

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2010

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

A1 BASIS OF PREPARATION

The interim report have been prepared in accordance with the requirements of Financial Reporting Standards (FRS) 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following new FRSs and IC Interpretations with effect from 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 132	Financial Instruments: Presentation (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS1	First-time Adoption of Financial Reporting Standard
Amendment to FRS2	Share-based Payment –Vesting conditions and Cancellations
Amendment to FRS7	Financial Instruments: Disclosures
Amendment to FRS8	Operating Segments
Amendment to FRS107	Statement of Cash Flows
Amendment to FRS108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS110	Events after the Reporting Period
Amendment to FRS116	Property, Plant & Equipment
Amendment to FRS117	Leases
Amendment to FRS118	Revenue
Amendment to FRS119	Employee Benefits
Amendment to FRS127	Consolidated and Separate Financial Statements
Amendment to FRS132	Financial Instruments: Presentation
Amendment to FRS134	Interim Financial Reporting
Amendment to FRS136	Impairment of Assets
Amendment to FRS138	Intangible Assets
IC Int.9	Reassessment of Embedded Derivatives
IC Int.10	Interim Financial Reporting and Impairment

## A2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

### i) FRS 101 : Presentation of Financial Statements

The FRS 101 introduces the statement of comprehensive income: presenting all items of income and expense recognized in the income statement, together with all the other items of recognized income and expense, either in one single statement, or in two linked statement. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statement. The FRS did not have any impact on the financial position and result of the Group.

### ii) FRS 117 : Leases

The amendments requires entity with existing leases of land and building to reassess the classification of land as finance or operating lease. Following the amendments, the Group has reclassified the existing leasehold land to property, plant and equipment, with no effect on reported profit or equity. However, as a result of the adoption of the amendments, comparative balances as at 31 December 2009 has been restated as follows:

	<b>As previously reported</b>	<b>Effect of adopting amendments to FRS117</b>	<b>As restated</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Property, plant and equipment	116,429,729	18,783,330	135,213,059
Prepaid land lease payments	18,783,330	(18,783,330)	-

### iii) FRS 139 : Financial Instruments : Recognition and Measurement

The FRS 139 establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This FRS did not have any significant impact on the financial position and results of the Group

#### **Impact on opening balance**

In accordance with the transitional provisions of FRS139, the changes are applied prospectively and the comparative as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the Statement of Financial Position as at 1 January 2010.

iii) FRS 139 : Financial Instruments : Recognition and Measurement (cont'd)

	<b>Previously stated RM</b>	<b>Effect of FRS139 RM</b>	<b>As restated RM</b>
<b><u>Assets</u></b>			
Long term receivables	-	1,472,251	1,472,251
Trade receivable	6,358,070	(2,043,092)	4,314,978
<b><u>Equity</u></b>			
Retained earnings	21,495,335	(570,842)	20,924,493

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 2009.

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

No dividend was paid in the current financial period ended 31 March 2010.

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 multi disciplinary tertiary hospital. The Group also provides fertility and gynecological services, stem cell banking and therapy, and research and development in life sciences.

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

There were no material events subsequent to 31 December 2009 and up to the date of this report.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

Not applicable.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Company has provided corporate guarantees to a licensed financial institution for banking facilities and suppliers amounting to RM58.0 million and RM3.0 million respectively. The guarantees were granted for the benefit of 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 RM53.93 million as at 31 March 2010.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 March 2010 are as follows:

	<b>RM '000</b>
Approved and contracted for	75,944
Paid up to 31 March 2010	<u>(67,462)</u>
	<u>8,482</u>

A15 SIGNIFICANT RELATED PARTY TRANSACTIONS

The directors are of the opinion that the transactions below 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.

The Company and/or its subsidiaries	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 31 Mar 10 RM	Cumulative Quarter Ended 31 Mar 10 RM
TMC Women's Specialist Holdings Sdn Bhd	Dato' Dr Lee Soon Soo	Director and substantial shareholder of the Company	Rental of premise	3,600	3,600
IVF Technologies sdn bhd	Dato' Dr Lee Soon Soo	Director and substantial shareholder of the Company	Rental of signage space	1,200	1,200

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

B1 REVIEW OF PERFORMANCE

For the 3 months ended 31 March 2010 ("1Q10"), group revenue grew 21.51% to RM12.37 million compared to RM10.18 million achieved in the corresponding period in the previous year. The improvement was mainly due to the increased revenues from the Group's flagship multi disciplinary tertiary hospital, as a result of the hospital now operating with more comprehensive services during the quarter under review than were offered in 1Q09. In addition, promotional activities of the hospital during the financial year ended 31 December 2009 helped in the market awareness of the hospital.

However the quarter under review saw the Group registering a loss after taxation and minority interests of RM2.62 million as compared to a loss after tax and minority interests of RM2.75 million recorded in the corresponding period in the previous year. The loss was due largely to the increased operating expenses, in tandem with expanded facilities and services offered at the hospital, as well as the higher depreciation and finance costs during the quarter.

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	12.37	10.18	21.51%	12.37	10.18	21.51%
(Loss)/Profit after taxation and minority interest	(2.62)	(2.75)	4.73%	(2.62)	(2.75)	4.73%

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

The Group recorded a revenue and loss before taxation of RM12.37 million and RM2.62 million respectively for 1Q10 as compared to a revenue of RM14.29 million and loss before taxation of RM1.74 million in the preceding quarter ("4Q09"). The decreased financial performance was mainly due to a quieter quarter which coincided with the festive season.

**B3 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010**

The Board is positive that the Group's revenue base will continue to increase in FY2010, spurred by the increased number of specialist doctors and support personnel at the flagship hospital, as well as ongoing promotional activities of the hospital's advanced facilities and services. In addition, the Group's other segments of fertility treatment, wellness program, and stem cell services will continue to contribute to the group revenue.

**B4 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE**

Not applicable.

**B5 TAXATION**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
Malaysian income tax:				
- current taxation	60,562	(15,345)	-	(15,345)
- prior year taxation	-	-	-	-
- deferred taxation	-	-	-	-
<b>Total</b>	<b>60,562</b>	<b>(15,345)</b>	<b>-</b>	<b>(15,345)</b>

**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.

There is no material development since the last announcement.

**B10 BORROWINGS**

The Group's borrowings as at 31 March 2010 are as follows:-

	Long Term (RM million)	Short Term (RM million)	Total (RM million)
Secured	38.66	12.27	50.93
Unsecured	-	-	-
<b>Total</b>	<b>38.66</b>	<b>12.27</b>	<b>50.93</b>

**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**

The Board had declared a first and final single tier dividend of 3% per ordinary share of RM0.10 each for the financial year ended 31 December 2009. The payment of the dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting and if approved, the dividend will be paid on 28 July 2010 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 25 June 2010.

**B14 EARNINGS PER SHARE**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
<b>Basic earnings per share (EPS)</b>				
Net (loss) / profit attributable to shareholders	(2,615,968)	(2,752,619)	(2,615,968)	(2,752,619)
Weighted average number of ordinary shares in issue ('000)	601,780	601,780	601,780	601,780
<b>(LPS)/EPS (sen) - Basic</b>	<b>(0.43)</b>	<b>(0.46)</b>	<b>(0.43)</b>	<b>(0.46)</b>
<b>- Diluted</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>