

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2006

### 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 2005.

#### 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 2005 except for the adoption of the following revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentations of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases (effective 1 October 2006)
FRS 138	Intangible Assets

Save as disclosed below, the adoption of all FRSs mentioned above does not have any significant impact on the Group.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognized immediately in income statements. Prior to 1 January 2006, the negative goodwill is stated in the balance sheet as reserve on consolidation. In accordance with the transitional provisions of FRS 3, the reserves on consolidation as at 1 January 2006 of RM9,182,633 was derecognised with a corresponding adjustment made to the opening balance of retained earnings.

#### **FRS 117 Leases**

The adoption of the revised FRS 117 has resulted in a retrospective change in accounting policy relating to the classification of leasehold land. Leasehold land was previously classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment losses. With the adoption of FRS 117, the leasehold interest in the land held for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Group retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed under FRS 117 Paragraph 67A. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively. Comparatives which have been restated due to this change in accounting policy are disclosed as follows:-

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Comparative	Previously < --- Adjustment --->		Restated
	stated RM	FRS 117 RM	
<b><u>As at 31 December 2005</u></b>			
Property, Plant & Machinery	23,488,957	(19,600,000)	3,888,957
Prepaid lease payments	-	19,600,000	19,600,000

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 2005.

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.

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.

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

There were no material events subsequent to 31 December 2006 and up to the date of this report.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

On 9<sup>th</sup> November 2006 and 11<sup>th</sup> December 2006, the Group has announced that it has incorporated two new wholly owned subsidiaries, TMC Fertility (Penang) Sdn. Bhd and TMC Stemcells Sdn Bhd respectively.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 31 December 2006 and up to the date of this report.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 December 2006 are as follows:

	<b>RM '000</b>
Approved and contracted	42,637
Payment up to 31 December 2006	<u>(10,714)</u>
	<u>31,923</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 after taxation of RM6.66 million and RM2.28 million respectively. Compared to the previous year’s same quarter, the Group’s revenue and profit after taxation grew at 7.22% and 5.80% respectively.

For the twelve months ended 31 December 2006, the Group achieved a revenue and profit after taxation of RM25.13 million and RM8.89 million respectively. Compared to the previous year’s same period, the Group’s revenue and profit after taxation grew at 16.1% and 13.9% respectively.

The positive revenue growth is largely due to the increasing awareness of the Group’s services.

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

The Group achieved a revenue and profit before taxation of RM6.66 million and RM3.67 million respectively for the current quarter as compared to RM6.30 million and RM2.78 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	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	31.Dec.06	31.12.2005	31.Dec.06	31.12.2005
Malaysian income tax:				
- current taxation	1,188,078	1,059,500	3,521,867	3,051,051
- deferred taxation	196,000	33,978	196,000	169,828
Total	<u>1,384,078</u>	<u>1,093,478</u>	<u>3,717,867</u>	<u>3,220,879</u>

The effective tax rate of the Group for the period ended 31 December 2006 was higher than the statutory tax rate due to certain expenses which were not deductible for tax purposes.

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**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 other corporate proposals announced but not completed as at the date of this report.

**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 2006 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	-	3,484	2,516	42%
Part finance of the construction of Tropicana Medical Centre	6,000	-	6,000	-	0%
Local and regional expansion	1,500	-	545	955	64%
Working capital	498	537	1,035	-	0%
Listing expenses*	2,000	* (537)	1,463	-	0%
<b>Total</b>	<b>15,998</b>	<b>-</b>	<b>12,527</b>	<b>3,471</b>	<b>22%</b>

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

**B10 BORROWINGS**

There were no borrowings as at 31 December 2006.

**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 Directors have proposed a 1st and final gross dividend of 1 sen per ordinary share less 27% income tax subject to the shareholders' approval at the forthcoming Annual General Meeting. The first and final gross dividend paid for the previous financial year ended 31 December 2005 amounted to 1 sen per ordinary share less 28% income tax. 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

	INDIVIDUAL QUARTER QUARTER ENDED	QUARTER QUARTER ENDED	CUMULATIVE QUARTER PERIOD ENDED	PERIOD PERIOD ENDED
	31.Dec.06	31.12.2005	31.Dec.06	31.12.2005
<b>Basic earnings per share (EPS)</b>				
Net profit attributable to shareholders	2,771,008	2,158,963	8,890,365	4,676,178
Weighted average number of ordinary shares in issue	168,330,000	168,330,000	168,330,000	83,885,679
	1.65	1.28	5.28	5.57