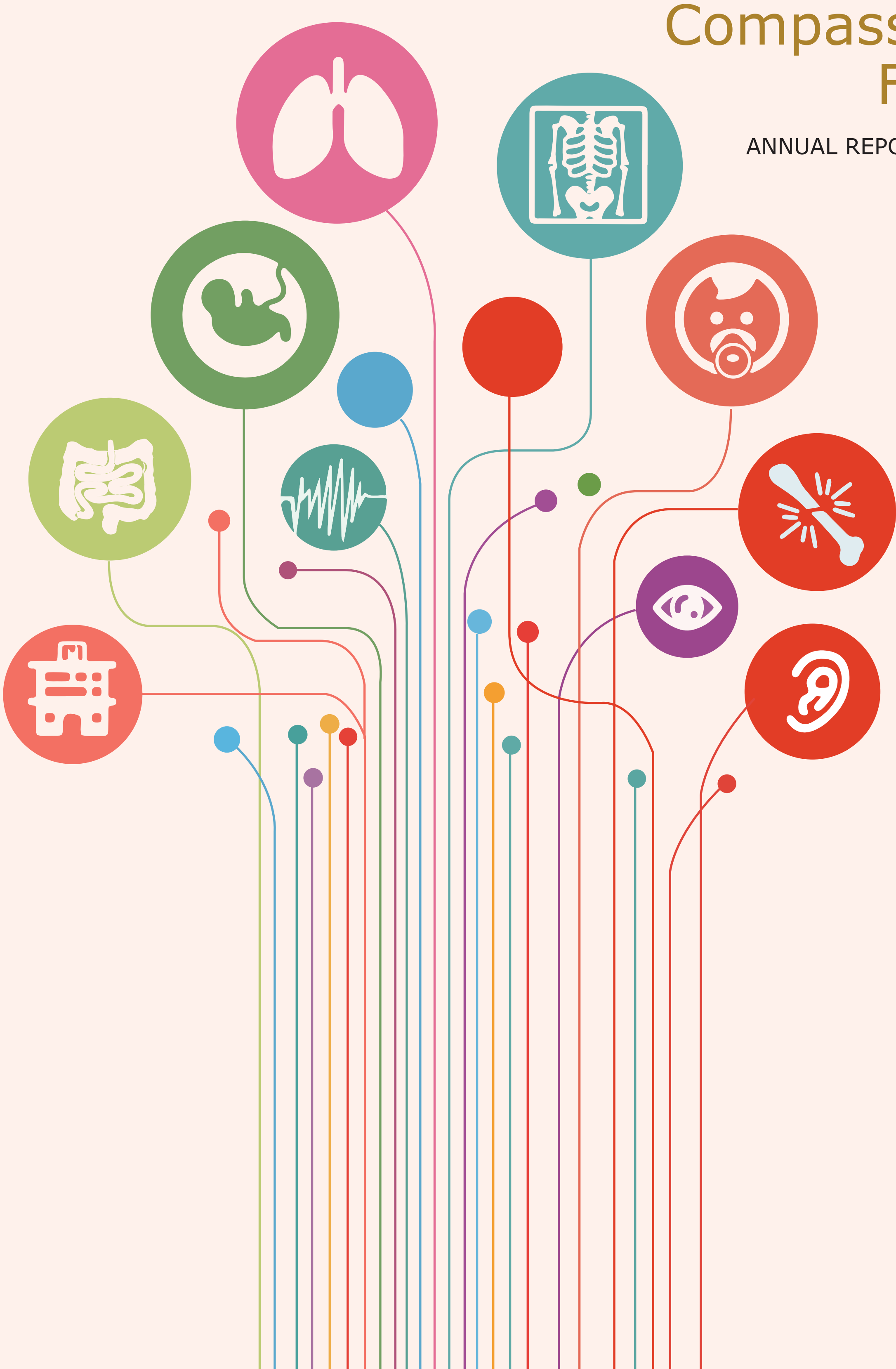
TMC LIFE SCIENCES BERHAD
(624409-A)

Compassion First

ANNUAL REPORT 2014



OUR VISION

To be recognised as the premier provider of outstanding value-based medical services in the ASEAN region

OUR MISSION

To provide exceptional medical services and compassionate care to our patients and clients through continuous effort, dedication, commitment and the application of world class standards in all of our endeavours

CONTENTS

BOARD OF DIRECTORS

1. **Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir**
   Non-Independent Non-Executive Chairman
2. **Dr. Wong Chiang Yin**
   Executive Director
3. **Dato' Dr. Tan Kee Kwong**
   Independent Non-Executive Director
4. **Gary Ho Kuat Foong**
   Independent Non-Executive Director
5. **Freddie Pang Hock Cheng**
   Non-Independent Non-Executive Director
6. **Dr. Chan Boon Kheng**
   Non-Independent Non-Executive Director
7. **Claire Lee Suk Leng**
   Independent Non-Executive Director

Audit and Risk Management Committee

Chairman : Gary Ho Kuat Foong
Members : Freddie Pang Hock Cheng
Claire Lee Suk Leng

Nominating Committee

Chairman : Dr. Chan Boon Kheng
Members : Dato' Dr. Tan Kee Kwong
Claire Lee Suk Leng

Remuneration Committee

Chairperson : Claire Lee Suk Leng
Members : Dato' Dr. Tan Kee Kwong
Gary Ho Kuat Foong

Company Secretaries

Seow Fei San (MAICSA 7009732)
Mok Mee Kee (MAICSA 7029343)

Auditors

BDO (AF0206)
Chartered Accountants
12th Floor, Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

Tel : 603-2616 2888
Fax : 603-2616 3190

Share Registrar

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel : 603-2264 3883
Fax : 603-2282 1886

Registered Office

802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : 603-7803 1126
Fax : 603-7806 1387

Head Office

7th Floor, Tropicana Medical Centre
11, Jalan Teknologi
Taman Sains Selangor 1
PJU 5, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel : 603-6287 1111
Fax : 603-6287 1212

Stock Exchange Listing

Main Market of Bursa Malaysia
Stock code : 0101

Website

www.tmclife.com

TMC LIFE SCIENCES BERHAD
(624409-A)

- 100% Tropicana Medical Centre (M) Sdn Bhd
  - 100% TMC Women's Specialist Holdings Sdn Bhd
  - 65% PT Tropicana Healthcare Indonesia
- 100% IVF Technologies Sdn Bhd
- 100% TMC Biotech Sdn Bhd
- 100% TMC Lifestyle Sdn Bhd
- 100% TMC Properties Sdn Bhd
- 100% TMC Women's Specialist (Kuantan) Sdn Bhd

CORPORATE PROFILE

"Established in 1994 and listed on Bursa Malaysia Securities Berhad since 2005, TMC Life Sciences Berhad has had many significant milestones towards emerging as a premier healthcare group in Malaysia."

Tropicana Medical Centre, Kota Damansara (TMCKD)
"Dedicated to Healing, Committed to Care"

TMCKD is the flagship hospital of TMC Life Sciences Berhad. Located in a prime alcove of Kota Damansara, it is a multi-disciplinary tertiary care centre equipped with advanced medical technology and modern infrastructure to deliver quality, affordable healthcare solutions and a superior service experience for our local, regional and international patients.

The 139-bedded medical centre is served by a dedicated team of skilled medical personnel and complemented by a refreshing and aesthetically pleasing ambience. TMCKD continually strives to achieve excellence and provide the best healthcare experience to its patients from all walks of life.

With a panel of over 100 Consultant Specialists – highly trained with commendable track record in their represented medical and surgical disciplines, the core disciplines of the hospital include Diabetic & Kidney Care; ENT, Head & Neck Laser Surgeries; Fertility & Reproductive Health; Hand & Microsurgery; Heart & Cardiovascular Care; Gastroenterology & Liver Care; General, Cancer & Minimally-invasive Surgeries; Orthopaedic, Spine & Sports Injury; Ophthalmological, as well as the full range of Woman & Paediatric services.

The medical / surgical specialties and sub-specialties available at TMCKD are:

- Anaesthesiology
- Bariatric Surgery
- Breast & Endocrine Surgery
- Cancer Surgery
- Cardiology
- Cardiothoracic Surgery
- Colorectal Surgery
- Dermatology
- ENT, Head & Neck Laser Surgery
- Endocrinology
- Fertility (Reproductive Medicine)
- Gastroenterology
- General & Minimally-Invasive Surgery
- Hand & Microsurgery
- Hepatobiliary Surgery
- Hepatology
- Internal Medicine
- Nephrology
- Neurology
- Neurosurgery
- Obstetrics & Gynaecology
- Ophthalmology
- Oral and Maxillofacial surgery
- Orthopaedic Surgery
- Paediatric
- Paediatric - Cardiology
- Paediatric - Neonatology
- Paediatric - Neurologist
- Paediatric - Orthopaedic
- Paediatric - Surgery
- Plastic & Reconstructive Surgery
- Psychiatry
- Radiology & Interventional Radiology
- Respiratory Medicine
- Upper Gastrointestinal Surgery
- Urology
- Vascular & Endovascular Surgery

TMCKD strives to provide high quality healthcare services. Hence, there is continuous effort to acquire state-of-the-art imaging technology, equipment and the latest software which enable seamless screening results to facilitate early detection, fast and accurate diagnostic and treatment processes directly leading to optimal treatment solutions and faster recovery time for patients.

TMCKD is the first medical centre in South East Asia to install a 32 Channel 1.5 Tesla Magnetic Resonance Imaging (MRI) machine that offers comprehensive cardiac screening with the capability to generate images that are remarkably complete and precise in comparison with any other non-invasive modality of imaging. The MRI has a dedicated breast coil which is able to offer valuable information about many breast conditions including detecting and staging breast cancer which other imaging modalities, such as mammography or ultrasound, are not able to provide.

In addition, TMCKD is one of the first in the region to offer the latest full field digital mammogram system with Computer Aided Detection (CAD) software which ensures higher image visibility. It uses 30% less radiation than conventional mammography, making it a safer diagnostic tool for regular breast screenings. It also comes with stereotactic biopsy guide system for precise localisation and biopsy of micro calcifications.

In August 2014, TMCKD had also acquired Acupulse DUO laser system, the first in South East Asia. Predominantly used for ENT, Head & Neck laser surgeries, this optimal laser technology is able to address patient's specific needs as the tissue treatment can be easily replicated and customised to patient anatomy. By ensuring high quality tissue samples and preservation of healthy tissues, it is able to yield the highest level of surgical precision to achieve far superior clinical outcomes when compared to the conventional method of treating ENT, Head & Neck conditions.

Other advanced facilities available in TMCKD include the Computed Tomography (CT) 64-slice scanner, vascular interventional radiology equipment, whole body bone densitometry, non-invasive vascular screening system and bi-plane catheterisation laboratory.

Over the years, TMCKD has successfully established relationships with leading insurance companies - in both domestic and international arenas - to offer greater convenience and value-added services to our patients. Today, TMCKD is also one of the trusted partners for many corporate companies, serving the healthcare needs of their employees.

TMC Fertility Centre

"From Hope to Joy"

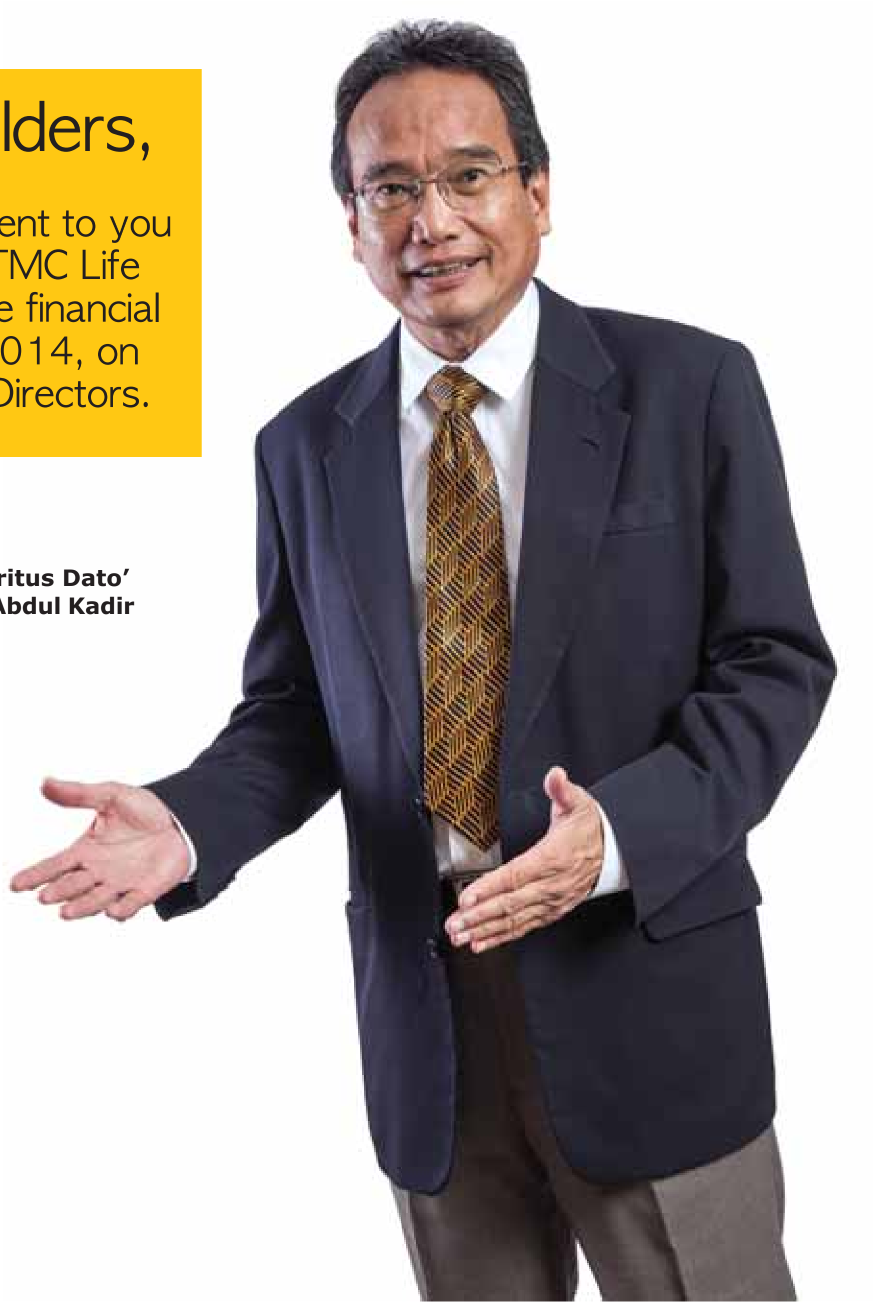
TMC Fertility Centre (formerly known as Damansara Fertility Centre) was established in January 1994 at Damansara Utama, Selangor. With the main facility now located within TMCKD, TMC Fertility Centre has branches located in Johor Bahru, Penang, Puchong and Kepong. This enables more couples, in the country and in the region, who need fertility treatment to benefit from the world-class fertility treatment technologies offered at TMC Fertility Centres.

TMC Fertility Centre offers a complete range of technologically-advanced fertility treatments, led by an experienced and dedicated team of fertility specialists, embryologists, Pre-implantation Genetic Diagnosis (PGD) scientists and specialised nurses.

Since its inception, TMC Fertility Centre' has successfully helped couples to conceive over 3,000 babies through various assisted reproductive techniques, performed over 6,000 IVF procedures. The centre enjoys an IVF clinical pregnancy success rate of 65% in 2013. This commendable success rate, which is comparable to some of the most renowned fertility centres in the world, has contributed to its achievement of being honoured by the Malaysia Book of Records for the "Highest Number of IVF Babies Produced by a Single IVF Practice" at TMC Fertility Centre, Kota Damansara - 3,210 IVF births since its inception till 28 February 2013.

Dear Shareholders,

It is my pleasure to present to you the Annual Report of TMC Life Sciences Berhad, for the financial year ended 31 May 2014, on behalf of the Board of Directors.



Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir
Chairman

CHAIRMAN'S STATEMENT

The financial year ended 31 May 2014 for TMC Life Sciences Berhad was eventful. With the completion of its disposal of loss-making investments in the previous financial year, the Group focused on its core activities i.e. the flagship hospital Tropicana Medical Centre at Kota Damansara ("TMCKD") and TMC fertility centres at Johor Bahru, Penang, Puchong and Kepong, during the financial year under review. Current activities are classified as continuing operations in the financial statements, to be consistent with the previous year's presentation.

Financial Review

Overall the Group has increased revenue by 22% to RM86.5 million compared to RM70.9 million in the previous financial year. This was achieved by the hospital attracting more consultant specialists, providing a wider range of services, and opening of new wards and beds.

With higher revenue achieved, the Group has recorded an impressive profit before tax for the financial year of RM6.7 million, an increase of 220% compared to the last financial year under review. Higher operating expenses were incurred during the financial year especially on staff cost, which was necessary in order to recruit and retain quality healthcare professionals to manage the expanded capacity.

Higher tax expenses for current financial year was attributable to higher profit before tax achieved. Net profit for the financial year was at RM6.5 million, a big increase of 197% as compared to RM2.2 million recorded in last financial year for the continuing operations.

The Group has been cautious in spending and it prudently managed its operating cash flow to ensure that all operating and financing needs are met. The cash and bank balances built up has reached RM32.6 million as compared to RM25.9 million at end of last financial year.

Dividends

The Company considers the payment of dividends when the Company is profitable. The quantum of dividends is determined after taking into account, inter alia, the level of available funds, the amount of retained earnings, capital expenditure commitments and other investment planning requirements.

In respect of the financial year ended 31 May 2013, a single tier final dividend of 0.3 sen per ordinary share was paid on 18 November 2013.

The Board has proposed a single-tier final dividend of 3% for the financial year ended 31 May 2014, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Compliance of Corporate Governance

At TMC Life Sciences Berhad, we are committed to upholding the highest standards of corporate governance practice throughout the Group. This is fundamental to the discharging of our responsibilities to safeguard shareholders' investment and ultimately enhance shareholders' value and the financial performance of the Group.

The Standards of practice and policy that we adhere to in accordance with the Malaysian Code on Corporate Governance 2012 and Corporate Governance Guide: Towards Boardroom Excellence by Bursa Securities was highlighted in the Statement on Corporate Governance stated on pages 18 to 25 of this Annual Report.

Financial Year 2014 at a Glimpse

Apart from the improved set of financial results, other achievements recorded in this financial year include:

Malaysian Society for Quality in Health

During the financial year, with the commitment and dedication from all staff and consultants of Tropicana Medical Centre, our hospital was accredited by the Malaysian Society for Quality in Health ("MSQH") for four (4) years. The MSQH is recognized by the Ministry of Health as the national accreditation body for healthcare facilities and services and is internationally accepted as being on par with those accreditation bodies in other countries such as France, New Zealand, India, Australia, the United Kingdom, Canada and others.

Four (4) years is the longest period MSQH grants to any hospital in an accreditation exercise. Being a relatively young player in the healthcare industry, we are truly proud of this achievement. The accreditation is also testimony to our efforts in providing safe and trusted healthcare services to all who walks through our doors.

New milestone of TMC Fertility Centre

Our Centre of Excellence, TMC Fertility Centre has achieved another milestone by producing Malaysia's first pregnancy from embryos screened for Double Heterozygous Alpha-Thalassemia. This achievement was registered just within a short span of a year apart from our previous breakthrough in 2013 - Produced Malaysia's first baby screened for Beta-Thalassemia.

Moving forward

As indicated by our Prime Minister during the Malaysia 2014 Budget announcement, Malaysia will place great emphasis on prospering the nation and promoting the well-being of the citizen by means of ensuring the country's economy continues to expand at a strong pace. The healthcare sector in Malaysia has seen robust growth over the past decade. Growing this sector has many positive externalities. Changing demographics, a more affluent society and more health-conscious lifestyles have led to the creation of a robust domestic industry. While the local industry has been dominated by the public healthcare sector, over the past decade, there has been tremendous growth of private healthcare services.

The impending introduction of Goods and Services Tax is a new development that we will have to adapt to. There is also increased competition amongst the public and private healthcare service providers in recruiting and retaining good healthcare professionals. Nonetheless, I am confident that the growth prospects for the healthcare sector in Malaysia will remain positive. Likewise, TMC Life Sciences Berhad is well positioned to grow in the coming years with the expansion plans we are putting in place. These plans include creating more outpatient clinics and expanding the number of inpatient beds within our existing capacity, so as to address the anticipated increase in demand. The new ward for additional inpatient beds is expected to be ready in the financial year ending 31 May 2016.

Concurrently, the Group will continue to expand the breadth of services through attracting medical, nursing and allied health talent while at the same time, maintaining a firm commitment to delivering high standards of patient safety and clinical service.

A Word of Appreciation

Firstly, I would like to thank our patients and their families for the trust they have put in us when they use our services.

Secondly, I wish to thank the management, consultant specialists and staff for their dedication, hard work and loyalty to the Group, without which, our current success would not have been possible.

Thirdly, I would also like to extend my sincere appreciation to our suppliers and business associates for their support over the years.

I would also like to express my appreciation to my fellow board members for their valuable contribution and commitment. Last but not least, my sincere gratitude to all shareholders for the continued support to the Group.

PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR
CHAIRMAN

CORPORATE SOCIAL RESPONSIBILITY

Emphasis on social environmental and economic sustainability has always been a focus of the many CSR efforts by TMC Life Sciences Berhad. We are committed in advancing our belief to contribute back to the society that we live in and eventually to the nation's wellbeing and betterment.

For the financial year ended 31 May 2014, the Group has engaged several initiatives as listed below:

Ms. Erica Lam, Chief Executive Officer of TMCKD presenting a cheque of RM15,000 to Associate Prof. Dr. Zaharah Aiyub, President of Breast Cancer Welfare Association Malaysia

Community Events

A] Blood Donation

In its endeavor to raise awareness on the significance of blood donation, TMCKD in collaboration with Pusat Darah Negara (PDN) had organised a blood donation drive on the 14 June 2013. In conjunction with the 10th anniversary of World Blood Donor Day themed as "Give the gift of life: donate blood", more than 70 generous donors consisting of staff, hospital visitors and local community members were applauded for donating blood for contributing to the noble effort of saving lives.

It was very encouraging that majority of the blood donors were repeated donors that came back to support this blood donation drive. As a committed private healthcare provider, TMCKD will continue to support PDN in attaining a more stable national blood system by mobilising Malaysians to donate blood.

All staff and member of the public showed great support towards the good initiative

B] Health Carnival for the Local Community

Several health carnivals were held in collaboration with the local communities such as Lions Club of Sungai Buloh, Residents Association of Taman Tun Dr. Ismail, Po Yin Temple Association and Residents Association of Batu Caves to name a few.

The events organised encompassed of several free health checks such as Body Mass Index analysis, blood pressure and blood glucose screening for the wellbeing of the members of the associations, residents and surrounding communities. Besides, health talks by our Consultant Specialists were also conducted to educate the participants on pertinent health risks and preventive measures.

Basic screenings by TMCKD nurses during Health Carnival

C] Fund Raising for Underprivileged Homes and Non-profit Organisations

TMCKD had participated in fundraising efforts in support of various good causes. In the past financial year, TMCKD had assisted Montfort Boys Town and Persatuan SLE Malaysia to raise funds during their fund raising carnival by collecting donations for each basic health check conducted by our nurses for the participants of their events.

RM5 per basic health check conducted by our nurses

D] Community Care Carnival ("CCC") 2013

In 2012, CCC raised approximately RM80,000.00 to fund a 6-month empowerment programme called Expedition AGAPE for a group of 25 selected participants aged 12-21 years old, from five orphanages in Selangor - Shelter Homes, HOPE worldwide, Ractar, Ozanam and Mother and Child Caring Society – MCCS. The objectives of the programme were to inspire them to be the catalysts of change, to encourage them to be better citizens, as well as help them recognise their self-worth and full potential. The programme was successfully carried out and a graduation ceremony was held on 24th August 2013 at the auditorium of TMCKD.

TMCKD together with its caring partners – Rotary Club of Gombak, Friends of Kota Damansara (FoKD) and Selangor Government EXCO Office, has once again took the joint collaboration of CCC to the third year of partnership in 2013. Anchored with a sole principle to improve and/or improvise the wellbeing of underprivileged children towards building a sustainable community.

CCC 2013 successfully raised RM115,000.00 collectively via two main events – Singing Market Musical on 23rd November at KL Pac and CCC Carnival on 8th December at TMCKD premise. During the carnival, a number of interesting activities were organised such as Kindness Walk, food bazaar, arts and crafts, jumble sale carnival, games and activities for children, performances by well-known Malaysia artists, Christmas caroling and also a blood donation drive.

The funds raised would be used to continue the work with Expedition AGAPE 2014 and PPR Flats Outreach Programme. In addition to this, it will also be used to support the Rumah Amal Cheshire Selangor (RACS) with their vocational programmes.

Singing Market – The Musical was organised to raise funds towards CCC's cause

Pledge of RM 115,000.00 by the Committee members of CCC

E] Public Education Programmes

TMCKD continued to organise a series of Public Health Talks/Forums throughout financial year 2014. The talks were conducted almost on a monthly basis touching on a diversified range of health topics to raise the public's awareness on different health issues. It also serves as a platform to educate the community on early detection and prevention care, as well as treatments and management of those illnesses.

2013	**Title**
June	Making Babies - Natural and Assisted Reproductive Technique
July	Living with Diabetes Mellitus
September	Men's Health
November	Cancer Prevention & Detection

2014	**Title**
February	Bone Aches and Pains
March	Chronic Kidney Disease
April	Diseases of the Digestive System
May	Lupus - Coping & Support

Health Talk - Great response garnered from the community and members of the public

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir, Chairman of TMC Life Sciences Berhad and Consultant Endocrinologist of TMCKD delivering an educational talk on Diabetes Mellitus

DIRECTORS' PROFILE

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir
Aged 66, Malaysian
Non-Independent Non-Executive Chairman

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir was appointed to the Board on 7 October 2004. He graduated with first-class honours in B.Med. Sc. (1973) and a first class honours in MBBS from Monash University, Australia in 1975 and PhD in 1982. He was awarded the FRACP (Australia) and FRCP's from Edinburgh, Glasgow, Ireland and London and the Honorary Fellowship of the American College of Physician in June 2008.

Professor Emeritus Dato' Dr. Khalid started his career as a lecturer at Universiti Kebangsaan Malaysia ("UKM") in 1982 and was subsequently promoted to Associate Professor in 1984, Head of Department of Medicine in 1985, Dean of the Medical Faculty and Professor in 1990. In 1997, he was appointed as Director of the new Hospital Universiti Kebangsaan Malaysia ("HUKM") with the task of building up HUKM. In September 2000, he resigned as Director of HUKM to concentrate on clinical medicine and research. Upon his retirement in 2004, he was awarded the title of Professor Emeritus of UKM. He is currently the Professor of Medicine, Tan Sri Jeffery Cheah School of Medicine, Monash University.

He was in the Malaysia Medical Council from 1986 to 2001, President of the Persatuan Diabetes Malaysia from 1985 to 1990, President of the Malaysia Endocrine Society from 1995 to 2001, Member of Council, International Diabetes Federation from 2001 to 2002 representing Western Pacific Region and Master of The Academy of Medicine of Malaysia from 2006 to 2008.

He is active in research and has published more than 310 papers in international and national peer reviewed journals. Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir was conferred The National Science Award in 1997, The Asia Pacific Nutrition Award in 1996 and The Merdeka Award in 2008, and delivered The Tunku Abdul Rahman Oration, Academy Medicine Malaysia 2010.

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past ten (10) years.

Dr. Wong Chiang Yin
Aged 46, Singaporean
Executive Director

Dr. Wong Chiang Yin was appointed to the Board of TMC Life Sciences Berhad on 12 January 2011. Dr. Wong's qualifications includes MBBS (Singapore), Masters of Medicine (Public Health) National University of Singapore, MBA (Finance) and he is also a Fellow, Academy of Medicine Singapore.

Dr. Wong had previously served as the Chief Operating Officer of the Singapore General Hospital for the period from April 2002 to March 2004 and Chief Operating Officer of Changi General Hospital from April 2004 to April 2008. He was appointed as Executive Director of Pantai Holdings Berhad from May 2008 to May 2009 and was the interim Chief Executive Officer of Bright Vision Hospital from March 2010 to December 2010.

In 2010, he was also Senior Consultant in Agency for Integrated Care, Singapore and provided consultancy services to Parkway hospitals in Singapore.

Dr. Wong has no family relationship with any Director and/or major shareholder of the Company and has no convictions of any offences within the past ten (10) years.

Dato' Dr. Tan Kee Kwong
Aged 67, Malaysian
Independent Non-Executive Director
Member of Nominating Committee
Member of Remuneration Committee

Dato' Dr. Tan was appointed to the Board on 3 June 2005. Dato' Dr. Tan graduated with an MBBS from the Faculty of Medicine, University of Malaya in 1973 and joined the Government service as a medical officer until 1977. Thereafter, he served as a medical officer with the British National Health Service until 1980. Dato' Dr. Tan was a volunteer rural health officer in Southern Sudan, Africa from 1981 -1983. In 1985, he commenced private medical general practice until 1999, when he was made a Deputy Minister in the Ministry of Land and Cooperative Development, a post he held until 2004.

Dato' Dr. Tan had previously served as a Member of Parliament for Segambut, Kuala Lumpur from 1995 until 2008. Presently, he is a member of Parliament for Wangsa Maju, Kuala Lumpur.

Dato' Dr. Tan is currently the Chairman of the Board of Governors of Sekolah Menengah Laki-Laki Methodist, Sentul; Chairman of Pusat Bantuan Sentul, Chairman of the Management Committee of Wesley Methodist School and Chairman of the Board of Management of Methodist College Kuala Lumpur. He is also a Director of Malayan United Industries Berhad.

Dato' Dr. Tan has no family relationship with any Director and/or major shareholder of the Company and has no convictions of any offences within the past ten (10) years.

Gary Ho Kuat Foong
Aged 59, Australian
Independent Non-Executive Director
Chairman of Audit and Risk Management Committee
Member of Remuneration Committee

Mr. Gary Ho Kuat Foong was appointed to the Board of TMC Life Sciences Berhad on 12 January 2011.

He was admitted as a Certified Practising Accountant of the Australian Society of Certified Practising Accountants in July 1984, a Certified Public Accountant of the Institute of Singapore Chartered Accountants in June 2002 and a Chartered Accountant of the Institute of Singapore Chartered Accountants in July 2013.

He was the Non-Executive Director of Asiamedic Ltd from January 1999 to March 2000 and was appointed as Executive Director and Chief Financial Officer of the same organization from March 2000 to November 2001. He had also served on the Board of Manchester United Food & Beverage (Asia) Pte. Ltd. between May 2002 to December 2002. Mr. Gary Ho is currently the Non-Executive Director of UPP Holdings Ltd, a position he has held since October 2006.

Mr. Gary Ho has no family relationship with any Director and/or major shareholder of the Company and has no convictions of any offences within the past ten (10) years.

Freddie Pang Hock Cheng
Aged 59, Malaysian
Non-Independent Non-Executive Director
Member of Audit and Risk Management Committee

Mr. Freddie Pang Hock Cheng was appointed to the Board on 28 August 2008. He started his career with a predecessor firm of Messrs Ernst & Young where he worked for seven years until 1982. Thereafter, he joined the Corporate Advisory Department of Malaysian International Merchant Bankers Berhad and was actively involved in a wide variety of corporate exercises in an advisory capacity until his departure in 1990 to join Berjaya Group Berhad. Mr. Freddie Pang is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He also sits on the Boards of Berjaya Corporation Berhad and Berjaya Sports Toto Berhad, both public listed companies, as an Executive Director. He is also a Director of Berjaya Group Berhad, Berjaya Vacation Club Berhad and the Chairman of Intan Utilities Berhad. He also holds directorships in several other private limited companies.

Mr. Freddie Pang has no family relationship with any Director and/or major shareholder of the Company and has no convictions of any offences within the past ten (10) years.

Dr. Chan Boon Kheng
Aged 46, Singaporean
Non-Independent Non-Executive Director
Chairman of Nominating Committee

Dr. Chan Boon Kheng was appointed to the Board on 12 January 2011.

He received his medical degree from the National University of Singapore and he obtained a Master of Business Administration (Honors) from the University of Chicago.

He was appointed as an Advisor and Interim Group Chief Executive Officer (CEO) of Pantai Holdings Berhad during 2007 - 2010.

Dr. Chan also served as an Advisor to various healthcare companies in Malaysia and Mudabala Development Company based in Abu Dhabi and was the CEO and General Manager of East Shore Hospital in Singapore under Parkway Healthcare prior to joining Pantai Holdings Berhad.

Dr. Chan was the Chairman of Innoheart, a pre-clinical Contract Research organization based in Singapore.

He was a director of healthcare consultancy companies whose activities range from transition management, process improvement, performance management and commercialising bioscience and technology applications.

Dr. Chan has no family relationship with any Director and/or major shareholder of the Company and has no convictions of any offences within the past ten (10) years.

CLAIRE LEE SUK LENG
Aged 41, Malaysian
Independent Non-Executive Director
Chairperson of Remuneration Committee
Member of Nominating Committee
Member of Audit and Risk Management Committee

Ms. Claire Lee Suk Leng was appointed to the Board on 18 October 2012.

Ms. Claire Lee holds Bachelor of Business Administration (Distinction) in Finance from the University of Hawaii at Manoa.

Ms. Claire Lee has over 10 years of experience in the areas of corporate finance and advisory, and private wealth management. She started her career with the merchant banking arm of the Union Bank of Switzerland, UBS (East Asia) Ltd and later joined HSBC Investment Bank Plc and Salomon Smith Barney (Singapore) Pte Ltd.

Ms. Claire Lee has no family relationship with any Director and/or major shareholder of the Company and has no conviction of any offences within the past ten (10) years.

HOSPITAL

TROPICANA MEDICAL CENTRE (M) SDN BHD
11, Jalan Teknologi
Taman Sains Selangor 1
PJU 5, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel : 603-6287 1111
Fax : 603-6287 1212
www.tropicanamedicalcentre.com

TMC FERTILITY AND WOMEN'S SPECIALIST CENTRES

Headquarter:

TMC Fertility & Women's Specialist Centre
2nd Floor, Tropicana Medical Centre
11, Jalan Teknologi
Taman Sains Selangor 1
PJU 5, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel : 603-6287 1000
Fax : 603-6287 1001

www.tmcfertility.com

Branches:

TMC Fertility & Women's Specialist Centre, Johor Bahru
Unit 18, Level 1 City Plaza
21, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim

Tel : 607-278 0088
Fax : 607-278 0808

TMC Fertility & Women's Specialist Centre, Penang
3E-1-1, Straits Quay
Jalan Seri Tanjung Pinang
Tanjung Tokong
10470 Penang

Tel : 604-890 9118
Fax : 604-890 9448

TMC Fertility & Women's Specialist Centre, Puchong
5, Jalan Merbah 3
Bandar Puchong Jaya
47170 Puchong
Selangor Darul Ehsan

Tel : 603-8076 7111
Fax : 603-8076 7111

TMC Fertility & Women's Specialist Centre, Kepong
8, Jalan Prima
Metro Prima, Kepong
52100 Kuala Lumpur

Tel : 603-6258 0000
Fax : 603-6258 0000

The Board of Directors of TMC Life Sciences Berhad recognizes the importance of safeguarding and promoting the interest of its stakeholders. The Board is committed to uphold high standards of corporate governance through transparency, accountability, integrity and corporate performance.

TMC Life Sciences Berhad adopts the following requirements and guidelines on corporate governance best practices:

- Malaysian Code on Corporate Governance 2012 ("MCCG");
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"); and
- Corporate Governance Guide: Towards Boardroom Excellence by Bursa Securities ("CG Guide")

The Board is pleased to disclose below the manner in which it has applied the principles and best practices set out in the above requirements and guidelines, which provide the Group with the appropriate guidance to discharge its disclosure obligations, and the extent to which it has complied with MCCG.

(A) BOARD OF DIRECTORS

The Company is helmed by an experienced Board comprising members of caliber and credibility with necessary skills, expertise and experience ranging from medical practitioners, to entrepreneurs and accountants.

The Board is primarily responsible for oversight and the overall governance of the Group. It carries out its mandate by providing strategic guidance, implementing succession planning, effectively monitoring management goals and ensuring overall accountability for the business growth of the Group. In addition, the Board is responsible for ensuring that the Group's internal controls, risk management processes and reporting procedures are in place.

The Board is committed to acting in the best interest of the Group and its shareholders by exercising due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied at all times.

Board Charter

The Board Charter, which was adopted by the Board in July 2013, sets out the composition, roles and responsibilities and processes of the Board.

The objectives of the Board Charter are to ensure that all Board members are aware of their duties and responsibilities as Board members, the various legislations and regulations affecting their conduct and that the highest standards of Corporate Governance are applied in all dealings by the Board Members individually and/or on behalf of the Company. It serves as a strategic guidance and effective oversight of management.

The details of the Board Charter are available for reference at the Company's website www.tmclife.com

Composition of the Board and Board Balance

The Board comprises one (1) Non-Independent Non-Executive Chairman, one (1) Executive Director, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. This is in line with the requirements of Paragraph 15.02 of the MMLR of Bursa Securities that requires one-third (1/3) of the Board members to be independent directors.

All the Independent Directors fulfil the criteria of independence as defined in the MMLR and act independently of Management and do not participate in any business dealings. Neither are they involved in any other relationship with the Group that may impair their independent judgement and decision-making. The board has recently embarked on performing yearly assessment of its Independent Directors and received confirmation of independence from the respective Independent Directors.

Save for Dato' Dr. Tan Kee Kwong, all the Independent Directors' term of service with the Company are less than nine (9) years. The Board recognizes the Code's recommendation on the service tenure of an independent director, which should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.

Dato' Dr. Tan Kee Kwong, an Independent Non-Executive Director who is also a member of both Nominating Committee and Remuneration Committee, was appointed to the Board of TMC Life Sciences Berhad on 3 June 2005 and as such his tenure of service has exceeded a cumulative term of nine (9) years. The Board has reviewed and recommended that Dato' Dr. Tan Kee Kwong shall continue to act as an Independent Non-Executive Director based on the following justifications:

- He has fulfilled the criteria under the definition of Independent Director as stated in the MMLR and thus he would be able to bring an element of objectivity to the Board;
- He has vast and diverse range of experiences and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders;
- He has continued to exercise his independence and due care during his tenure of service; and
- He has shown great integrity and independence, and had not entered into any related party transactions with the Group.

The Board is of the opinion that the current size and composition of the Board is well-balanced after taking into account of the Board members' wide experience and exposure in various areas as well as their diverse background and skills, reflect the Company's commitment to ensure the effective leadership and control of the Group.

The role of Chairman and the Executive Director cum Group Chief Executive Officer are separated. The Chairman provides leadership at Board level and represents the Board to the shareholders and other stakeholders and is responsible for ensuring integrity and effectiveness of the Board and its committees.

The Executive Director cum Group Chief Executive Officer provides executive leadership and is accountable to the Board for implementation of the strategies, objectives and decisions of the Board within the framework of delegated authorities, values and policies of the Company.

The Non-Executive Directors have a responsibility to bring independence and objective judgement to Board decisions after taking into consideration the interest of the shareholders, employees and business associates.

The profile of the individual Directors are set out on pages 12 to 16 of this Annual Report.

Board Meeting

The Board meetings are scheduled to be held regularly with sufficient notice being issued for meetings conducted in accordance with a structured agenda. The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties. The Board has a formal schedule of matters specifically reserved for the Board's discussion and/or approval. All issues and decisions made during the Board Meetings are properly recorded and thereafter circulated to the Directors for comments before minutes of proceedings are finalized and confirmed. The Company Secretary organizes and attends all Board meetings to ensure proper recording of the proceedings. Ad hoc meetings may be called as and when significant issues arise which requires the Board's decision.

In exercising their duties, the Directors have direct access to the senior management executives. In addition, the Directors may seek advice of services of the Company Secretary to assist them in furtherance of their duties. Where necessary, the Board may engage Independent Advisors at the Group's expense on specialized issues to enable them to discharge their duties proficiently.

During the financial year ended 31 May 2014, five (5) meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, business plans and annual budgets, performance of the Group's business, material agreements, major capital expenditures and strategic issues affecting the Group's business.

Attendance of the Directors at the five (5) Board meetings held during the financial year ended 31 May 2014 are as follows:-

Director	**Attendance**
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	5/5
Dr. Wong Chiang Yin	5/5
Dato' Dr. Tan Kee Kwong	4/5
Gary Ho Kuat Foong	5/5
Freddie Pang Hock Cheng	5/5
Dr. Chan Boon Kheng	5/5
Claire Lee Suk Leng	5/5

Appointment to the Board

The Nominating Committee has been entrusted with the responsibility to identify, evaluate, select and recommend to the Board suitable candidate with the required credentials to be appointed as a Director of the Company, either to fill casual vacancies or as additions to meet the changing needs of the Group.

There was no appointment of Director to the Board during the financial year ended 31 May 2014.

Re-appointment and Re-election of Directors

In accordance with the Company's Articles of Association, at every Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being or, if the number is not three (3) or a multiple of three (3), the number nearest to one third shall retire from office such that each Director shall retire from office once in every three (3) years and all Directors who retire from office shall be eligible for re-election. Proposals for re-appointment and re-election of Directors are recommended by the Nominating Committee to the Board prior to the shareholders' approval at the AGM, based on the annual assessment conducted.

Further, pursuant to Section 129(6) of the Companies Act, 1965, Directors over the age of 70 are required to offer themselves for re-appointment at every AGM.

Assessment of Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. The Board and its Nominating Committee have upon their annual assessment, concluded that each of the three Independent Non-Executive Directors continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition and criteria of independence as set out in MMLR.

Boardroom Gender Diversity

With regard to boardroom diversity, the Board is supportive of the gender diversity recommendations made in the MCCG. In October 2012, the Company appointed Ms Claire Lee Suk Leng as an Independent Non-Executive Director of the Company. She is also the Chairperson of Remuneration Committee and member of ARMC and Nominating Committee.

Directors' Training

The Directors keep themselves abreast on the latest industry developments as well as new statutory and regulatory requirements by attending various training programmes, seminars and/or conferences to enable them to discharge their duties effectively.

On 20 September 2013, consultants from Tricor Roots Consulting Sdn Bhd, the outsourced risk management service provider, had conducted a risk awareness workshop for the Board of Directors, and highlighted the recent changes to the corporate governance arena.

In October 2013, Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir, Dr. Wong Chiang Yin, Dato' Dr. Tan Kee Kwong and Dr. Chan Boon Kheng, together with the senior management team of the Group, made a study trip to the Manchester Royal Infirmary of Central Manchester University Hospitals and visited their various centres namely Fertility Centre, Diabetes Centre, Heart Centre and Renal Unit.

The training needs of Directors would be assessed and proposed by the individual Director. Each Director determines the areas of training that he or she may require for personal development as a Director or as a member of a Board Committee. During the financial year under review, the Directors have also attended the following training programmes, seminars and/or conferences:-

Director	**Name of Seminars/ Training programmes attended**
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	Vietnam National Diabetes Conference Danang – Presented paper on use of new compound Liraglutide for treatment of diabetes
	American Association Endocrinologist Pacific Chapter Congress Cebu Philippines – Invited to speak on Modern Insulin Therapy for diabetes

Name of Seminars/ Director	Training programmes attended
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir (continued)	Board Chairman Session
	European Association Study of Diabetes Congress Barcelona Spain
	National Diabetes Institute Congress Kuala Lumpur
	International Diabetes Federation Congress Melbourne Australia – Invited Chairperson on Insulin Therapy
	National Diabetes Institute Diabetes Complications Grand Rounds Astana Hotel Kuala Lumpur
	Malaysian Endocrine and Metabolic Society Congress Penang – Invited Chairperson
Dr. Wong Chiang Yin	The APHM (Association of Private Hospitals Malaysia) International Healthcare Conference & Exhibition 2013
Dato' Dr. Tan Kee Kwong	Related Party Transaction - From Governance Challenges To Impactful Results
Gary Ho Kuat Foong	CPA Congress 2013
Freddie Pang Hock Cheng	CEO Forum 2013
	Advocacy Session on Corporate Disclosure
	Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) – An Update
	Inaugural Marketplace Huddle for the BursaMKTPLC Launch
Dr. Chan Boon Kheng	The APHM (Association of Private Hospitals Malaysia) International Healthcare Conference & Exhibition 2013
Claire Lee Suk Leng	Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) – An Update

Directors' Remuneration

The Remuneration Committee is responsible for reviewing and recommending to the Board, the remuneration package for the Executive Directors. It is the ultimate responsibility of the Board to approve the remuneration of the Executive Directors.

The remuneration of Non-Executive Directors, which made up of Directors' fee, meeting allowance and other benefits, if any, is determined by the Board. The Directors' fee is determined and recommended by the Board and subject to the approval of the shareholders at general meeting.

The Directors' remuneration paid or payable to all the Directors of the Company for the financial year ended 31 May 2014 are as follows:-

	RM
Executive	542,540
Non-executive	
- Fees	258,000
- Meeting allowance	29,500
- Other emolument	60,000

The number of Directors who served during the financial year whose remuneration falls into the following bands:-

Range of Remuneration	Number of Directors Executive	Non-Executive
Below RM50,000	0	5
RM100,001 – RM150,000	0	1
RM500,001 – RM550,000	1	0
Total	**1**	**6**

(B) BOARD COMMITTEES

The Board has set up different Board Committees with different functions to assist the Board in discharging its fiduciary duties. These committees do not make decision on behalf of the Board and the Company. It is each committee's duty to review matters under its purview and make the necessary recommendation to the Board for its consideration and decision making.

The Board has to date established the following principal Board Committees:-

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") comprises three (3) members who are Non-Executive Directors and two (2) of them including the Chairman are Independent. ARMC's responsibilities include reviewing management and financial statements, related party transactions, internal control and risk management processes.

The terms of reference and a summary of activities of the ARMC are set out separately in the ARMC Report on pages 26 to 29 of this Annual Report.

Nominating Committee

The Nominating Committee ("NC") established by the Board consists of the following members:

Chairman: Dr. Chan Boon Kheng

Members: Dato' Dr. Tan Kee Kwong
Claire Lee Suk Leng

The NC comprises three (3) members who are Non-Executive Directors and two (2) of them are Independent. The role of the NC is to assist the Board to evaluate candidates for nomination to the Board and to assess the effectiveness of the Board and each individual Director on an ongoing basis in terms of contribution, skills, experience and other qualities.

In addition, the NC also has the function of assessing the effectiveness of the Board, reviewing the skills and competencies of individual Directors and the composition of the various Committees of the Board. The objective is to improve the Board's effectiveness, identify gaps, maximise strengths and address weaknesses of the Board.

Summary of activities

There was one (1) NC Meeting held during the financial year ended 31 May 2014, which was attended by all the members of NC and the key activities carried out are as follows:

(a) Reviewed and assessed the performance and effectiveness of the Board of Directors, the Committees of the Board and the performance of each Director for financial year ended 31 May 2013.

(b) Recommended the re-election of directors at the Tenth Annual General Meeting.

Remuneration Committee

The Remuneration Committee ("RC") established by the Board consists of the following members:

Chairperson: Claire Lee Suk Leng

Members: Dato' Dr. Tan Kee Kwong
Gary Ho Kuat Foong

The RC comprises three (3) Independent Non-Executive Directors. The role of the RC is to recommend to the Board, the remuneration packages of Executive Directors and Senior Management personnel of the Group, in addition to any increment/incentive to be awarded.

Summary of activities

All RC members attended all the three (3) RC meetings held during the financial year ended 31 May 2014. The key activities carried out by the RC are as follows:

(a) Discussed and recommended to the Board for approval, bonus and salary increment/adjustment for Executive Directors, Senior Management and employees upon assessing the performance of the Company and employees.

(b) Discussed and recommended to the Board for approval, the proposed increase of Directors' fees.

(C) SHAREHOLDERS

Relationship with Shareholders

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. Shareholders and investors are kept informed of financial performance, major corporate proposals and pertinent issues of the Group via announcements made through Bursa Securities.

Annual General Meeting

The AGM is the principal forum for dialogue and interaction with the shareholders and the shareholders are encouraged to raise any questions relating to the proposed resolutions as well as the Group's business operations and affairs. The Notice and agenda of AGM together with Form of Proxy are given to shareholders at least twenty-one (21) days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of the AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

The Chairman and Board of Directors will respond to shareholders' questions during the meeting. The External Auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders.

Corporate and financial information of the Group are also made available to the public through the Group's website at www.tmclife.com.

(D) ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for the quality and completeness of publicly disclosed financial reports. The Board with the assistance of the ARMC has to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia, that the appropriate accounting policies have been used, consistently applied and supported by reasonable judgements and estimates, and the financial reports present a balanced, clear and comprehensive assessment of the Group's financial performance.

Relationship with the Auditors

The Company, through its ARMC, has established a transparent and appropriate relationship with the Group's auditors, both internal and external. It is the policy of the ARMC to meet the external auditors to discuss their audit plan, audit findings and financial statements.

Internal Control

The Board acknowledges its overall responsibility for maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations as well as internal procedures and guidelines. The system, by its nature, can only provide reasonable but not absolute assurance against risk of material errors, fraud or loss.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Company and the Group is set out on pages 30 to 32 of this Annual Report.

(E) RESPONSIBILITY STATEMENT BY DIRECTORS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have:-

(i) Adopted the appropriate accounting policies and applied them consistently;
(ii) Made judgements and estimates that are reasonable and prudent;
(iii) Ensure applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements; and
(iv) Ensure the financial statements have been prepared on a going concern basis.

The Directors have the responsibility to ensure that the Group and the Company keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

(F) CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

The Board places great importance on corporate social responsibility ("CSR") and business sustainability and embraces CSR as an integral part of the Group's business philosophy and corporate culture.

The CSR activities of the Group during the financial year are set out on pages 10 to 11 of this Annual Report.

(G) QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Company Secretaries of the Group are experienced, competent and knowledgeable, play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up to date on and apprised of any regulations and guidelines.

The Company Secretaries are responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. Company Secretaries also ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded. In addition, the Company Secretaries also ensure that any change in the Group's statutory information should be duly completed in the relevant prescribed forms and lodged with the Registrar of Companies within the required period of time.

(H) CODES AND POLICIES

1. Code of Conduct and Ethics

   The Board has made a commitment to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct in relation to interactions with shareholders, employees, suppliers and customers. The Group has implemented a Code of Conduct and Ethics which dictates the ethics and standard of good conduct expected of every Director. The Code of Conduct and Ethics, which forms part of the Board Charter, is available for reference at www.tmclife.com

2. Whistleblowing Policy and Procedure

   The Board encourages employees and associates to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistleblowing Policy and Procedure adopted by the Company provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

   The Whistleblowing Policy and Procedure is available at Company's website at www.tmclife.com

3. Corporate Disclosure Policy & Procedures

   The Board places importance in ensuring disclosures made to shareholders and investors are accurate, clear, timely and comprehensive as they are critical towards building and maintaining corporate credibility and investor confidence. As such, the Board has adopted a Corporate Disclosure Policy & Procedures setting out the policies and procedures for disclosure of material information of the Group. The said Policy applies to all Directors, management, officers and employees of the Group.

(I) COMPLIANCE WITH MCCG

The Board is satisfied that during the financial year, the Company has complied with the Best Practices in Corporate Governance on the application of the principles and best practices in corporate governance.

The Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors dated 12 September 2014.

During the financial year, the Audit and Risk Management Committee ("ARMC") of TMC Life Sciences Berhad carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the internal auditors, external auditors, outsourced risk management consultants and relevant members of management. The ARMC is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

MEMBERS AND ATTENDANCE

The ARMC comprises the following members and details of attendance of each member at the five (5) meetings held during the financial year ended 31 May 2014 were as follows:

Director	Designation	Attendance
Gary Ho Kuat Foong (Chairman)	Independent Non-Executive Director	5/5
Freddie Pang Hock Cheng (Member)	Non-Independent Non-Executive Director	5/5
Claire Lee Suk Leng (Member)	Independent Non-Executive Director	5/5

TERMS OF REFERENCE

Primary Purposes

The primary purpose of the ARMC is to assist the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices of the Group, to improve the Group's business efficiency, the quality of the accounting function, the system of internal controls, risk management processes and audit function, and strengthen the confidence of the public in the Group's reported results.

Composition

The ARMC shall be appointed by the Board of Directors from amongst themselves which fulfils the following requirements:-

1. The ARMC shall be composed of no fewer than three (3) members;
2. All ARMC members must be non-executive directors, with majority of them being independent directors;
3. At least one member who is:-
   (a) a member of the Malaysian Institute of Accountants; or
   (b) otherwise, he must have the relevant qualifications and experience as specified in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")
4. The Chairman of the ARMC shall be an independent director;
5. No alternate Director is appointed as a member of the ARMC.

Retirement and Resignation

In the event of any vacancy in the ARMC, the Company shall fill in the vacancy not later than three (3) months.

Rights & Authority

The ARMC shall in accordance with the procedure determined by the Board of Directors and at the cost of the Company:-

(a) have explicit authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company which it requires in the course of performing its duties;
(d) have unrestricted access to the Group Chief Executive Officer and the Chief Financial Officer;
(e) have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
(f) be able to obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
(g) be able to convene meetings with the external auditors without the attendance of the executive members of the Board at least twice a year.

Functions and duties

The functions of the ARMC are as follows:-

(1) To review the following and report the same to the Board of Directors:-

  (a) with the external auditors, the audit plan, evaluation of the system of internal controls, any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors and the external audit report;
  (b) the assistance given by the employees of the Company to the external auditor;
  (c) the adequacy of the scope, functions, competency and resources of the internal audit and that the internal auditors have the necessary authority to carry out their works;
  (d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  (e) the quarterly financial report and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    (i) changes in or implementation of major accounting policy changes;
    (ii) significant and unusual events;
    (iii) significant adjustments arising from the audit;
    (iv) the going concern assumption; and
    (v) compliance with accounting standards and other legal requirements
  (f) any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  (g) any letter of resignation from the external auditors, if any;
  (h) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment; and
  (i) in relation to the risk management:-
    (i) provide an objective view on the effectiveness of the risk management framework, review and monitor risk reporting;
    (ii) act as an advisor, educator and change catalyst in risk and control areas in the organisation;
    (iii) provide an independent view on specific risk and control issues, trends and events;
    (iv) evaluate how the management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks;
    (v) ensure an appropriate system is established to identify and report on areas of potential business risk timely for remedial actions to be taken;
    (vi) recommend to the Board its findings and propose course of actions to be taken to ensure controls are put in place to address these risks. Senior management of the Group is responsible for the actions to be taken;
    (vii) seek regular assurance from management to ensure alignment of risk management strategies and culture with the Group's business objectives;
    (viii) seek regular assurance from management to ensure that appropriate risk reporting structure is established to facilitate reporting of risks to management and the Board; and
    (ix) seek regular assurance from management to ensure that a comprehensive risk management approach is in place to identify risks, communicate risk inter-relationships and manage risk profiles across the organisation.

(2) To recommend the nomination of external auditors and their audit fees.

(3) To carry out any other function that may be mutually agreed upon by the ARMC and the Board of Directors which would be beneficial to the Company and ensure the effectiveness discharge of the ARMC's duties and responsibilities.

(4) To report to the Board of Directors with such recommendations as the ARMC deemed appropriate.

(5) To report to the Bursa Securities on any matter reported by it to the Board of Directors of the Company which has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities.

Meetings

1. The ARMC shall meet at least four (4) times in a year or more frequently as circumstances required with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
2. A minimum of two (2) independent members present shall form the quorum. The quorum of the meeting is by the presence of a majority of independent members.
3. Upon the request of any member of the ARMC, the external auditors or the internal auditors, the Chairman of the ARMC shall convene a meeting of the ARMC to consider matters which should be brought to the attention of the Directors or shareholders.
4. The external auditors and internal auditors have the right to appear and be heard at any meeting of the ARMC and shall appear before the ARMC when required to do so by the ARMC.
5. The ARMC may invite any Board member or any member of management or any employee of the Company who the ARMC thinks fit to attend its meetings to assist and to provide pertinent information as necessary.
6. The Company must ensure that other Directors and employees attend any particular ARMC meeting only at the ARMC's invitation, specific to the relevant meeting.

Procedure of ARMC

The ARMC may regulate its own procedures, in particular:-

(a) the calling of meetings;
(b) the notice to be given of such meetings;
(c) the voting and proceedings of such meetings;
(d) the keeping of minutes; and
(e) the custody, production and inspection of such minutes.

Secretary

The Company Secretary or other appropriate senior official shall be the Secretary to the ARMC.

SUMMARY OF THE ACTIVITIES OF ARMC

The main activities carried out by the ARMC during the financial year ended 31 May 2014 included the following:

<u>Financial reporting and re-appointment of external auditors</u>

(i) Reviewed the quarterly financial results of the Group including the draft announcements pertaining thereto, and made recommendations to the Board for approval. The reviews, served to ensure that the Group's financial reporting and disclosures are in compliance with the MMLR and applicable accounting standards in Malaysia;

(ii) Reviewed with the External Auditors, the Audit Planning Memorandum for the financial year ended 31 May 2014 on both the audit strategy and audit approach, the adequacy of existing external audit arrangements, with emphasis on the scope and quality of the audit and proposed fees for the statutory audit;

(iii) Reviewed with the External Auditors, the results of their audit for the financial year ended 31 May 2013, the audit report and internal control recommendations in respect of improvements in internal control procedures noted in the course of their audit;

(iv) Met with External Auditors without the presence of Management during the period under review;

(v) Reviewed and recommended to the Board for approval, the re-appointment of External Auditors and the fees for the audit and non-audit services for the financial year ended 31 May 2014;

(vi) Reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 May 2013 and made recommendations to the Board for approval;

Internal audit

(vii) Reviewed with the Internal Auditors the Internal Audit Plan to ensure the adequacy of the scope and coverage of work;

(viii) Reviewed the audit reports presented by the Internal Auditors on their findings and recommendations with respect to system and control weaknesses;

(ix) Reviewed the effectiveness of the audit process and the performance of the overall Internal Audit function;

Enterprise risk management

(x) Reviewed the updates and reports from the outsourced risk management consultant on the implementation of the Enterprise-wide Risk Management (ERM) Framework and the development of Enterprise Risk Scorecard, assessed the adequacy and effectiveness of the risk management framework and the appropriateness of management's responses to key risk areas and proposed recommendations for improvements to be implemented;

Recurrent related party transactions

(xi) Reviewed the recurrent related party transactions and ensured that they were not more favourable to the related parties than those generally available to the public and complied with the MMLR;

(xii) Monitored the thresholds of the recurrent related party transactions to ensure compliance with the MMLR;

Other activities

(xiii) Reviewed and recommended to the Board for approval, the ARMC report and Statement on Risk Management and Internal Control for inclusion in the 2013 Annual Report;

(xiv) Reviewed, approved and/or recommended to the Board for approval, new policies or amendments to the existing policies of the Company within the purview of the ARMC to ensure that the polices adopted are aligned with the developments of the rules, regulations, guidelines, best practices issued and recommended by the relevant regulatory authorities.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, which was tasked with the aim of assisting the ARMC to discharge its duties and responsibilities. The main role of the Internal Auditors is to provide the ARMC with independent and objective reports on the effectiveness of the system of internal controls within the Group. The ARMC discusses the internal audit reports with the Internal Auditors to ensure recommendations from the reports are duly acted upon by management. The cost incurred in relation to the internal audit function during the financial year ended 31 May 2014 was RM72,765.

The Statement on Risk Management and Internal Control can be found on pages 30 to 32 of the Annual Report, and this provides an overview of the risk management and internal controls system within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires the Board of Directors of public listed companies to establish a sound risk management framework and system of internal control to safeguard shareholders' investments and the Group's assets.

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") which requires the Board of Directors of public listed companies to include in the Annual Report a "statement about the state of internal control of the listed issuer as a group", the Board of Directors of TMC Life Sciences Berhad is pleased to provide the following Statement on Risk Management and Internal Control in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practice Note 9 of the Listing Requirements.

Board Responsibility

The Board of Directors of TMC Life Sciences Berhad acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets. The Board is assisted by the Risk Management Committee and management to implement the policies and procedures on risk and control. These include identifying the risks and assessing the potential impacts of the risks, and to have the necessary internal control to mitigate the risks. The profiles of the risks are reviewed by the Board on a quarterly basis.

The Board also acknowledges that whilst the Group's system of risk management and internal control is designed to highlight, manage and attempt to lower the risk threatening the achievement of business objectives, some risks may not be totally eliminated. As such, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement of financial and management information and records, and/or against any financial losses or fraud.

Management of Risks

The Group is principally involved in providing healthcare services. The key risk exposure faced by the Group during the financial year have been identified and managed accordingly.

The key external risks of the Group include escalating costs resulting in lower operational profits due to inflation and increasing competition from existing established medical and specialist centres. The Group manages the risk through implementing cost control awareness and initiatives, monitoring the market and pricing trends and periodic review of costing and pricing strategy to stay competitive in the market. As for increasing competition from existing established medical and specialist centres, the Group is actively monitoring market development, trends and pricing of competitors.

The key operational risks of the Group include potential loss of key staff and increasing complicated information technology requirement due to the impending goods and service tax implementation. The Group manages the risk through constantly benchmarking the compensation and rewards to industry standards, implementation of performance based remuneration and establishing clear career development programs to develop human capital. As for the information technology requirement, the Group established strategic information technology plan that cater for its business requirement and continuously review the information technology requirement.

The Group's Risk Management and Internal Control System

Risk Management Framework

The Group recognizes that risk is an integral and unavoidable component of its business and is characterized by threats and opportunities. The Group works on fostering a risk-aware corporate culture and is committed to managing the risks in a proactive and effective manner to enhance opportunity, reduce threats and sustain its competitive advantage.

The Board has taken necessary measures to ensure that risk management is embedded in the Group's management system with the assistance of the Management, Audit and Risk Management Committee ("ARMC") and the outsourced Internal Auditors. In addition, the Group has established a Group-wide Strategic Enterprise Risk Management ("ERM") Framework leveraging on the best practices of existing frameworks within the Group and has been updating the risk profiles quarterly.

The Group recognizes the importance of quality and caliber of its employees and a variety of training and development opportunities are actively explored. Relevant training and continuing development programmes are provided for staff to improve their various areas of knowledge, technical skills and personal development. These had directly and indirectly enhanced their level of risk awareness in their operating environment. With this understanding, risks can be identified or detected, and preventive/corrective measures can be applied to mitigate any losses that may occur thereon.

The Group's risk management framework is consistent with the ISO 31000 Risk Management Principles and Guidelines, which is designed to establish the context for an embedded ERM into key departments and business processes of the Group.

The key elements of the Group's Internal Control System

The Group's internal control system consists of the policies, processes, activities and control environment that facilitates an effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks in order to achieve the Group's strategy and objectives.

The key elements of the Group's internal control system, that are regularly reviewed by the Board, are as follows:

i. the Group has in place an established organization structure with clearly defined lines of key responsibilities and appropriate levels of delegation and authority.

ii. the Group has in place internal procedures covering significant areas of operations, such as purchasing of assets required for the operations of the Group, recruitment and selection of employees, training and development of employees and has a clear definition of authorization procedures for purchasing, payment and capital expenditure.

iii. regular executive committee meetings are held to review and monitor the business developments, to discuss and resolve operational and management issues and to review the financial performance of the Group against the budget and business plans.

iv. the ARMC reviews the quarterly financial reports, annual financial statements and reports to the Board on its review and findings thereon to ensure effectiveness of the internal financial control environment of the Group.

v. the corporate head office coordinates the budgetary process for the Group wherein the budgets are discussed and prepared at the operating unit level, reviewed and recommended by executive committee and finally approved by the Board of Directors.

vi. significant corporate matters and its status discussed at the executive committee meetings are brought to the Board meetings for further deliberation and review by the Board members.

vii. the Board, the ARMC and Management monitor the effectiveness of the Group's risk management and internal control system.

Assurance Mechanisms

The ARMC is tasked by the Board to carry out the duty to review and monitor the effectiveness of the Group's internal control system. To discharge its responsibilities, the ARMC relies significantly on the support of independent internal auditors to review the effectiveness of risk identification procedures and control processes implemented by management, and to report directly to the ARMC during the quarterly ARMC meetings. The independent internal auditors provide assurance over the operation and validity of the internal control system in relation to the level of risk involved.

Based on these audits, the internal auditors provide the ARMC with quarterly reports highlighting observations and management action plans to improve the internal control system within the Group. In addition, the ARMC also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

The Board's Commitment

As the Group operates in a dynamic business environment, a sound risk management and internal control system must be in place in order to be able to support its business objectives. Therefore, the Board remains committed towards maintaining a sound system of risk management and internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

The Board's Conclusion

The Board has received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that based on the risk management and internal control of the Group as well as inquiry and information provided, the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investments and the Group's assets.

Moving forward, the Group will continue to improve and enhance the existing systems of risk management and internal controls, taking into consideration the changing business environment.

Review of Statement by External Auditors

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Recommended Practice Guide 5 (Revised): Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report ("RPG 5") issued by the Malaysian Institute of Accountants.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

(a) Options, Warrants or Convertible Securities

As at 31 May 2014, the number of outstanding Warrants are as follows:-

	Conversion price	Outstanding as at 31 May 2014	Expiry Date
Warrants	RM0.40	401,186,498	22 December 2014

(b) Depository Receipt ("DR") Programme

During the financial year under review, the Company did not sponsor any DR Programme.

(c) Imposition of Sanctions/Penalties

There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year under review.

(d) Non-Audit Fees

Total non-audit fees paid/payable to the external auditors during the financial year under review amounted to RM3,500.

(e) Variation in Results

There was no material variation between the audited results for the financial year ended 31 May 2014 and the unaudited results previously announced.

(f) Material Contracts

To the best of the Board's knowledge, there are no material contracts involving the Group with any of the major shareholder or Director in office during the financial year under review.

(g) Profit guarantees

No profit guarantee was provided by the Company or its subsidiaries during the financial year under review.

(h) Status on utilisation of rights proceed

The Company raised a total of RM60,178,000 from its renounceable rights issue of 200,593,250 new TMC Life Sciences Berhad ordinary shares together with 401,186,500 free detachable warrants at an issue price of RM0.30 per share (Rights Issue"). The Rights Issue was completed on 22 December 2011. The Company had on 22 April 2013 and 29 April 2014 announced that the timeframe for utilization of proceed for capital expenditure be extended for another year till 21 June 2014 and 21 June 2015 respectively. The status of utilisation of the rights issue proceed as at 29 September 2014 is as set out below:

Proposed	Purpose Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Balance to be utilized by
Repayment of borrowings	38,960	38,960	-	-
Capital expenditure	10,000	8,857	1,143	21 June 2015
Working capital	10,218	10,218	-	-
Rights issue expenses	1,000	1,000	-	-
	60,178	59,035	1,143	

FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2014.

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 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	6,457	3,394

DIVIDENDS

Dividend paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of financial year ended 31 May 2013:	
Final single tier dividend of 0.3 sen per ordinary share paid on 18 November 2013	2,407

The Directors recommend a final single tier dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 May 2014, subject to the approval of members at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the recommended dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity in the financial year ending 31 May 2015.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES

The Company has not issued any new shares or debentures during the financial year.

WARRANTS

The Warrants are constituted by the deed poll dated 8 November 2011 ["Deed Poll"].

On 22 December 2011, the 401,186,500 Warrants were issued free by the Company pursuant to the Rights Issue on the basis of two (2) Warrants for every three (3) existing ordinary shares of RM0.10 each.

Salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder thereof ["Warrant holder(s)"] to subscribe for one (1) new ordinary share of RM0.10 each in the Company at the exercise price of RM0.40, which may be exercised at any time from the date of issuance to the close of business on the market day immediately preceding the date which is the third anniversary from the date of the issuance of Warrants ["Exercise Period"];

WARRANTS (continued)

(b) Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose;

(c) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof;

(d) The Warrrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their warrants for new shares in the Company; and

(e) The Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

Movement in the Warrants during the financial year is as follows:

	Number of warrants	
As at 1 June 2013/2012	401,186,498	401,186,500
Less: Conversion	-	(2)
As at 31 May 2014/2013	401,186,498	401,186,498

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are:

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir
Dr. Wong Chiang Yin
Dato' Dr. Tan Kee Kwong
Gary Ho Kuat Foong
Freddie Pang Hock Cheng
Dr. Chan Boon Kheng
Claire Lee Suk Leng

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 May 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.10 each			
	Balance at 1.6.2013	**Bought**	**Sold**	**Balance at 31.5.2014**
Shares in the Company				
Direct interests:				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	943,700	-	-	943,700
Freddie Pang Hock Cheng	89,550	-	-	89,550
Deemed interests:				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	1,068,332	-	(10,000)	1,058,332

DIRECTORS' INTERESTS (continued)

Warrants in the Company	Number of Warrants Balance at 1.6.2013	Bought	Sold	Balance at 31.5.2014
Direct interests:				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	386,400	-	-	386,400
Freddie Pang Hock Cheng	46,400	-	-	46,400
Deemed interests:				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	516,664	-	-	516,664

None of the other Directors holding office at the end of the financial year held any interests in the ordinary shares and options over ordinary shares in the Company or ordinary shares and option over ordinary shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit paid included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) 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 other than those as disclosed in Note 26 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or would render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 33 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Sasteria (M) Pte. Ltd. as the immediate holding company and Sasteria Pte. Ltd. as the ultimate holding company, both of which are companies incorporated in Singapore.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

....
Gary Ho Kuat Foong
Director

....
Dr. Wong Chiang Yin
Director

Petaling Jaya
12 September 2014

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 97 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of 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 at 31 May 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 to the financial statements on page 98 has been complied in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

....
Gary Ho Kuat Foong
Director

....
Dr. Wong Chiang Yin
Director

Petaling Jaya
12 September 2014

STATUTORY DECLARATION

I, Yap Eng Gee, being the officer primarily responsible for the financial management of TMC Life Sciences Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 98 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 the abovenamed
at Petaling Jaya this
12 September 2014

Yap Eng Gee

Before me:

Faridah Bt Sulaiman [NO:B228]
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of TMC Life Sciences Berhad

Report on the Financial Statements

We have audited the financial statements of TMC Life Sciences Berhad, which comprise the statements of financial position as at 31 May 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 97.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of the financial statements that give a true and fair view 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 entity'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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 May 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 8 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the 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 accounts 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

Other Reporting Responsibilities

The supplementary information set out in Note 35 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

BDO
AF : 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
2895/08/16 (J)
Chartered Accountant

Kuala Lumpur
12 September 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	105,911	110,538	-	-
Investments in subsidiaries	8	-	-	116,303	76,510
		105,911	110,538	116,303	76,510
Current assets					
Inventories	9	4,638	3,641	-	-
Trade and other receivables	10	21,111	14,859	4,812	50,745
Current tax assets		244	1,550	242	563
Cash and bank balances	11	32,630	25,894	16,478	9,473
		58,623	45,944	21,532	60,781
TOTAL ASSETS		164,534	156,482	137,835	137,291
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	12	80,237	80,237	80,237	80,237
Accumulated losses		(6,169)	(10,219)	(4,276)	(5,263)
Reserves	13	61,322	61,293	61,242	61,242
		135,390	131,311	137,203	136,216
Non-controlling interests		-	-	-	-
TOTAL EQUITY		135,390	131,311	137,203	136,216
LIABILITIES					
Non-current liabilities					
Borrowings	14	1,969	2,045	-	-
Deferred tax liabilities	17	2,879	2,882	-	-
		4,848	4,927	-	-
Current liabilities					
Trade and other payables	18	24,168	20,156	632	1,075
Borrowings	14	82	79	-	-
Current tax liabilities		46	9	-	-
		24,296	20,244	632	1,075
TOTAL LIABILITIES		29,144	25,171	632	1,075
TOTAL EQUITY AND LIABILITIES		164,534	156,482	137,835	137,291

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 May 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Continuing operations					
Revenue	19	86,494	70,851	5,400	1,962
Cost of sales		(29,897)	(24,696)	-	-
Gross profit		56,597	46,155	5,400	1,962
Other income		1,223	947	377	2,814
Administrative expenses		(49,387)	(42,982)	(1,222)	(1,472)
Selling and distribution expenses		(1,361)	(1,401)	-	-
Other expenses		(231)	(304)	(134)	(180)
Finance costs	20	(101)	(312)	-	-
Profit before taxation	21	6,740	2,103	4,421	3,124
Taxation	22	(283)	74	(1,027)	(258)
Profit for the financial year from continuing operations		6,457	2,177	3,394	2,866
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	32	-	8,904	-	-
Profit for the financial year		6,457	11,081	3,394	2,866
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	22(f)	29	41	-	-
Other comprehensive income, net of tax		29	41	-	-
Total comprehensive income		6,486	11,122	3,394	2,866
Profit attributable to:					
Owners of the parent		6,457	11,081	3,394	2,866
Non-controlling interests		-	-	-	-
		6,457	11,081	3,394	2,866

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

For the financial year ended 31 May 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:					
Owners of the parent		6,486	11,122	3,394	2,866
Non-controlling interests		-	-	-	-
		6,486	11,122	3,394	2,866

	Note	Group 2014	Group 2013
Profit per ordinary share attributable to the owners of the parent (sen)			
Basic:			
Profit from continuing operations	24	0.80	0.27
Profit from discontinued operations	24	-	1.11
Profit for the financial year	24	0.80	1.38
Diluted:			
Profit from continuing operations	24	0.54	0.18
Profit from discontinued operations	24	-	0.74
Profit for the financial year	24	0.54	0.92

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2014

Group	Note	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign exchange translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
		← Non-distributable			→		
Balance as at 1 June 2012		80,237	33,159	28,083	10	(21,300)	120,189
Profit for the financial year		-	-	-	-	11,081	11,081
Other comprehensive income, net of tax		-	-	-	41	-	41
Total comprehensive income		-	-	-	41	11,081	11,122
Transaction with owners							
Ordinary shares issued - conversion of warrants	12	*	*	*	-	-	*
Total transaction with owners		*	*	*	-	-	*
Balance at 31 May 2013		80,237	33,159	28,083	51	(10,219)	131,311

* *Insignificant amount.*

Group	Note	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign exchange translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
		← Non-distributable			→		
Balance as at 1 June 2013		80,237	33,159	28,083	51	(10,219)	131,311
Profit for the financial year		-	-	-	-	6,457	6,457
Other comprehensive income, net of tax		-	-	-	29	-	29
Total comprehensive income		-	-	-	29	6,457	6,486
Transaction with owners							
Dividends paid	23	-	-	-	-	(2,407)	(2,407)
Total transaction with owners		-	-	-	-	(2,407)	(2,407)
Balance at 31 May 2014		80,237	33,159	28,083	80	(6,169)	135,390

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2014

Company	Note	← Non-distributable Share capital RM'000	Share premium RM'000	Warrants reserve RM'000 →	Accumulated losses RM'000	Total RM'000
Balance at 1 June 2012		80,237	33,159	28,083	(8,129)	133,350
Profit for the financial year		-	-	-	2,866	2,866
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	2,866	2,866
Transaction with owners						
Ordinary shares issued - conversion of warrants	12	*	*	*	-	*
Total transaction with owners		*	*	*	-	*
Balance at 31 May 2013		80,237	33,159	28,083	(5,263)	136,216
Profit for the financial year		-	-	-	3,394	3,394
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	3,394	3,394
Transaction with owners						
Dividends paid	23	-	-	-	(2,407)	(2,407)
Total transaction with owners		-	-	-	(2,407)	(2,407)
Balance at 31 May 2014		80,237	33,159	28,083	(4,276)	137,203

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 May 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation					
Continuing operations		6,740	2,103	4,421	3,124
Discontinued operations	32	-	(1,054)	-	-
		6,740	1,049	4,421	3,124
Adjustments for:					
Bad debts written off		-	73	-	-
Depreciation of property, plant and equipment	7	7,896	7,488	-	-
Dividend income	19	-	-	(5,400)	(1,962)
Impairment losses on:					
- trade receivables	10	228	110	-	-
- other receivables	10	-	-	135	180
Interest expense		101	295	-	-
Interest income		(781)	(391)	(370)	(241)
Gain on disposals of					
- other investment		-	(2)	-	(2)
- subsidiaries	32	-	-	-	(2,571)
Loss on disposal of property, plant and equipment		1	3	-	-
Property, plant and equipment written off	7	2	120	-	-
Reversal of impairment losses on:					
- trade receivables	10	(40)	-	-	-
- other receivables	10	-	-	(8)	-
Unrealised loss on foreign exchange		16	7	-	-
Operating profit/(loss) before changes in working capital		14,163	8,752	(1,222)	(1,472)
Increase in inventories		(996)	(1,025)	-	-
(Increase)/Decrease in trade and other receivables		(6,438)	(2,755)	1,071	55
Increase in trade and other payables		4,021	3,469	130	163
Cash flows generated from/(used in) operations		10,750	8,441	(21)	(1,254)
Income tax refunded/(paid)		1,057	(74)	344	-
Interest paid		(101)	(295)	-	-
Net cash from/(used in) operating activities		11,706	8,072	323	(1,254)

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

For the financial year ended 31 May 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received	19	-	-	5,822	-
Deposits withdrawn from/(placed with) financial institutions with original maturity of more than three (3) months		378	(12)	-	-
Interest received		781	391	370	241
Proceeds from disposals of:					
- subsidiaries, net of cash and bank balances disposed of	32	-	1,450	-	1,508
- property, plant and equipment		2	11,002	-	-
- other investment		-	2	-	2
Purchase of property, plant and equipment	7	(3,274)	(3,871)	-	-
Repayments from subsidiaries		-	-	2,897	557
Net cash (used in)/from investing activities		(2,113)	8,962	9,089	2,308
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	23	(2,407)	-	(2,407)	-
Repayments of:					
- hire purchase creditor		(18)	(17)	-	-
- term loans		(55)	(5,491)	-	-
Net cash used in financing activities		(2,480)	(5,508)	(2,407)	-
Net increase in cash and cash equivalents		7,113	11,526	7,005	1,054
Cash and cash equivalents at beginning of the financial year		25,453	13,874	9,473	8,419
Effects of exchange rate changes on cash and cash equivalents		1	53	-	-
Cash and cash equivalents at end of the financial year	11	32,567	25,453	16,478	9,473

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 11, Jalan Teknologi, Taman Sains Selangor 1, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies of the Company are Sasteria (M) Pte. Ltd. and Sasteria Pte. Ltd. respectively, both of which are incorporated in Singapore.

The consolidated financial statements for the financial year ended 31 May 2014 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 12 September 2014.

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 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 43 to 97 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 35 to the financial statements set out on page 98 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

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

Depreciation is calculated to write off the cost of the assets to their residual value on a straight-line basis over their estimated useful lives. The principal annual depreciation periods and rates are as follows:

Long term leasehold land	99 years
Buildings	2%
Electrical and mechanical equipment	10%
Motor vehicles	20%
Medical equipment	10% - 20%
Furniture and fittings	10% - 15%
Renovation	10% - 15%
Office equipment and computers	10% - $33^1/_3$%

Freehold land has unlimited useful life and is not depreciated. Assets under construction are stated at cost, and are not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.7 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Lease and hire-purchase

(a) Finance leases and hire-purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investments

Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries) and inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.8 Inventories

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

Cost is determined on a weighted average basis or specific identification as appropriate and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

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

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4.9.1 Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(b) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

4.9.1 Financial assets (continued)

(d) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and bank balances include cash and cash equivalents, bank overdrafts, deposits and other short term highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4.9.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(b) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

4.9.2 Financial liabilities (continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group reassess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities are inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

4.9.3 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividend to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

4.9.3 Equity (continued)

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.10 Impairment of financial assets

The Group assess whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments by the receivables to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.12 Warrants reserve

Amount allocated in relation to the issuance of free warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profits. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries on distributions to the Group and Company, and real property gains taxes payable on disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Provisions (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclosed its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.17 Foreign currencies

4.17.1 Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Foreign currencies (continued)

4.17.2 Foreign currency translation and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.17.3 Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.18 Non-current assets (or disposal groups) held for sale and discontinued operations

(a) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with MFRSs. Then, on initial classification as held for sale, noncurrent assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with MFRS 5. Non-current assets held for sale and discontinued operations that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

(b) Discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative of statement of profit or loss or comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods and rendering of services

Revenue from hospital operations comprises inpatient and outpatient hospital charges and sales of pharmaceutical products, medical and consumable supplies. These are recognised when services are rendered and goods are delivered, net of discounts, rebates and returns.

Other hospital revenue mainly consists of clinic rental from consultants. These are recognised on an accrual basis in accordance with the substance of the relevant agreements.

(b) Dividend income

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

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(d) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(e) Membership fees

Membership fees are recognised upon their registration with the Group.

4.20 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten per cent (10%) or more of the combined revenue, internal and external, of all operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Operating segments (continued)

(b) The absolute amount of its reported profit or loss is ten per cent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten per cent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.21 Earnings per share

(a) Basic

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

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.22 Fair value measurements

The fair value of an asset or a liability, (except for lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	**Effective Date**
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 119 *Employee Benefits (2011)*	1 January 2013
MFRS 127 *Separate Financial Statements*	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

There is no material effect upon the adoption of the above Standards during the financial year other than:

(a) Amendments to MFRS 101 are mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items under other comprehensive income must be grouped into two sections:

(i) Those that are or may be reclassified into profit or loss; and
(ii) Those that will not be reclassified into profit or loss.

The Group has changed the presentation of the statements of profit or loss and other comprehensive income according to these Amendments.

(b) MFRS 13 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole MFRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other MFRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other MFRSs have now been relocated to MFRS 13.

Whilst there have been some rewording of the previous guidance on MFRS 13, there are very few changes to the previous fair value measurement requirements. Instead, MFRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

MFRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group. It has only a presentation and disclosure impact and therefore, has no effect on the financial position or performance of the Group.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements to MFRSs 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements to MFRSs 2011 – 2013 Cycle*	1 July 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	Deferred
MFRS 9 *Financial Instruments (2009)*	Deferred
MFRS 9 *Financial Instruments (2010)*	Deferred
MFRS 9 *Financial Instruments* (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139).	Deferred
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2017

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are the judgements made by the management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Contingent liabilities

The determination and treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business. The Directors are of the view that the chances of the financial institutions and suppliers to call upon the corporate guarantees are remote.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies (continued)

(b) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117.

(c) Operating lease commitments - the Group as lessor

The Group has entered into rental agreements with external parties on its properties. The Group has determined that it retains all the significant risks and rewards of ownership of this property which is leased out as operating leases due to the short term period of the lease.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6.3.1 Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within five (5) to ten (10) years, which are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives or principal annual rates of depreciation and the residual values of these assets, and therefore future depreciation charges could be revised.

6.3.2 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based upon the likely timing and extent of future taxable profits together with future tax planning strategies.

6.3.3 Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying value of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

6.3.4 Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

6.3.5 Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

6.3.6 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.

6.3.7 Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);

(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

(iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures financial instruments in the financial statements at fair value, as disclosed in Note 30 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2014	Balance at 1.6.2013 RM'000	Additions RM'000	Disposals RM'000	Reclassi-fications RM'000	Written off RM'000	Depreciation charges for the financial year RM'000	Balance at 31.5.2014 RM'000
Carrying amount							
Long term leasehold land	18,086	272	-	-	-	(204)	18,154
Buildings	59,078	49	-	-	-	(1,298)	57,829
Electrical and mechanical equipment	1,025	208	-	-	(1)	(200)	1,032
Motor vehicles	133	-	-	-	-	(51)	82
Medical equipment	25,435	1,483	(3)	-	(1)	(4,509)	22,405
Furniture and fittings	1,244	90	-	(49)	-	(202)	1,083
Renovation	2,046	403	-	1,170	-	(516)	3,103
Office equipment and computers	2,590	356	-	40	-	(916)	2,070
Assets under construction	901	413	-	(1,161)	-	-	153
	110,538	3,274	(3)	-	(2)	(7,896)	105,911

Group 2013	Balance at 1.6.2012 RM'000	Additions RM'000	Disposals RM'000	Reclassi-fications RM'000	Written off RM'000	Disposal of subsidiaries (Note 32) RM'000	Depreciation charges for the financial year RM'000	Balance at 31.5.2013 RM'000
Carrying amount								
Freehold land	3,809	-	(3,809)	-	-	-	-	-
Long term leasehold land	18,290	-	-	-	-	-	(204)	18,086
Buildings	63,903	-	(3,511)	-	-	-	(1,314)	59,078
Electrical and mechanical equipment	1,163	39	-	-	-	-	(177)	1,025
Motor vehicles	184	-	-	-	-	-	(51)	133
Medical equipment	28,889	1,729	-	-	(30)	(777)	(4,376)	25,435
Furniture and fittings	1,468	240	(20)	-	(84)	(118)	(242)	1,244
Renovation	2,939	31	(464)	93	-	(285)	(268)	2,046
Office equipment and computers	2,602	869	(1)	-	(6)	(18)	(856)	2,590
Assets under construction	31	963	-	(93)	-	-	-	901
	123,278	3,871	(7,805)	-	(120)	(1,198)	(7,488)	110,538

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
2014			
Long term leasehold land	19,668	(1,514)	18,154
Buildings	64,859	(7,030)	57,829
Electrical and mechanical equipment	2,041	(1,009)	1,032
Motor vehicles	294	(212)	82
Medical equipment	46,752	(24,347)	22,405
Furniture and fittings	2,039	(956)	1,083
Renovation	4,398	(1,295)	3,103
Office equipment and computers	7,254	(5,184)	2,070
Assets under construction	153	-	153
	147,458	(41,547)	105,911

Group	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
2013			
Long term leasehold land	19,396	(1,310)	18,086
Buildings	64,811	(5,733)	59,078
Electrical and mechanical equipment	1,834	(809)	1,025
Motor vehicles	294	(161)	133
Medical equipment	45,274	(19,839)	25,435
Furniture and fittings	2,364	(1,120)	1,244
Renovation	2,458	(412)	2,046
Office equipment and computers	6,859	(4,269)	2,590
Assets under construction	901	-	901
	144,191	(33,653)	110,538

(a) The carrying amounts of the property, plant and equipment of the Group under hire purchase arrangement are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Motor vehicle	82	133

Details of the terms and conditions of the hire purchase arrangement are disclosed in Notes 15 and 30 to the financial statements.

(b) As at the end of the reporting period, a freehold building with a carrying amount of RM2,700,000 (2013: RM2,760,000) has been charged to a bank for credit facilities granted to the Group as disclosed in Note 16 to the financial statements.

(c) As at the end of the reporting period, the strata title of a freehold building of the Group with carrying amount of RM2,700,000 (2013: RM2,760,000) has yet to be transferred to the Group.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares at cost		
- ordinary shares	14,603	14,603
- redeemable preference shares	102,000	-
Less: Impairment losses	(300)	(300)
	116,303	14,303
Unsecured interest-free loans to subsidiaries (quasi loans)	-	62,207
	116,303	76,510

(a) In the previous financial year, quasi loans represented advances and payments made on behalf of which the settlement was neither planned nor likely to occur in the foreseeable future. These amounts were, in substance, a part of the Company's net investment in a subsidiary. The quasi loans were stated at cost less accumulated impairment losses, if any. The quasi loans were converted into Redeemable Preference Shares ("RPS") during the financial year.

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company 2014	Company 2013	Subsidiary 2014	Subsidiary 2013	Principal activities
Tropicana Medical Centre (M) Sdn. Bhd.	Malaysia	100%	100%	-	-	Multi-disciplinary tertiary care services.
IVF Technologies Sdn. Bhd.	Malaysia	100%	100%	-	-	Provision of fertility services and operation of women's clinic.
TMC Biotech Sdn. Bhd.	Malaysia	100%	100%	-	-	Provision of consultancy, laboratory & embryology services and research and development.
TMC Lifestyle Sdn. Bhd.	Malaysia	100%	100%	-	-	Development, marketing and management of healthcare programs.
TMC Properties Sdn. Bhd.	Malaysia	100%	100%	-	-	Property investment.
TMC Women's Specialist (Kuantan) Sdn. Bhd.	Malaysia	100%	100%	-	-	Dormant.
TMC Women's Specialist Holdings Sdn. Bhd.^	Malaysia	-	-	100%	100%	Gynaecological and fertility problem management.
PT Tropicana Healthcare Indonesia*^#	Indonesia	-	-	65%	65%	Marketing and promoting of healthcare products.

* Not audited by Messrs BDO
^ Held through Tropicana Medical Centre (M) Sdn. Bhd.
# The non-controlling interest of the subsidiary that is not wholly owned by the Group is deemed to be immaterial to the Group.

9. INVENTORIES

The inventories comprising pharmaceutical products, medical and consumable supplies are carried at cost and none of the inventories are carried at net realisable value.

During the financial year, inventories of the Group recognised as cost of sales amounted to RM21,171,000 (2013: RM17,247,000).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables				
Third parties	25,674	18,226	-	-
Less: Impairment losses	(6,448)	(6,260)	-	-
	19,226	11,966	-	-
Other receivables				
Amounts owing by subsidiaries	-	-	5,652	50,387
Other receivables	678	1,908	-	1,062
Refundable deposits	464	544	1	1
	1,142	2,452	5,653	51,450
Less: Impairment losses				
- subsidiaries	-	-	(874)	(747)
- other receivables	(252)	(252)	-	-
	890	2,200	4,779	50,703
Loans and receivables	20,116	14,166	4,779	50,703
Prepayments				
Prepayments	995	693	33	42
	21,111	14,859	4,812	50,745

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 (2013: 30 to 60) days from date of invoice. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) Amounts owing by subsidiaries represent advances, which are unsecured, interest free and payable upon demand in cash and cash equivalents. During the financial year, a sum of RM39,793,000 was capitalised and converted into Redeemable Preference Shares from the amount owing by a subsidiary as disclosed in Note 8 to the financial statements.

(c) The currency exposure profile of receivables is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	20,104	14,153	4,779	50,703
Indonesian Rupiah	12	13	-	-
	20,116	14,166	4,779	50,703

10. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables of the Group are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Neither past due nor impaired	4,021	3,624
Past due, not impaired		
Less than 90 days	11,952	6,886
91 to 180 days	2,166	636
Over 181 days	1,087	820
	15,205	8,342
Past due and impaired	6,448	6,260
	25,674	18,226

Receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Receivables that are past due but not impaired

The Group believes that no impairment is necessary in respect of these trade receivables. They are substantially companies with good collection trade record and no recent history of default.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

Group	Individually impaired 2014 RM'000	Individually impaired 2013 RM'000
Trade receivables, gross	6,448	6,260
Less: Impairment losses	(6,448)	(6,260)
	-	-

The reconciliation of movement in the impairment loss are as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Trade receivables				
At 1 June 2013/2012	6,260	6,620	-	-
Charge for the financial year	228	110	-	-
Reversal of impairment loss	(40)	-	-	-
Disposals of subsidiaries	-	(470)	-	-
At 31 May 2014/2013	6,448	6,260	-	-

10. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables of the Group are as follows (continued):

The reconciliation of movement in the impairment loss are as follows (continued):

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables				
At 1 June 2013/2012	252	427	747	850
Charge for the financial year	-	-	135	180
Reversal of impairment loss	-	-	(8)	-
Disposals of subsidiaries	-	(175)	-	(283)
	252	252	874	747
At 31 May 2014/2013	6,700	6,512	874	747

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(e) Information on financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.

11. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	11,311	12,646	3,938	6,129
Deposits with licensed banks	21,319	13,248	12,540	3,344
	32,630	25,894	16,478	9,473

(a) The weighted average effective interest rate of the deposits with licensed banks at the end of the reporting period was 3% (2013: 3%) per annum. The deposits have maturity periods ranging from 1 to 12 months (2013: 1 to 12 months).

(b) Information on financial risks of cash and bank balances is disclosed in Note 31 to the financial statements.

(c) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	32,625	25,889	16,478	9,473
Indonesian Rupiah	5	5	-	-
	32,630	25,894	16,478	9,473

11. CASH AND BANK BALANCES (continued)

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	11,311	12,646	3,938	6,129
Deposits with licensed banks (not more than three months)	21,256	12,807	12,540	3,344
	32,567	25,453	16,478	9,473

12. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.10 each:				
Authorised:				
Balance as at 31 May 2014/2013	2,000,000	200,000	2,000,000	200,000
Issued and fully paid:				
Balance as at 1 June 2013/2012	802,373	80,237	802,373	80,237
Conversion of warrants	-	-	*	*
Balance as at 31 May 2014/2013	802,373	80,237	802,373	80,237

* *Insignificant amount.*

(a) In the previous financial year, the issued and paid up share capital of the Company was increased by RM0.20 from RM80,237,300.00 to RM80,237,300.20 by way of conversion of two (2) warrants to two (2) ordinary shares of RM0.10 each at the exercise price of RM0.40 each on 5 June 2012.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares in the previous financial year.

(b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

13. RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable:-				
Share premium	33,159	33,159	33,159	33,159
Warrants reserve	28,083	28,083	28,083	28,083
Foreign exchange translation reserve	80	51	-	-
	61,322	61,293	61,242	61,242

13. RESERVES (continued)

(a) Share premium

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.

(b) Warrants reserve

The warrants reserve arose from a renounceable rights issue of 200,593,250 new ordinary shares of RM0.10 each together with 401,186,500 free new detachable warrants in the previous financial years. The fair value of RM0.07 per warrant was determined using the Black Scholes pricing model based on the following key assumptions:

Interest rate	3.12%
Expected volatility of the Company's share price	43.84%

(c) Foreign exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

14. BORROWINGS

	Group	
	2014 RM'000	**2013 RM'000**
Current liabilities		
Secured		
Hire-purchase creditor	19	18
Term loan	63	61
	82	79
Non-current liabilities		
Secured		
Hire-purchase creditor	104	123
Term loan	1,865	1,922
	1,969	2,045
Total borrowings		
Hire-purchase creditor (Note 15)	123	141
Term loan (Note 16)	1,928	1,983
	2,051	2,124

All borrowings are denominated in RM.

15. HIRE-PURCHASE CREDITOR

	Group 2014 RM'000	Group 2013 RM'000
Minimum hire-purchase payments:		
- not later than one (1) year	24	24
- later than one (1) year and not later than five (5) years	98	98
- later than five (5) years	18	43
Total minimum hire-purchase payments	140	165
Less: Future interest charges	(17)	(24)
Present value of hire-purchase liabilities	123	141
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	19	18
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	86	82
- later than five (5) years	18	41
Total non-current portion	104	123
	123	141

(a) The Company has a hire purchase contract for a motor vehicle, as disclosed in Note 7 to the financial statements. There are no restrictions imposed on the Company by the hire purchase arrangements.

(b) Information on financial risks of hire-purchase creditor is disclosed in Note 31 to the financial statements.

16. TERM LOAN

	Group 2014 RM'000	Group 2013 RM'000
Current portion:		
- repayable within one (1) year	63	61
Non-current portion:		
- repayable between one (1) and two (2) years	66	63
- repayable between two (2) and five (5) years	220	206
- repayable after five (5) years	1,579	1,653
Total non-current portion	1,865	1,922
	1,928	1,983

(a) Details of the term loan outstanding at the end of the reporting period are as follows:

Number of monthly instalments	Monthly instalment amount RM'000	Month of commencement of repayment	Group Amount outstanding 2014 RM'000	Group Amount outstanding 2013 RM'000
240	13	June 2010	1,928	1,983

16. TERM LOAN (continued)

(b) The term loan is secured by a first party first legal charge over the freehold building of the Group (Note 7) and corporate guarantee from the Company (Note 29).

(c) Information on financial risks of borrowing and its remaining maturity is disclosed in Note 31 to the financial statements.

17. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group	
	2014 RM'000	**2013 RM'000**
Balance at 1 June 2013/2012	2,882	2,968
Recognised in profit or loss (Note 22)	(3)	(86)
Balance at 31 May 2014/2013	2,879	2,882

(b) The movements of deferred tax liabilities during the financial year are as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Deferred tax liabilities		
Balance as at 1 June 2013/2012	2,882	2,968
Recognised in profit or loss		
Property, plant and equipment	(3)	(86)
Balance as at 31 May 2014/2013	2,879	2,882

(c) The components of deferred tax liabilities as at the end of the financial year comprise tax effects of:

	Group	
	2014 RM'000	**2013 RM'000**
Fair value adjustment on business combination	2,803	2,803
Accelerated capital allowances	76	79
	2,879	2,882

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Unused tax losses	13,959	13,847
Unabsorbed capital allowances	11,830	18,589
	25,789	32,436

17. DEFERRED TAX LIABILITIES (continued)

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows (continued):

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under current tax legislation.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade payables				
Third parties	16,973	12,650	-	-
Other payables				
Amounts owing to subsidiaries	-	-	16	589
Other payables	982	2,511	11	88
Deposits received	138	98	-	-
Accruals	6,075	4,897	605	398
	7,195	7,506	632	1,075
	24,168	20,156	632	1,075

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2013: 30 to 90) days from date of invoice.

(b) The amounts owing to subsidiaries represent payments made on behalf, which are unsecured, interest free and payable upon demand in cash and cash equivalents.

(c) Information on financial risks of trade and other payables is disclosed in Note 31 to the financial statements.

(d) The currency exposure profile of payables are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	23,862	19,860	632	1,075
Indonesian Rupiah	306	296	-	-
	24,168	20,156	632	1,075

19. REVENUE

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Continuing operations				
Hospital and ancillary services	76,180	62,186	-	-
Clinic services	7,914	6,491	-	-
Clinic rental income	1,015	829	-	-
Hospital administration fee	781	768	-	-
Membership fees	147	213	-	-
Dividend income from subsidiaries	-	-	5,400	1,962
Others	457	364	-	-
	86,494	70,851	5,400	1,962

20. FINANCE COSTS

	Group 2014 RM'000	Group 2013 RM'000
Continuing operations		
Commitment fees on banking facilities	-	17
Interest expense on:		
- hire-purchase creditor	7	7
- term loan	93	234
- others	1	54
	101	295
	101	312

21. PROFIT BEFORE TAXATION

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Continuing operations					
Profit before taxation is arrived at after charging:					
Auditors' remuneration:					
- statutory audit:					
- current year		122	115	33	31
- under provision in prior years		-	28	-	-
- non-statutory audit		4	3	4	3
Bad debts written off		-	73	-	-
Depreciation of property, plant and equipment	7	7,896	7,344	-	-
Directors' remuneration receivable by Directors of the Company					
- receivable from the Company					
- fees		258	221	258	221
- other emoluments		30	25	30	25
- receivable from subsidiaries					
- other emoluments		603	706	-	-

21. PROFIT BEFORE TAXATION (continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Continuing operations					
Profit before taxation is arrived at after charging (continued) :					
Impairment losses on:					
- trade receivables	10	228	110	-	-
- other receivables	10	-	-	135	180
Loss on disposal of property, plant and equipment		1	3	-	-
Loss on foreign exchange:					
- realised		1	3	-	-
- unrealised		16	7	-	-
Property, plant and equipment written off	7	2	120	-	-
Rental expense:					
- equipment		164	133	-	-
- premises		507	435	-	-
Staff costs:					
- salaries, wages, bonuses and allowances		24,118	19,817	-	-
- defined contribution plan		2,629	2,103	-	-
- other employee benefits		968	699	-	-
And after crediting :					
Gain on disposal of					
- other investment		-	2	-	2
- subsidiaries	32	-	-	-	2,571
Interest income		781	391	370	241
Rental income		1,288	1,118	-	-
Reversal of impairment losses on					
- trade receivables	10	40	-	-	-
- other receivables	10	-	-	8	-

22. TAXATION

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Continuing operations				
Current year taxation based on profit for the financial years:				
Malaysian income tax	217	66	994	258
Under/(Over) provision in prior years:				
Malaysian income tax	69	(54)	33	-
	286	12	1,027	258
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	(3)	(77)	-	-
Over provision in prior year	-	(9)	-	-
	(3)	(86)	-	-
Total taxation from continuing operations	283	(74)	1,027	258

22. TAXATION (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Discontinued operations				
Total taxation from discontinued operations	-	-	-	-
Total taxation	283	(74)	1,027	258

(a) The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profit for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

(c) 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 qualified TMC Biotech for the BioNexus incentive. TMC Biotech will enjoy full exemption from income tax on its statutory income for a period of 10 years commencing March 2008.

(d) The reconciliations between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation	6,740	1,049	4,421	3,124
Tax at the statutory tax rate of 25% (2013: 25%)	1,685	262	1,105	781
Tax effects of:				
Non-deductible expenses	577	933	191	120
Non-taxable income	-	-	(302)	(643)
Tax exempt income	(384)	(486)	-	-
Deferred tax assets not recognised during the financial year	60	59	-	-
Utilisation of previously unrecognised tax losses	(1,722)	(779)	-	-
Under/(Over) provision in the previous financial years				
- current tax	69	(54)	33	-
- deferred tax	-	(9)	-	-
Taxation for the financial year	283	(74)	1,027	258

22. TAXATION (continued)

(e) Tax savings of the Group are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Arising from utilisation of previously unrecognised tax losses	1,722	779

(f) Tax on each component of other comprehensive income is as follows:

	Group 2014 Before tax RM'000	Tax effect RM'000	After tax RM'000
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	29	-	29

	2013 Before tax RM'000	Tax effect RM'000	After tax RM'000
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	41	-	41

23. DIVIDENDS

	Group and Company			
	2014		2013	
	Gross dividend per share RM'000	Amount of dividend RM'000	Gross dividend per share RM'000	Amount of dividend RM'000
Single tier dividend	-	-	0.3	2,407

A final single tier dividend in respect of the financial year ended 31 May 2014 of 0.3 sen per ordinary share has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 May 2015.

24. EARNINGS PER ORDINARY SHARE

(a) Basic

The basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014 RM'000	**2013 RM'000**
Profit from continuing operations attributable to owners of the parent	6,457	2,177
Profit from discontinued operations attributable to owners of the parent	-	8,904
Profit attributable to owners of the parent	6,457	11,081
Weighted average number of ordinary shares outstanding ('000)	802,373	802,373
Effect of conversion of warrants	-	*
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	802,373	802,373
Basic earnings per ordinary share (sen) for:		
Profit from continuing operations	0.80	0.27
Profit from discontinued operations	-	1.11
	0.80	1.38

* *Insignificant amount.*

(b) Diluted

The diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2014 RM'000	**2013 RM'000**
Profit from continuing operations attributable to owners of the parent	6,457	2,177
Profit from discontinued operations attributable to owners of the parent	-	8,904
Profit attributable to owners of the parent	6,457	11,081
Weighted average number of ordinary shares outstanding ('000)	802,373	802,373
Effect of dilution on conversion of warrants	401,187	401,187
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	1,203,560	1,203,560
Diluted earnings per ordinary share (sen) for		
Profit from continuing operations	0.54	0.18
Profit from discontinued operations	-	0.74
	0.54	0.92

25. EMPLOYEE BENEFITS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Continuing operations				
Directors' remuneration	543	658	-	-
Salaries, wages, overtime and allowances	24,118	19,817	-	-
Defined contribution plans	2,629	2,103	-	-
Other employee benefits	968	699	-	-
	28,258	23,277	-	-
Discontinued operations				
Salaries, wages, overtime and allowances	-	385	-	-
Defined contribution plan	-	90	-	-
Other employee benefits	-	9	-	-
	-	484	-	-
Total	28,258	23,761	-	-

26. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

The Group also has a related party relationship with Berjaya Sompo Insurance Berhad, an associate of the substantial corporate shareholder of the Company.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
A related party:				
Insurance premium paid	1,099	823	-	-
Subsidiaries:				
Administration service charges	-	-	365	691
Dividend income	-	-	5,400	1,962

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

26. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors during the financial year was as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short term employee benefits	573	683	30	25

27. OPERATING SEGMENT

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.

Financial information is presented to management in accordance with the measurement policies of MFRS and IFRS. There are no adjustments or eliminations made in preparing the Company's financial statements from the reportable segment revenues, profit or loss, assets and liabilities.

Major customers

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten percent (10%) or more of its revenue during the financial year.

28. COMMITMENTS

(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements for office premises, staff housing and equipment, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The Group has aggregate future minimum lease commitment as at the end of the reporting period as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Not later than one (1) year	560	496
Later than one (1) year and not later than five (5) years	665	720
	1,225	1,216

28. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

(ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on its property. The leases include a clause to enable upward revision of the rental charge on a renewal term basis depending on prevailing market conditions.

The Group has aggregate future minimum lease receivables as at the end of the reporting period as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Not later than one (1) year	369	163
Later than one (1) year and not later than five (5) years	301	224
	669	387

(b) Capital commitments

	Group	
	2014	**2013**
	RM'000	**RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	5,096	-
Approved but not contracted for	9,481	-
	14,577	-

29. CONTINGENT LIABILITIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future outflow of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2014	**2013**
	RM'000	**RM'000**
Unsecured		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries of the Company	2,051	2,124
Letter of guarantee given to suppliers	1,499	1,264
	3,550	3,388

The Directors are of the view that the chances of the financial institutions and suppliers to call upon the corporate guarantees are remote.

30. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group considers its capital to comprise its ordinary share capital, retained earnings/accumulated losses, share premium, warrants reserve and its foreign exchange translation reserve which are classified as equity in the statement of financial position.

Pursuant to the requirements of Practice Note No.17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 May 2014.

(b) Financial instruments

(i) Categories of financial instruments

Group	**2014 RM'000**	**2013 RM'000**
Financial assets		
Trade and other receivables excluding prepayments		
- loan and receivables	20,116	14,166
Cash and bank balances	32,630	25,894
	52,746	40,060
Financial liabilities		
Borrowings - other financial liabilities	2,051	2,124
Trade and other payable		
- other financial liabilities	24,168	20,156
	26,219	22,280
Company		
Financial assets		
Trade and other receivables excluding prepayments		
- loan and receivables	4,779	50,703
Cash and bank balances	16,478	9,473
	21,257	60,176
Financial liabilities		
Trade and other payables - other financial liabilities	632	1,075

30. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

(ii) Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to the relatively short term maturity of these financial instruments except for the following:

	Group	
2014	**Carrying amount RM'000**	**Fair value RM'000**
Recognised		
Financial liabilities:		
Hire-purchase creditor	123	104
2013		
Recognised		
Financial liabilities:		
Hire-purchase creditor	141	121

(iii) Determination of fair value

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(a) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and term loans, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

(b) Obligations under finance lease and borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of reporting period.

30. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

(iv) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables set out the financial instruments not carried at fair values on the statement of financial position:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
Group									
Financial liabilities									
2014									
Other financial liabilities									
- Term loan	-	1,928	-	1,928	-	-	-	-	1,928
- Hire-purchase creditor	-	-	-	-	-	109	-	109	123
	-	1,928	-	1,928	-	109	-	109	2,051
2013									
Other financial liabilities									
- Term loan	-	1,983	-	1,983	-	-	-	-	1,983
- Hire-purchase creditor	-	-	-	-	-	121	-	121	141
	-	1,983	-	1,983	-	121	-	121	2,124

(iv) The Group has control guidelines in respect to the measurement of fair values of financial instruments. The management regularly reviews significant unobservable inputs and valuation adjustments.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objectives are to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from interest rate risk, foreign currency risk, credit risk and liquidity and cash flow risk.

The financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group's exposure to financial risks and the management of the related exposures are as follows:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments would fluctuate because of changes in market interest rates.

The Group's exposure to interest rates relates primarily to the Group's deposits with licensed banks and bank borrowings. The Group does not use derivative financial instruments to hedge its risk.

Sensitivity analysis for interest rate risk

As at 31 May 2014, if interest rates at the date had been 50 basis points lower with all other variables held constant, post-tax profit for the financial year would have been RM10,000 (2013: RM8,000) higher, arising mainly as a result of lower interest expense on variable borrowings. If interest rates had been 50 basis points higher, with all other variables held constant, post-tax profit would have been RM10,000 (2013: RM8,000) lower, arising mainly as a result of higher interest expense on variable borrowings.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments that are exposed to interest rate risk:

As at 31 May 2014	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
Fixed rates									
Deposits with licensed banks	11	3.0	21,319	-	-	-	-	-	21,319
Hire-purchase creditor	15	4.9	19	20	21	22	23	18	123
Floating rate									
Term loan	16	4.8	63	66	70	73	77	1,579	1,928
Company									
Fixed rate									
Deposits with licensed banks	11	3.0	12,540	-	-	-	-	-	12,540
As at 31 May 2013									
Group									
Fixed rates									
Deposits with licensed banks	11	3.0	13,248	-	-	-	-	-	13,248
Hire-purchase creditor	15	5.1	18	19	20	21	22	41	141
Floating rate									
Term loan	16	4.9	61	63	65	69	72	1,653	1,983
Company									
Fixed rate									
Deposits with licensed banks	11	3.0	3,344	-	-	-	-	-	3,344

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arose from transactions that are denominated in currencies other than functional currencies of the operating entities.

A subsidiary operating in Indonesia has assets and liabilities together with expected cash flows from anticipated transactions denominated in a foreign currency that gives rise to foreign exchange exposure.

The Group also holds cash and bank balances denominated in foreign currency for working capital purposes. At the end of the reporting period, such foreign currency balances (in Indonesian Rupiah (IDR)) amount to RM5,000 (2013: RM5,000) for the Group.

Foreign currency risk sensitivity analysis

The Group's exposure of foreign currency risk is insignificant and therefore, sensitivity analysis is not presented.

(c) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

The Group's major classes of financial assets are trade and other receivables. Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 10 to the financial statements.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by four (4) (2013: 4) customers, which constituted approximately 42% (2013: 41%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period. The Group has no exposure of credit risk for trade receivables by geographical region.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 10 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions. The Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10 to the financial statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity and cash flow risks

The Group is actively managing its operating cash flow to ensure that all operating and financing needs are met. It is the Group's policy to ensure its ability to service its cash obligations by maintaining a level of cash and cash equivalents deemed adequate to the Group's operations. The Group also maintains flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2014				
Group				
Financial liabilities:				
Trade and other payables	24,168	-	-	24,168
Borrowings	178	713	2,192	3,083
Total undiscounted financial liabilities	24,346	713	2,192	27,251
Company				
Financial liabilities:				
Trade and other payables	632	-	-	632
Total undiscounted financial liabilities	632	-	-	632
2013				
Group				
Financial liabilities:				
Trade and other payables	20,156	-	-	20,156
Borrowings	178	713	2,370	3,261
Total undiscounted financial liabilities	20,334	713	2,370	23,417
Company				
Financial liabilities:				
Trade and other payables	1,075	-	-	1,075
Total undiscounted financial liabilities	1,075	-	-	1,075

32. DISCONTINUED OPERATIONS

On 29 August 2012, the Group and the Company completed the disposal of its entire equity interest in its subsidiary, Stemtech International Sdn. Bhd. ("Stemtech") for a cash consideration of RM800,000.

On 7 December 2012, the Group completed the disposal of its entire equity interest in Tropicana Medical Centre (Penang) Sdn. Bhd. ("TMCPG") held by the Company and its wholly-owned subsidiary, TMC Women's Specialist Holdings Sdn. Bhd. for a cash consideration of RM2,600,000. On the same date, the Group completed the disposal of property, plant and equipment held by its wholly owned subsidiary, TMC Properties Sdn. Bhd. ("TMCP") for a total cash consideration of RM11,000,000.

The discontinued operations were in respect of the disposal of subsidiaries and property, plant and equipment. The decision of disposals was in line with the Group's objective to divest the investment which yields negative return to the Group and redeploy resources for more productive purposes.

32. DISCONTINUED OPERATIONS (continued)

An analysis of the results of the discontinued operations was as follows:

	Group 2013 RM'000
Revenue	714
Cost of sales	(517)
Gross profit	197
Other income	29
Administrative expenses	(1,168)
Selling and distribution expenses	(112)
Loss before taxation	(1,054)
Taxation	-
Loss after taxation	(1,054)
Gain on disposals of subsidiaries	7,220
Gain on disposal of property, plant and equipment	2,738
Profit for the financial year from discontinued operations	8,904

The following amounts had been included in arriving at loss before tax of the discontinued operations:

	Group 2013 RM'000
After charging:-	
Auditors' remuneration:	
- current year	4
Depreciation of property, plant and equipment	144
Rental of equipment	2
Rental of premises	35
Staff costs	
- salaries, wages, bonuses and allowances	385
- defined contribution plan	90
- other employee benefits	9
After crediting:	
Rental income	(9)

The cash flows attributable to the discontinued operations were as follows:

	Group 2013 RM'000
Operating activities	(742)

32. DISCONTINUED OPERATIONS (continued)

The effect of disposals on the financial position of the Group and of the Company was analysed as follows:

	2013 Group RM'000	2013 Company RM'000
Cost of investment	-	*
Property, plant and equipment (Note 7)	1,198	-
Inventories	162	-
Receivables	934	-
Cash and bank balances	185	-
Payables	(6,814)	-
Net liabilities/Carrying amount	(4,335)	-
Gain on disposal of subsidiaries	7,220	2,571
	2,885	2,571
Gain on disposal of property, plant and equipment	2,738	-
	5,623	2,571

* Cost of investments of RM6,421,000 was fully impaired in the previous financial year.

The net cash inflow from the disposal was analysed as below:

	2013 Group RM'000	2013 Company RM'000
Proceeds from disposal of property, plant and equipment	11,000	-
Net proceeds from disposals of TMCPG and Stemtech	2,885	2,571
Amount owing by Purchaser	(1,250)	(1,063)
Cash and bank balances disposed of	(185)	-
	1,450	1,508
	12,450	1,508

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, the issued and paid up share capital of the Company was increased by RM5,035.80 from RM80,237,300.20 to RM80,242,336.00 by way of conversion of fifty thousand three hundred and fifty eight (50,358) warrants to fifty thousand three hundred and fifty eight (50,358) ordinary shares of RM0.10 each at the exercise price of RM0.40 each.

(b) On 7 August 2014, Sasteria (M) Pte. Ltd. acquired 213,842,882 ordinary shares of RM0.10 each in the Company, representing approximately 26.65% of the issued and paid-up share capital of Company, for a total cash consideration of RM102,644,583.36 or RM0.48 per share.

Sasteria (M) Pte. Ltd. had made an unconditional take-over offer on 28 August 2014 to acquire all the remaining ordinary shares and warrants in the Company for a cash offer price of RM0.48 per offer share and RM0.08 per offer warrant respectively.

On 29 August 2014, Gilberta Investments Limited, one of the substantial shareholders, had accepted the offer to dispose 261,466,666 ordinary shares, which represents 32.59% of the issued and paid-up share capital of the Company and 130,733,332 warrants in the Company.

As at 11 September 2014, Sasteria (M) Pte. Ltd. had acquired additional 18,135,649 ordinary shares in the Company from the valid acceptance of the offer. Following this, Sasteria (M) Pte. Ltd., a wholly-owned subsidiary of Sasteria Pte. Ltd. holds a total of 61.49% equity interest in the Company. As a result, Sasteria (M) Pte. Ltd. and Sasteria Pte. Ltd. became the immediate holding company and ultimate holding company, respectively of the Company.

34. COMPARATIVE FIGURES

Certain comparative figures in the financial statements of the Group have been reclassified or adjusted to conform to the current financial year's presentation.

The effects of the reclassifications and adjustments described above are detailed below:

	As previously reported RM'000	Reclassi-fications RM'000	As restated RM'000
Statement of profit or loss and other comprehensive income for the financial year ended 31 May 2013			
Group			
Revenue	72,221	(1,370)	70,851
Cost of sales	(25,998)	1,302	(24,696)
Administrative expenses	(43,050)	68	(42,982)

35. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The accumulated losses as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total accumulated losses:				
- realised	(3,211)	(7,114)	(4,276)	(5,263)
- unrealised	(2,958)	(3,105)	-	-
Total Group/Company accumulated losses as per consolidated/Company financial statements	(6,169)	(10,219)	(4,276)	(5,263)

LIST OF PROPERTIES

31 May 2014

	Location	Description/ Existing use	Approximate age of building (years)	Land area (square feet)	Gross floor area (square feet)	Tenure	Net book value at 31.05.2014 RM'000
1	Land and building at Lot No. 11, Jalan Teknologi Taman Sains Selangor 1 PJU 5, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Private hospital and corporate office	6.5	261,369	235,256	Leasehold for 99 years expiring 17 April 2108	75,393
2	Shop lot at No. 5, Jalan Merbah 3 Bandar Puchong Jaya 47170 Puchong Selangor Darul Ehsan	Ground Floor – Fertility Centre 1st Floor – Rented out 2nd Floor – Vacant 3rd Floor – For staff usage	5.5	1,873	6,625	Freehold	2,700

ANALYSIS OF SHAREHOLDINGS

As at 2 September 2014

Authorised Capital	:	RM200,000,000.00
Issued and Fully Paid-Up Capital	:	RM80,237,466.80
Class of Shares	:	Ordinary shares of 10 sen each
Voting Rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	151	5.48	6,244	0.00
100 to 1,000	143	5.19	75,399	0.01
1,001 to 10,000	939	34.10	6,328,882	0.79
10,001 to 100,000	1,265	45.93	46,343,462	5.77
100,001 to less than 5% of issued shares	255	9.26	272,147,133	33.92
5% and above of issued shares	1	0.04	477,473,548	59.51
Total	2,754	100.00	802,374,668	100.00

THIRTY LARGEST SHAREHOLDERS
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name	No. of Shares	% of Issued Share Capital
1.	MAYBANK NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SASTERIA (M) PTE. LTD (307715)	477,473,548	59.51
2.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. EXEMPT AN FOR DEUTSCHE BANK AG LONDON (PRIME BROKERAGE)	29,479,300	3.68
3.	BERJAYA SOMPO INSURANCE BERHAD	28,300,000	3.53
4.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	24,389,900	3.04
5.	BEH ENG PAR	13,343,900	1.66
6.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE BRANCH (SG PVB CL AC)	11,512,666	1.43
7.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	10,713,900	1.34
8.	HDM NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE. LTD. FOR LEE THENG KIAT	8,392,933	1.05
9.	RHB NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SUI HEE	6,787,900	0.85
10.	LEE SOON AI	6,719,363	0.84
11.	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	5,007,000	0.62

THIRTY LARGEST SHAREHOLDERS
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (Cont'd)

	Name	No. of Shares	% of Issued Share Capital
12.	HLIB NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WENDDI ANNE CHONG WAI YENG	5,000,175	0.62
13.	LOW QUEEN LAN @ LAU QUEEN LAN	4,955,750	0.62
14.	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG FOR HARTFORD GROWTH (TRADING) LIMITED	4,444,780	0.55
15.	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB BANK FOR SIO TAT HIANG (MM0605)	4,191,800	0.52
16.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE. LTD. (A/C CLIENTS)	4,019,399	0.50
17.	SURINDER SINGH A/L RANBIR SINGH	3,783,333	0.47
18.	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN. BHD. BERJAYA PHILIPPINES INC.	3,700,000	0.46
19.	VINCENT TAN CHEE YIOUN	3,189,000	0.40
20.	LIM GAIK BWAY @ LIM CHIEW AH	3,030,000	0.38
21.	MUHAMED ALOYSIUS HENG	2,882,933	0.36
22.	KU LIAN SIN	2,593,400	0.32
23.	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG FOR OMNI EVENT MASTER FUND LIMITED	2,255,220	0.28
24.	KENANGA INVESTMENT BANK BERHAD EXEMPT AN CLR (B3) FOR CREDIT SUISSE	2,227,800	0.28
25.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG FUEI BOON	2,200,000	0.27
26.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR TA COMET FUND	2,050,000	0.26
27.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG	2,000,000	0.25
28.	CIMSEC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,636,875	0.20
29.	KAREN PUA LUAN CHING	1,612,325	0.20
30.	HORSFIELD ROSALIND LEE	1,605,050	0.20
		679,498,250	**84.69**

ANALYSIS OF SHAREHOLDINGS

As at 2 September 2014

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 2 SEPTEMBER 2014

	Direct		Indirect	
Name	**No. of Shares Held**	**% of Issued Share Capital**	**No. of Shares Held**	**% of Issued Share Capital**
Sasteria (M) Pte. Ltd.	475,309,548	59.24	-	-
Sasteria Pte. Ltd.	-	-	475,309,548[1]	59.24
Lim Eng Hock	-	-	475,309,548[2]	59.24

Notes:

[1] *Deemed interested through its 100% shares in Sasteria (M) Pte. Ltd., pursuant to Section 6A of the Companies Act, 1965.*

[2] *Deemed interested by virtue of his 100% shares in Sasteria Pte. Ltd., the holding company of Sasteria (M) Pte. Ltd., pursuant to Section 6A of the Companies Act, 1965.*

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDING AS AT 2 SEPTEMBER 2014

	Direct		Indirect	
Name	**No. of Shares Held**	**% of Issued Share Capital**	**No. of Shares Held**	**% of Issued Share Capital**
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	943,700	0.12	1,058,332[1]	0.13
Dato' Dr. Tan Kee Kwong	-	-	-	-
Freddie Pang Hock Cheng	89,550	0.01	-	-
Dr. Wong Chiang Yin	-	-	-	-
Dr. Chan Boon Kheng	-	-	-	-
Gary Ho Kuat Foong	-	-	-	-
Claire Lee Suk Leng	-	-	-	-

Notes:

[1] *Deemed interested by virtue of his spouse and children's interest pursuant to Section 134 of the Companies Act, 1965.*

ANALYSIS OF WARRANT HOLDINGS

As at 2 September 2014

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holding	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Issued Warrants
Less than 100	75	6.86	2,846	0.00
100 to 1,000	43	3.93	18,833	0.01
1,001 to 10,000	288	26.33	1,579,695	0.39
10,001 to 100,000	463	42.32	21,095,076	5.26
100,001 to less than 5% of issued warrants	222	20.29	180,946,284	45.10
5% and above of issued warrants	3	0.27	197,542,098	49.24
Total	**1,094**	**100.00**	**401,184,832**	**100.00**

THIRTY LARGEST WARRANT HOLDERS
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name	No. of Warrants	% of Issued Warrants
1.	MAYBANK NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SASTERIA (M) PTE. LTD. (307715)	130,735,332	32.59
2.	JUARA SEJATI SDN. BHD.	40,367,866	10.06
3.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	26,438,900	6.59
4.	TAN CHONG JUN	13,502,000	3.37
5.	B. L. CAPITAL SDN. BHD.	11,089,198	2.76
6.	KOH BOON POH	6,512,300	1.62
7.	HDM NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE. LTD. FOR LEE THENG KIAT	5,317,666	1.33
8.	KU LIAN SIN	5,313,200	1.32
9.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KWONG MING KWEI (08KW032ZQ-008)	5,000,000	1.25
10.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	4,968,100	1.24
11.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE. LTD. (A/C CLIENTS)	4,661,198	1.16
12.	PUA SOON	4,578,300	1.14
13.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. GAN BOON GUAT (EM1-P88)	3,069,900	0.77
14.	LIM WENG TAI	3,000,000	0.75
15.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE. LTD. FOR TAN JOO CHENG	3,000,000	0.75

ANALYSIS OF WARRANT HOLDINGS

As at 2 September 2014

THIRTY LARGEST WARRANT HOLDERS
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (Cont'd)

Name	No. of Warrants	% of Issued Warrants
16. RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE MIK SEN	3,000,000	0.75
17. SEIK THYE KONG	3,000,000	0.75
18. MERCSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	2,665,600	0.66
19. LIONG TECK SIN	2,550,000	0.63
20. TERAS MEWAH SDN. BHD.	2,534,000	0.63
21. CIMSEC NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	2,297,100	0.57
22. INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN. BHD. INTER-PACIFIC CAPITAL SDN. BHD. (A/C 83)	2,133,400	0.53
23. CHEE CHERN HUAN	2,045,000	0.51
24. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YONG KWEE LIAN (8072390)	2,000,000	0.50
25. GOH BUCK CHOOI	2,000,000	0.50
26. ONG KIAN SHIN	2,000,000	0.50
27. YONG KWEE LIAN	2,000,000	0.50
28. SURINDER SINGH A/L RANBIR SINGH	1,891,666	0.47
29. CIMSEC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,811,550	0.45
30. PUA SOON	1,772,000	0.44
	301,254,276	**75.09**

DIRECTORS' WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS AS AT 2 SEPTEMBER 2014

	Direct		Indirect	
Name	**No. of Warrants Held**	**% of Issued Warrant**	**No. of Warrants Held**	**% of Issued Warrant**
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	386,400	0.10	516,664[(1)]	0.13
Dato' Dr. Tan Kee Kwong	-	-	-	-
Freddie Pang Hock Cheng	46,400	0.01	-	-
Dr. Wong Chiang Yin	-	-	-	-
Dr. Chan Boon Kheng	-	-	-	-
Gary Ho Kuat Foong	-	-	-	-
Claire Lee Suk Leng	-	-	-	-

Notes:

[(1)] *Deemed interested by virtue of his spouse and children's interest pursuant to Section 134 of the Companies Act, 1965.*

Notice Of The 11th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 11th Annual General Meeting of the Company will be held at Auditorium, Tropicana Medical Centre, No. 11, Jalan Teknologi, Taman Sains Selangor 1, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 October 2014 at 4.30 p.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 May 2014 and the Reports of Directors and Auditors thereon. — Ordinary Resolution 1

2. To approve a final single tier dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 May 2014 — Ordinary Resolution 2

3. To re-elect Dr. Chan Boon Kheng who is retiring in accordance with Articles 96(1) of the Company's Articles of Association:- — Ordinary Resolution 3

4. To re-appoint Auditors of the Company and authorise the Directors to determine their remuneration. — Ordinary Resolution 4

5. As Special Business to consider and if thought fit, to pass the following Resolution, with or without modifications: -

   ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES

   "THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being." — Ordinary Resolution 5

6. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final single tier dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 May 2014, if approved by shareholders, will be paid on 12 November 2014 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 28 October 2014.

A Depositor shall qualify for entitlement only in respect of:-

(i) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 28 October 2014 in respect of transfers; and

(ii) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

SEOW FEI SAN
MOK MEE KEE
Company Secretaries

Petaling Jaya
29 September 2014

Notes to the Notice of the 11th Annual General Meeting:

1. *Only depositors whose names appear in the Record of Depositors as at 15 October 2014 shall be regarded as members and entitled to attend, speak and vote at the meeting.*

2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

3. *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*

4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*

7. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.*

8. *Explanatory Notes on Special Business:-*

   Resolution 5 – Authority to Issue Shares

   The proposed Resolution 5, if passed, will give the Directors of the Company, from the date of the 11th Annual General Meeting, authority to issue shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the 10th Annual General Meeting held on 25 October 2013 and which will lapse at the conclusion of the 11th Annual General Meeting.

   The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

9. *Re-election of Directors who retire by rotation in accordance with Article 96(1)*

   Mr. Freddie Pang Hock Cheng who retires in accordance with Article 96(1) of the Company's Articles of Association has expressed his intention not to seek re-election. Hence, the resolution pertaining to his re-election will not be put up for shareholders' approval at the forthcoming annual general meeting and he will retain office until the close of the 11th Annual General Meeting of the Company.

This page has been intentionally left blank

TMC LIFE SCIENCES BERHAD
(624409-A)

PROXY FORM

I/We ______________________________ (BLOCK LETTERS)

NRIC No./Company No. ______________________________ of

____

being (a) Member(s) of TMC LIFE SCIENCES BERHAD (624409-A) hereby appoint ______________________________

______________________________ of

____

or failing him/her, ______________________________ of

____

or failing him/her, the Chairman of Meeting, as *my/our proxy, to vote for *me/us and on *my/our behalf at the 11th Annual General Meeting of the Company to be held at Auditorium, Tropicana Medical Centre, No. 11, Jalan Teknologi, Taman Sains Selangor 1, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 October 2014 at 4.30 p.m., or at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		

Please indicate with an "X" in the space provided above how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, your proxy will vote or abstain at his/her discretion.

Dated this .... day of ...., 2014.

No. of Shares Held	

____
Signature

Notes :-

1. Only depositors whose names appear in the Record of Depositors as at 15 October 2014 shall be regarded as members and entitled to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.

Lastly, fold this flap for sealing

Fold here

Affix
Stamp
Here

The Company Secretary
TMC Life Sciences Berhad
802, 8th Floor, Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Fold here