

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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

Interim Financial Reports for the second quarter ended 30 June 2007

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 was no dividend paid during the current quarter under review.

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 30 June 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 during the current quarter under review except on 12 June 2007, the Group announced that TMC Biotech Sdn. Bhd., a wholly owned subsidiary of the Company was incorporated on 31 May 2007. The current issued and paid-up share capital of TMC Biotech Sdn. Bhd. is RM2 divided into 2 ordinary shares of RM1 each and its intended principal activity is research and development into life sciences, medical and fertility.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2007 and up to the date of this report.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 June 2007 are as follows:

| | RM '000 |
|-----------------------------|-----------------|
| Approved and contracted for | 45,235 |
| Payment up to 30 June 2007 | <u>(20,978)</u> |
| | <u>24,257</u> |

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

| Company | Transacting Parties | Relationship | Nature of Transactions | Current Quarter Ended 30 June 2007 RM | Cumulative Quarter Ended 30 June 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 | 210,000 |
| Damansara Fertility Centre Sdn Bhd | Dr Lee Soon Soo | Director and substantial shareholder of the Company | Rental of premise | 3,600 | 7,200 |

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 current quarter under review, the Group achieved a revenue and profit after taxation of RM7.79 million and RM2.61 million respectively. Compared to the preceding year corresponding quarter, the Group's revenue and profit after taxation grew by 25.50% and 13.29% respectively.

For the six months ended 30 June 2007, the Group achieved a revenue of RM14.76 million, representing an increase of 21.29% as compared to the previous year's same period. In tandem with higher revenue, the Group's profit after taxation improved by 11.19% to RM5.11 million.

| 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 | 7.79 | 6.21 | 25.5% | 14.76 | 12.17 | 21.3% |
| Profit after taxation | 2.61 | 2.30 | 13.3% | 5.11 | 4.60 | 11.2% |

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a revenue and profit before taxation of RM7.79 million and RM3.55 million respectively for the current quarter as compared to RM6.96 million and RM3.38 million respectively in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

Barring any unforeseen circumstances, the Board is optimistic of the Group's performance in the financial year ending 31 December 2007.

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 | PERIOD ENDED | PERIOD ENDED |
| Malaysian income tax: | 30/06/2007 | 30/06/2006 | 30/06/2007 | 30/06/2006 |
| - current taxation | 941,330 | 848,364 | 1,810,990 | 1,564,264 |
| - deferred taxation | - | - | - | - |
| Total | 941,330 | 848,364 | 1,810,990 | 1,564,264 |

The effective tax rate of the Group for the period ended 30 June 2007 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

Except for the corporate proposal below, there were no other corporate proposals announced but not completed as at the date of this report.

On 31 May 2007, the Company had announced to implement a private placement of up to 16,833,000 new ordinary shares of RM0.10 each in the Company, representing not more than 10% of the issued and paid-up share capital of the Company, to investors to be identified. The Company had on 28 June 2007 and 27 July 2007 obtained the approval from the Securities Commission and Ministry of International Trade and Industry respectively. On 16 August 2007, the Company had announced that the Board has fixed an issue price of RM1.10 per placement share. The proposed private placement is currently being implemented.

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 30 June 2007 are as follows:-

| Purpose | Proposed Utilisation RM'000 | Transfer (to)/from | Actual Utilisation RM'000 | Deviation | |
|--|--------------------------------|--------------------|------------------------------|-------------------------------|------------|
| | | | | Unutilised Proceeds RM'000 | % |
| R & D Projects | 6,000 | - | 5,034 | 966 | 16% |
| Part finance of the construction of Tropicana Medical Centre | 6,000 | - | 6,000 | - | 0% |
| Local and regional expansion | 1,500 | - | 783 | 717 | 48% |
| Working capital | 498 | 537 | 1,035 | - | 0% |
| Listing expenses* | 2,000 | *(537) | 1,463 | - | 0% |
| Total | 15,998 | - | 14,315 | 1,683 | 11% |

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

B10 BORROWINGS

There were no borrowings as at 30 June 2007.

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 declared a First and Final gross dividend of 10% per ordinary share of 10 sen per share less 27% income tax for the financial year ended 31 December 2006. The dividend was paid on 27 July 2007.

B14 EARNINGS PER SHARE

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|---------------|--------------------|--------------|
| | QUARTER ENDED | QUARTER ENDED | PERIOD ENDED | PERIOD ENDED |
| Basic earnings per share (EPS) | 30.06.2007 | 30.06.2006 | 30.06.2007 | 30.06.2006 |
| Net profit attributable to shareholders | 2,606,056 | 2,300,587 | 5,114,666 | 4,599,981 |
| Weighted average number of ordinary shares in issue ('000) | 168,330 | 168,330 | 168,330 | 168,330 |
| EPS (sen) | 1.55 | 1.37 | 3.04 | 2.73 |