



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

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
31 MAY 2012**

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TMC LIFE SCIENCES BERHAD

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	17 months ended
	31.05.2012 (Unaudited) RM'000	31.05.2011 (Unaudited) RM'000	31.05.2012 (Unaudited) RM'000	31.05.2011 (Audited) RM'000
Revenue	19,115	16,558	61,981	78,643
Other operating income	145	271	843	2,881
Operating expenses	(15,170)	(16,170)	(57,886)	(78,002)
Profit from operations	4,090	659	4,938	3,522
Amortisation & depreciation	(2,200)	(1,824)	(7,893)	(11,725)
Finance costs	(131)	(722)	(1,987)	(3,792)
Other operating expenses	(1,219)	(1,086)	(1,219)	(23,608)
Interest income	66	4	190	55
Share of loss of associate	-	(30)	-	(30)
Profit / (Loss) before taxation	606	(2,999)	(5,971)	(35,578)
Taxation	(484)	412	(512)	450
Profit / (Loss) after taxation	122	(2,587)	(6,483)	(35,128)
ATTRIBUTABLE TO:				
Equity holders of the Company	122	(2,330)	(6,483)	(35,014)
Minority interests	-	(257)	-	(114)
	122	(2,587)	(6,483)	(35,128)
Earnings/(Loss) per share (sen)				
- Basic	0.02	(0.34)	(0.94)	(5.82)
- Diluted	0.01	N/A	Anti-Dilutive	N/A

Note : N/A denotes Not Applicable

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

There is no dilutive EPS for the current quarter and period ended as the effect of potential dilution is anti

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	17 months ended
	31.05.2012	31.05.2011	31.05.2012	31.05.2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM	RM'000	RM
Profit / (Loss) after taxation	122	(2,587)	(6,483)	(35,128)
<i>Other comprehensive income</i>				
Currency translation differences	3	10	3	10
Total comprehensive income / (loss) for the period	125	(2,577)	(6,480)	(35,118)
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company	125	(2,320)	(6,480)	(35,004)
Minority interests	-	(257)	-	(114)
	125	(2,577)	(6,480)	(35,118)

Note : N/A denotes Not Applicable

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Distributable Retained Profits/ (Accumulated losses) RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
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 income/(expenses) for the financial period	-	-	-	3	(6,483)	(6,480)	-	(6,480)
At 31 May 2012	80,237	33,159	28,083	10	(22,378)	119,111	-	119,111
At 1 January 2010	60,178	21,752	-	(3)	20,924	102,851	114	102,965
Total comprehensive income/(expenses) for the financial period	-	-	-	10	(35,014)	(35,004)	(114)	(35,118)
Dividends paid	-	-	-	-	(1,805)	(1,805)	-	(1,805)
At 31 May 2011	60,178	21,752	-	7	(15,895)	66,042	-	66,042

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31.05.2012 (Unaudited) RM'000	As At 31 May 2011 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	123,317	129,957
	123,317	129,957
Current Assets		
Inventories	2,778	2,792
Trade receivables	10,154	7,728
Other receivables, deposits and prepayments	1,279	1,196
Tax refundable	1,674	1,887
Deposits with a licensed bank	849	415
Cash and bank balances	13,454	1,833
	30,188	15,851
TOTAL ASSETS	153,505	145,808
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	80,237	60,178
Share premium	33,159	21,752
Warrants reserve	28,083	-
Foreign exchange reserve	10	7
Accumulated losses	(22,378)	(15,895)
	119,111	66,042
Minority interests	-	-
Total Equity Attributable To Equity Holders Of The Company	119,111	66,042
Non-Current Liabilities		
Term loans	7,259	38,660
Hire purchase	141	158
Deferred income	2,908	-
Deferred taxation	2,969	2,938
	13,277	41,756
Current Liabilities		
Trade payables	12,257	13,058
Other payables and accruals	8,622	13,562
Term loans	214	7,303
Hire purchase	17	16
Provision for taxation	7	13
Bank overdraft	-	4,058
	21,117	38,010
TOTAL LIABILITIES	34,394	79,766
TOTAL EQUITY AND LIABILITIES	153,505	145,808
NET ASSETS PER TEN SEN ORDINARY SHARE (RM)	0.17	0.11

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31.05.2012 (Unaudited) RM'000	17 months ended 31 May 2011 (Audited) RM'000
Cash flows from operating activities		
Loss before taxation	(5,971)	(35,578)
Adjustments for		
Non-cash items	8,038	35,984
(Gain)/Loss on disposal of property, plant and equipment	(4)	71
Share of loss in associated company	-	30
Interest expense	1,987	3,723
Interest income	(190)	(626)
Operating profit before changes in working capital	3,860	3,604
Decrease in inventories	14	269
Increase in receivables	(2,507)	(5,674)
(Decrease) / Increase in payables	(2,843)	10,783
Cash (used in) / generated from operations	(1,476)	8,982
Interest paid	(1,987)	(3,723)
Income tax (paid)/refund	(276)	766
Net cash (for)/from operating activities	(3,739)	6,025
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,411)	(7,294)
Nursing and embryologists sponsorships incurred, net of receipts	-	(169)
Proceeds from disposal of property, plant and equipment	15	496
Other investment purchased	-	(150)
Acquisition of shares from minority interests	-	(2,090)
Withdrawal of short-term investments	-	2,511
Interest received	190	626
Net cash used in investing activities	(1,206)	(6,070)
Cash flows from financing activities		
Dividends paid	-	(1,805)
Proceeds from rights issue	60,177	-
Corporate exercise expenses	(628)	-
Drawdown of term loans	5,000	7,825
Repayment of term loans	(43,489)	(9,860)
Repayment of hire purchase	(16)	(530)
Net cash generated from/(used in) financing activities	21,044	(4,370)
Net increase / (decrease) in cash and cash equivalents	16,099	(4,415)
Cash and cash equivalents at beginning of financial period	(1,810)	2,592
Effects of exchange rate changes on cash and bank balances	14	13
Cash and cash equivalents at end of financial period	14,303	(1,810)
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents comprise:		
Deposits with a licensed bank	849	415
Cash and bank balances	13,454	1,833
Bank overdraft	-	(4,058)
Total cash and cash equivalents	14,303	(1,810)

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

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 financial period ended 31 May 2011. 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 financial period ended 31 May 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial period ended 31 May 2011. The new accounting standards which are effective and applicable to the Group in the current quarter did not result in a significant impact to the financial statement of the Group.

A2 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Company's audited consolidated financial statements for the financial period ended 31 May 2011 was not subject to any qualification but was modified to include an emphasis of matter on going concern. Extract of the auditors' report for the financial period ended 31 May 2011 is as follows:

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3(B) to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred a net loss of RM35,128,158 and RM5,965,063, respectively during the financial period ended 31 May 2011, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4 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.

A5 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.

A6 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 except for the issuance of new ordinary shares pursuant to the Rights issues exercise, which was completed on 22 December 2011.

	No of shares
Additional ordinary shares of RM0.10 each	<u>200,593,250</u>

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

A7 DIVIDENDS PAID

No dividend was paid during the financial year ended 31 May 2012.

A8 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 stem cell banking and therapy, and research and development in life sciences.

A9 MATERIAL EVENT SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

Except for those disclosed in note B9 (2), there were no other material event subsequent to 31 May 2012 and up to the date of this report.

A10 CHANGES IN THE COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the current financial quarter.

A11 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 RM2.55 million respectively. The guarantees were granted for the benefit of the Company's subsidiaries and invested company. Arising from this, the Company is contingently liable for the amount utilized by its subsidiaries and invested company of approximately RM8.4 million as at 31 May 2012.

A14 CAPITAL COMMITMENTS

There was no capital commitment not provided for in the financial quarter as at 31 May 2012.

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the current financial quarter under review.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

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 quarter

	3 months ended	
	31.05.2012	31.05.2011
	RM'000	RM'000
Revenue	19,115	16,558
Profit / (Loss) before taxation	606	(2,999)

The Group recorded 15% increase in revenue for the current quarter under review mainly due to higher patient load at the hospital at Kota Damansara and more IVF patients trying to have a "dragon baby".

Profit before tax was recorded as compared to loss before tax recorded in the same quarter last year was in correspondence with the higher revenue achieved for the current quarter.

Review of results for the the financial year

	12 months ended	17 months ended
	31.05.2012	31.05.2011
	RM'000	RM'000
Revenue	61,981	78,643
Loss before taxation	(5,971)	(35,578)

There comparative figures in 31 May 2011 is not comparable to the results in the financial year under review following the change in the financial year end from 31 December to 31 May.

Material factors affecting the earnings and / or revenue of the Group

The material factors that affect the earnings and / or revenue of the Group is the successful recruitment of doctors practicing in our hospitals and variety of facilities and services offered by the hospitals.

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

	3 months ended	
	31.05.2012 RM'000	2/29/2012 RM'000
Revenue	19,115	15,185
Profit / (Loss) before taxation	606	(1,165)

The profit before tax for the current quarter under review as opposed to loss before tax in the previous quarter is mainly due to higher revenue recorded for current quarter under review as a results of higher patient load.

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. With the improved performance for the current financial period, the Board of Directors is confident that the Group's performance will continue to improve in the following year in tandem with increasing hospital capacity and marketing activities.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable.

B5 TAXATION

	3 months ended		12 months ended	17 months ended
	31.05.2012 RM'000	31.05.2011 RM'000	31.05.2012 RM'000	31.05.2011 RM'000
In respect of current financial year				
- income taxation	135	80	209	(80)
- deferred taxation	(11)	(448)	(11)	(326)
	<u>124</u>	<u>(368)</u>	<u>198</u>	<u>(406)</u>
Under / (over) provision in respect of prior period				
- income taxation	319	(79)	273	(79)
- deferred taxation	41	35	41	35
	<u>360</u>	<u>(44)</u>	<u>314</u>	<u>(44)</u>
	<u>484</u>	<u>(412)</u>	<u>512</u>	<u>(450)</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 losses made 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.

B6 SIGNIFICANT EVENT

There was no significant event in the quarter under review.

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B7 STATUS OF CORPORATE PROPOSAL

(1) 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 and 17 September 2010, 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 and 17 September 2011 respectively.

On 19 September 2011, 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 2011 until 17 September 2012.

(2) Status of Utilisation of Proceeds

The status of utilisation of the gross proceeds raised from Rights Issue as at 13 July 2012 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	2,210	Within 18 months	7,790	78%	Note
Working capital	10,218	10,218	Within 18 months	-	0%	
Estimated expenses for the Rights Issue	1,000	1,000	Within 3 months	-	0%	
Total	60,178	52,388		7,790	13%	

Note: The proceeds will be utilised within the estimated timeframe.

B8 BORROWINGS

The Group's borrowings as at 31 May 2012 are as follows:-

	Long Term RM'000	Short Term RM'000	Total RM'000
Secured	7,400	231	7,631
Unsecured	-	-	-
Total	7,400	231	7,631

B9 MATERIAL LITIGATION

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

B10 DIVIDENDS

The Board does not recommend the payment of any dividend for the current financial year under review.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2012

B11 EARNINGS/ (LOSS) PER SHARE (EPS/LPS)

	3 months ended		12 months ended	17 months ended
	31.05.2012	31.05.2011	31.05.2012	31.05.2011
(a) Basic EPS				
Net profit / (loss) attributable to shareholders (RM'000)	122	(2,330)	(6,483)	(35,014)
Weighted average number of ordinary shares in issue (000)	690,261	601,780	690,261	601,780
EPS / (LPS) (sen)				
- Basic	0.02	(0.39)	(0.94)	(5.82)
(b) Diluted EPS				
Net profit / (loss) attributable to shareholders (RM'000)	122	(2,330)	(6,483)	(35,014)
Weighted average number of ordinary shares in issue (000)	690,261	601,780	690,261	601,780
Effect of dilution ('000)	176,962	-	176,962	-
Adjusted weighted average number of shares issued and issuable ('000)	867,222	601,780	867,222	601,780
EPS / (LPS) (sen)				
- Diluted	0.01	NA	Anti-dilutive	NA

Diluted EPS/LPS is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average of ordinary shares in issue during the financial period ended 31 May 2012, adjusted to assume the conversion of dilutive potential ordinary shares.

B12 REALISED AND UNREALISED PROFITS/(LOSSES)

	31.05.2012 RM'000	5/31/2011 RM'000
Total accumulated losses:		
- realised	(19,301)	(12,850)
- unrealised	(3,077)	(3,016)
	(22,378)	(15,866)
Total share of accumulated losses of associate		
- realised	-	(29)
- unrealised	-	-
	-	(29)
Less: Consolidation adjustments	-	-
As at 31 May 2012 / 31 May 2011	(22,378)	(15,895)