



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

INTERIM FINANCIAL REPORT
FOR THE FIFTH QUARTER ENDED 31 MARCH 2011

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.tmclife.com

www.tropicamedicalcentre.com

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**INTERIM FINANCIAL REPORT FOR THE
FIFTH QUARTER ENDED 31 MARCH 2011**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter Ended 31 Mar 2011 (UNAUDITED) RM	Preceding Year Corresponding Quarter 31 Mar 2010 (UNAUDITED) RM	Current Period To Date 31 Mar 2011 (UNAUDITED) RM	Preceding Year Corresponding Period 31 Mar 2010 (UNAUDITED) RM
Revenue	14,105,765		70,179,764	
Operating expenses	(11,543,901)		(65,862,354)	
Profit from operations	2,561,864		4,317,410	
Amortisation & depreciation	(1,794,412)		(10,182,284)	
Finance costs	(653,771)		(3,344,466)	
Other operating expenses	(236,507)		(22,749,407)	
Interest income	282		44,437	
Share of loss of associate	-		(28,262)	
Loss before taxation	(122,544)		(31,942,572)	
Taxation	124,972		29,959	
Profit/(Loss) after taxation	2,428		(31,912,613)	
ATTRIBUTABLE TO:				
Equity holders of the Company	2,428		(31,798,585)	
Minority interests	-		(114,028)	
	2,428		(31,912,613)	
Earnings/(Loss) per share (sen)				
- Basic	0.00		(5.28)	
- Diluted	N/A		N/A	

Note : N/A denotes Not Applicable

There are no comparative figures for the current quarter and the cumulative quarter of the preceding financial year following the change in the financial year end from 31 December to 31 May.

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT FOR THE
FIFTH QUARTER ENDED 31 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>INDIVIDUAL QUARTER</u>	<u>CUMULATIVE QUARTER</u>
	Current Quarter Ended 31 Mar 2011 (UNAUDITED)	Current Period To Date 31 Mar 2011 (UNAUDITED)
Note	RM	RM
Profit/(Loss) after taxation	2,428	(31,912,613)
<i>Other comprehensive (loss)/ income</i>		
Currency translation differences	<u>(1,907)</u>	<u>46,768</u>
Total comprehensive income/(loss) for the period	<u>521</u>	<u>(31,865,845)</u>
Total comprehensive loss attributable to:		
Equity holders of the Company	521	(31,751,817)
Minority interests	<u>-</u>	<u>(114,028)</u>
	<u><u>521</u></u>	<u><u>(31,865,845)</u></u>

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT FOR THE
FIFTH QUARTER ENDED 31 MARCH 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 March 2011 (UNAUDITED)	AS AT 31 December 2009 (RESTATED)
Note	RM	RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	129,131,996	135,213,059
Long term trade receivables	1,472,251	1,472,251
Goodwill	-	3,331,190
Intangible assets	-	12,528,472
Investment in associate	-	216,121
Other investments	337,859	-
	<u>130,942,106</u>	<u>152,761,093</u>
Current Assets		
Inventories	3,992,074	3,627,209
Trade receivables	4,715,381	4,314,977
Other receivables, deposits and prepayments	3,609,589	4,703,402
Short-term investments	-	2,510,682
Cash and bank balances	2,780,136	5,263,851
	<u>15,097,180</u>	<u>20,420,121</u>
TOTAL ASSETS	146,039,286	173,181,214
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
Foreign exchange reserve	43,551	(3,217)
(Accumulated loss)/Retained profits	(12,679,431)	20,924,493
Total Equity	<u>69,293,819</u>	<u>102,850,975</u>
Minority interests	0	114,028
Total Equity Attributable To Equity Holders Of The Company	69,293,819	102,965,003
Non-Current Liabilities		
Term loans	37,611,798	40,318,838
Hire purchase	169,764	413,109
Deferred taxation	3,311,891	3,229,167
	<u>41,093,452</u>	<u>43,961,114</u>
Current Liabilities		
Trade payables	11,661,062	5,412,385
Other payables	11,141,786	10,380,197
Term loans	9,527,112	7,678,563
Hire purchase	6,824	112,604
Bank overdraft	3,303,012	2,671,290
Tax payable	12,221	58
	<u>35,652,015</u>	<u>26,255,097</u>
TOTAL LIABILITIES	76,745,467	70,216,211
TOTAL EQUITY AND LIABILITIES	146,039,286	173,181,214
NET ASSETS PER TEN SEN ORDINARY SHARE (RM)	0.12	0.17

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**INTERIM FINANCIAL REPORT FOR THE
FIFTH QUARTER ENDED 31 MARCH 2011**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits/(Accum ulated loss) RM	Total RM	Minority Interests RM	Total Equity RM
At 1 January 2010	60,177,975	21,751,724	(3,217)	21,495,335	103,421,817	114,028	103,535,845
Effect of adopting FRS 139	-	-	-	(570,842)	(570,842)	-	(570,842)
As at 1 January 2010, restated	60,177,975	21,751,724	(3,217)	20,924,493	102,850,975	114,028	102,965,003
Total comprehensive loss for the financial period	-	-	46,768	(31,798,585)	(31,751,817)	(114,028)	(31,865,845)
Dividends paid	-	-	-	(1,805,339)	(1,805,339)	-	(1,805,339)
At 31 March 2011	60,177,975	21,751,724	43,551	(12,679,431)	69,293,819	-	69,293,819
At 1 January 2009	60,177,975	21,751,724	(23,462)	32,103,833	114,010,070	7,656	114,017,726
Total comprehensive income/(loss) for the year	-	-	20,245	(8,803,159)	(8,782,914)	57,492	(8,725,422)
Shares subscribed by minority shareholders	-	-	-	-	-	48,880	48,880
Dividends paid	-	-	-	(1,805,339)	(1,805,339)	-	(1,805,339)
At 31 December 2009	60,177,975	21,751,724	(3,217)	21,495,335	103,421,817	114,028	103,535,845

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**INTERIM FINANCIAL REPORT FOR THE
FIFTH QUARTER ENDED 31 MARCH 2011**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 31 March 2011 RM (UNAUDITED)	PRECEDING YEAR ENDED 31 December 2009 RM (AUDITED)
Cash flows from operating activities		
Loss before taxation	(31,942,572)	(8,797,995)
Adjustments for		
Non-cash items	32,365,229	8,808,790
Gain on disposal of property, plant and equipment	(7,620)	(172,968)
Share of loss/(profit) in associated company	28,262	(736)
Interest paid	3,344,466	1,744,741
Interest income	(44,437)	(151,638)
Operating profit before changes in working capital	<u>3,743,328</u>	<u>1,430,194</u>
(Increase)/Decrease in inventories	(364,865)	(1,912,019)
(Increased)/Decrease in receivables	(2,991,505)	18,784,292
Increased/(Decrease) in payables	5,045,266	(3,193,516)
Cash generated from operations	<u>5,432,223</u>	<u>15,108,951</u>
Interest paid	(3,344,466)	(1,744,741)
Interest received	44,437	151,638
Income tax paid	75,713	(653,743)
Net cash generated from operating activities	<u><u>2,207,907</u></u>	<u><u>12,862,105</u></u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,743,489)	(44,344,123)
Nurse sponsorship incurred, net of receipts	-	(1,033,877)
Proceeds from disposal of property, plant and equipment	25,650	335,300
Investment in associated company	-	(215,385)
Other investments	(150,000)	-
Issuance of subsidiary's ordinary shares	-	48,880
Withdrawal/(Deposit) of short-term investments	2,510,682	(2,498,713)
Net cash used in investing activities	<u><u>(2,357,157)</u></u>	<u><u>(47,707,918)</u></u>
Cash flows from financing activities		
Dividends paid	(1,805,339)	(1,805,339)
Proceeds from term loan	5,700,000	23,000,000
Repayment of term loans	(6,558,492)	(5,002,599)
Repayment of hire purchase	(349,125)	(74,287)
Net cash (used in)/ generated from financing activities	<u><u>(3,012,956)</u></u>	<u><u>16,117,775</u></u>
Net decrease in cash and cash equivalents	(3,162,205)	(18,728,038)
Cash and cash equivalents at beginning of financial period/year	2,592,561	21,302,176
Effects of exchange rate changes on cash and bank balances	46,768	18,423
Cash and cash equivalents at end of financial period/year	<u><u>(522,876)</u></u>	<u><u>2,592,561</u></u>
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents comprise:		
Cash and bank balances	2,780,136	5,263,851
Bank overdraft	(3,303,012)	(2,671,290)
Total cash and cash equivalents	<u><u>(522,876)</u></u>	<u><u>2,592,561</u></u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE FIFTH QUARTER ENDED 31 MARCH 2011**

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”)

A1 BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the requirements of Financial Reporting Standards (FRS) 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs) and IC Interpretations with effect from 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 132	Financial Instruments: Presentation (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standard
Amendment to FRS 2	Share-based Payment –Vesting conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant & Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

A2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

i) FRS 8: Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. A review of the Group's reportable segment concluded that the Group is primarily engaged in one operating segment namely, the healthcare sector. This conclusion is consistent with the financial information regularly reviewed by the Group's chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the Group. This standard does not have any impact on the financial position and results of the Group.

ii) FRS 101 : Presentation of Financial Statements

The FRS 101 introduces the statement of comprehensive income: presenting all items of income and expense recognized in the income statement, together with all the other items of recognized income and expense, either in one single statement, or in two linked statement. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statement. Comparative information, with exception of the requirements under FRS 139, have been re-presented to be in conformity with the revised standard. The FRS did not have any impact on the financial position and results of the Group.

iii) FRS 117 : Leases

The amendments requires entity with existing leases of land and building to reassess the classification of land as finance or operating lease. Following the amendments, the Group has reclassified the existing leasehold land to property, plant and equipment, with no effect on reported profit or equity. However, as a result of the adoption of the amendments, comparative balances as at 31 December 2009 has been restated as follows:

	As previously reported	Effect of adopting amendments to FRS117	As restated
	RM	RM	RM
Property, plant and equipment	116,429,729	18,783,330	135,213,059
Prepaid land lease payments	18,783,330	(18,783,330)	-

iv) FRS 139 : Financial Instruments : Recognition and Measurement

The FRS 139 establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This FRS did not have any significant impact on the financial position and results of the Group

Impact on opening balance

In accordance with the transitional provisions of FRS139, the changes are applied prospectively and the comparative as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the Statement of Financial Position as at 1 January 2010.

iv) FRS 139 : Financial Instruments : Recognition and Measurement (cont'd)

		Previously stated	Effect of FRS139	As restated
		RM	RM	RM
Assets				
Long term receivables		-	1,472,251	1,472,251
Trade receivables		6,358,070	(2,043,092)	4,314,978
Equity				
Retained earnings		21,495,335	(570,842)	20,924,493

A3 AUDITORS' REPORT ON 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 2009.

A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A5 UNUSUAL ITEMS

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 period 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 period under review.

A8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A9 DIVIDENDS PAID

A first and final single-tier tax exempt dividend of 3% per ordinary share of RM0.10 each amounting to RM1,805,339 for the financial year ended 31 December 2009 was approved on 18 June 2010 and paid on 28 July 2010.

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 multi disciplinary tertiary hospital. The Group also provides fertility and gynecological services, stem cell banking and 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

There were no changes in the composition of the Group during the current financial period under review except that TMC (Penang) Sdn Bhd and Stemtech International Sdn Bhd became wholly-owned subsidiaries of the Group

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided corporate guarantees to licensed financial institutions for banking facilities, and suppliers amounting to RM66.06 million and RM1.60 million respectively. The guarantees were granted for the benefit of the Company's subsidiaries and associated company. Arising from this, the Company is contingently liable for the amount utilized by its subsidiaries and associated company of approximately RM50.72 million as at 31 March 2011.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 March 2011 are as follows:

	RM '000
Approved and contracted for	2,710
Approved but not contracted for	-
	<u>2,710</u>

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

There are no significant related party transactions during the current financial period under review.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

B1 REVIEW OF PERFORMANCE

The Group recorded revenue of RM14.11 million and RM70.18 million for the current quarter and 15-month financial period respectively. As compared to the period from January to March 2010, revenue has increased by 14% mainly due to growth in revenue contributed by the Group’s flagship multi-disciplinary tertiary hospital, operating with more comprehensive services during the period under review than were offered in previous corresponding calendar quarter. In addition, promotional activities of the hospital during the financial period contributed to the market awareness of the hospital.

The performance of the Group for the 15-month financial period was impacted by the impairment, write-off and provisions as reported in the previous quarter.

B2 COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group recorded a revenue and loss before taxation of RM14.11 million and RM0.12 million respectively for the current quarter as compared to a revenue of RM14.86 million and loss before taxation of RM22.12 million in the preceding quarter. The lower revenue registered was consistent with the normal low patient load in the beginning of the year. Following the one-off write-off and provisions made in the previous quarter, a marginal loss before tax was recorded in the current financial quarter.

B3 PROSPECTS FOR THE FINANCIAL PERIOD ENDING 31 MAY 2011

The Board is optimistic that the Group’s revenue base will continue to increase in 2011, spurred by the increased number of specialist doctors and support personnel at the flagship hospital, as well as ongoing promotional activities of the hospital’s advanced facilities and services. In addition, the Group’s various satellite fertility centres will continue to contribute to the Group’s revenue.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable.

B5 TAXATION

	INDIVIDUAL QUARTER QUARTER ENDED	CUMULATIVE QUARTER PERIOD ENDED
	31 Mar 2011	31 Mar 2011
In respect of current period		
- income taxation	(170,376)	(26,231)
- deferred taxation	82,723	82,723
	<u>(87,653)</u>	<u>56,492</u>
Under/(over) provision in respect of prior period		
- income taxation	(37,319)	(37,319)
- deferred taxation	-	(49,132)
	<u>(37,319)</u>	<u>(86,451)</u>
	<u>(124,972)</u>	<u>(29,959)</u>

The effective tax rate was higher than the statutory income tax rate in Malaysia due to the losses of certain subsidiaries that were not available for set off against taxable profits of other subsidiaries and certain expenses which were not deductible for tax purposes.

B6 PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments 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, on 17 September 2009 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.

On 17 September 2010, the Company announced that the parties to the MOU have mutually extended the duration of the MOU for a further period of twelve (12) months from 17 September 2010 until 17 September 2011.

B10 BORROWINGS

The Group's borrowings as at 31 March 2011 are as follows:-

	Long Term (RM million)	Short Term (RM million)	Total (RM million)
Secured	37.78	12.84	50.62
Unsecured	-	-	-
Total	37.78	12.84	50.62

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 does not recommend the payment of any dividend for the current financial period under review.

B14 EARNINGS PER SHARE

	INDIVIDUAL QUARTER	CUMULATIVE QUARTER
	QUARTER ENDED	PERIOD ENDED
Basic earnings per share (EPS)	31 Mar 2011	31 Mar 2011
Net profit/(loss) attributable to shareholders	2,428	(31,798,585)
Weighted average number of ordinary shares in issue ('000)	601,780	601,780
EPS/(LPS) (sen) - Basic	0.00	(5.28)
- Diluted	N/A	N/A

B15 REALISED AND UNREALISED PROFITS/(LOSSES)

	31 Mar 2011 RM	31 Dec 2010 RM
Total group retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	2,685,861	804,882
- Unrealised	(6,100,393)	(5,988,886)
	<u>(3,414,532)</u>	<u>(5,184,005)</u>
Total share of accumulated losses in an associate	(27,526)	(27,526)
	<u>(3,442,058)</u>	<u>(5,211,531)</u>
Less: Consolidation adjustments	(9,237,373)	(7,470,327)
Total group retained profits/(accumulated losses) as per consolidated accounts	<u>(12,679,431)</u>	<u>(12,681,858)</u>