hospital in Kota Damansara, Selangor and sales from the wellness program during the quarter under review as compared to the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010

The Board is optimistic of the Group's prospects in 2010. This optimism is premised on the fact that our flagship tertiary hospital, Tropicana Medical Centre, with its latest facilities, specialist doctors and support personnel are now fully ready to deliver its multi-disciplinary medical services to the local and regional communities.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable.

B5 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Malaysian income tax:				
- current taxation	42,725	(74,198)	42,725	555,823
- prior year taxation	(94,986)	-	368	(64,689)
- deferred taxation	(29,887)	-	(65,421)	184,194
Total	(82,148)	(74,198)	(22,328)	675,328

The effective tax rate of the Group for the period ended 31 December 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.

Further to the announcement made on 18 September 2008, the parties to the Memorandum of Understanding (MOU) have mutually agreed to extend the duration of the MOU for a further period of twelve (12) months from 17 September 2009 until 17 September 2010.

There is no material development since the last announcement.

B10 BORROWINGS

The Group's borrowings as at 31 December 2009 are as follows:-

	Long Term (RM million)	Short Term (RM million)	Total (RM million)
Secured	38.21	10.32	48.53
Unsecured	-	-	-
Total	38.21	10.32	48.53

B11 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B12 MATERIAL LITIGATION

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

B13 DIVIDENDS

The Board had recommended a final single tier dividend of 3% per ordinary share of RM0.10 each for the financial year ended 31 December 2009. The book closure and payment dates will be determined later.

B14 EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Basic earnings per share (EPS)				
Net (loss) / profit attributable to shareholders	(1,729,592)	(167,686)	(8,481,663)	3,574,864
Weighted average number of ordinary shares in issue ('000)	601,780	516,133	601,780	516,133
(LPS)/EPS (sen) - Basic	(0.29)	(0.03)	(1.41)	0.69
- Diluted	N/A	N/A	N/A	N/A