

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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 paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Board.

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 2008.

A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted in this Interim Financial Report are consistent with those of the audited financial statements for the year ended 31 December 2008.

A3 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications in the annual financial statements of the Company and its subsidiaries for the financial year ended 31 December 2008.

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 was 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 DIVIDENDS PAID

Not applicable.

A10 SEGMENTAL INFORMATION

The Group operates mainly in Malaysia and currently is involved in the healthcare sector which includes providing specialist healthcare services in its new multi disciplinary tertiary hospital, gynecological, fertility services, stem cell banking/therapy and research and development in life sciences.

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

On 13th August 2009, TMC Properties Sdn. Bhd. ("TMCP") (formerly known as TMC Fertility (Penang) Sdn. Bhd.) had entered into three (3) Sale and Purchase Agreements with Pilihan Megah Sdn. Bhd. ("PMSB") to acquire three (3) units of three and a half storey (3 ½) shop office for a total cash consideration of RM8.93 million. On 28th October 2009, TMCP revoked the purchase of 2 units of the said properties amounting to RM5.96 million and entered into two (2) Deeds of Revocation with PMSB.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

Not applicable.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided a corporate guarantee to a licensed financial institution for banking facilities totaling RM58.0 million granted to a wholly owned subsidiary company. The banking facilities are primarily for financing the construction and equipping of the Group's flagship hospital. Arising from this, the Company is contingently liable for the amount utilized by its subsidiary company of approximately RM44.7 million as at 30 September 2009.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 September 2009 are as follows:

| | RM '000 |
|------------------------------|-----------------|
| Approved and contracted for | 76,263 |
| Paid up to 30 September 2009 | <u>(67,078)</u> |
| | <u>9,185</u> |

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

| The Company and/or its subsidiaries | Transacting Parties | Relationship | Nature of Transactions | Current Quarter Ended 30 Sep 09 RM | Cumulative Quarter Ended 30 Sep 09 RM |
|---|-----------------------|---|-----------------------------|------------------------------------|---------------------------------------|
| Tropicana Medical Centre (M) Sdn Bhd | Dato' Dr Lee Soon Soo | Director and substantial shareholder of the Company | Rental of business premises | 52,500 | 262,500 |
| TMC Women's Specialist Holdings Sdn Bhd | Dato' 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 9 months ended 30 September 2009, the group revenue grew 33.6% to RM34.24 million compared to RM25.63 million achieved in the corresponding period in the previous year. This was mainly due to new revenue streams from Tropicana Medical Centre (Penang) Sdn. Bhd. acquired since September 2008, the opening of the flagship multi disciplinary tertiary hospital in December 2008 and sales from the wellness program.

However for the 9 months ended 30 September 2009, the group registered a loss after taxation and minority interests of RM6.75 million as compared to a profit after tax and minority interests of RM3.74 million achieved in the corresponding period in the previous year. Expansion in human resources for the Group's flagship tertiary hospital, increased in operating expenses, depreciation and finance costs were the main reasons for the loss.

| 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 | 12.25 | 8.97 | 36.57% | 34.24 | 25.63 | 33.59% |
| (Loss)/Profit after taxation and minority interest | (1.91) | 0.51 | -474.51% | (6.75) | 3.74 | -280.48% |

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue and loss before taxation of RM12.25 million and RM1.98 million respectively for the current quarter as compared to a revenue of RM11.81 million and a loss before taxation of RM2.17 million in the preceding quarter.

The key contributor for the increase in revenue of RM0.44 million and corresponding decrease in loss before taxation of RM0.19 million was due to the increase in activities in the flagship hospital in Kota Damansara, Selangor and sales from the wellness program during the quarter under review as compared to the preceding quarter.

B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2009

In spite of the current difficult economic environment, the Board is cautiously optimistic that the prospects of the Group in long term remain bright. This optimism is premised on the increasing level of the activities of the Group's flagship multi disciplinary tertiary hospital located in Kota Damansara, Selangor, continued encouraging demand experience by the fertility centres and the positive response for our wellness program.

B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable.

B5 TAXATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------|--------------------|---------------|--------------------|----------------|
| | QUARTER ENDED | QUARTER ENDED | PERIOD ENDED | PERIOD ENDED |
| | 30 Sep 2009 | 30 Sep 2008 | 30 Sep 2009 | 30 Sep 2008 |
| Malaysian income tax: | | | | |
| - current taxation | 26,896 | 7,526 | 95,354 | 749,526 |
| - deferred taxation | - | - | (35,534) | - |
| Total | 26,896 | 7,526 | 59,820 | 749,526 |

The effective tax rate of the Group for the period ended 30 September 2009 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

There were no corporate proposals in this quarter except the following:

On 18 September 2008, the Company entered into a Memorandum of Understanding with Berjaya Corporation Berhad and Viet Ha Corporation to establish a formal relationship in order to jointly carry out activities relating to the design, construction, furnishing, equipping and operating of a hospital in or near Hanoi, Vietnam.

Further to the announcement made on 18 September 2008, the parties to the Memorandum of Understanding (MOU) have mutually agreed to extend the duration of the MOU for a further period of twelve (12) months from 17 September 2009 until 17 September 2010.

B10 BORROWINGS

The Group's borrowings as at 30 September 2009 are as follows:-

| | Long Term (RM million) | Short Term (RM million) | Total (RM million) |
|--------------|---------------------------|----------------------------|-----------------------|
| Secured | 40.53 | 2.30 | 42.83 |
| Unsecured | - | - | - |
| Total | 40.53 | 2.30 | 42.83 |

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 proposed in the quarter under review.

B14 EARNINGS PER SHARE

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|---------------|--------------------|--------------|
| | QUARTER ENDED | QUARTER ENDED | PERIOD ENDED | PERIOD ENDED |
| Basic earnings per share (EPS) | 30 Sep 2009 | 30 Sep 2008 | 30 Sep 2009 | 30 Sep 2008 |
| Net profit attributable to shareholders | (1,909,158) | 509,948 | (6,752,070) | 3,742,550 |
| Weighted average number of ordinary shares in issue ('000) | 601,780 | 185,163 | 601,780 | 185,163 |
| EPS (sen) - Basic | (0.32) | 0.28 | (1.12) | 2.02 |
| - Diluted | N/A | N/A | N/A | N/A |