

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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 119₂₀₀₄ 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 119₂₀₀₄ (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 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 30 June 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 RM11.04 million as at 30 June 2008.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 June 2008 are as follows:

| | RM '000 |
|-----------------------------|-----------------|
| Approved and contracted for | 89,087 |
| Paid up to 30 June 2008 | <u>(56,784)</u> |
| | <u>32,303</u> |

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

| The Company and/or its subsidiaries | Transacting Parties | Relationship | Nature of Transactions | Current Quarter Ended 30 June 2008 RM | Cumulative Quarter Ended 30 June 2008 RM |
|--|---------------------------------|--|-----------------------------|---------------------------------------|--|
| Tropicana Medical Centre (M) Sdn Bhd (formerly known as 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 | 210,000 | 210,000 |
| TMC Women's Specialist Holdings Sdn Bhd (formerly known as Damansara Fertility Centre Sdn Bhd) | Dr Lee Soon Soo | Director and substantial shareholder of the Company | Rental of premise | 7,200 | 7,200 |

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 6 months ended 30 June 2008("FY2008"), group revenue grew 12.96% to RM16.67 million compared to RM14.76 million achieved in FY2007. This was mainly due to growing business in the Group's five fertility treatment branches nationwide (the fifth and the latest branch opened in Kuantan in September 2007) and contribution from stem cell storage business from September 2007.

However for the 6 month ended 30 June 2008, the group profit after taxation decreased to RM3.18 million, a drop of 37.86% compared to RM5.11 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 stem cell storage business and 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 (RM'mil) | Preceding year corresponding quarter (RM'mil) | Changes % | Current period (RM'mil) | Preceding year corresponding period (RM'mil) | Changes % |
|-----------------------|--------------------------|---|-----------|-------------------------|--|-----------|
| Revenue | 8.49 | 7.79 | 8.94% | 16.67 | 14.76 | 12.96% |
| Profit after taxation | 1.26 | 2.61 | -51.65% | 3.18 | 5.11 | -37.86% |

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved revenue and profit before taxation of RM8.49 million and RM1.36 million respectively for the current quarter as compared to RM8.18 million and RM2.56 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.

B5 TAXATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------|--------------------|----------------|--------------------|------------------|
| | QUARTER ENDED | QUARTER ENDED | PERIOD ENDED | PERIOD ENDED |
| | 30 Jun 2008 | 30 Jun 2007 | 30 Jun 2008 | 30 Jun 2007 |
| Malaysian income tax: | | | | |
| - current taxation | 96,200 | 941,330 | 742,000 | 1,810,900 |
| - deferred taxation | - | - | - | - |
| Total | 96,200 | 941,330 | 742,000 | 1,810,900 |

The effective tax rate of the Group for the period ended 30 June 2008 is lower than the statutory tax rate due to the tax incentive enjoyed by one of the subsidiaries.

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

There was no significant event in the quarter under review.

B9 STATUS OF CORPORATE PROPOSAL

- (i) 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 were approved by the shareholders at the Extraordinary General Meeting held on 30 June 2008. The purchase of the land and building was completed in July 2008. The Company expects to complete the purchase of the shares in Srigim Medical Centre Sdn Bhd before the end of September 2008.

- (ii) 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 the authorized share capital be increased to RM100,000,000 and the issue of 185,163,000 new ordinary shares via a 1 Rights Share for 1 existing ordinary share held at a tentative price of RM0.20 per Rights Share, followed by the Proposed Bonus Issue of 231,453,750 new shares on the basis of 5 Bonus Shares for every 4 Rights Shares subscribed. These proposals were approved by the shareholders at the Extraordinary General Meeting held on 30 June 2008. The Proposed Rights Issue and Proposed Transfer has been approved by the Securities Commission on 1 July 2008 subject to terms and conditions to be fulfilled in due course. The Company expects to complete these proposals before the end of the year.

B10 STATUS OF UTILISATION OF LISTING PROCEEDS

Not applicable.

B11 BORROWINGS

As at 30 June 2008 the Group had a secured long term borrowing of RM11.04 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 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 amounting to RM1,388,723 was approved by the shareholders in the Annual General Meeting held on 30 June 2008 and was paid on 25 July 2008.

B15 EARNINGS PER SHARE

| | QUARTER ENDED | QUARTER ENDED | PERIOD ENDED | PERIOD ENDED |
|--|---------------|---------------|--------------|--------------|
| Basic earnings per share (EPS) | 30 Jun 2008 | 30 Jun 2007 | 30 Jun 2008 | 30 Jun 2007 |
| Net profit attributable to shareholders | 1,213,458 | 2,606,056 | 3,232,598 | 5,114,666 |
| Weighted average number of ordinary shares in issue ('000) | 185,163 | 168,330 | 185,163 | 168,330 |
| EPS (sen) | 0.66 | 1.55 | 1.75 | 3.04 |