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TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

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TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The principal activities of the subsidiaries acquired are in gynaecological, fertility services, research and development in life sciences.

There has been no change in the nature of these activities during the year.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit for the year	4,676,178	1,357,644

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividends were paid by the Company since 31 December 2004.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:-

Professor Dato' Dr Khalid Bin Abdul Kadir	
Dr. Lee Soon Soo	(appointed on 3 June 2005)
Amos Siew Boon Yeong	(appointed on 3 June 2005)
Dato' Dr. Tan Kee Kwong	(appointed on 3 June 2005)
Dr. Wong Pak Seng	(appointed on 3 June 2005)
Dr. Yap Teck Long	(appointed on 3 June 2005)
Dr. Francis Lisa Muga	(appointed on 3 June 2005)
Lee Soon Swee	(appointed on 3 June 2005)
Dr. Surinder Singh A/L Ranbir Singh (Alternate Director to Dr. Wong Pak Seng)	(appointed on 3 June 2005)
Noraida Binti Hj. Aziz	(resigned on 3 June 2005)
Siti Junainah Binti Dewa	(resigned on 3 June 2005)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company or a related corporation was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, and/or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act 1965.

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DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.10 Each			
	1 Jan 2005	Acquired	Sold	31 Dec 2005
The Company				
Direct Interest:				
Professor Dato' Dr. Khalid Bin Abdul Kadir	-	20,000	-	20,000
Dr. Lee Soon Soo	-	82,773,009	-	82,773,009
Amos Siew Boon Yeong	-	3,075,287	-	3,075,287
Dato' Dr. Tan Kee Kwong	-	20,000	(10,000)	10,000
Dr. Wong Pak Seng	-	1,080,000	(80,000)	1,000,000
Dr. Yap Teck Long	-	20,000	(20,000)	-
Dr. Francis Lisa Muga	-	20,000	(18,000)	2,000
Dr. Surinder Singh A/L Ranbir Singh	-	900,000	-	900,000
Lee Soon Swee	-	55,600	(50,000)	5,600

OTHER SIGNIFICANT EVENTS

For significant events, refer to Note 23 of the notes to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the income statement and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps:-

(i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONT'D)

(c) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(d) As at the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(e) In the opinion of the Directors:-

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dr. Lee Soon Soo

Dr. Wong Pak Seng

Petaling Jaya, Selangor, Malaysia
26 April 2006

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TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Dr. Lee Soon Soo and Dr. Wong Pak Seng being the Directors of TMC Life Sciences Berhad, do hereby state that in the opinion of the Directors, the accompanying financial statements set out on pages 8 to 38 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and of the results and cashflows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dr. Lee Soon Soo

Dr. Wong Pak Seng

Petaling Jaya, Selangor, Malaysia
26 April 2006

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Dr. Lee Soon Soo, the Director primarily responsible for the financial management of TMC Life Sciences Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 38 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Dr. Lee Soon Soo
in Petaling Jaya, Selangor, Malaysia
on 26 April 2006

Dr. Lee Soon Soo

Before me,

Company No.: 624409 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF
TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 8 to 38. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Company No.: 624409 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF TMC LIFE SCIENCES BERHAD (Incorporated in Malaysia)

In our opinion:-

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965, and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:-

(i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and

(ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF : 0039
Chartered Accountants

Yeo Eng Seng
No. 1212/12/06 (J)
Partner

Kuala Lumpur, Malaysia
26 April 2006

Company No.: 624409 - A

TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	GROUP 2005 RM	COMPANY 2005 RM	COMPANY 2004 RM
Revenue		21,480,994	1,962,000	-
Other operating income		405,698	1,775	-
Cost of drugs, consumables used and locum charges		(3,456,819)	-	-
Staff and consultancy costs	3	(4,556,380)	(23,800)	-
Depreciation		(546,662)	-	-
Other operating expenses		(2,297,270)	(32,971)	(5,047)
Profit / (loss) from operations	3	11,029,561	1,907,004	(5,047)
Finance costs		(6,937)	-	-
Profit / (loss) before taxation		11,022,624	1,907,004	(5,047)
Taxation	5	(3,220,879)	(549,360)	-
Profit / (loss) after taxation		7,801,745	1,357,644	(5,047)
Pre-acquisition profits		(3,125,567)	-	-
Net profit / (loss) for the year		4,676,178	1,357,644	(5,047)
Earnings per share	6	5.57 sen		

The accompanying notes form an integral part of the financial statements.

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TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	GROUP 2005 RM	COMPANY 2005 RM	COMPANY 2004 RM
NON CURRENT ASSETS				
Investment in subsidiaries	7	-	11,802,998	-
Property, plant and equipment	8	23,488,957	-	-
Project development costs	10	2,990,057	-	-
CURRENT ASSETS				
Inventories	9	497,103	-	-
Project development costs	10	1,395,238	-	-
Trade receivables	11	372,295	-	-
Other receivables and prepayment	12	1,116,498	1,936	369,818
Amount due from subsidiary company	13	-	16,573,387	-
Cash and bank balances	14	17,219,547	243,255	2
		20,600,681	16,818,578	369,820
CURRENT LIABILITIES				
Trade payables	15	1,014,193	-	-
Other payables	16	729,810	112,301	375,865
Tax payable		1,074,999	-	-
		2,819,002	112,301	375,865
NET CURRENT ASSETS / (LIABILITIES)		17,781,679	16,706,277	(6,045)
		44,260,693	28,509,275	(6,045)

The accompanying notes form an integral part of the financial statements.

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TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 DECEMBER 2005

		GROUP	COMPANY	
		2005	2005	2004
	Note	RM	RM	RM
FINANCED BY:				
Share capital	17	16,833,000	16,833,000	2
Share premium		10,324,678	10,324,678	-
Retained profits	18	4,670,131	1,351,597	(6,047)
Reserve on consolidation		9,182,633	-	-
Shareholders' equity / (deficit)		41,010,442	28,509,275	(6,045)
Deferred and long term liabilities:				
Deferred taxation	19	3,250,251	-	-
		44,260,693	28,509,275	(6,045)

The accompanying notes form an integral part of the financial statements.

TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	Share Capital RM	Share Premium RM	Reserve on Consolidation RM	Accumulated Losses / Retained Profits RM	Total RM
At 1 January 2005 of Company	2	-	-	(6,047)	(6,045)
Issue of share capital	16,832,998	-	-	-	16,832,998
Share premium	-	11,788,000	-	-	11,788,000
Net profit for the year	-	-	-	4,676,178	4,676,178
Listing expenses	-	(1,463,322)	-	-	(1,463,322)
Arising on consolidation	-	-	9,182,633	-	9,182,633
At 31 December 2005	16,833,000	10,324,678	9,182,633	4,670,131	41,010,442

The accompanying notes form an integral part of the financial statements.

TMC LIFE SCIENCES BERHAD
(Incorporated in Malaysia)

COMPANY'S STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005

	Share Capital RM	Share Premium RM	Accumulated losses / Retained Profits RM	Total RM
At 1 January 2004	2	-	(1,000)	(998)
Net loss for the year	-	-	(5,047)	(5,047)
At 31 December 2004	2	-	(6,047)	(6,045)
At 1 January 2005	2	-	(6,047)	(6,045)
Issue of share capital				
- Acquisition of DWSC	11,732,055	-	-	11,732,055
- Acquisition of IVFT	70,943	-	-	70,943
- Special issue	820,000	-	-	820,000
-Initial public offer	4,210,000	11,788,000	-	15,998,000
Listing expenses	-	(1,463,322)	-	(1,463,322)
Net profit for the year	-	-	1,357,644	1,357,644
At 31 December 2005	16,833,000	10,324,678	1,351,597	28,509,275

The accompanying notes form an integral part of the financial statements.

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TMC LIFE SCIENCES BERHAD
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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 RM
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	11,022,624
Adjustments for:	
Pre-acquisition profit before tax	(4,285,601)
Interest expense	6,937
Interest income	(234,062)
Provision for doubtful debts	52,952
Depreciation	546,662
Operating profit before working capital changes	7,109,512
Interest received	234,062
Inventories	(497,103)
Receivables	(1,541,310)
Payables	1,368,138
Cash generated from operations	6,673,299
Tax paid	(800,518)
Net cash generated from operating activities	5,872,781
CASH FLOW FROM INVESTING ACTIVITIES	
Reserve on consolidation	9,182,633
Purchase of property, plant and equipment	(24,035,619)
Development project cost	(4,385,295)
Deferred taxation credit	3,064,923
Net cash used in investing activities	(16,173,358)

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TMC LIFE SCIENCES BERHAD
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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT'D.)

	2005 RM
CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	(6,937)
Proceeds from issuance of ordinary shares	28,620,998
Listing expenses	(1,093,939)
Net cash generated from financing activities	27,520,122
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,219,545
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	2
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 14)	17,219,547

The effect of the acquisition of subsidiaries on the cash flow statement are as follows:-

Fair value of assets and liabilities at date of acquisition	
Property, plant & equipment	23,294,803
Development project costs	2,977,752
Net currrent liabilities	(2,188,774)
Reserve on consolidation	(9,182,633)
Deferred taxation	(3,098,150)
	11,802,998
Settled by	
Shares issued to vendors	11,802,998

The accompanying notes form an integral part of the financial statements.

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TMC LIFE SCIENCES BERHAD
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COMPANY'S CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 RM	2004 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	1,907,004	(5,047)
Adjustments for:		
Dividend income	(1,962,000)	-
Interest income	(1,775)	-
Operating profit before working capital changes	(56,771)	(5,047)
Interest received	1,775	-
Expenses carried forward	-	(239,575)
Receivables	(1,501)	(435)
Amount due from subsidiary	(16,573,387)	-
Payables	(263,564)	245,057
Cash used in operations	(16,893,448)	-
Tax paid	-	-
Net cash used in operating activities	(16,893,448)	-
CASH FLOW FROM INVESTING ACTIVITIES		
Net dividends received	1,412,640	-
Investment in subsidiaries	(11,802,998)	-
Net cash used in investing activities	(10,390,358)	-

TMC LIFE SCIENCES BERHAD
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COMPANY'S CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005 (CONT'D.)

	2005 RM	2004 RM
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	28,620,998	-
Listing expenses incurred	(1,093,939)	-
Net cash generated from financing activities	27,527,059	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	243,253	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	2	2
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 14)	243,255	2

The accompanying notes form an integral part of the financial statements.

TMC LIFE SCIENCES BERHAD
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8. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Long Term Leasehold Land RM	Medical Equipment RM	Furniture & Fittings RM	Office Equipment & Computers RM	Motor Vehicle RM	Capital WIP RM	Total 2005 RM
Cost							
At 1 January of subsidiaries acquired	19,634,455	2,456,287	448,741	241,155	446,830	653,416	23,880,884
Additions	-	65,620	167,367	48,049	465,518	426,792	1,173,346
Reclassification	(34,455)	(1,275)	(90)	(1,699)	-	34,455	(3,064)
Disposal	-	-	(6,158)	-	(404,550)	-	(410,708)
At 31 December	19,600,000	2,520,632	609,860	287,505	507,798	1,114,663	24,640,458
Accumulated Depreciation							
At 1 January of subsidiaries acquired	-	448,312	72,326	75,904	89,367	-	685,909
Disposal	-	-	(160)	-	(80,910)	-	(81,070)
Charge for the year	-	301,274	26,141	117,689	101,558	-	546,662
At 31 December	-	749,586	98,307	193,593	110,015	-	1,151,501
Net Book Value							
At 31 December 2005	19,600,000	1,771,046	511,553	93,912	397,783	1,114,663	23,488,957
Depreciation charge for 2005	-	301,274	26,141	117,689	101,558	-	546,662

Included in the cost of capital work in progress is interest capitalised of RM880,343 (2004: RM430,647).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are in gynaecological, fertility services, research and development in life sciences. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Mesdaq Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 312 Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor. The principal place of business is located at 55, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor.

The number of employees in the Group and the Company at the end of the financial year was 50 (2004:Nil) and Nil (2004:Nil) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention. The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2005, the Group and the Company adopted the following MASB standard for the first time:

MASB 11 Consolidated Financial Statements and Investment in Subsidiaries

The adoption of the above new standard has not given rise to any adjustments to the opening balances of the retained profits of the prior and current year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The subsidiary is an entity in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Subsidiary is consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiary acquired or disposed of during the financial year is included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiary are measured at their fair value at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising at consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associate and jointly controlled entities is included within the respective carrying amounts of these investments.

Negative goodwill represents the excess of the Groups's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Leasehold land is stated at cost and will be depreciated upon completion of the hospital thereon.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Furniture and fittings	10% - 15%
Medical equipment	10% - 15%
Computer system	30%
Office equipment	10%
Plant and machinery	10%
Motor vehicles	20%

Capital work-in-progress are not depreciated.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate provision has been made for all damaged, obsolete and slow moving items. Costs are determined using the first-in-first-out basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(h) Project Development Costs

Medical development expenditures incurred on individual projects are carried forward when its future recoverability can reasonably be regarded as assured. Following initial recognition, the cost model is applied requiring the cost to be carried at cost less any accumulated impairment loss. On completion, any expenditure carried forward is amortised to the year of expected future benefits from the related project. The carrying value of development costs is reviewed for impairment when indications of impairment arises.

(I) Provisions for Liabilities

Provisions for liabilities are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of an amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

(j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(j) Income Tax (Cont'd)

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(k) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(iii) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue from services rendered is recognised net of discounts as and when the services are performed.

(m) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group and the Company have become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at balance sheet date.

(ii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for services rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(iii) Interest-Bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group and Company's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawndown from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement in the period in which they incurred.

(iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. PROFIT FROM OPERATIONS

Profit from operations is stated after charging / (crediting):

	GROUP	COMPANY	
	2005	2005	2004
	RM	RM	RM
Auditors' remuneration:			
Statutory audit			
- Current year	45,000	11,000	1,000
Interest income	(234,062)	-	-
Depreciation (Note 8)	546,662	-	-
Rental of business premises	585,747	-	-
Provision for doubtful debts	52,952	-	-
Rental of car park	5,650	-	-
Interest expense	6,937	-	-
Staff and consultancy costs (Note below)	4,556,380	23,800	-

Staff and consultancy costs comprises:

	GROUP	COMPANY	
	2005	2005	2004
	RM	RM	RM
Wages and salaries	4,695,141	23,800	-
Social security costs	13,400	-	-
EPF	615,329	-	-
Consultancy fees	561,463	-	-
Other staff related expenses	54,036	-	-
	5,939,369	23,800	-
Less: Capitalised on development project costs	(1,382,989)	-	-
	4,556,380	23,800	-

Included in staff and consultancy costs of the Group is Executive Directors' remuneration amounting to RM3,828,315 as further disclosed in Note 4.

4. DIRECTORS' REMUNERATION

	GROUP 2005 RM	COMPANY 2005 RM	COMPANY 2004 RM
Executive:			
Salaries and other emoluments	3,330,774	-	-
EPF	497,541	-	-
	3,828,315	-	-
Non-Executive:			
Fees	19,500	19,500	-
Total	3,847,815	19,500	-

The number of Directors of the Group whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors 2005
Executive Directors:	
RM 1 - RM 100,000	1
RM 100,001 - RM 200,000	3
RM 200,001 - RM 500,000	1
RM 500,001 - RM 1,000,000	-
RM1,000,001 - RM 2,000,000	-
RM2,000,001 - RM 3,000,000	1
Non-Executive Directors:	
RM 1 - RM 100,000	5

5. TAXATION

a) Tax charge for the financial year:

	GROUP 2005 RM	COMPANY 2005 RM	COMPANY 2004 RM
Tax expense for the year	3,017,760	549,360	-
Underprovided in prior years:			
Malaysian income tax	17,791	-	-
Deferred tax (Note 19):			
Relating to origination of temporary timing differences	130,328	-	-
Underprovided in prior year	55,000	-	-
	3,220,879	549,360	-

b) A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	GROUP 2005 RM	COMPANY 2005 RM	COMPANY 2004 RM
Profit / (loss) before taxation	11,022,624	1,907,004	(5,047)
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	3,086,335	533,961	(1,413)
Effect of tax losses not available to offset against future taxable profits of the Company	-	-	1,413
Others	61,753	15,399	-
Under provision of tax expense in prior years	72,791	-	-
Tax expense for the year	3,220,879	549,360	-

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year by the Company.

	GROUP 2005 RM
Net profit for the year (RM)	4,676,178
Weighted average number of ordinary shares in issue	83,885,679
Basic earnings per share (sen)	5.57

7. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2005	**2004**
Unquoted shares at cost	11,802,998	-

Details of the subsidiaries are as follows:

Name of subsidiaries	**Country of Incorporation**	**Equity Interest Held (%)**		**Principal Activities**
		2005	**2004**	
Damansara Women's Specialist Centre Sdn Bhd ("DWSC")	Malaysia	100	-	Gynaecological and fertility problem management
Damansara Fertility Centre Sdn Bhd ("DFC")	Malaysia	100	-	Gynaecological and fertility problem management
IVF Technologies Sdn Bhd ("IVFT")	Malaysia	100	-	Provision of consultancy, research & development

8. INSERT PROPERTY, PLANT AND EQUIPMENT SCHEDULE HERE
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9. INVENTORIES

	GROUP 2005 RM
Drugs and consumables	497,103

10. PROJECT DEVELOPMENT COSTS

These relate to development costs incurred for medical projects for the benefit of the Group. Cost comprise staff and consultancy costs, laboratory materials and direct overheads.

	GROUP 2005 RM
Project development costs:	
Staff and consultancy costs	2,766,843
Laboratory materials and overheads	1,618,452
	4,385,295

	GROUP 2005 RM
Expected completion:	
Not later than 1 year	1,395,238
Later than 1 year and not later than 3 years	2,990,057
	4,385,295

11. TRADE RECEIVABLES

	GROUP 2005 RM	COMPANY 2005 RM	COMPANY 2004 RM
Trade receivables	417,357	-	-
Less: Provision for doubtful debts	(45,062)	-	-
	372,295	-	-

The Group's normal trade credit term ranges from 30 to 60 days and has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

12. OTHER RECEIVABLES

	GROUP 2005 RM	COMPANY 2005 RM	COMPANY 2004 RM
Prepayments	490,020	-	-
Deposits	63,271	1,500	-
Expenses carried forward	-	-	369,383
Sundry receivables	563,207	436	435
	1,116,498	1,936	369,818

13. AMOUNT DUE FROM SUBSIDIARY COMPANY

The amount due is unsecured, interest-free and has no fixed terms of repayment.

14. CASH AND CASH EQUIVALENTS

	GROUP	COMPANY	
	2005	2005	2004
	RM	RM	RM
Cash on hand and at banks	374,637	41,775	2
Deposits with licensed banks	16,844,910	201,480	-
Cash and bank balances	17,219,547	243,255	2

The average interest rate for deposit was 3.5% for 2005.

About RM12,798,000 of the cash and bank balances are earmarked for research and development projects, part financing of construction of Tropicana Medical Centre, local and regional expansion as mentioned in the Company's prospectus issued in conjunction with its listing on the Mesdaq Market of Bursa Malaysia Securities Berhad.

15. TRADE PAYABLES

	GROUP	COMPANY	
	2005	2005	2004
	RM	RM	RM
Trade payables	1,014,193	-	-

The normal trade credit terms granted to the Group and the Company is between 30 to 90 days.

16. OTHER PAYABLES

	GROUP	COMPANY	
	2005	2005	2004
	RM	RM	RM
Accruals	695,502	112,301	-
Other payables	34,308	-	375,865
	729,810	112,301	375,865

17. SHARE CAPITAL

Before shares split of its existing ordinary shares of RM1.00 each into ordinary shares of RM0.10 each.

	Number of Ordinary Shares of RM1.00 Each		Amount	
	2005	2004	2005 RM	2004 RM
Authorised:				
At 1 January	25,000,000	100,000	25,000,000	100,000
Increase	-	24,900,000	-	24,900,000
Before shares split	25,000,000	25,000,000	25,000,000	25,000,000
Issued and fully paid up:				
At 1 January	12,623,000	2	12,623,000	2
Acquisition of DWSC	-	11,732,055	-	11,732,055
Acquisition of IVFT	-	70,943	-	70,943
Special issue	-	820,000	-	820,000
Before shares split	12,623,000	12,623,000	12,623,000	12,623,000

After shares split of its existing ordinary shares of RM1.00 each into ordinary shares of RM0.10 each.

	Number of Ordinary Shares of RM0.10 Each 2005	Amount 2005 RM
Authorised:		
Before shares split	25,000,000	25,000,000
Shares split 1 to 10	225,000,000	-
At 31 December	250,000,000	25,000,000
Issued and fully paid up:		
Before shares split	12,623,000	12,623,000
Shares split 1 to 10	113,607,000	-
Initial public offer	42,100,000	4,210,000
At 31 December	168,330,000	16,833,000

18. RETAINED PROFITS

The Company has sufficent tax credit under Section 108 of the Income Tax 1967 to frank the payment of dividends out of its retained profits as at 31 December 2005, subject to the agreement of the Inland Revenue Board.

19. DEFERRED TAXATION

	GROUP	COMPANY	
	2005	2005	2004
	RM	RM	RM
Relating to subsidiaries acquired	3,064,923	-	-
Recognised in the income statement (Note 5)	185,328	-	-
At 31 December	3,250,251	-	-

Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM
Subsidiaries acquired	3,064,923
Recognised in income statement (Note 5)	185,328
At 31 December 2005	3,250,251

20. COMMITMENTS

(a) Capital Commitments

	GROUP AND COMPANY 2005 RM
Approved for	
Construction of hospital building	39,989,880

On 19 January 2006, TMC Life Sciences Berhad has awarded a contract worth RM39,989,880 to a third party for the design and construction of Tropicana Medical Centre.

(b) Non-cancellable Operating Lease Commitments

	GROUP 2005 RM
Future minimum rentals payable:	
Not later than 1 year	483,389
Later than 1 year and not later than 5 years	407,829
	891,218

Operating lease payment represents rentals payable by the Group for use of business premises. Lease is negotiated for an average term of three years and rentals are fixed for an average of three years.

20. COMMITMENTS (CONT'D)

(c) Non-cancellable Nursing Sponsorship Commitments

	GROUP 2005 RM
Future minimum fees payable:	
Not later than 1 year	106,240
Later than 1 year and not later than 5 years	37,760
	144,000

Nursing sponsorship payments represents fees payable by the Group for expenses carried forward granted to student nurses for training. The courses are for a duration of three years.

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP 2005 RM	COMPANY 2005 RM
(a) Transactions with related parties:		
Dividend income from subsidiaries	-	1,962,000
Rental of premises from SS Lee Medical Services Sdn Bhd, a company substantially owned by a Director, Dr. Lee Soon Soo	295,200	-
	295,200	1,962,000

The Directors are of the opinion that all transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

22. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group and the Company's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group and the Company's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group and the Company's policy is to borrow principally using fixed rate debt. The objectives for the fixed rate borrowings are to reduce the impact of an upward change in interest rates.

The investment in financial assets which are short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits. The deposit placements at balance sheet date are short term and therefore its exposure to the effects of future changes in the prevailing level of interest is limited.

(c) Liquidity Risk

The Group and the Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group and the Company's associations to business partners with high creditworthiness.

(e) Fair Values

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to the relatively short term maturity of these financial instruments.

23. OTHER SIGNIFICANT EVENTS

During the financial year, the Company has increased its:-

(a) authorised ordinary share capital from RM100,000 to RM25,000,000 through the creation of 24,900,000 ordinary shares of RM1 each; and following a share split, which then became 250,000,000 shares of 10 sen each.

(b) issued and paid up ordinary share capital from RM2 to RM16,833,000 by way of:

(i) the issuance of 11,732,055 ordinary shares of RM1.00 each through acquisition of the entire issued and paid up share capital of 2,180,000 ordinary shares of RM1.00 each of DWSC.

(ii) the issuance of 70,943 ordinary shares of RM1.00 each through acquisition of entire issued and paid up share capital of 1,000 ordinary shares of RM1.00 each of IVFT.

(iii) the issuance of 8,200,000 ordinary shares of RM0.10 each through special issues to eligible doctors and staffs under a Doctor and Staff Share Participation Scheme.

(iv) the issuance of 42,100,000 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.

The above events were undertaken in conjunction with the listing of the Company on the Mesdaq Market of Bursa Malaysia Securities Berhad.

24. COMPARATIVES

No comparative figures have been presented for the Group as the current year is the first year where consolidated financial statements are presented.