

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

### **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 2006.

#### **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 2006 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 2006.

#### **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, save for the issuance of 16,833,000 new ordinary shares of RM0.10 each in the Company pursuant to the private placement described in B8 below.

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

The Board had declared a First and Final dividend of 10% per share less 27% income tax for the year ended 31 December 2006. The dividend was paid on 27 July 2007.

A10 SEGMENTAL INFORMATION

The Group operates wholly in Malaysia and has only one business segment which is in gynaecological, fertility services, 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 September 2007 and up to the date of this report.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

On 12 September 2007, the Company announced that TMC Women's Specialist (Kuantan) Sdn Bhd, a 80% owned subsidiary, was incorporated on 7 September 2007 with an issued and paid-up share capital of RM5 divided into 5 ordinary shares of RM1 each. The principal activities are the provision of fertility services and establishment of women's clinic.

On 12 September 2007, the Company announced that Stemtech International Sdn Bhd, a 90% owned subsidiary, was incorporated on 7<sup>th</sup> September 2007 with an issued and paid up share capital of RM100 divided into 100 ordinary shares of RM1 each. The principal activities are stemcells collection, storage and research and development.

Save as disclosed above, there were no other changes in the composition of the Group during the current quarter under review.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided a corporate guarantee to a licensed bank 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.

## A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 September 2007 are as follows:

|                                 |                 |
|---------------------------------|-----------------|
|                                 | <b>RM '000</b>  |
| Approved and contracted for     | 47,031          |
| Payment up to 30 September 2007 | <u>(28,848)</u> |
|                                 | <u>18,183</u>   |

## A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

| The Company and/or its subsidiaries         | Transacting Parties             | Relationship                                                                 | Nature of Transactions      | Current Quarter Ended 30 Sept 2007 RM | Cumulative Quarter Ended 30 Sept 2007 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                               | 315,000                                  |
| Damansara Fertility Centre Sdn Bhd          | Dr Lee Soon Soo                 | Director and substantial shareholder of the Company                          | Rental of premise           | 3,600                                 | 10,800                                   |

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 current quarter under review, the Group achieved a revenue and profit after taxation of RM8.03 million and RM2.61 million respectively. Compared to the preceding year corresponding quarter, the Group's revenue and profit after taxation grew by 27% and 30% respectively.

For the nine months ended 30 September 2007, the Group achieved a revenue of RM22.79 million, representing an increase of 23% as compared to the previous year's same period. In tandem with higher revenue, the Group's profit after taxation improved by 17% to RM7.75 million.

| 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               | 8.03                         | 6.30                                           | 27.5%     | 22.79                            | 18.47                                         | 23.4%     |
| Profit after taxation | 2.61                         | 2.01                                           | 29.9%     | 7.75                             | 6.61                                          | 17.2%     |

**B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS**

The Group achieved a revenue and profit before taxation of RM8.03 million and RM3.52 million respectively for the current quarter as compared to RM7.79 million and RM3.55 million respectively in the preceding quarter.

**B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

Barring any unforeseen circumstances, the Board is optimistic of the Group's performance in the financial year ending 31 December 2007.

**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     |
|                       | 30.Sep.07          | 30.Sep.06      | 30.Sep.07          | 30.Sep.06        |
| Malaysian income tax: |                    |                |                    |                  |
| - current taxation    | 915,794            | 769,525        | 2,699,694          | 2,333,789        |
| <b>Total</b>          | <b>915,794</b>     | <b>769,525</b> | <b>2,699,694</b>   | <b>2,333,789</b> |

The effective tax rate of the Group for the period ended 30 September 2007 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 STATUS OF CORPORATE PROPOSAL**

The proposed private placement of 16,833,000 new ordinary shares of RM0.10 each in the Company announced on 31 May 2007 had been successfully completed and listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 14 September 2007. The shares were issued at RM1.10 per share with net proceeds of RM18,349,558 raised from the exercise. The issued and paid up share capital of the Company after the completion of the exercise at the end of the quarter was RM18,516,300.

## B9 STATUS OF UTILISATION OF LISTING PROCEEDS

The Company raised RM15.998 million during its Initial Public Offering exercise in October 2005 and the details of the utilisation of proceeds up to 30 September 2007 are as follows:-

| Purpose                                                      | Proposed Utilisation<br>RM'000 | Transfer<br>(to)/from | Actual Utilisation<br>RM'000 | Deviation                     |           |
|--------------------------------------------------------------|--------------------------------|-----------------------|------------------------------|-------------------------------|-----------|
|                                                              |                                |                       |                              | Unutilised Proceeds<br>RM'000 | %         |
| R & D Projects                                               | 6,000                          | -                     | 5,829                        | 171                           | 3%        |
| Part finance of the construction of Tropicana Medical Centre | 6,000                          | -                     | 6,000                        | -                             | 0%        |
| Local and regional expansion                                 | 1,500                          | -                     | 1,478                        | 22                            | 1%        |
| Working capital                                              | 498                            | 537                   | 1,035                        | -                             | 0%        |
| Listing expenses*                                            | 2,000                          | *(537)                | 1,463                        | -                             | 0%        |
| <b>Total</b>                                                 | <b>15,998</b>                  | <b>-</b>              | <b>15,805</b>                | <b>193</b>                    | <b>1%</b> |

\* Balance of unutilised proceeds allocated for listing expenses transferred to working capital.

## B10 BORROWINGS

As at 30 September 2007, the Group had a secured long term borrowing of RM1.7 million.

## B11 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

## B12 MATERIAL LITIGATION

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

## B13 DIVIDENDS

There were no dividends declared for the quarter under review.

## B14 EARNINGS PER SHARE

|                                                            | INDIVIDUAL QUARTER |               | CUMULATIVE QUARTER |              |
|------------------------------------------------------------|--------------------|---------------|--------------------|--------------|
|                                                            | QUARTER ENDED      | QUARTER ENDED | PERIOD ENDED       | PERIOD ENDED |
| <b>Basic earnings per share (EPS)</b>                      | 30.Sep.07          | 30.Sep.06     | 30.Sep.07          | 30.Sep.06    |
| Net profit attributable to shareholders                    | 2,641,167          | 2,006,164     | 7,782,833          | 6,606,145    |
| Weighted average number of ordinary shares in issue ('000) | 169,378            | 168,330       | 169,378            | 168,330      |
| <b>EPS (sen)</b>                                           | 1.56               | 1.19          | 4.59               | 3.92         |