

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

FINANCIAL REPORT *for the financial year ended 31 December 2009*

CONTENTS

	Page
Directors' Report	1
Statement by Directors	8
Statutory Declaration	8
Independent Auditors' Report	9
Balance Sheets	12
Income Statements	14
Statements of Changes in Equity	15
Cash Flow Statements	17
Notes to the Financial Statements	20

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
(Loss)/Profit after taxation for the financial year attributable to:		
Equity holders of the Company	(8,803,159)	1,622,848
Minority interests	57,492	-
	<hr/>	<hr/>
	(8,745,667)	1,622,848
	<hr/>	<hr/>

DIVIDENDS

Since the end of the previous financial year, the Company paid a single-tier interim dividend of 0.3 sen per ordinary share amounting to RM1,805,339 in respect of the financial year ended 31 December 2009.

The directors proposed a final single-tier dividend of 0.3 sen per ordinary share amounting to RM1,805,339 in respect of the current financial year. The proposed dividend is subject to the approval of the shareholders at the forthcoming annual general meeting.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

DIRECTORS' REPORT

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company;
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 44 to the financial statements. At the date of this report, there does not exist:-

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

DIRECTORS' REPORT

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

PROFESSOR DATO' DR. KHALID BIN ABDUL KADIR
DATO' DR. LEE SOON SOO
SIEW BOON YEONG
DATO' DR. TAN KEE KWONG
DR. YAP TECK LONG
WENDDI-ANNE CHONG WAI YENG
DATO' ROBIN TAN YEONG CHING
FREDDIE PANG HOCK CHENG
YEOH CHENG LEE (ALTERNATE DIRECTOR OF DATO' ROBIN TAN YEONG CHING)
(APPOINTED ON 4 JUNE 2009)

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.1.2009	BOUGHT	SOLD	AT 31.12.2009
THE COMPANY				
<i>DIRECT INTERESTS:</i>				
PROFESSOR DATO' DR. KHALID BIN ABDUL KADIR	3,380,000	-	(79,500)	3,300,500
DATO' DR. LEE SOON SOO	149,193,466	139,300	-	149,332,766
SIEW BOON YEONG	8,953,425	150,000	-	9,103,425
DATO' DR. TAN KEE KWONG	-	-	-	-
DR. YAP TECK LONG	910,000	-	(576,300)	333,700
WENDDI-ANNE CHONG WAI YENG	10,028,175	10,000	-	10,038,175
FREDDIE PANG HOCK CHENG	66,350	-	-	66,350
<i>DEEMED INTEREST:</i>				
PROFESSOR DATO' DR. KHALID BIN ABDUL KADIR	975,000	-	-	975,000

By virtue of his interest in shares in the Company, Dato' Dr. Lee Soon Soo is deemed to have an interest in the shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interests in shares in the Company or its related corporations during the financial year.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the 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 for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a company in which a director has a substantial financial interest as disclosed in Note 40 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 43 to the financial statements.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APRIL 2010**

Dato' Dr. Lee Soon Soo

Dato' Dr. Tan Kee Kwong

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

STATEMENT BY DIRECTORS

We, Dato' Dr. Lee Soon Soo and Dato' Dr. Tan Kee Kwong, being two of the directors of TMC Life Sciences Berhad, state that, in the opinion of the directors, the financial statements set out on pages 12 to 77 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2009 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 26 APRIL 2010

Dato' Dr. Lee Soon Soo

Dato' Dr. Tan Kee Kwong

STATUTORY DECLARATION

I, Dato' Dr. Lee Soon Soo, being the director primarily responsible for the financial management of TMC Life Sciences Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 77 are, to the best of my knowledge and belief, 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
Dato' Dr. Lee Soon Soo
at Kuala Lumpur in the Federal Territory
on this 26 April 2010

Dato' Dr. Lee Soon Soo

Before me

Mohd Radzi Bin Yasin (No: W327)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No: 624409 - A

Report on the Financial Statements

We have audited the financial statements of TMC Life Sciences Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 77.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TMC LIFE SCIENCES BERHAD (CONT'D)

(Incorporated in Malaysia)
Company No: 624409 - A

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TMC LIFE SCIENCES BERHAD (CONT'D)**

(Incorporated in Malaysia)
Company No: 624409 - A

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur
26 April 2010

Lee Kok Wai
Approval No: 2760/06/10 (J)
Chartered Accountant

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

BALANCE SHEETS AT 31 DECEMBER 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	18,469,006	19,369,006
Investment in an associate	7	216,121	-	215,385	-
Property, plant and equipment	8	116,429,729	78,538,237	-	-
Prepaid land lease payments	9	18,783,330	18,987,498	-	-
Intangible assets	10	12,528,472	11,977,949	-	-
Goodwill on consolidation	11	3,331,190	3,331,190	-	-
		<u>151,288,842</u>	<u>112,834,874</u>	<u>18,684,391</u>	<u>19,369,006</u>
CURRENT ASSETS					
Inventories	12	3,627,209	1,715,190	-	-
Trade receivables	13	6,358,070	2,968,009	-	-
Other receivables, deposits and prepayments	14	2,186,283	25,587,259	3,500	1,500
Amount owing by subsidiaries	15	-	-	63,324,414	43,103,639
Short-term investments	16	2,510,682	11,969	-	-
Tax refundable		2,517,119	2,001,925	220,298	699,804
Deposits with a licensed bank	17	337,883	331,479	-	-
Cash and bank balances		4,925,968	24,136,878	671,906	21,051,786
		<u>22,463,214</u>	<u>56,752,709</u>	<u>64,220,118</u>	<u>64,856,729</u>
TOTAL ASSETS		<u>173,752,056</u>	<u>169,587,583</u>	<u>82,904,509</u>	<u>84,225,735</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	60,177,975	60,177,975	60,177,975	60,177,975
Share premium	19	21,751,724	21,751,724	21,751,724	21,751,724
Foreign exchange translation reserve	20	(3,217)	(23,462)	-	-
Retained profits	21	21,495,335	32,103,833	720,554	903,045
		<u>103,421,817</u>	<u>114,010,070</u>	<u>82,650,253</u>	<u>82,832,744</u>
Minority interests		<u>114,028</u>	<u>7,656</u>	-	-
SHAREHOLDERS' EQUITY		<u>103,535,845</u>	<u>114,017,726</u>	<u>82,650,253</u>	<u>82,832,744</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

BALANCE SHEETS AT 31 DECEMBER 2009 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2009 RM	2008 RM	2009 RM	2008 RM
NON-CURRENT LIABILITIES					
Long-term borrowings	22	40,731,947	27,700,213	-	-
Deferred taxation	23	3,229,167	3,324,588	-	-
		<u>43,961,114</u>	<u>31,024,801</u>	<u>-</u>	<u>-</u>
CURRENT LIABILITIES					
Trade payables	24	5,412,385	3,344,550	-	-
Other payables and accruals	25	10,380,197	15,639,024	254,256	810,911
Amount owing to subsidiaries	15	-	-	-	15,280
Short-term borrowings	26	7,791,167	2,299,787	-	-
Provision for taxation		58	95,514	-	566,800
Bank overdraft	27	2,671,290	3,166,181	-	-
		<u>26,255,097</u>	<u>24,545,056</u>	<u>254,256</u>	<u>1,392,991</u>
TOTAL LIABILITIES		<u>70,216,211</u>	<u>55,569,857</u>	<u>254,256</u>	<u>1,392,991</u>
TOTAL EQUITY AND LIABILITIES		<u>173,752,056</u>	<u>169,587,583</u>	<u>82,904,509</u>	<u>84,225,735</u>
NET ASSETS					
PER ORDINARY SHARE (RM)	30	<u>0.17</u>	<u>0.19</u>		

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		THE GROUP		THE COMPANY	
	NOTE	2009 RM	2008 RM	2009 RM	2008 RM
REVENUE	31	47,206,122	38,809,936	4,180,000	2,180,000
COST OF SALES		(23,972,806)	(18,172,501)	-	-
GROSS PROFIT		23,233,316	20,637,435	4,180,000	2,180,000
OTHER INCOME		1,146,806	322,135	13,999	50,448
		24,380,122	20,959,570	4,193,999	2,230,448
ADMINISTRATIVE EXPENSES		(26,443,268)	(13,742,744)	(692,119)	(789,504)
SELLING AND DISTRIBUTION EXPENSES		(517,851)	(949,102)	(12,826)	(72,792)
OTHER EXPENSES		(4,371,869)	(1,707,218)	(900,000)	-
FINANCE COSTS		(1,845,865)	(512,303)	-	-
SHARE OF PROFIT IN AN ASSOCIATE		736	-	-	-
(LOSS)/PROFIT BEFORE TAXATION	32	(8,797,995)	4,048,203	2,589,054	1,368,152
INCOME TAX EXPENSE	33	52,328	(675,328)	(966,206)	(566,800)
(LOSS)/PROFIT AFTER TAXATION		(8,745,667)	3,372,875	1,622,848	801,352
ATTRIBUTABLE TO:					
Equity holders of the Company		(8,803,159)	3,574,864	1,622,848	801,352
Minority interests		57,492	(201,989)	-	-
		(8,745,667)	3,372,875	1,622,848	801,352
(LOSS)/EARNINGS PER SHARE (SEN)					
- BASIC	34	(1.46)	0.69		
- DILUTED	34	N/A	N/A		

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

THE GROUP	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	FOREIGN EXCHANGE TRANSLATION RESERVE RM	RETAINED PROFITS RM	TOTAL RM	MINORITY INTERESTS RM	TOTAL EQUITY RM
Balance at 1.1.2008		18,516,300	26,990,937	-	29,917,692	75,424,929	(92,202)	75,332,727
Foreign currency reserve		-	-	(23,462)	-	(23,462)	-	(23,462)
Net income recognised directly in equity		-	-	(23,462)	-	(23,462)	-	(23,462)
Profit after taxation for the financial year		-	-	-	3,574,864	3,574,864	(201,989)	3,372,875
Total recognised income for the year		-	-	(23,462)	3,574,864	3,551,502	(201,989)	3,349,413
Shares subscribed to by minority shareholders		-	-	-	-	-	99,990	99,990
Acquisition of interest in subsidiaries		-	-	-	-	-	201,857	201,857
Issuance of ordinary shares pursuant to:								
- rights issue		18,516,300	18,516,300	-	-	37,032,600	-	37,032,600
- bonus issue		23,145,375	(23,145,375)	-	-	-	-	-
Expenses incurred on issuance of ordinary shares		-	(610,138)	-	-	(610,138)	-	(610,138)
Dividend	35	-	-	-	(1,388,723)	(1,388,723)	-	(1,388,723)
Balance at 31.12.2008/ 1.1.2009		60,177,975	21,751,724	(23,462)	32,103,833	114,010,070	7,656	114,017,726
Foreign currency reserve		-	-	20,245	-	20,245	-	20,245
Net income recognised directly in equity		-	-	20,245	-	20,245	-	20,245
Loss after taxation for the financial year		-	-	-	(8,803,159)	(8,803,159)	57,492	(8,745,667)
Total recognised income for the year		-	-	20,245	(8,803,159)	(8,782,914)	57,492	(8,725,422)
Issuance of subsidiary's ordinary shares		-	-	-	-	-	48,880	48,880
Dividend	35	-	-	-	(1,805,339)	(1,805,339)	-	(1,805,339)
Balance at 31.12.2009		60,177,975	21,751,724	(3,217)	21,495,335	103,421,817	114,028	103,535,845

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

THE COMPANY	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	RETAINED PROFITS RM	TOTAL RM
Balance at 1.1.2008		18,516,300	26,990,937	1,490,416	46,997,653
Profit after taxation for the financial year		-	-	801,352	801,352
Issuance of ordinary shares pursuant to:					
- rights issue		18,516,300	18,516,300	-	37,032,600
- bonus issue		23,145,375	(23,145,375)	-	-
Expenses incurred on issuance of ordinary shares		-	(610,138)	-	(610,138)
Dividend	35	-	-	(1,388,723)	(1,388,723)
Balance at 31.12.2008/1.1.2009		60,177,975	21,751,724	903,045	82,832,744
Profit after taxation for the financial year		-	-	1,622,848	1,622,848
Dividend	35	-	-	(1,805,339)	(1,805,339)
Balance at 31.12.2009		60,177,975	21,751,724	720,554	82,650,253

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

NOTE	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(8,797,995)	4,048,203	2,589,054	1,368,152
Adjustments for:-				
Allowance for doubtful debts	1,226,623	193,158	-	-
Amortisation of intangible assets	483,354	252,274	-	-
Amortisation of prepaid land lease payments	204,168	204,168	-	-
Depreciation of property, plant and equipment	6,892,121	1,253,000	-	-
Impairment of investment in a subsidiary	-	-	900,000	-
Interest expenses	1,744,741	452,088	-	-
Unrealised loss on foreign exchange	2,524	-	-	-
Gain on disposal of nursing sponsorship	-	(21,000)	-	-
Gain on disposal of property, plant and equipment	(172,968)	-	-	-
Dividend income	-	-	(4,180,000)	(2,180,000)
Interest income	(151,638)	(112,631)	(13,925)	(50,448)
Share of profit in an associate	(736)	-	-	-
<hr/>				
Operating profit/(loss) before working capital changes	1,430,194	6,269,260	(704,871)	(862,296)
Increase in inventories	(1,912,019)	(1,000,018)	-	-
Decrease/(Increase) in trade and other receivables	18,784,292	(26,267,136)	(2,000)	-
(Decrease)/Increase in trade and other payables	(3,193,516)	7,757,796	(556,655)	649,146
Development costs incurred	-	(382,992)	-	-
<hr/>				
CASH FLOWS FROM/(FOR) OPERATIONS	15,108,951	(13,623,090)	(1,263,526)	(213,150)
Income tax paid	(653,743)	(3,792,340)	(8,500)	(1,572)
Interest paid	(1,744,741)	(452,088)	-	-
<hr/>				
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	12,710,467	(17,867,518)	(1,272,026)	(214,722)

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

	Note	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
BALANCE BROUGHT FORWARD		12,710,467	(17,867,518)	(1,272,026)	(214,722)
CASH FLOWS FOR INVESTING ACTIVITIES					
Net changes in related company balances		-	-	(20,236,055)	(8,058,105)
Dividend received		-	-	3,135,000	1,613,200
Purchase of property, plant and equipment	36	(44,344,123)	(29,160,414)	-	-
Nursing and embryologists sponsorships incurred, net of receipts		(1,033,877)	(875,727)	-	-
Proceeds from disposal of nursing sponsorship		-	42,000	-	-
Issuance of subsidiary's ordinary shares		48,880	-	-	-
Proceeds from disposal of other investment		-	5,593,423	-	-
Proceeds from disposal of property, plant and equipment		335,300	3,374	-	-
Other investment purchased		(2,498,713)	-	-	-
Acquisition of software		-	(66,467)	-	-
Investment in an associate		(215,385)	-	(215,385)	-
Investment in subsidiaries		-	-	-	(7,565,908)
Interest received		151,638	112,631	13,925	50,448
NET CASH FOR INVESTING ACTIVITIES		(47,556,280)	(24,351,180)	(17,302,515)	(13,960,365)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares		-	37,032,600	-	37,032,600
Proceeds from minority shareholders		-	99,990	-	-
Share issue expenses		-	(610,138)	-	(610,138)
Net drawdown of term loan		23,000,000	26,685,850	-	-
Dividend paid		(1,805,339)	(1,388,723)	(1,805,339)	(1,388,723)
Acquisition of subsidiaries	37	-	(4,041,934)	-	-
Repayment of hire purchase		(74,287)	-	-	-
Repayment of term loans		(5,002,599)	-	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		16,117,775	57,777,645	(1,805,339)	35,033,739
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS/ BALANCE CARRIED FORWARD		(18,728,038)	15,558,947	(20,379,880)	20,858,652

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

		THE GROUP		THE COMPANY	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
BALANCE BROUGHT FORWARD		(18,728,038)	15,558,947	(20,379,880)	20,858,652
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		21,302,176	5,766,691	21,051,786	193,134
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND BANK BALANCES		18,423	(23,462)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	<u>2,592,561</u>	<u>21,302,176</u>	<u>671,906</u>	<u>21,051,786</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : 312, 3rd Floor, Block C, Kelana Square,
17 Jalan SS 7/26, 47301 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : No.11, Jalan Teknologi, Taman Sains Selangor 1,
PJU 5, Kota Damansara, 47810 Petaling Jaya,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 April 2010.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market, credit, liquidity and cash flow risks. The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group's foreign currency transactions and balances are substantially denominated in Indonesian Rupiah.

Foreign currency risk is monitored closely and managed to an acceptable level.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed banks at the most favourable interest rates.

(iii) Price Risk

The Group's principal exposure to price risks arises mainly from changes in quoted securities prices. Price risk is monitored closely and managed to an acceptable level.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the total carrying amount of this financial asset in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity And Cash Flow Risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

The Group has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (CONT'D)

FRSs/IC Interpretations (Cont'd)	Effective date
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/1 March 2010
Amendments to FRS 138 - Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (CONT'D)

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:-

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (CONT'D)

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 1 and FRS 127 remove the definition of “cost method” currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 138 clarify the requirements under the revised FRS 3 (2010) regarding accounting for intangible assets acquired in a business combination. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. BASIS OF PREPARATION (CONT'D)

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from "prepaid lease payments" to "property, plant and equipment" and measured as such retrospectively.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and usage factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage, technological development and commercial factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(iii) *Impairment of Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) *Amortisation of Development Costs*

Changes in the expected level of usage and technological development could impact the economic useful lives, therefore future amortisation charges could be revised.

(v) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(vi) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

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 has 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

The functional currency of each of the Group's entity is the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency.

(ii) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(iii) *Foreign Operations*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for the income statement are translated at the average exchange rates for the year;
- all resulting exchange differences arising on translation are recognised as a separate component of equity, as a foreign currency translation reserve; and
- on disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale of the foreign operations.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2009.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheet consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

The gain or loss on the disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(f) Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. Intangible asset acquired separately are measured 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 accumulated impairment losses, if any.

The useful lives on intangible assets are assessed to be either finite or indefinite.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible Assets (Cont'd)

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 might be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is 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 cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(i) *Development Costs*

Medical development expenditure incurred on individual projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense are not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over the estimated useful life when the technology is ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The development expenditure of TMC Biotech Sdn Bhd ("TMC Biotech") represents the development costs of the technological process in connection with human fertility treatment.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible Assets (Cont'd)

(i) *Development Costs (Cont'd)*

The useful life of the development expenditure is considered to be indefinite because based on the analysis of all the relevant factors there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for TMC Biotech. The development expenditure is stated at cost less impairment losses, if any. They are not amortised but tested for impairment annually or more frequently when indicators of impairment are identified.

The development expenditure of Tropicana Medical Centre (M) Sdn Bhd ("TMCM") represents the development costs of the technological process to improve and increase pregnancy rate.

The development expenditure of TMCM is amortised on a straight-line basis over the period of 5 years during which its economic benefits are expected to be consumed.

(ii) *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 maximum 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.

(iii) *Embryologist Sponsorship*

Embryologist sponsorship represents fees and allowances paid to sponsored embryologists undertaking masters programs at overseas universities for a duration of one year. These costs are amortised over a period of five to eight years, representing the bond period for the embryologists to serve the Group.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(h) Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investments in associates in the consolidated financial statements are accounted for under the equity method, based on the financial statements of the associates made up to 31 December 2009. The Group's share of the post acquisition profits of the associates is included in the consolidated income statement and the Group's interest in associates is stated at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Property, Plant and Equipment

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Plant and machinery	10%
Medical equipment	10% - 20%
Electrical and mechanical equipment	10%
Furniture and fittings	10% - 15%
Office equipment and computers	10% - 33 1/3%
Renovation	10% - 15%
Motor vehicles	20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. The capital work-in-progress is stated at cost, and will be reclassified to the appropriate category of property, plant and equipment and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of the capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date 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 the property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

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

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and 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 its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the 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.

(k) Prepaid Land Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use right is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the term of the lease of 96 years.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(m) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(n) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(o) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(i) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the periods of the respective hire purchase agreements.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(q) Income Taxes

Income taxes for the year comprise 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 or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income Taxes (Cont'd)

Deferred tax assets and liabilities are 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 the 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 to 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 excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(r) Interest-bearing Borrowings

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

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(s) Equity Instruments

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(u) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(w) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Segmental Information (Cont'd)

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(y) Revenue Recognition

(i) *Sale of Goods*

Revenue is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

(ii) *Services*

Revenue is recognised upon rendering of services, net of discounts and when the outcome of the transaction can be estimated reliably.

(iii) *Membership Fees*

Membership fees are recognised upon their registration with the Group.

(iv) *Interest Income*

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(v) *Dividend Income*

Dividend income from investment is recognised when the right to receive dividend payment is established.

(vi) *Rental Income*

Rental income is recognised on an accrual basis.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2009 RM	2008 RM
Unquoted shares, at cost	19,369,006	19,369,006
Less: Impairment of investment in a subsidiary	(900,000)	-
	<u>18,469,006</u>	<u>19,369,006</u>

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009	2008	
Tropicana Medical Centre (M) Sdn Bhd	Malaysia	100%	100%	Multi disciplinary tertiary care services.
IVF Technologies Sdn Bhd	Malaysia	100%	100%	Dormant.
TMC Biotech Sdn Bhd *	Malaysia	100%	100%	Provision of consultancy and research and development.
TMC Lifestyle Sdn Bhd *	Malaysia	100%	100%	Development, marketing and management of healthcare programs.
TMC Properties Sdn. Bhd. (formerly known as TMC Fertility (Penang) Sdn Bhd) *	Malaysia	100%	100%	Investment holding.
TMC Women's Specialist (Kuantan) Sdn Bhd *	Malaysia	80%	80%	Provision of fertility services and operation of women's clinic.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009	2008	
Stemtech International Sdn Bhd *	Malaysia	90%	90%	Provision of storage of cord blood and adult stem cells, stem cell therapy, application and research and development.
Tropicana Medical Centre (Penang) Sdn Bhd *	Malaysia	85%	85%	Operation of a medical centre.
Held through subsidiary:				
TMC Women's Specialist Holdings Sdn Bhd ^	Malaysia	100%	100%	Gynaecological and fertility problem management.
PT Stemtech Life Science Indonesia # *	Indonesia	58.5%	58.5%	Provision of stemcell banking business.

* Not audited by Messrs Crowe Horwath.

^ Held through Tropicana Medical Centre (M) Sdn Bhd.

Held through Stemtech International Sdn Bhd.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

7. INVESTMENT IN AN ASSOCIATE

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM	RM	RM	RM
Unquoted shares, at cost	215,385	-	215,385	-
Share of post-acquisition profit	736	-	-	-
	<u>216,121</u>	<u>-</u>	<u>215,385</u>	<u>-</u>
Represented by:-				
Share of net assets of the associate	46,434	-		
Goodwill on acquisition	169,687	-		
	<u>216,121</u>	<u>-</u>		

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective		Principal Activity
	2009	2008	
Academy of Nursing (M) Sdn. Bhd.	20%	-	Provision of educational programs and training courses for healthcare and related fields.

The associate above is audited by another firm of chartered accountants.

The results of the associate have been equity accounted based on the latest available unaudited financial statements made up to 31 December 2009.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of the associate is as follows:-

	THE COMPANY	
	2009	2008
	RM	RM
Assets and liabilities		
Total assets	296,478	-
Total liabilities	(64,306)	-
Results		
Revenue	4,581	-
Loss for the financial year	736	-

8. PROPERTY, PLANT AND EQUIPMENT

	AT 1.1.2009 RM	ADDITIONS RM	TRANSFERS RM	DISPOSALS RM	FOREIGN EXCHANGE RM	DEPRECIATION CHARGE RM	AT 31.12.2009 RM
THE GROUP							
NET BOOK VALUE							
Freehold land	3,809,000	-	-	-	-	-	3,809,000
Buildings	61,137,109	6,596,609	106,661	-	-	(1,289,764)	66,550,615
Plant and machinery	436,017	85,800	(8,763)	-	-	(60,912)	452,142
Medical equipment	5,865,654	33,113,084	237,008	(114,730)	-	(3,782,132)	35,318,884
Electrical and mechanical equipment	1,317,683	301,401	(30,974)	-	-	(161,686)	1,426,424
Furniture and fittings	736,948	1,294,284	4,438	-	-	(237,970)	1,797,700
Office equipment and computers	2,665,932	2,183,598	1,481,319	(1,050)	1,822	(1,065,288)	5,266,333
Renovation	669,628	474,662	(14,589)	-	-	(112,103)	1,017,598
Motor vehicles	125,166	844,685	-	(46,552)	-	(182,266)	741,033
Capital work-in-progress	1,775,100	50,000	(1,775,100)	-	-	-	50,000
	78,538,237	44,944,123	-	(162,332)	1,822	(6,892,121)	116,429,729

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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

	AT 1.1.2008 RM	ACQUISITION OF ADDITIONS SUBSIDIARIES RM	TRANSFERS RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 31.12.2008 RM	
THE GROUP							
NET BOOK VALUE							
Freehold land	-	3,809,000	-	-	-	3,809,000	
Buildings	-	21,787,634	-	39,477,075	(127,600)	61,137,109	
Plant and machinery	-	23,449	-	466,980	(54,412)	436,017	
Medical equipment	2,907,588	1,909,718	159,450	1,413,537	(524,639)	5,865,654	
Electrical and mechanical equipment	-	1,328,756	-	-	(11,073)	1,317,683	
Furniture and fittings	1,114,297	108,250	-	(356,417)	(129,182)	736,948	
Office equipment and computers	322,401	104,155	517,113	1,886,825	(3,374)	2,665,931	
Renovation	-	89,452	15,321	697,837	(132,981)	669,629	
Motor vehicles	234,663	-	-	2,427	(111,924)	125,166	
Capital work-in-progress	45,363,364	-	-	(43,588,264)	-	1,775,100	
	49,942,313	29,160,414	691,884	-	(3,374)	(1,253,000)	78,538,237

THE GROUP	COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
AT 31.12.2009			
Freehold land	3,809,000	-	3,809,000
Buildings	67,867,172	(1,316,557)	66,550,615
Plant and machinery	616,936	(164,794)	452,142
Medical equipment	42,500,874	(7,181,990)	35,318,884
Electrical and mechanical equipment	1,633,846	(207,422)	1,426,424
Furniture and fittings	2,955,735	(1,158,035)	1,797,700
Office equipment and computers	6,834,508	(1,568,175)	5,266,333
Renovation	1,350,164	(332,566)	1,017,598
Motor vehicles	992,144	(251,111)	741,033
Capital work-in-progress	50,000	-	50,000
	128,610,379	(12,180,650)	116,429,729

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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

THE GROUP	COST	ACCUMULATED	NET BOOK
AT 31.12.2008	RM	DEPRECIATION	VALUE
	RM	RM	RM
Freehold land	3,809,000	-	3,809,000
Buildings	61,264,709	(127,600)	61,137,109
Plant and machinery	544,125	(108,108)	436,017
Medical equipment	9,185,458	(3,319,804)	5,865,654
Electrical and mechanical equipment	1,328,756	(11,073)	1,317,683
Furniture and fittings	1,718,198	(981,250)	736,948
Office equipment and computers	3,158,758	(492,827)	2,665,931
Renovation	898,171	(228,542)	669,629
Motor vehicles	612,978	(487,812)	125,166
Capital work-in-progress	1,775,100	-	1,775,100
	84,295,253	(5,757,016)	78,538,237

Included in property, plant and equipment of the Group are the following assets pledged to licensed banks as security for banking facilities granted to the Group:-

	2009	2008
	RM	RM
Building	62,835,279	57,345,299
Medical equipment	21,745,829	-
Electrical and mechanical equipment	175,579	-
Furniture and fittings	99,195	-
Office equipment and computers	71,737	-
	84,927,619	57,345,299

Included in property, plant and equipment of the Group at the balance sheet date is a motor vehicle with a net book value of RM719,341 acquired under hire purchase terms.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2009 RM	2008 RM
Leasehold land, carrying amount	19,395,833	19,395,833
Accumulated amortisation	(612,503)	(408,335)
Net book value	<u>18,783,330</u>	<u>18,987,498</u>
Accumulated amortisation:-		
At 1 January	(408,335)	(204,167)
Amortisation for the financial year	(204,168)	(204,168)
At 31 December	<u>(612,503)</u>	<u>(408,335)</u>

Prepaid land lease payments which represent leasehold land have been pledged as security for banking facilities granted to the Group.

As at the date of this report, the land title of the leasehold land is in the process of being transferred to the Group.

10. INTANGIBLE ASSETS

	Software RM	Development Costs RM	Nursing Sponsorship RM	Embryologist Sponsorship RM	Total RM
THE GROUP					
Cost					
At 1.1.2008	116,089	10,581,029	1,060,521	60,883	11,818,522
Additions	66,467	382,992	582,235	293,492	1,325,186
Charge to income statement	-	-	(30,000)	-	(30,000)
At 31.12.2008/1.1.2009	<u>182,556</u>	<u>10,964,021</u>	<u>1,612,756</u>	<u>354,375</u>	<u>13,113,708</u>
Additions	-	-	897,299	136,578	1,033,877
At 31.12.2009	<u>182,556</u>	<u>10,964,021</u>	<u>2,510,055</u>	<u>490,953</u>	<u>14,147,585</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

10. INTANGIBLE ASSETS (CONT'D)

	Software RM	Development Costs RM	Nursing Sponsorship RM	Embryologist Sponsorship RM	Total RM
Accumulated amortisation					
At 1.1.2008	(67,925)	(734,800)	(89,760)	-	(892,485)
Amortisation	(37,997)	(113,060)	(101,217)	-	(252,274)
Disposal	-	-	9,000	-	9,000
At 31.12.2008/ 1.1.2009	(105,922)	(847,860)	(181,977)	-	(1,135,759)
Amortisation	(26,544)	(282,620)	(146,956)	(27,234)	(483,354)
At 31.12.2009	(132,466)	(1,130,480)	(328,933)	(27,234)	(1,619,113)
Net carrying amount					
At 31.12.2008	76,634	10,116,161	1,430,779	354,375	11,977,949
At 31.12.2009	50,090	9,833,541	2,181,122	463,719	12,528,472

The development costs in the previous financial year included the following expenses:

	THE GROUP	
	2009 RM	2008 RM
Directors' remuneration	-	349,860
Staff costs	-	93,913

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

10. INTANGIBLE ASSETS (CONT'D)

(a) Key assumptions used in value-in-use calculation

The recoverable amount of a cash-generating unit ("CGU") is determined based on value-in-use calculations using cash flow forecast and projections based on a financial budget approved by management covering a five-year period.

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

(i) Budgeted gross margin

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

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

Management believes 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 6%

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

In assessing the value-in-use, the management is of the view that no foreseeable changes to their assumptions would cause the carrying amount of CGU to materially exceed its recoverable amounts.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

11. GOODWILL ON CONSOLIDATION

During the financial year, the Group assessed the recoverable amount of the goodwill, and determined that the goodwill is not impaired.

The recoverable amount of a cash-generating unit ("CGU") is determined based on the value-in-use calculations using cash flow forecast and projections based on financial budgets approved by management for the financial year ending 31 December 2010. The key assumptions underpinning the value-in-use calculations are as follows:-

Growth rate	20%
Gross margin	43%
Discount rate	6%

The management determined the expected growth rate and budgeted gross margin based on its expectations of market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

In assessing the value-in-use, the management is of the view that no foreseeable changes to their assumptions would cause the carrying amount of CGU to materially exceed its recoverable amounts.

12. INVENTORIES

The inventories held for sale are carried at cost and none of the inventories is carried at net realisable value.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

13. TRADE RECEIVABLES

	THE GROUP	
	2009 RM	2008 RM
Trade receivables	7,891,666	3,343,063
Allowance for doubtful debts:-		
At 1 January	(375,054)	(235,954)
Allowance for the financial year	(1,226,623)	(193,158)
Write-off during the financial year	68,081	54,058
At 31 December	(1,533,596)	(375,054)
	<u>6,358,070</u>	<u>2,968,009</u>

The foreign currency exposure profile of the trade receivables as at the balance sheet date is as follows:-

	THE GROUP	
	2009 RM	2008 RM
Indonesian Rupiah	<u>52,068</u>	<u>3,381</u>

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	931,026	475,578	-	-
Deposits (Note a)	828,966	24,996,430	1,500	1,500
Prepayments	426,291	115,251	2,000	-
	<u>2,186,283</u>	<u>25,587,259</u>	<u>3,500</u>	<u>1,500</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(a) The deposits of the Group at the balance sheet date comprised the following:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Purchase of medical equipment	21,250	24,427,367	-	-
Utilities	807,716	569,063	1,500	1,500
	<u>828,966</u>	<u>24,996,430</u>	<u>1,500</u>	<u>1,500</u>

(b) The foreign currency exposure profile of the other receivables, deposits and prepayments as at the balance sheet date is as follows:-

	THE GROUP	
	2009 RM	2008 RM
Indonesian Rupiah	<u>121,035</u>	<u>21,725</u>

15. AMOUNTS OWING BY/TO SUBSIDIARIES

	THE COMPANY	
	2009 RM	2008 RM
Amount owing by	<u>63,324,414</u>	<u>43,103,639</u>

The amount owing by the subsidiaries is non-trade in nature, unsecured, interest-free and receivable on demand. The amount owing is to be settled in cash.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

15. AMOUNTS OWING BY/TO SUBSIDIARIES (CONT'D)

	THE COMPANY	
	2009	2008
	RM	RM
Amount owing to	-	15,280

The amount owing to the subsidiaries in the previous financial year was subject to an effective interest rate of 8.0% per annum, was unsecured and repayable on demand. The amount owing was settled in cash.

16. SHORT-TERM INVESTMENTS

	THE GROUP	
	2009	2008
	RM	RM
At cost		
- AmIncome	2,510,682	9,969
- CIMB-Principal Xcess Cash Fund	-	2,000
	<u>2,510,682</u>	<u>11,969</u>
Market value		
- Am Income	2,510,682	9,969
- CIMB-Principal Xcess Cash Fund	-	2,000
	<u>2,510,682</u>	<u>11,969</u>

17. DEPOSITS WITH A LICENSED BANK

The deposits of the Group have been pledged as security for banking facilities granted to the Group.

The weighted average effective interest rate of the deposits with a licensed bank at the balance sheet date was 2.0% (2008 - 3.6%) per annum. The deposits have maturity periods ranging from 1 to 365 days (2008 - 1 to 365 days).

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

18. SHARE CAPITAL

The movement in the authorised share capital of the Company is as follows:-

	2009 NUMBER OF SHARES	2008 NUMBER OF SHARES	2009 RM	2008 RM
ORDINARY SHARES OF RM0.10 EACH:-				
AUTHORISED At 1 January	1,000,000,000	250,000,000	100,000,000	25,000,000
Increase during the financial year	-	750,000,000	-	75,000,000
At 31 December	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

The movement in the issued and paid-up share capital of the Company is as follows:-

	2009 NUMBER OF SHARES	2008 NUMBER OF SHARES	2009 RM	2008 RM
ORDINARY SHARES OF RM0.10 EACH:-				
ISSUED AND FULLY PAID-UP				
At 1 January	601,779,750	185,163,000	60,177,975	18,516,300
Issuance of ordinary shares pursuant to:				
- rights issue	-	185,163,000	-	18,516,300
- bonus issue	-	231,453,750	-	23,145,375
At 31 December	<u>601,779,750</u>	<u>601,779,750</u>	<u>60,177,975</u>	<u>60,177,975</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

19. SHARE PREMIUM

	THE GROUP/THE COMPANY	
	2009 RM	2008 RM
At 1 January	21,751,724	26,990,937
Premium arising from :		
- rights issue	-	18,516,300
- bonus issue	-	(23,145,375)
Share issue expenses	-	(610,138)
At 31 December	<u>21,751,724</u>	<u>21,751,724</u>

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act 1965.

20. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

21. RETAINED PROFITS

At the balance sheet date, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system.

22. LONG-TERM BORROWINGS

	THE GROUP	
	2009 RM	2008 RM
Hire purchase payable (Note 28)	413,109	-
Term loans (Note 29)	40,318,838	27,700,213
	<u>40,731,947</u>	<u>27,700,213</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

23. DEFERRED TAXATION

	THE GROUP	
	2009 RM	2008 RM
At 1 January	3,324,588	3,090,239
Recognised in the income statements (Note 33)	(95,421)	184,194
Acquisition of a subsidiary (Note 37)	-	50,155
At 31 December	<u>3,229,167</u>	<u>3,324,588</u>

The deferred tax consists of the tax effects of the following items:-

	THE GROUP	
	2009 RM	2008 RM
Deferred tax liabilities:-		
Prepaid land lease payments	2,802,602	2,697,602
Accelerated capital allowances	311,754	3,208,986
Nursing sponsorship	547,000	446,000
	<u>3,661,356</u>	<u>6,352,588</u>
Deferred tax assets:-		
Unabsorbed capital allowances	(432,189)	(2,964,400)
Unutilised industrial building allowances	-	(63,600)
	<u>(432,189)</u>	<u>(3,028,000)</u>
	<u>3,229,167</u>	<u>3,324,588</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

24. TRADE PAYABLES

The foreign currency exposure profile of the trade payables as at the balance sheet date is as follows:-

	THE GROUP	
	2009	2008
	RM	RM
Indonesian Rupiah	23,852	-

The normal trade credit terms granted to the Group range from 30 days to 90 days.

25. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	RM	RM	RM	RM
Accruals	2,249,193	2,935,379	214,117	184,000
Advance payments	2,575,924	624,945	-	-
Deposits received	37,775	6,500	-	-
Other payables	5,517,305	12,072,200	40,139	626,911
	<u>10,380,197</u>	<u>15,639,024</u>	<u>254,256</u>	<u>810,911</u>

Advance payments represent monies collected in advance from wellness programs and the storage of cord blood banking.

Included in other payables of the Group is an aggregate amount of RM2,204,045 (2008 - RM9,966,514) due to contractors and medical equipment suppliers.

The foreign currency exposure profile of the other payables and accruals as at the balance sheet date is as follows:-

	THE GROUP	
	2009	2008
	RM	RM
Indonesian Rupiah	64,064	33,843

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

26. SHORT-TERM BORROWINGS

	THE GROUP	
	2009 RM	2008 RM
Hire purchase payable (Note 28)	112,604	-
Term loans (Note 29)	7,678,563	2,299,787
	<hr/>	<hr/>
	7,791,167	2,299,787
	<hr/>	<hr/>

27. BANK OVERDRAFT

The bank overdraft bore an effective interest rate of 6.6% (2008 - 7.4%) per annum at the balance sheet date and is secured in the same manner as the term loans disclosed in Note 29 to the financial statements.

28. HIRE PURCHASE PAYABLE

	THE GROUP	
	2009 RM	2008 RM
Minimum hire purchase payments:		
- not later than one year	134,100	-
- later than one year and not later than five years	134,100	-
- later than five years	310,600	-
	<hr/>	<hr/>
	578,800	-
Future finance charges	(53,087)	-
	<hr/>	<hr/>
Present value of hire purchase payable	525,713	-
	<hr/>	<hr/>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

28. HIRE PURCHASE PAYABLE (CONT'D)

	THE GROUP 2009 RM	2008 RM
Current portion:		
- not later than one year (Note 26)	112,604	-
Non-current portion:		
- later than one year and not later than five years	118,151	-
- later than five years	294,958	-
Total non-current portion (Note 22)	413,109	-
	<u>525,713</u>	<u>-</u>

The hire purchase payable at the balance sheet date bore an effective interest rate of 4.5% (2008 -Nil) per annum.

The Company has a hire purchase contract for a motor vehicle as disclosed in Note 8 to the financial statements. There are no restrictions imposed on the Company by the hire purchase arrangements.

29. TERM LOANS

	THE GROUP 2009 RM	2008 RM
Current portion:		
- repayable within one year (Note 26)	7,678,563	2,299,787
Non-current portion:		
- repayable between one and two years	8,082,332	2,903,552
- repayable between two and five years	22,997,197	9,740,701
- repayable after five years	9,239,309	15,055,960
Total non-current portion (Note 22)	40,318,838	27,700,213
	<u>47,997,401</u>	<u>30,000,000</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

29. TERM LOANS (CONT'D)

Details of the term loans outstanding at the balance sheet date are as follows:-

TERM LOANS	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENT AMOUNT RM	COMMENCEMENT DATE OF REPAYMENT	THE GROUP AMOUNT OUTSTANDING 2009 RM	2008 RM
1	120	363,983	31 March 2009	27,330,961	30,000,000
2	60	455,428	30 September 2009	20,666,440	-
				<u>47,997,401</u>	<u>30,000,000</u>

The term loans of the Group bore a weighted average effective interest rate of 4.9% (2008 - 5.6%) per annum at the balance sheet date and are secured by:-

- (i) a first legal charge over the leasehold land of the Group as disclosed in Note 8 to the financial statements; and
- (ii) a corporate guarantee of the Company.

30. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value at the balance sheet date of RM103,421,817 (2008 - RM114,010,070) divided by the number of ordinary shares in issue at the balance sheet date of 601,779,950 (2008 - 601,779,750).

31. REVENUE

Revenue represents the invoiced value of services rendered, goods delivered and membership sold less discounts and returns.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

32. (LOSS)/PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
(Loss)/Profit before taxation is arrived at after charging/ (crediting):-				
Allowance for doubtful debts	1,226,623	193,158	-	-
Amortisation of intangible assets	483,354	252,274	-	-
Amortisation of prepaid land lease payments	204,168	204,168	-	-
Audit fee:				
- for the financial year	90,800	62,010	21,000	7,000
- underprovision in the previous financial year	12,000	1,250	11,000	4,150
Depreciation of property, plant and equipment	6,892,121	1,253,000	-	-
Directors' fee	164,940	148,000	164,940	148,000
Directors' non-fee emoluments	5641,640	7,233,197	20,000	22,500
Impairment of investment in a subsidiary	-	-	900,000	-
Interest expense				
- bank overdraft	51,157	41,104	-	-
- hire purchase	17,413	-	-	-
- term loan	1,676,171	410,984	-	-
Loss on foreign exchange				
- realised	519	-	-	-
- unrealised	2,524	-	-	-
Rental of car	2,451	-	-	-
Rental of carpark	2,400	15,200	-	-
Rental of equipment	6,100	6,600	-	-
Rental of interactive television	24,075	-	-	-
Rental of premises	776,997	1,058,179	-	-
Staff costs	14,424,355	8,313,300	-	-
Dividend income	-	-	(4,180,000)	(2,180,000)
Gain on disposal of nursing sponsorship	-	(21,000)	-	-
Gain on disposal of property, plant and equipment	(172,968)	-	-	-
Interest income	(151,638)	(112,631)	(13,925)	(50,448)
Rental income	(332,378)	(450)	-	-

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

33. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Current taxation:				
- for the financial year	42,725	555,823	966,206	566,800
- under/(over)provision in prior years	368	(64,689)	-	-
	<u>43,093</u>	<u>491,134</u>	<u>966,206</u>	<u>566,800</u>
Deferred tax (Note 23) :				
- relating to origination of temporary differences	24,833	302,580	-	-
- relating to changes in tax rates	4,364	(118,386)	-	-
- overprovision in prior years	(124,618)	-	-	-
	<u>(95,421)</u>	<u>184,194</u>	<u>-</u>	<u>-</u>
	<u>(52,328)</u>	<u>675,328</u>	<u>966,206</u>	<u>566,800</u>

During the current financial year, the statutory tax rate was reduced from 26% to 25%.

As gazetted in the Finance Act 2009, certain subsidiaries of the Company will no longer enjoy the preferential tax rate of 20% on their chargeable income of up to RM500,000 effective from year of assessment 2009 as the Company has a paid-up share capital exceeding RM2,500,000.

A subsidiary of the Company, TMC Biotech Sdn Bhd ("TMC Biotech"), is not subject to tax as it has been granted the BioNexus Status, by the Malaysian Biotechnology Corporation Sdn. Bhd. which qualifies TMC Biotech for the BioNexus incentive. The Company will enjoy full exemption from income tax on its statutory income for a period of 10 years commencing from the first year of profitability.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

33. INCOME TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
(Loss)/Profit before taxation	(8,797,995)	4,048,203	2,589,054	1,368,152
Tax at the statutory tax rate of 25% (2008- 26%)	(2,199,500)	1,052,500	647,300	355,720
Tax effects of:-				
Differential in tax rates	-	(291,000)	-	-
Differential in tax rates of opening balance of deferred taxation	4,364	(118,386)	-	-
Non-deductible expenses	458,430	1,009,754	318,942	211,080
Non-taxable income	(67,050)	(25,654)	-	-
Income exempted from tax	(1,430,322)	(1,194,646)	-	-
Utilisation of previously unrecognised deferred tax asset:				
- capital allowances	-	(38,437)	-	-
Deferred tax asset not recognised during the financial year	3,306,000	345,886	-	-
(Over)/Underprovision in the previous financial year				
- current tax	368	(64,689)	-	-
- deferred tax	(124,618)	-	-	-
Tax expense for the year	(52,328)	675,328	966,206	566,800

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

33. INCOME TAX EXPENSE (CONT'D)

Subject to the agreement of the tax authorities, the following are available at balance sheet date available to be carried forward for offset against future taxable business income:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Unutilised tax losses	7,876,000	1,097,000	-	-
Unutilised industrial building allowances	99,600	63,600	-	-
Unabsorbed capital allowances	28,194,000	12,611,000	-	-
	<u>36,169,600</u>	<u>13,771,600</u>	<u>-</u>	<u>-</u>

The components of the deferred tax liability and deferred tax asset are as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax liability:-				
Accelerated capital allowances	5,371,500	189,000	-	-
Deferred tax asset:-				
Unabsorbed capital allowances	(5,371,500)	(189,000)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No deferred tax assets are recognised on the following items:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Allowance for doubtful debts	1,055,000	-	-	-
Unutilised tax losses	7,876,000	1,911,000	-	-
Unutilised industrial building allowances	99,600	-	-	-
Unabsorbed capital allowances	6,707,000	604,000	-	-
	<u>15,737,600</u>	<u>2,515,000</u>	<u>-</u>	<u>-</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

34. EARNINGS PER SHARE

The basic (loss)/earnings per share is arrived at by dividing the (loss)/profit attributable to equity holders of the Company of RM8,803,159 (2008 - RM3,574,864) by the weighted average number of ordinary shares in issue during the financial year of 601,779,750 (2008 - 516,133,745).

The basic earnings per share in the previous financial year had been restated to conform with the presentation as a result of the rights issue and bonus issue during that financial year.

Diluted earnings per share are not presented as there were no potential dilutive ordinary shares.

35. DIVIDEND

	THE GROUP/THE COMPANY	
	2009	2008
	RM	RM
Dividends paid:		
- A single-tier interim dividend of 0.3 sen per ordinary share in respect of the current financial year	1,805,339	-
- A first and final tax-exempt dividend of 0.75 sen per ordinary share in respect of the previous financial year	-	1,388,723
	<u>1,805,339</u>	<u>1,388,723</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2009 RM	2008 RM
Cost of property, plant and equipment purchased	44,944,123	29,160,414
Amount financed through hire purchase	(600,000)	-
	<hr/>	<hr/>
Cash disbursed for purchase of property, plant and equipment	44,344,123	29,160,414
	<hr/>	<hr/>

37. ACQUISITION OF SUBSIDIARIES

In the previous financial year, the Company acquired an 85% equity interest in Tropicana Medical Centre (Penang) Sdn Bhd for a total cash consideration of RM4,166,000. In addition, the Company, via its subsidiary, Stemtech International Sdn Bhd, incorporated a 65% owned subsidiary, namely PT Stemtech Life Science Indonesia.

The details of net assets acquired and cash flow arising from the acquisition of the subsidiary in the previous financial year were as follows:-

	THE GROUP 2008	
	FAIR VALUE RM	CARRYING AMOUNT RM
Non-current assets	691,884	691,884
Current assets	928,345	928,346
Current liabilities	(432,115)	(432,115)
Non-current liability	(50,155)	(50,155)
	<hr/>	<hr/>
Fair values of net assets acquired	1,137,959	1,137,960
Minority interests	(201,857)	(201,858)
	<hr/>	<hr/>
	936,102	936,102
	<hr/>	<hr/>
Goodwill on consolidation	3,331,190	
	<hr/>	
Total cost of acquisition	4,267,292	
Less: Cash and cash equivalents of a subsidiary acquired	(225,358)	
	<hr/>	
Net cash outflow from acquisition of subsidiaries	4,041,934	
	<hr/>	

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

37. ACQUISITION OF SUBSIDIARIES (CONT'D)

The effects of the acquisition of the subsidiary on the financial results of the Group in the previous financial year were as follows:-

	THE GROUP 2008 RM
Revenue	1,938,009
Profit for the financial year	142,182

38. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Deposits with a licensed bank	337,883	331,479	-	-
Cash and bank balances	4,925,968	24,136,878	671,906	21,051,786
Bank overdraft	(2,671,290)	(3,166,181)	-	-
	<u>2,592,561</u>	<u>21,302,176</u>	<u>671,906</u>	<u>21,051,786</u>

39. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors:				
- basic salaries, bonus and Employees' Provident Fund	5,621,640	7,210,697	-	-
Non-executive directors:				
- fee	164,940	148,000	164,940	148,000
- other emoluments	20,000	22,500	20,000	22,500
	<u>5,806,580</u>	<u>7,381,197</u>	<u>184,940</u>	<u>170,500</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

39. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Group whose total remuneration during the financial year fell within the following bands are analysed as follows:-

	THE GROUP NUMBER OF DIRECTORS	
	2009	2008
Executive directors:		
- RM350,001 - RM400,000	1	1
- RM450,001 - RM500,000	-	1
- RM650,001 - RM700,000	-	1
- RM700,001 - RM750,000	1	-
- RM1,150,001 - RM1,200,000	-	1
- RM4,300,001 - RM4,350,000	1	-
- RM4,450,001 - RM4,500,000	-	1
Non-executive directors:		
- RM100,000 and below	5	5

40. RELATED PARTY DISCLOSURES

(a) Identities of related parties:-

- (i) the Company has related party relationships with its subsidiaries as disclosed in Note 6 to the financial statements;
- (ii) the directors who are the key management personnel; and
- (iii) entities controlled by certain key management personnel, directors and/or substantial shareholders.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

40. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information disclosed elsewhere in the financial statements, the Company carried out the following transactions with the related parties during the financial year:

	THE COMPANY	
	2009	2008
	RM	RM
(i) Fellow Subsidiaries		
<i>The Company</i>		
Dividend income	4,180,000	2,180,000

(ii) Key Management Personnel

The remuneration of directors and other members of key management during the financial year were as follows:-

	THE GROUP	
	2009	2008
	RM	RM
Short-term employee benefits	6,172,409	7,381,197

Information regarding outstanding balances arising from related party transactions at year end are disclosed in Note 15 to the financial statements.

(iii) Entities controlled by certain key management personnel, directors and/or a substantial shareholder

	THE GROUP	
	2009	2008
	RM	RM
Rental of premises from a director	14,400	14,400
Rental of premises from a company substantially owned by a director	288,750	420,000

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

41. COMMITMENTS

(a) Capital Commitments

	THE GROUP	
	2009	2008
	RM	RM
Approved capital commitments contracted for		
- construction of hospital building	868,661	4,168,658
- medical equipment, furniture and fittings	426,248	15,894,520
	<u>1,294,909</u>	<u>20,063,178</u>

(b) Non-cancellable Nursing Sponsorship Commitments

	THE GROUP	
	2009	2008
	RM	RM
Future minimum fees payable:		
- Not later than one year	212,878	956,415
- Later than one year not later than five years	38,787	627,038
	<u>251,665</u>	<u>1,583,453</u>

Nursing sponsorship represents fees payable by the Group for student nurses. The courses are for a duration of 3 years.

(c) Operating Lease Commitments

The Group entered into non-cancellable operating lease agreements for the rental of the premises. The lease has an average period of three years and the lease payments are fixed.

	THE GROUP	
	2009	2008
	RM	RM
Future minimum rental payments:		
- Not later than one year	-	839,300
- Later than one year not later than five years	-	442,700
	<u>-</u>	<u>1,282,000</u>

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

42. SEGMENTAL INFORMATION

No segmental information is provided as the Group is primarily involved in the healthcare industry and the Group's activities are predominantly in Malaysia. The overseas segment does not contribute more than 10% of the consolidated revenue and assets.

43. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 20 October 2009, the Company entered into a Share Purchase Agreement with Tan Sri Abu Talib bin Othman ("Tan Sri Abu Talib"), the registered and beneficial owner of all of the issued shares of 200,000 ordinary shares of RM1.00 each in Academy of Nursing (M) Sdn Bhd ("ANSB"), to acquire from Tan Sri Abu Talib 40,000 shares of ANSB, representing 20% of the entire issued and paid-up share capital of ANSB, for a total consideration RM215,385.

44. CONTINGENT LIABILITY

	THE COMPANY	
	2009	2008
	RM	RM
UNSECURED		
Corporate guarantees given by the Company to a licensed bank for banking facilities granted to a subsidiary of the Company	50,668,691	30,379,580

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

45. FOREIGN EXCHANGE RATE

The applicable closing foreign exchange rate used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balance at the balance sheet date is as follows:-

	2009 RM	2008 RM
100 Indonesian Rupiah	0.0364	0.0316

46. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Amounts Owing By/To Subsidiaries

The carrying amounts approximated their fair values at the balance sheet date.

**(b) Cash and Bank Balances, Other Liquid Funds, Short-term Receivables/
Payables and Short-Term Borrowings**

The carrying amounts approximated the fair values due to the relatively short-term maturity of these instruments.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)
Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

46. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Long-Term Bank Borrowings

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

(d) Contingent Liability

The nominal amount and net fair value of the financial instruments not recognised in the balance sheets of the Company are as follows:-

		THE COMPANY	
	NOTE	NOMINAL AMOUNT RM	NET FAIR VALUE RM
AT 31 DECEMBER 2009			
Contingent liability	44	50,668,691	*
		<hr/>	<hr/>
AT 31 DECEMBER 2008			
Contingent liability	44	30,379,580	*
		<hr/>	<hr/>

* The net fair value of the contingent liability is estimated to be minimal as the subsidiary is expected to fulfil its obligations to repay its borrowings.

TMC LIFE SCIENCES BERHAD

(Incorporated in Malaysia)

Company No : 624409 - A

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

47. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	THE GROUP		THE COMPANY	
	AS RESTATED RM	AS PREVIOUSLY REPORTED RM	AS RESTATED RM	AS PREVIOUSLY REPORTED RM
INCOME STATEMENTS (EXTRACT):-				
Cost of sales	18,172,501	17,858,841	-	-
Other expenses	1,707,218	2,020,878	-	-
CASH FLOW STATEMENTS (EXTRACT):-				
Net cash for operating activities	(17,867,518)	(17,754,887)	(214,722)	(6,609,180)
Net cash for investing activities	(24,351,180)	(24,463,811)	(13,960,365)	(7,565,908)
Net cash from financing activities	-	-	35,033,739	35,033,740