
**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2007**

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 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

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 2006.

A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 and the following FRSs and amendments are effective for the financial periods beginning on or after 1 October 2006:

- (i) FRS 6 Exploration for and Evaluation of Mineral Resources;
- (ii) Amendment to FRS 119₂₀₀₄ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures; and
- (iii) Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation; and
- (iv) FRS 124 Related Party Disclosures.

FRS 6 is not relevant to the Group's operations. FRS 124, FRS 119₂₀₀₄ (amended) and FRS 121 (amended) have been adopted by the Group for the financial period beginning 1 January 2007.

A3 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 December 2006.

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.

TMC LIFE SCIENCES BERHAD

Company No. 624409-A

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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 DIVIDEND PAID

There were no dividends paid in the current quarter.

A10 SEGMENTAL INFORMATION

The Group operates wholly in Malaysia and has only one business segment which is in gynaecological, fertility services, research and development in life sciences.

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

There were no material events subsequent to 31 December 2007 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 in the quarter under review.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided a corporate guarantee to a licensed bank for banking facilities totaling RM35 million granted to a wholly owned subsidiary company. The banking facilities are for financing the construction of the Group's hospital. Arising from this, the Company is contingently liable for the amount utilized by its subsidiary company of approximately RM3.3 million as at 31 December 2007.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 December 2007 are as follows:

	RM '000
Approved and contracted for	50,586
Payment up to 31 December 2007	<u>(35,962)</u>
	<u>14,624</u>

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company and/or its subsidiaries	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 31 Dec 2007 RM	Cumulative Quarter Ended 31 Dec 2007 RM
Damansara Women's Specialist Centre Sdn Bhd	SS Lee Medical Services Sdn Bhd	Company connected with a Director and substantial shareholder of the Company	Rental of business premises	105,000	420,000
Damansara Fertility Centre Sdn Bhd	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 2007("FY2007"), group revenue grew 25.0% to RM31.42 million compared to RM25.1 million achieved in FY2006. This was mainly due to growing business in the Group's five fertility treatment branches nationwide.

At the same time, FY2007 group profit after taxation increased to RM9.31 million, up 4.3% compared to RM8.93 million achieved in FY2006.

For the quarter under review, the group achieved revenue and profit after taxation of RM8.64 million and RM1.56 million respectively. In comparison to the previous year, group revenue grew 29.7% while profit after taxation reduced 31.6%.

The improved group revenue is due to greater public awareness on the group's fertility treatment services, while the lower group profit after taxation was principally due to increased operating expenses, as a result of:

- 1) Expansion in human resources in preparation for the Group's flagship tertiary hospital, Tropicana Medical Centre, which is scheduled to commence operations this year,
- 2) Increase in marketing and related expenditure for the prepaid subscription-based healthcare wellness program. The sales arising from the healthcare wellness program is capitalized in the balance sheet as "Advance Payment", and
- 3) Start up costs for the Group's stem cells banking and therapy arm under Stemtech International Sdn Bhd and its fifth and latest fertility centre in Kuantan.

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	8.64	6.66	29.7%	31.42	25.13	25.0%
Profit after taxation	1.56	2.28	-31.6%	9.31	8.93	4.3%

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a revenue and profit before taxation of RM8.64 million and RM2.70 million respectively for the current quarter as compared to RM6.66 million and RM3.66 million respectively in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2008

Barring any unforeseen circumstances, the Board is optimistic of the Group's performance in the financial year ending 31 December 2008.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as there was no profit forecast or profit guarantee.

B5 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	YEAR ENDED	YEAR ENDED
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Malaysian income tax:				
- current taxation	1,232,583	1,384,078	3,932,277	3,664,660
- deferred taxation	-	-	-	-
Total	1,232,583	1,384,078	3,932,277	3,664,660

The effective tax rate of the Group for the period ended 31 December 2007 is above the statutory tax rate.

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 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals in the quarter under review.

B9 STATUS OF UTILISATION OF LISTING PROCEEDS

The Company raised RM15.998 million during its Initial Public Offering exercise in October 2005 and the details of the utilisation of proceeds up to 31 December 2007 are as follows:-

Purpose	Proposed Utilisation RM'000	Transfer (to)/from	Actual Utilisation RM'000	Unutilised Proceeds RM'000	%
R & D Projects	6,000	-	6,000	-	0%
Part finance of the construction of Tropicana Medical Centre	6,000	-	6,000	-	0%
Local and regional expansion	1,500	-	1,500	-	0%
Working capital	498	537	1,035	-	0%
Listing expenses*	2,000	* (537)	1,463	-	0%
Total	15,998	-	15,998	-	0%

* Balance of unutilised proceeds allocated for listing expenses transferred to working capital.

B10 BORROWINGS

As at 31 December 2007 the Group had a secured long term borrowing of RM3.3 million. The increase of RM1.6 million from the last quarter was for financing the construction of the Group's hospital.

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 first and final tax exempt dividend of 7.5% per ordinary share for the financial year ended 31 December 2007 subject to the shareholders' approval at the forthcoming Annual General Meeting. The book closure date for the purpose of determining the shareholders' entitlements to the said dividends will be announced at a later date.

B14 EARNINGS PER SHARE

	QUARTER ENDED 31/12/2007	QUARTER ENDED 31/12/2006	YEAR ENDED 31/12/2007	YEAR ENDED 31/12/2006
Basic earnings per share (EPS)				
Net profit attributable to shareholders	1,562,852	2,284,221	9,313,582	8,934,602
Weighted average number of ordinary shares in issue ('000)	173,356	168,330	173,356	168,330
EPS (sen)	0.90	1.36	5.37	5.31