

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2008**

**A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134  
INTERIM FINANCIAL REPORTING**

**A1 BASIS OF PREPARATION**

The interim report is prepared in accordance with FRS134 "Interim Financial Reporting" and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The accounting policies and method of computation adopted for this quarterly report are consistent with those adopted in the annual financial statements for the year ended 31 December 2007.

**A2 CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 and the following FRSs and amendments are effective for the financial periods beginning on or after 1 October 2006:

- (i) FRS 6 Exploration for and Evaluation of Mineral Resources;
- (ii) Amendment to FRS 119<sub>2004</sub> Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures; and
- (iii) Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation; and
- (iv) FRS 124 Related Party Disclosures.

FRS 6 is not relevant to the Group's operations. FRS 124, FRS 119<sub>2004</sub> (amended) and FRS 121 (amended) have been adopted by the Group for the financial period beginning 1 January 2007.

**A3 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

There were no audit qualifications on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 December 2007.

**A4 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Group is not significantly affected by any seasonal or cyclical factors.

**A5 UNUSUAL ITEMS**

During the current quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

**A6 CHANGE IN ESTIMATES**

There were no material changes in the nature and amount of estimates reported that have a material effect in the current quarter under review.

A7 ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities in the current quarter under review.

A8 PROPERTY, PLANT AND EQUIPMENT

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

A9 DIVIDEND PAID

There were no dividends paid in the current quarter under review.

A10 SEGMENTAL INFORMATION

The Group operates wholly in Malaysia and has only one business segment which is in gynaecological, fertility services, cord blood banking, research and development in life sciences.

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

There were no material events subsequent to 31 March 2008 and up to the date of this report.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the group in the quarter under review.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided a corporate guarantee to a licensed financial institution for banking facilities totaling RM35 million granted to a wholly owned subsidiary company. The banking facilities are for financing the construction of the Group's hospital. Arising from this, the Company is contingently liable for the amount utilized by its subsidiary company of approximately RM3.3 million as at 31 March 2008.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 March 2008 are as follows:

	<b>RM '000</b>
Approved and contracted for	75,565
Paid up to 31 March 2008	<u>(40,715)</u>
	<u>34,850</u>

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company and/or its subsidiaries	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 31 Mar 2008 RM	Cumulative Quarter Ended 31 Mar 2008 RM
Damansara Women's Specialist Centre Sdn Bhd	SS Lee Medical Services Sdn Bhd	Company connected with a Director and substantial shareholder of the Company	Rental of business premises	105,000	105,000
Damansara Fertility Centre Sdn Bhd	Dr Lee Soon Soo	Director and substantial shareholder of the Company	Rental of premise	3,600	3,600

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

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")**

B1 REVIEW OF PERFORMANCE

For the 3 months ended 31 March 2008("FY2008"), group revenue grew 17.50% to RM8.18 million compared to RM6.96 million achieved in FY2007. This was mainly due to growing business in the Group's five fertility treatment branches nationwide.

At the same time, FY2008 group profit after taxation decreased to RM2.02 million, a drop of 19.5% compared to RM2.51 million achieved in FY2007.

The improved group revenue is due to greater public awareness on the group's fertility treatment services, while the lower group profit after taxation was principally due to increased operating expenses, as a result of:

- 1) Expansion in human resources in preparation for the Group's flagship tertiary hospital, Tropicana Medical Centre, which is scheduled to commence operations this year, and
- 2) Increase in marketing and related expenditure for the prepaid subscription-based healthcare wellness program. The sales arising from the healthcare wellness program is capitalized in the balance sheet as "Advance Payment".

Review of performance	Current quarter under review			Cumulative quarters under review		
	Current quarter (RM'mil)	Preceding year corresponding quarter (RM'mil)	Changes %	Current period (RM'mil)	Preceding year corresponding period (RM'mil)	Changes %
Revenue	8.18	6.96	17.5%	8.18	6.96	17.5%
Profit after taxation	2.02	2.51	-19.5%	2.02	2.51	-19.5%

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a revenue and profit before taxation of RM8.18 million and RM2.56 million respectively for the current quarter as compared to RM8.84 million and RM2.53 million respectively in the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2008

Barring any unforeseen circumstances, the Board is optimistic of the Group's performance in the financial year ending 31 December 2008.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as there was no profit forecast or profit guarantee.

B5 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
Malaysian income tax:				
- current taxation	645,800	869,570	645,800	869,570
- deferred taxation	-	-	-	-
<b>Total</b>	<b>645,800</b>	<b>869,570</b>	<b>645,800</b>	<b>869,570</b>

The effective tax rate of the Group for the period ended 31 March 2008 approximates the statutory tax rate.

B6 PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no purchases or disposals of unquoted investment and/or properties during the current financial period under review.

B7 QUOTED SECURITIES

There were no purchases or disposals of quoted securities during the current financial period under review.

B8 SIGNIFICANT EVENT

The Company had in March 2008 entered into two Sale & Purchase Agreements to acquire the shares in Srigim Medical Centre Sdn Bhd and the land and building occupied by the medical center located in Penang for a total consideration of RM13.456 Million. These transactions are subject to shareholders' approval at the forthcoming Extraordinary General Meeting and the relevant regulatory authorities.

B9 STATUS OF CORPORATE PROPOSAL

The Board of Directors has recommended the transfer of the Company's listing from the MESDAQ Market to the Main Board of Bursa Malaysia Securities Berhad. To this end, it was proposed that the authorized share capital be increased to RM100,000,000 and the Proposed Renounceable Rights Issue of 185,163,000 new ordinary shares on the basis of 1 Rights Share for every 1 existing ordinary share held, at a tentative price of RM0.20 per Rights Share, followed by a Proposed Bonus Issue of 231,453,750 new shares on the basis of 5 Bonus Shares for every 4 Rights Shares subscribed. These proposals are subject to shareholders' approval at the forthcoming Extraordinary General Meeting and the relevant regulatory authorities.

B10 STATUS OF UTILISATION OF LISTING PROCEEDS

The Company had on 10 September 2007 raised a total of RM18,516,300 via a private placement for working capital purposes. The proceeds had been fully utilized during the quarter under review.

B11 BORROWINGS

As at 31 March 2008 the Group had a secured long term borrowing of RM3.3 million.

B12 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at the date of this report.

B13 MATERIAL LITIGATION

There were no material litigations as at the date of this report.

B14 DIVIDENDS

The Board had recommended a first and final tax exempt dividend under the single-tier system of 7.5% per ordinary share for the financial year ended 31 December 2007 subject to the shareholders' approval at the forthcoming Annual General Meeting. The book closure date for the purpose of determining the shareholders' entitlements to the said dividends will be announced at a later date.

B15 EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
<b>Basic earnings per share (EPS)</b>	31/03/2008	31/03/2007	31/03/2008	31/03/2007
Net profit attributable to shareholders	2,019,144	2,508,610	2,019,144	2,508,610
Weighted average number of ordinary shares in issue ('000)	185,163	168,330	185,163	168,330
<b>EPS (sen)</b>	1.09	1.49	1.09	1.49