TMC Life Sciences Berhad (624409 - A)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31.Dec.07

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 2007.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 11 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the year, attributable to:		
Equity holders of the Company	9,338,950	1,263,081
Minority interests	(92,212)	-
	9,246,738	1,263,081

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

The amount of dividends paid by the Company since 31 December 2006 were as follows:

	RM
In respect of the financial year ended 31 December 2006:	
First and final dividend of 10% less 27% taxation, on 168,330,000 ordinary shares, declared on 15 June 2007 and paid on 27 July 2007.	1,228,809

DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the financial year ended 31 December 2007, of 7.5% on 185,163,000 ordinary shares, amounting to a dividend payable of RM1,388,723 (0.75 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend.

Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

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
Amos Siew Boon Yeong
Dato' Dr. Tan Kee Kwong
Dr. Wong Pak Seng
Dr. Yap Teck Long
Dr. Francis Lisa Muga
Lee Soon Swee
Dr. Surinder Singh A/L Ranbir Singh (Alternate to Dr. Wong Pak Seng)
Wenddi-Anne Chong Wai Yeng(Appointed on 16.04.2007)

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 was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in 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 (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) 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, except as disclosed in Note 28 to the financial statements.

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			
	1.1.2007	**Acquired**	**Sold**	**31.12.2007**
The Company				
Direct Interest:				
Professor Dato' Dr. Khalid bin Abdul Kadir	403,000	1,217,000	(470,000)	1,150,000
Dr. Lee Soon Soo	82,958,009	4,045,800	24,233,000	62,770,809
Amos Siew Boon Yeong	1,683,300	996,000	-	2,679,300
Dato' Dr. Tan Kee Kwong	10,000	-	-	10,000
Dr. Wong Pak Seng	1,100,000	80,000	100,000	1,080,000
Dr. Yap Teck Long	10,000	-	-	10,000
Dr. Francis Lisa Muga	12,000	10,000	-	22,000
Dr. Surinder Singh A/L Ranbir Singh	900,000	-	40,000	860,000
Lee Soon Swee	379,600	87,700	65,000	402,300
Wenddi-Anne Chong Wai Yeng	-	2,844,600	-	2,844,600
Deemed Interest:				
Professor Dato' Dr. Khalid bin Abdul Kadir	-	300,000	-	300,000
Dr. Francis Lisa Muga	-	50,000	-	50,000
Dr. Surinder Singh A/L Ranbir Singh	-	60,000	-	60,000

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM16,833,000 to RM18,516,300 by way of issuance of 16,833,000 ordinary shares of RM0.10 each through a private placement at an issue price of RM1.10 per ordinary share for cash, for additional working capital purposes. The share premium of RM16,833,000 arising from the issuance of ordinary shares and the share issue costs of RM166,741 have been included in the share premium

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets 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 adequate provision has been made for doubtful debts; 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 would render:

(i) it necessary to write off any bad debts or the amount of provision for doubtful debts in inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) 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.

(d) 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.

(e) 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.

OTHER STATUTORY INFORMATION (CONT'D.)

(f) 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 or of the Company to meet their obligations 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 or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Significant events are disclosed in Note 11 and Note 31 to the financial statements.

SUBSEQUENT EVENT

Details of a subsequent event are disclosed in Note 32 to the financial statements.

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 dated 23 April 2008.

Dr. Lee Soon Soo

Dr. Wong Pak Seng

Kuala Lumpur, Malaysia

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 two of 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 9 to 51 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results and the 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 dated 23 April 2008.

Dr. Lee Soon Soo　　　　Dr. Wong Pak Seng

Kuala Lumpur, Malaysia

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

I, Ang Cheah Seng, being the Officer 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 9 to 51 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 Ang Cheah Seng
in Kuala Lumpur, Malaysia
on 23 April 2008.

Ang Cheah Seng
MIA No: 20998

Before me,

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

We have audited the financial statements set out on pages 9 to 51. 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.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965, and applicable Financial Reporting 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 2007 and of the results and the cash flows of the Group and of the Company for the period 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.

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REPORT OF THE AUDITORS TO THE MEMBERS OF TMC LIFE SCIENCES BERHAD (CONT'D.)
(Incorporated in Malaysia)

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 11 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

Wong Lai Wah
No. 1956/04/09(J)
Partner

Kuala Lumpur, Malaysia

TMC LIFE SCIENCES BERHAD
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INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

		Group		Company	
		2007	**2006**	**2007**	**2006**
	Note	**RM**	**RM**	**RM**	**RM**
			(restated)		**(restated)**
Revenue from services rendered		31,288,232	24,904,196	2,180,000	2,180,000
Other income	3	345,585	662,586	36,365	5,830
Cost of drugs, consumables used and locum charges		(5,868,293)	(4,183,828)	-	-
Consultancy fees	5	(1,654,475)	(1,226,567)	-	-
Employee benefit expenses	6	(5,282,417)	(3,779,073)	(99,000)	(99,000)
Depreciation and amortisation		(1,416,207)	(1,090,489)	-	-
Other operating expenses		(4,424,993)	(2,687,563)	(329,206)	(212,401)
Profit from operations	4	12,987,432	12,599,262	1,788,159	1,874,429
Finance costs	8	-	-	-	-
Profit before taxation		12,987,432	12,599,262	1,788,159	1,874,429
Income tax expense	9	(3,740,694)	(3,432,499)	(525,078)	(557,906)
Profit after tax		9,246,738	9,166,763	1,263,081	1,316,523
Attributable to:					
Equity holders of the Company		9,338,950	9,166,763	1,263,081	1,316,523
Minority interests		(92,212)	-	-	-
		9,246,738	9,166,763	1,263,081	1,316,523
Basic earnings per share	10	5.39 sen	5.45 sen		

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

TMC LIFE SCIENCES BERHAD
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BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM (restated)	Company 2007 RM	Company 2006 RM (restated)
ASSETS					
Non-current assets					
Property, plant and equipment	12	49,942,313	20,080,184	-	-
Investment in subsidiaries	11	-	-	11,803,098	11,803,002
Prepaid land lease payments	13	19,191,666	19,395,833	-	-
Intangible assets	14	10,926,037	7,534,332	-	-
		80,060,016	47,010,349	11,803,098	11,803,002
Current Assets					
Inventories	15	472,148	681,837	-	-
Trade receivables	16	918,164	686,538	-	-
Other receivables and prepayment	17	1,348,254	383,492	35,163,186	16,889,494
Other investment	18	5,605,392	-		
Cash and bank balances	19	5,766,691	11,889,617	193,134	32,209
		14,110,649	13,641,484	35,356,320	16,921,703
TOTAL ASSETS		94,170,665	60,651,833	47,159,418	28,724,705
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	18,516,300	16,833,000	18,516,300	16,833,000
Share premium	23	26,990,937	10,324,678	26,990,937	10,324,678
Retained profits	25	29,917,692	21,807,551	1,490,416	1,456,144
		75,424,929	48,965,229	46,997,653	28,613,822
Minority interests		(92,202)	-	-	-
Total equity		75,332,727	48,965,229	46,997,653	28,613,822
Non-current liabilities					
Borrowings	22	1,130,253	-	-	-
Deferred taxation	24	3,090,239	3,190,997	-	-
		4,220,492	3,190,997	-	-

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BALANCE SHEET AS AT 31 DECEMBER 2007 (CONT'D.)

	Note	Group 2007 RM	Group 2006 RM (restated)	Company 2007 RM	Company 2006 RM (restated)
Current liabilities					
Trade payables	20	4,466,232	1,168,428	37,630	-
Other payables	21	6,327,430	6,371,331	124,135	110,883
Borrowings	22	2,183,897	-	-	-
Tax payable		1,639,887	955,848	-	-
		14,617,446	8,495,607	161,765	110,883
Total liabilities		18,837,938	11,686,604	161,765	110,883
TOTAL EQUITY AND LIABILITIES		94,170,665	60,651,833	47,159,418	28,724,705

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	<------------ Attributable to Equity Holders			------------>	Minority Interests	Total Equity
	Non-Distributable					
	Share Capital (Note 23)	Share Premium (Note 23)	Retained Earnings (Note 25)	Total		
	RM	RM	RM	RM	RM	RM
At 1 January 2006	16,833,000	10,324,678	13,852,764	41,010,442	-	41,010,442
Profit for the year	-	-	9,166,763	9,166,763	-	9,166,763
Dividends	-	-	(1,211,976)	(1,211,976)	-	(1,211,976)
At 31 December 2006	16,833,000	10,324,678	21,807,551	48,965,229	-	48,965,229
At 1 January 2007	16,833,000	10,324,678	21,807,551	48,965,229	-	48,965,229
Profit for the year	-	-	9,338,950	9,338,950	(92,202)	9,246,748
Issue of new shares	1,683,300	16,833,000	-	18,516,300	-	18,516,300
New share issue transaction cos	-	(166,741)	-	(166,741)	-	(166,741)
Dividends	-	-	(1,228,809)	(1,228,809)	-	(1,228,809)
At 31 December 2007	18,516,300	26,990,937	29,917,692	75,424,929	(92,202)	75,332,727

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

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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	<-----Non-distributable----->			
	Share Capital (Note 23) RM	**Share Premium (Note 23) RM**	**Retained Profits (Note 25) RM**	**Total RM**
At 1 January 2006	16,833,000	10,324,678	1,351,597	28,509,275
Net profit for the year	-	-	1,316,523	1,316,523
Dividends	-		(1,211,976)	(1,211,976)
At 31 December 2006	16,833,000	10,324,678	1,456,144	28,613,822
At 1 January 2007	16,833,000	10,324,678	1,456,144	28,613,822
Net profit for the year	-	-	1,263,081	1,263,081
Issue of new shares	1,683,300	16,833,000	-	18,516,300
New share issue transaction costs		(166,741)		(166,741)
Dividends	-	-	(1,228,809)	(1,228,809)
At 31 December 2007	18,516,300	26,990,937	1,490,416	46,997,653

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

TMC LIFE SCIENCES BERHAD
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM	2006 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,987,432	12,599,262
Adjustments for:		
Interest income	(217,296)	(474,416)
Provision for doubtful debts	190,892	-
Depreciation	901,998	586,130
Amortisation of prepaid lease payment	204,167	204,167
Amortisation of intangible assets	553,214	316,341
Property, plant and equipment written off	-	1,199
Operating profit before working capital changes	14,620,407	13,232,683
Decrease/(Increase) in inventories	209,689	(184,734)
(Increase)/decrease in receivables	(1,333,016)	(13,523)
Decrease in payables	3,253,903	5,795,756
Development costs incurred	(3,402,462)	(2,811,033)
Cash generated from operations	13,348,521	16,019,149
Interest paid	(36,738)	-
Interest received	217,296	474,416
Tax paid	(3,211,678)	(3,663,398)
Net cash generated from operating activities	10,317,401	12,830,167
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,727,389)	(16,796,441)
Nurse sponsorship incurred, net of receipts	(484,944)	(151,680)
Other investment made	(5,605,392)	-
Acquisition of software	(57,513)	-
Net cash used in investing activities	(36,875,238)	(16,948,121)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	18,516,300	-
Shares issue expenses	(166,741)	-
Term loan drawdown	3,314,150	-
Dividends paid	(1,228,809)	(1,211,976)
Net inflow from acquisition of subsidiaries	11	-
Net cash generated from/(used in) financing activities	20,434,911	(1,211,976)

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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONT'D.)

	2007 RM	2006 RM
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,122,926)	(5,329,930)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	11,889,617	17,219,547
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 19)	5,766,691	11,889,617

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

TMC LIFE SCIENCES BERHAD
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COMPANY'S CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM	2006 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,788,159	1,874,429
Adjustments for:		
Dividend income	(2,180,000)	(2,180,000)
Interest income	(28,083)	(5,830)
Operating loss before working capital changes	(419,924)	(311,401)
Interest received	28,083	5,830
Increase/(decrease) in receivables	(15,416)	436
Increase/(decrease) in payables	50,882	(1,418)
Net changes in related company balances	(18,194,754)	(262,113)
Net cash used in operating activities	(18,551,129)	(568,666)
CASH FLOW FROM INVESTING ACTIVITIES		
Net dividends received	1,591,400	1,569,600
Investment in subsidiaries	(96)	(4)
Net cash generated from investing activities	1,591,304	1,569,596
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	18,516,300	-
Share issue expenses	(166,741)	-
Dividends paid	(1,228,809)	(1,211,976)
Net cash generated from/(used in) financing activities	17,120,750	(1,211,976)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	160,925	(211,046)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	32,209	243,255
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 19)	193,134	32,209

The accompanying notes form an integral part of the financial statemen

TMC LIFE SCIENCES BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 11 to the financial statements. 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have been prepared on a historical cost convention unless otherwise indicated and presented in Ringgit Malaysia (RM).

The Malaysian Accounting Standards Board has issued FRS 6: Exploration for and Evaluation of Mineral Resources, Amendment to FRS 119_{2004}: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures and FRS 124: Related Party Transactions which are effective for annual periods beginning on or after 1 January 2007.

The adoption of the revised FRS 124 gives rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company. Both FRS 6 and Amendment to FRS 119_{2004} are not applicable to the Group or the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Standards, Amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendments to FRSs and IC Interpretations	Effective for financial periods beginning on or after
FRS 139: Financial Instruments - Recognition and Measurement	Deferred
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above new and revised FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

(a) Impairment of intangible assets - development costs on procedures not yet available for use

The Group tests intangible amounts relating to development costs on procedures not yet available for use for impairment at least on an annual basis. This requires an estimation of the value-in-use of the development costs. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the development costs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of development costs as at 31 December 2007 was RM9,846,229 (2006: RM6,895,947).

(b) Amortisation of development costs on procedures available for use

The development cost classified under intangible asset is amortised on a straight-line basis over the asset's useful life. Management estimates the useful life of the development cost to be 5 years.

Changes in the biotechnological developments could impact the economic useful lives, therefore future amortisation charges could be revised. A 20% difference in the average useful lives of these assets from management's estimates would result in approximately 1% variance in profit for the year.

(c) Identifiability of costs capitalised in development costs

As disclosed in Note 14, development costs consist of staff costs and consultancy fees, and laboratory materials and overheads. Management estimates the staff costs and consultancy fees to be capitalised based on time recorded as spent by the staff and consultants.

A 13.5% difference in staff costs and consultancy fees capitalised will result in approximately 10% variance in profit for the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(ii) Basis of Consolidation

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then. The excess of losses applicable to the minority interests and any further losses applicable to the minority are allocated to the minority as they have a binding obligation and is able to make an additional investment to cover the losses.

(b) Intangible Assets

(i) 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.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the event or changes in circumstances indicate that the carrying value may be impaired either individually or at the CGU level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(b) Intangible Assets (cont'd.)

(iii) Nursing Sponsorship

Nursing sponsorship represents fees and allowances paid to sponsored students undertaking diploma in nursing courses at local approved colleges for a duration of three years. These costs are amortised over a period of five years, representing the bond period for the students to serve the Group, upon graduation and successfully securing a practising certificate from the Ministry of Health.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress are not depreciated as these assets are not available for use. 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%

The residual values, useful life and depreciation method are reviewed at each year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(c) Property, Plant and Equipment and Depreciation (cont'd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Impairment of Non-Financial Assets

The carrying amounts of the Group’s assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. Costs includes materials and direct overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(f) 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.

(g) 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 period and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. 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 period 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 as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised 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 the amount of any excess of the acquirer’s interest is the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Operating Leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(i) Employee Benefits (Cont'd.)

(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.

(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.

(j) 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.

(k) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(k) Financial Instruments (Cont'd.)

(i) 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.

(ii) 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.

(iii) 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.

(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. OTHER INCOME

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Interest income	217,296	474,416	28,082	5,830
Miscellaneous	128,289	188,170	8,283	-
	345,585	662,586	36,365	5,830

4. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before taxation:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Employee benefit expenses (Note 6)	5,282,417	3,779,073	99,000	99,000
Auditors' remuneration	56,300	48,000	10,000	11,000
Amortisation of prepaid land lease payments	204,167	204,167	-	-
Amortisation of intangible assets	553,214	316,341	-	-
Depreciation	901,998	586,130	-	-
Provision for doubtful debts	190,892	-	-	-
Property, plant and equipment written off	-	1,199	-	-
Rental of business premises	707,955	618,989	-	-
Rental of car park	19,200	11,200	-	-

5. CONSULTANCY FEES

	Group 2007 RM	Group 2006 RM
Consultancy fees	2,359,095	1,656,567
Less: Capitalised in development projects	(704,620)	(430,000)
	1,654,475	1,226,567

Included in consultancy fees of the Group is Executive Directors' remuneration amounting to RM1,357,251 (2006: RM1,272,890) as further disclosed in Note 7.

6. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Wages and salaries	6,610,485	4,566,087	99,000	99,000
Social security costs	27,051	19,067	-	-
EPF	394,675	453,061	-	-
Other staff related expenses	110,666	92,255	-	-
	7,142,877	5,130,470	99,000	99,000
Less: Capitalised on development project costs	(1,860,460)	(1,351,397)	-	-
	5,282,417	3,779,073	99,000	99,000

Included in staff costs of the Group is Executive Directors' remuneration amounting to RM4,103,905 (2006: RM3,066,670) as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Executive directors' remuneration:				
Other emoluments	5,461,156	4,339,560	-	-
	5,461,156	4,339,560	-	-
Non-executive directors' remuneration:				
Fees	78,000	78,000	78,000	78,000
Other emoluments	21,000	-	21,000	-
Total	5,560,156	4,417,560	99,000	78,000

7. DIRECTORS' REMUNERATION (CONT'D.)

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 2007	2006
Executive Directors:		
RM200,001 - RM500,000	2	2
RM500,001 - RM1,000,000	2	1
RM2,000,001 - RM3,000,000	-	1
RM3,000,001 - RM4,000,000	1	-
Non-Executive Directors:		
RM1 - RM100,000	5	5

8. FINANCE COSTS

	Group 2007 RM	2006 RM
Interest expense on borrowings	36,738	-
Less: Interest capitalised in capital work-in-progress	(36,738)	-
	-	-

9. INCOME TAX EXPENSE

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Current income tax:				
Malaysian income tax	3,793,521	3,672,718	552,197	600,490
Under/ (over) provision in in prior years	47,931	(180,965)	(27,119)	(42,584)
Deferred tax (Note 24):				
Relating to origination of temporary differences	89,644	(18,259)	-	-
Relating to changes in tax rates	(114,991)	(199,366)	-	-
(Over)/ under provision in prior year	(75,411)	158,371	-	-
	3,740,694	3,432,499	525,078	557,906

9. INCOME TAX EXPENSE (CONT'D.)

Current income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. Current income tax for certain subsidiaries with paid-up capital of RM2,500,000 and below are calculated at 20% (2006: 20%) for the first RM500,000 (2006: RM500,000) of chargeable income and 27% (2006: 28%) on the subsequent chargeable income for the year. The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years. The computation of deferred tax as at 31 December 2007 has reflected these changes.

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		**Company**	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Profit before taxation	12,987,432	12,599,268	1,788,159	1,874,429
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	3,506,607	3,527,795	482,803	524,840
Effect of different tax rate for qualified small and medium companies	(105,000)	(120,000)	-	-
Effect of changes in tax rates on opening balance of deferred tax	(114,991)	(199,366)	-	-
Income not subject to tax	(60,369)			
Utilisation of previously unrecognised unabsorbed capital allowances	-	(10,123)	-	-
Expenses not deductible for tax purposes	360,012	256,787	69,394	75,650
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	181,915	-	-	-
(Over)/ under provision of deferred tax in prior year	(75,411)	158,371	-	-
Under/ (over) provision of tax expense in prior year	47,931	(180,965)	(27,119)	(42,584)
Tax expense for the year	3,740,694	3,432,499	525,078	557,906

10. EARNINGS PER SHARE

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

	Group	
	2007	**2006**
Net profit for the year (RM)	9,338,950	9,166,763
Weighted average number of ordinary shares in issue	173,356,841	168,330,000
Basic earnings per share (sen)	5.39	5.45

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share has not been presented.

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007 RM	**2006 RM**
Unquoted shares at cost	11,803,098	11,803,002

Details of the subsidiaries are as follows:

Name of Subsidiaries	**Principal Activities**	**Equity Interest Held (%) 2007**	**2006**
Incorporated in Malaysia:			
Damansara Women's Specialist Centre Sdn. Bhd. ("DWSC")	Gynaecological and fertility problem management	100	100
IVF Technologies Sdn. Bhd. ("IVFT")	Provision of consultancy, R&D services	100	100
TMC Biotech Sdn Bhd*	Provision of consultancy, R&D services	100	-

11. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows (Cont'd.):

Name of Subsidiaries	Principal Activities	Equity Interest Held (%) 2007	2006
TMC Stemcells Sdn. Bhd.*	Dormant	100	100
TMC Fertility (Penang) Sdn. Bhd.*	Dormant	100	100
TMC Women's Specialist (Kuantan) Sdn Bhd*	Provision of fertility services and operation of women's clinic	80	-
Stemtech International Sdn Bhd*	Provision of storage of cord blood and adult stem cells, stem cell theraphy, application and research and development	90	-
Held through subsidiary:			
Damansara Fertility Centre Sdn. Bhd.	Gynaecological and fertility problem management	100	100

* Audited by a firm other than Ernst & Young

(a) Acquisition of subsidiaries

During the year, the Company acquired 100%, 90% and 80% equity interest in TMC Biotech Sdn Bhd, Stemtech International Sdn Bhd and TMC Women's Specialist (Kuantan) Sdn Bhd respectively, all of which are incorporated in Malaysia. The principal activities of these subsidiary companies are as disclosed above.

The cost of acquisition comprised the following:

	RM
Purchase consideration satisfied by cash, representing total cost of acquisiton	96

11. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Acquisition of subsidiaries (cont'd.)

The acquired subsidiaries have contributed the following results to the Group:

	2007 RM
Revenue	290,355
Loss for the year	(726,421)

The asset arising from the acqusition is as follows:

	Fair value recognised on acquisition RM	**Acquiree's carrying amount RM**
Cash and bank balances, representing fair value of net assets	107	107
Less: Minority interests	(11)	
Group's share of net assets	96	
Goodwill on acquisition	-	
Total cost of acquisition	96	

The cash outflow on acquisition is as follows:

	2007 RM
Purchase consideration satisfied by cash	(96)
Costs attributable to the acquisition, paid in cash	-
Total cash outflow of the Company	(96)
Cash and cash equivalents of subsidiaries acquired	107
Net cash inflow to the Group	11

In the previous financial year, the Company acquired 100% equity interest in TMC Fertility (Penang) Sdn. Bhd. and TMC Stemcells Sdn. Bhd. respectively, both of which are incorporated in Malaysia. The principal activities of these subsidiary companies are as disclosed above.

The cost of acquisition comprised the following:

	RM
Purchase consideration satisfied by cash, representing total cost of acquisiton	4

11. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Acquisition of subsidiaries (cont'd.)

The asset arising from the acqusition is as follows:

	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
Cash and bank balances, representing fair value of net assets	4	4
Less: Minority interests	-	
Group's share of net assets	4	
Goodwill on acquisition	-	
Total cost of acquisition	4	

The cash outflow on acquisition is as follows:

	2007 RM
Purchase consideration satisfied by cash	4
Costs attributable to the acquisition, paid in cash	-
Total cash outflow of the Company	4
Cash and cash equivalents of subsidiaries acquired	4
Net cash inflow to the Group	-

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Medical Equipment RM	Furniture & Fittings RM	Office Equipment & Computers RM	Motor Vehicle RM	Capital work-in-progress RM	Total RM
31 December 2007						
Cost						
At 1 January 2007	2,875,230	638,592	333,752	507,798	17,439,491	21,794,863
Additions	1,623,666	890,178	276,410	50,000	27,923,873	30,764,127
At 31 December 2007	4,498,896	1,528,770	610,162	557,798	45,363,364	52,558,990

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Medical Equipment RM	Furniture & Fittings RM	Office Equipment & Computers RM	Motor Vehicle RM	Capital work-in-progress RM	Total RM
Accumulated Depreciation						
At 1 January 2007	1,089,384	231,853	181,867	211,575	-	1,714,679
Charge for the year	501,924	182,620	105,894	111,560	-	901,998
At 31 December 2007	1,591,308	414,473	287,761	323,135	-	2,616,677
Net Carrying Amount						
At 31 December 2007	2,907,588	1,114,297	322,401	234,663	45,363,364	49,942,313
31 December 2006						
Cost						
At 1 January 2006	2,520,632	609,860	246,690	507,798	1,114,663	4,999,643
Additions	354,598	28,732	88,283		16,324,828	16,796,441
Write off	-	-	(1,221)	-	-	(1,221)
At 31 December 2006	2,875,230	638,592	333,752	507,798	17,439,491	21,794,863
Accumulated Depreciation						
At 1 January 2006	749,586	98,307	170,663	110,015	-	1,128,571
Charge for the year	339,798	81,235	63,537	101,560	-	586,130
Write off	-	-	(22)	-	-	(22)
At 31 December 2006	1,089,384	179,542	234,178	211,575	-	1,714,679
Net Carrying Amount						
At 31 December 2006	1,785,846	459,050	99,574	296,223	17,439,491	20,080,184

Capital work-in-progress relates to construction of Tropicana Medical Centre.

Included in the cost of capital work in progress is interest capitalised of RM917,081 (2006: RM880,343).

13. PREPAID LAND LEASE PAYMENTS

	Group 2007 RM	2006 RM
At 1 January	19,395,833	19,600,000
Amortisation for the year (Note 4)	(204,167)	(204,167)
At 31 December	19,191,666	19,395,833
Analysed as:		
Long term leasehold land	19,191,666	19,395,833

As at the date of this report, the land title to the long term leasehold land has not been transferred to the Group.

The Directors of the Group have adopted the valuation of RM19,600,000 for the prepaid land lease owned by the Company based on the latest independent professional valuations conducted by registered valuers Lim Lian Hong from Messrs. Raine & Horne International Zaki + Partners Sdn. Bhd. and P'ng Soo Theng from Messrs. CH Williams Talhar & Wong Sdn Bhd as follows:

Date of Valuation	Description of Property	Valuation amount	Basis of Valuation
26 March 2004	Leasehold land in Kota Damansara, Selangor.	RM19,600,000	Comparison method

As permitted by the transitional provisions of FRS 117, the last revalued amount stated above less accumulated amortisation is now treated as the surrogate carrying amount of prepaid land lease payments.

The leasehold land is pledged as security for borrowing as disclosed in Note 22.

14. INTANGIBLE ASSETS

	Software RM	Development costs RM	Nursing Sponsorship RM	Total RM
Group				
Cost				
At 1 January 2006	40,815	4,385,295	484,780	4,910,890
Additions	17,761	2,793,272	283,170	3,094,203
Charged to income statement	-	-	(131,490)	(131,490)
At 31 December 2006 and 1 January 2007	58,576	7,178,567	636,460	7,873,603
Additions	57,513	3,402,462	579,144	4,039,119
Charged to income statement	-	-	(94,200)	(94,200)
At 31 December 2007	116,089	10,581,029	1,121,404	11,818,522
Accumulated amortisation				
At 1 January 2006	22,930	-	-	22,930
Amortisation (Note 4)	17,572	282,620	16,149	316,341
At 31 December 2006 and 1 January 2007	40,502	282,620	16,149	339,271
Amortisation (Note 4)	27,423	452,180	73,611	553,214
At 31 December 2007	67,925	734,800	89,760	892,485
Net carrying amount				
At 31 December 2006	18,074	6,895,947	620,311	7,534,332
At 31 December 2007	48,164	9,846,229	1,031,644	10,926,037

(i) Development costs

Included in development costs are the following:

	Group 2007 RM	2006 RM
Development costs:		
Staff costs and consultancy fees	6,818,191	4,535,732
Laboratory materials and overheads	3,028,038	2,360,215
	9,846,229	6,895,947

14. INTANGIBLE ASSETS (CONT'D.)

(a) Impairment tests for development costs

Key assumptions used in value-in-use calculation

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of development costs:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the past.

(ii) Number of Assisted Reproductive Technology ("ART") Cycle

Management believe the increase in the number of ART cycle is justified based on past experiences, increase in demand for treatment as well as increased capacity via new medical branches across Malaysia.

(iii) Discount rate of 7.75%

The discount rate used is pre-tax and is based on the incremental borrowing rate of the Group.

15. INVENTORIES

	Group	
	2007	2006
	RM	RM
Drugs and consumables, at cost	472,148	681,837

16. TRADE RECEIVABLES

	Group 2007 RM	Group 2006 RM
Trade receivables	1,154,118	731,600
Less: Provision for doubtful debts	(235,954)	(45,062)
	918,164	686,538

The Group's normal trade credit term ranges from 30 to 60 days (2006: 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.

17. OTHER RECEIVABLES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Prepayments	88,574	94,737	-	-
Deposits	603,314	33,740	1,500	1,500
Other receivables	549,607	202,521	-	-
Tax recoverable	106,759	52,494	131,432	52,494
Amount due from subsidiaries (a)	-	-	35,030,254	16,835,500
	1,348,254	383,492	35,163,186	16,889,494

(a) Amount due from subsidiaries

	Company 2007 RM	Company 2006 RM
Advances- interest charge at 8% p.a.	759,898	-
Advances- Interest free	34,270,356	16,835,500
	35,030,254	16,835,500

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 28.

18. OTHER INVESTMENTS

	Group 2007 RM	Group 2006 RM
Unit trusts at cost	5,605,392	-

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Cash on hand and at banks	2,746,691	4,985,356	193,134	32,209
Deposits with licensed banks	3,020,000	6,904,261	-	-
Cash and bank balances	5,766,691	11,889,617	193,134	32,209

Other information on financial risks of cash and cash equivalents are disclosed in Note 30.

20. TRADE PAYABLES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Trade payables	4,466,232	1,168,428	37,630	-

The normal trade credit terms granted to the Group and the Company is between 30 to 90 days (2006: 30 to 90 days).

21. OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Accruals	1,398,601	892,958	112,500	93,863
Advance payment	1,023,639	-	-	-
Other payables	3,905,190	5,478,373	11,635	17,020
	6,327,430	6,371,331	124,135	110,883

(a) Advance payment represents monies from wellness program collected in advance from subscribers for which services will only be rendered upon the opening of the Group's hospital in 2008, and monies received in advance for storage of cord blood banking.

(b) Included in other payables of the Group is an amount of RM3,733,111 (2006: RM5,200,000) due to a contractor for the construction of Tropicana Medical Centre.

22. BORROWINGS

	Group	
	2007	2006
	RM	RM
Short term borrowings:		
Secured:		
Term loan	2,183,897	-
Long term borrowings:		
Term loan	1,130,253	-
Total	3,314,150	-

The term loan is secured by the following:

(a) First legal charge over the leasehold land of the Group as disclosed in Note 13; and

(b) Corporate guarantee by the Company.

Other information on financial risks of borrowing are disclosed in Note 30.

23. SHARE CAPITAL

	Number of Ordinary Shares of RM0.10 Each	<----------------Amount---------------->		
	Share capital (Issued and Fully Paid)	Share capital (Issued and Fully Paid) RM	Share Premium RM	Total Share Capital and Share Premium RM
At 31 January 2006 and 1 January 2007	168,330,000	16,833,000	10,324,678	27,157,678
Ordinary shares issued during the year:				
Issued for cash	16,833,000	1,683,300	16,833,000	18,516,300
New share issue transaction costs	-	-	(166,741)	(166,741)
At 31 December 2007	185,163,000	18,516,300	26,990,937	45,507,237

	Number of Ordinary Shares of RM0.10 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised:				
At 1 January	250,000,000	250,000,000	25,000,000	25,000,000
Created during the year	-	-	-	-
At 31 December	250,000,000	250,000,000	25,000,000	25,000,000

During the financial year, the Company issued 16,833,000 new ordinary shares of RM0.10 each through a private placement at an issue price of RM1.10 per ordinary share for cash, for additional working capital purposes. The share premium of RM16,833,000 arising from the issuance of ordinary shares and the share issue costs of RM166,741 have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

24. DEFERRED TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	3,190,997	3,250,251	-	-
Recognised in the income statement (Note 9)	(100,758)	(59,254)	-	-
At 31 December	3,090,239	3,190,997	-	-

24. DEFERRED TAXATION (CONT'D.)

Presented after appropriate offsetting as follows:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Deferred tax liabilities	3,090,239	3,109,997	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM	Student Sponsorship RM	Prepaid land lease payments RM	Total RM
At 1 January 2007	458,342	173,687	2,558,968	3,190,997
Recognised in income statement (Note 9)	53,987	94,540	(118,807)	29,720
At 31 December 2007	512,329	268,227	2,440,161	3,220,717
At 1 January 2006	394,369	64,753	2,791,129	3,250,251
Recognised in income statement (Note 9)	63,973	108,934	(232,161)	(59,254)
At 31 December 2006	458,342	173,687	2,558,968	3,190,997

Deferred tax assets of the Group:

	Provisions RM	Unused Tax Losses and Unabsorbed Capital Allowances RM	Total RM
At 1 January 2007	-	-	-
Recognised in income statement (Note 9)	(31,930)	(98,548)	(130,478)
At 31 December 2007	(31,930)	(98,548)	(130,478)
At 1 January 2007	-	-	-
Recognised in income statement (Note 9)	-	-	-
At 31 December 2007	-	-	-

24. DEFERRED TAXATION (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2007 RM	Group 2006 RM
Unused tax losses	390,557	-
Unabsorbed capital allowances	283,202	-
	673,759	-

The unused tax losses and unabsorbed capital allowances available for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

25. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able distribute dividends out of its entire retained earnings under the single tier system.

26. COMMITMENTS

(a) Capital Commitments

	Group 2007 RM	Group 2006 RM
Approved and contracted for:		
Construction of hospital building	10,819,679	25,197,237
Medical equipment & furniture & fittings	4,545,654	-
	15,365,333	25,197,237

26. COMMITMENTS (CONT'D.)

(b) Non-cancellable Nursing Sponsorship Commitments

	Group 2007 RM	2006 RM
Future minimum fees payable:		
Not later than 1 year	301,311	267,589
Later than 1 year and not later than 5 years	272,830	378,011
	574,141	645,600

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.

27. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group has entered into a non-cancellable operating lease agreement for the use of premises. The lease has an average life of three years and the lease payments are fixed. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

	Group 2007 RM	2006 RM
Future minimum rentals payments:		
Not later than 1 year	716,400	552,029
Later than 1 year and not later than 5 years	1,124,900	439,200
	1,841,300	991,229

28. RELATED PARTY DISCLOSURES

(a) The Group and the Company had the following transactions with related parties during the financial year:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Subsidiaries:				
Dividend income	-	-	2,180,000	2,180,000
Advances			15,870,693	257,623
Payments on behalf			732,661	4,490
Rental of premise from a Director	9,600	9,600	-	-
Rental of premises from a company substantially owned by a Director	420,000	420,000	-	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 are disclosed in Note 17.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group 2007 RM	Group 2006 RM
Short-term employment benefits	5,137,892	3,969,890
Post-employment benefits:		
Defined contribution plan	657,769	468,670
	5,795,661	4,438,560

29. DIVIDENDS

	Dividends in respect of year		Dividends recognised in Year	
	2007	2006	2007	2006
	RM	RM	RM	RM
Recognised during the year:				
First and final dividend of 10% less 27% taxation, on 168,330,000 ordinary shares	-	1,228,809	1,228,809	-
Proprosed for approval at AGM (not recognised as at 31 December)				
Final tax exempt dividend of 7.5%, on 185,163,000 ordinary shares	1,388,723	-	-	-
	1,388,723	1,228,809	1,228,809	-

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the financial year ended 31 December 2007, of 7.5% on 185,163,000 ordinary shares, amounting to a dividend payable of RM1,388,723 (0.75 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend.

Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

30. 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's and the Company's businesses whilst managing its interest rate, 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.

30. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Interest Rate Risk

The Group's interest rate risks arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risks. Borrowings obtained at fixed interest rates expose the Group to fair value interest rate risk.

The Group's interest-bearing financial assets are short term in nature and have been mostly placed in fixed deposits.

The following table sets out the carrying amounts, the weighted averate effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM	1-2 years RM	Total RM
At 31 December 2007					
Group					
Floating rate					
Term loan	22	4.9	2,183,897	1,130,253	3,314,150
Company					
Fixed rate					
Amount due from subsidiaries	17	8	759,898	-	759,898

The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

(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.

30. FINANCIAL INSTRUMENTS (CONT'D.)

(d) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. Receivables are monitored on an ongoing basis. .

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any assests.

(e) Fair Values

The carrying amounts of financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments.

31. SIGNIFICANT EVENT

During the financial year, TMC Biotech Sdn. Bhd. ("TMC Biotech"), a wholly-owned subsidiary of the Company, was granted BioNexus status from the Malaysian Biotechnology Corporation Sdn. Bhd. Under the Bionexus status, TMC Biotech will enjoy various incentives, including either 100% income tax exemption for ten years commencing from the first year of profitability, or Income Tax Allowance of 100% on the qualifying capital expenditure incurred within five years.

32. SUBSEQUENT EVENT

The Company had on March 2008 entered into two Sale & Purchase Agreements to acquire the shares in Srigim Medical Centre Sdn. Bhd. and the land and building occupied by the medical centre located in Penang for a total consideration of RM13.456 million.

33. PRIOR YEAR ADJUSTMENT

Prior year adjustment relates to reduction of statutory tax rate and its effect on computation of deferred tax. The effect of change in tax rate on computation of deferred tax in relation to prepaid land lease payments was recognised directly into retained earnings in the prior year.

33. PRIOR YEAR ADJUSTMENT (CONT'D.)

The effect of the prior year adjustment is as follows:

	Group 2007 RM	Group 2006 RM
Effect on retained profits:		
At 1 January, as previously stated	21,807,551	41,010,442
Prior year adjustment (a)	-	-
At 1 January, as restated	21,807,551	41,010,442
Effect on profit for the year:		
Profit before adjustment	9,246,748	8,934,602
Prior year adjustment	-	232,161
Profit after adjustment	9,246,748	9,166,763

The prior year adjustment has no effect on opening retained profits as at 1 January 2007.

34. COMPARATIVES

The following comparative amounts as at 31 December 2006 have been reclassified to conform with current year's presentation:

	As previously stated RM	Reclassification RM	As restated RM
Group			
Assets			
Other receivables	1,003,803	(620,311)	383,492
Intangible assets	6,914,021	620,311	7,534,332
Income Statement			
Staff and consultancy costs	(5,005,640)	5,005,640	-
Consultancy fees	-	(1,226,567)	(1,226,567)
Employee benefit expenses	-	(3,779,073)	(3,779,073)
Company			
Income statement			
Staff and consultancy costs	(99,000)	99,000	-
Employee benefit expenses	-	(99,000)	(99,000)