

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2005**

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<sub>2004</sub> "Interim Financial Reporting" and 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 2004.

A2 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 2004.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4 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.

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 quarter under review.

A6 ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuance, cancellations, repurchases, resale and repayment of debt and equity security during the current quarter under review.

On 27 May 2005, the Company issued a total of 11,802,998 ordinary shares of RM1.00 each pursuant to the acquisition of the entire issued and fully paid up capital of Damansara Women's Specialist Centre Sdn Bhd ("DWSC") and IVF Technologies Sdn Bhd ("IVF") comprised of 2,180,000 ordinary shares of RM1.00 each and 1,000 ordinary shares of RM1.00 each respectively.

A7 PROPERTY, PLANT AND EQUIPMENT

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

A8 DIVIDEND PAID

There was no dividend paid during the current quarter under review.

A9 SEGMENTAL INFORMATION

The Group operates wholly in Malaysia and has only one business segment which is the provision of medical services and supplies.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

Save as disclosed below, there were no material events subsequent to the end of the current quarter under review that have not been reflected:

- (a) On 31 July 2005, Dr Colin Lee assigned the rights to allotment of up to 820,000 ordinary shares of RM1.00 each in the Company at par to eligible doctors and staffs under a Doctor and Staff Share Participation Scheme. These shares were fully subscribed by the doctors and staff of the Group on 19 August 2005.
- (b) On 19 August 2005, the Company undertook a share split pursuant to which its existing ordinary shares of RM1.00 each was split into ordinary shares of RM0.10 each.
- (c) On 15 September 2005, the Company issued a prospectus for the issue of 42,100,000 new ordinary shares of RM0.10 each at an issue price of RM0.38 per ordinary shares to eligible directors and employees, the public and by way of private placement, all payable in full on application.

The 2,500,000 shares available for application by eligible directors and employees of the TMC Life Sciences Berhad Group ("TMC Group") as well as other persons who have contributed to the success of the TMC Group were fully subscribed.

The 2,900,000 shares available for public subscription were oversubscribed by 44.35 times. These shares were balloted on 27 September 2005.

The 36,700,000 shares available by way of private placement were also fully subscribed.

The listing of the Company's shares on the MESDAQ Market is scheduled on 6 October 2005.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, there was no change in the composition of the Group for the current financial period under review.

On 27 May 2005, the Company acquired the entire issued and fully paid up capital of DWSC and IVF comprised of 2,180,000 ordinary shares of RM1.00 each and 1,000 ordinary shares of RM1.00 each respectively.

A12 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2005 and up to the date of this report.

A13 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 June 2005 are as follows:

	RM '000
Approved and contracted	0
Approved but not contracted	35,000
	<u>35,000</u>

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

**B1 REVIEW OF PERFORMANCE**

For the current quarter under review, the Group achieved a revenue and profit before taxation of RM4.93 million and RM2.55 million respectively and net profit attributable to shareholders of RM0.78 million, after pre-acquisition profit. The Company completed the acquisitions of DWSC and IVF on 27 May 2005, and consolidated their results into the Group accounts thereafter.

**B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS**

There are no comparative figures in the preceding quarter as this is the Group's first quarterly report as a public listed company.

**B3 PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

Barring any unforeseen circumstances, the Board is positive of the Group's performance in the financial year ending 31 December 2005.

**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 30.06.05	Quarter ended 30.06.04	Quarter Period ended 30.06.05	Quarter Period ended 30.06.04
Malaysian income tax:				
- current taxation	592,554	NA	1,350,897	NA
- deferred taxation	33,227	NA	33,227	NA
Total	<u>625,781</u>	<u>NA</u>	<u>1,384,124</u>	<u>NA</u>

The effective tax rate of the Group for the period ended 30 June 2005 approximates 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

On 28 September 2005, the Company issued 42,100,000 new ordinary shares of RM0.10 each in conjunction with its listing exercise. The entire enlarged and paid-up share capital of the Company, comprising 168,330,000 ordinary shares of RM0.10 each are due to be listed and quoted on the MESDAQ Market of Bursa Securities on 6 October 2005

The Company expects the gross proceeds of the public issue of RM15.998 million to be utilised in the following manner:

	RM
R&D projects	6,000,000
To part finance the construction of Tropicana Medical Centre	6,000,000
Local and regional expansion	1,500,000
Working capital	498,000
Listing expenses	2,000,000
	<u>15,998,000</u>

B9 BORROWINGS

Details of the Group's borrowings as at 30 June 2005 are as follows:

<b><u>Current</u></b>	RM
Term loans (secured)	585,425
Leasing	46,800
	<u>632,225</u>
<b><u>Non-Current</u></b>	
Term loans (secured)	5,849,661
Leasing	123,630
	<u>5,973,291</u>
Total Borrowing	6,605,516

B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11 MATERIAL LITIGATIONS

Save as disclosed below, there are no material litigation pending as at the date of this report:-

On 3 June 2005, Sharmila Rebecca George (“**Plaintiff**”) commenced an action against Dr Colin Lee (1<sup>st</sup>), Damansara Women’s Specialist Centre Sdn Bhd (2<sup>nd</sup>) and Hospital Pakar Damansara Sdn Bhd (3<sup>rd</sup>) (collectively the “**Defendants**”) for alleged medical negligence. The Plaintiff is claiming, inter alia, special damages amounting to RM76,848.53 and general damages. The Court has fixed this matter for mention on 4 October 2005.

The Board is of the opinion that the First and Second Defendants have a strong defence to this claim. The lawyers representing the 1<sup>st</sup> Defendant is of the view that the 1<sup>st</sup> Defendant has a strong defence to this claim and it follows that liability similarly should not attach to the 2<sup>nd</sup> Defendant.

The Board is of the opinion that there will not be any material financial impact arising from the above-mentioned material litigation as both the 1<sup>st</sup> and 2<sup>nd</sup> Defendants are adequately insured.

B12 DIVIDENDS

The Directors do not propose any dividend for the period under review.

B13 EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	30.06.05	30.06.04	30.06.05	30.06.04
<b>Basic earning per share (EPS)</b>				
Net profit attributable to Shareholders	783,264	N/A	780,523	N/A
Weighted average number of ordinary shares in issue	4,490,273	N/A	2,269,809	N/A
Basic EPS (sen)	17.44	N/A	34.39	N/A