



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

INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 2006

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

INTERIM FINANCIAL REPORT FOR THE
SECOND QUARTER ENDED 30 JUNE 2006

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30-Jun-06	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-05	CURRENT YEAR TO-DATE 30-Jun-06	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-05
		RM	RM	RM	RM
Revenue		6,211,956	4,926,885	12,168,666	10,111,431
Operating expenses		(3,056,306)	(2,253,348)	(5,988,106)	(4,578,503)
Profit from operations		3,155,650	2,673,537	6,180,560	5,532,928
Depreciation		(131,539)	(128,914)	(265,173)	(257,656)
Finance costs		-	(1,755)	-	(3,510)
Interest income		124,840	9,659	248,858	18,454
Profit before taxation		3,148,951	2,552,527	6,164,245	5,290,216
Taxation	B5	(848,364)	(625,781)	(1,564,264)	(1,384,124)
Profit after taxation		2,300,587	1,926,746	4,599,981	3,906,092
Minority interest		-	-	-	-
Profit after taxation and minority interest		2,300,587	1,926,746	4,599,981	3,906,092
Pre-acquisition profit		-	(1,143,482)	-	(3,125,569)
Net profit attributable to Shareholders		2,300,587	783,264	4,599,981	780,523
Earnings per share (sen)					
- Basic	B14	1.37	17.44	2.73	34.39

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Notes to the Interim Financial Report)

TMC LIFE SCIENCES BHD
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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE
SECOND QUARTER ENDED 30 JUNE 2006

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS AT 30 JUNE 2006 (UNAUDITED) RM	AS AT 31 DECEMBER 2005 (AUDITED) RM
Non-Current Assets			
Property, plant and equipment		27,363,010	23,488,957
Project development costs		4,000,070	2,990,057
Intangible assets		21,040	-
		<u>31,384,120</u>	<u>26,479,014</u>
Current Assets			
Inventories		496,014	497,103
Project development costs		1,620,894	1,395,238
Trade and other receivables		2,355,005	1,488,793
Cash and cash equivalents		16,086,832	17,219,547
		<u>20,558,745</u>	<u>20,600,681</u>
Current Liabilities			
Trade and other payables		1,752,649	1,744,003
Tax payable		1,329,542	1,074,999
		<u>3,082,191</u>	<u>2,819,002</u>
Net current assets		<u>17,476,554</u>	<u>17,781,679</u>
		<u>48,860,674</u>	<u>44,260,693</u>
Non-current liability			
Deferred tax liability		3,250,251	3,250,251
		<u>3,250,251</u>	<u>3,250,251</u>
		<u>45,610,423</u>	<u>41,010,442</u>
Financed by:			
Capital and reserves			
Share capital		16,833,000	16,833,000
Share premium		10,324,678	10,324,678
Reserves on consolidation		9,182,633	9,182,633
Retained profits		9,270,112	4,670,131
Shareholders' funds		<u>45,610,423</u>	<u>41,010,442</u>
Net Assets Per Share (sen)		<u>27.10</u>	<u>24.36</u>

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Notes to the Interim Financial Report)

TMC LIFE SCIENCES BHD
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INTERIM FINANCIAL REPORT FOR THE
SECOND QUARTER ENDED 30 JUNE 2006

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital RM	Share Premium RM	Non- Distributable Reserve On Consolidation RM	Distributable Retained Profits RM	Total RM
At 1 January 2006	16,833,000	10,324,678	9,182,633	4,670,131	41,010,442
Net profit for the period	-	-	-	4,599,981	4,599,981
At 30 June 2006	<u>16,833,000</u>	<u>10,324,678</u>	<u>9,182,633</u>	<u>9,270,112</u>	<u>45,610,423</u>
At 1 January 2005	2	-	-	(6,047)	(6,045)
Reserve on Consolidation	-	-	9,182,633	-	9,182,633
Shares Issued	11,802,998	-	-	-	11,802,998
Net profit for the period	-	-	-	780,523	780,523
At 30 June 2005	<u>11,803,000</u>	<u>-</u>	<u>9,182,633</u>	<u>774,476</u>	<u>21,760,109</u>

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report)

TMC LIFE SCIENCES BHD
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INTERIM FINANCIAL REPORT FOR THE
SECOND QUARTER ENDED 30 JUNE 2006

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	CURRENT YEAR PERIOD ENDED 30 JUNE 2006 RM	PRECEEDING YEAR PERIOD ENDED 31 DECEMBER 2005 RM
Cash flows from operating activities		
Profit before taxation	6,164,245	5,290,216
Adjustments for		
Pre-Acquisition Profit before tax		(4,285,601)
Non-cash items	265,173	43,000
Finance Costs	-	585
Interest income	(248,858)	(3,106)
Operating profit before changes in working capital	6,180,560	1,045,094
Changes in working capital:		
Net change in current assets	(831,687)	(433,608)
Net change in current liabilities	8,646	79,169
Cash generated from operation	5,357,519	690,655
Interest received	248,858	3,106
Income tax paid	(1,309,721)	(141,531)
Net cash generated from operating activities	4,296,656	552,230
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,160,267)	(24,093)
Net cash effect on acquisition of subsidiaries	-	5,200,956
Project development costs	(1,269,104)	(135,073)
Net cash (used in)/generated from investing activities	(5,429,371)	5,041,790
Cash flows from financing activities		
Repayment of borrowing	-	(90,646)
Finance costs	-	(585)
Net cash used in financing activities	-	(91,231)
Net (decrease)/increase in cash and cash equivalents	(1,132,715)	5,502,789
Cash and cash equivalents at beginning of financial period	17,219,547	2
Cash and cash equivalents at end of financial period	16,086,832	5,502,791
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents comprise:		
Cash and bank balances	16,086,832	5,502,791

(The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Notes to the Interim Financial Report)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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 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 138	Intangible Assets

The adoption of all FRS mentioned above does not have any significant impact on the Group.

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 affected by any significant 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.

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

There were no material events subsequent to 30 June 2006 and up to the date of this report.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group for the current financial period under review.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2006 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 2006 are as follows:

	RM '000
Approved and contracted	39,990
Payment up to 30 June 2006	<u>(3,851)</u>
	<u>36,139</u>

**NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 JUNE 2006**

**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, profit before taxation and profit after taxation of RM6.21 million, RM3.15 million and RM2.30 million respectively. The Group achieved a revenue, profit before taxation and profit after taxation of RM12.17 million, RM6.16 million and RM4.60 million respectively for the 6 months ended 30 June 2006.

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a revenue and profit before taxation of RM6.21 million and RM3.15 million respectively for the current quarter as compared to RM5.96 million and RM3.02 million respectively in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2006

Barring any unforeseen circumstances, the Board is optimistic of the Group's performance in the financial year ending 31 December 2006.

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
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
<u>Malaysian income tax:</u>				
- current taxation	848,364	592,554	1,564,264	1,350,897
- deferred taxation	-	33,227	-	33,227
Total	<u>848,364</u>	<u>625,781</u>	<u>1,564,264</u>	<u>1,384,124</u>

The effective tax rate of the Group for the period ended 30 June 2006 was approximate 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 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 30 June 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	-	2,133	3,867	64%
Part finance of the construction of Tropicana Medical Centre	6,000	-	4,068	1,932	32%
Local and regional expansion	1,500	-	251	1,249	83%
Working capital	498	537	1,035	-	0%
Listing expenses*	2,000	* (537)	1,463	-	0%
Total	15,998	-	8,950	7,048	

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

B10 BORROWINGS

There were no borrowings as at 30 June 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

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 (1st), Damansara Women’s Specialist Centre Sdn Bhd (2nd) and Hospital Pakar Damansara Sdn Bhd (3rd) (collectively the “Defendants”) for alleged medical negligence. The Plaintiff is claiming, inter alia, special damages amounting to RM76,848.53 and general damages. The matter is now fixed for mention on 13 October 2006 to enable parties to fix a hearing date.

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

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

B13 DIVIDENDS

The Board had declared a First and Final gross dividend of 1 sen per share less 28% income tax for the financial year ended 31 December 2005. The dividend was paid on 14 July 2006.

B14 EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
Basic earning per share (EPS)				
Net profit attributable to shareholders	2,300,587	783,264	4,599,981	780,523
Weighted average number of ordinary shares in issue	168,330,000	4,490,273	168,330,000	2,269,809
Basic EPS (sen)	1.37	17.44	2.73	34.39