

Optimax Holdings Berhad

Registration No: 201801028697 (1290723-T)
(Incorporated in Malaysia)

**Unaudited Condensed Consolidated
Interim Financial Report
for the Second Quarter Ended
30 June 2023**

Optimax Holdings Berhad

Registration No: 201801028697 (1290723-T)
(Incorporated in Malaysia)

Unaudited condensed consolidated statement of financial position as at 30 June 2023

	Unaudited As at 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
Assets		
Property, plant and equipment	60,306	58,046
Right-of-use assets	12,084	9,949
Deferred tax assets	339	307
Total non-current assets	<u>72,729</u>	<u>68,302</u>
Inventories	5,328	4,291
Trade and other receivables	2,414	2,549
Prepayments	1,893	1,610
Current tax assets	607	406
Investment in financial assets ⁽¹⁾	2,970	4,919
Pledged deposits	1,117	1,107
Cash and cash equivalents	14,582	18,202
Total current assets	<u>28,911</u>	<u>33,084</u>
Total assets	<u>101,640</u>	<u>101,386</u>
Equity		
Share capital	39,072	39,072
Reserves	19,391	19,048
Total equity attributable to owners of the Company	<u>58,463</u>	<u>58,120</u>
Non-controlling interests	3,992	3,867
Total equity	<u>62,455</u>	<u>61,987</u>

Unaudited condensed consolidated statement of financial position as at 30 June 2023 (continued)

	Unaudited As at 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
Liabilities		
Deferred tax liabilities	2,776	2,777
Loans and borrowings	11,915	13,403
Lease liabilities	8,825	7,270
Total non-current liabilities	<u>23,516</u>	<u>23,450</u>
Loans and borrowings	3,157	3,808
Lease liabilities	2,266	1,655
Trade and other payables	9,001	9,323
Current tax liabilities	1,245	1,163
Total current liabilities	<u>15,669</u>	<u>15,949</u>
Total liabilities	<u>39,185</u>	<u>39,399</u>
Total equity and liabilities	<u>101,640</u>	<u>101,386</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.11 ⁽²⁾</u>	<u>0.11 ⁽²⁾</u>

⁽¹⁾ Investment in financial assets represents investment in the Affin Hwang Aiiman Money Market Fund with a redemption notice of only one (1) business day.

⁽²⁾ Net assets per share attributable to owners of the Company is calculated based on the share capital of 540,003,000 shares.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

Optimax Holdings Berhad

Registration No: 201801028697 (1290723-T)
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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the second quarter ended 30 June 2023

	← Unaudited →			
	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	27,898	27,654	53,989	50,911
Other income	116	38	153	73
Inventories and consumables	(6,070)	(5,994)	(11,680)	(10,933)
Staff costs	(10,887)	(9,909)	(21,474)	(19,554)
Depreciation expenses	(2,365)	(1,923)	(4,596)	(3,661)
Other expenses	(2,870)	(2,558)	(5,581)	(4,813)
Results from operating activities	5,822	7,308	10,811	12,023
Finance income	18	24	41	42
Finance costs	(340)	(336)	(703)	(727)
Profit before tax	5,500	6,996	10,149	11,338
Tax expense	(1,316)	(1,976)	(2,650)	(3,292)
Profit and total comprehensive income for the financial period	4,184	5,020	7,499	8,046
Profit and total comprehensive income attributable to:				
Owners of the Company	3,823	4,585	6,874	7,172
Non-controlling interests	361	435	625	874
Profit and total comprehensive income for the financial period	4,184	5,020	7,499	8,046
Earnings per ordinary share (sen) ⁽¹⁾				
- Basic earnings per ordinary share (sen)	0.71	0.85	1.27	1.33
- Diluted earnings per ordinary share (sen)	0.57	0.68	1.02	1.06

⁽¹⁾ Earnings per ordinary share is calculated based on the weighted average number of ordinary shares referred to in Note B9.

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

Optimax Holdings Berhad

Registration No: 201801028697 (1290723-T)
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Unaudited condensed consolidated statement of changes in equity for the second quarter ended 30 June 2023

	← Attributable to owners of the Company →				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Other reserves RM'000 ⁽¹⁾	Retained earnings RM'000			
Unaudited							
At 1 January 2022	39,071	-	(17,486)	33,453	55,038	2,704	57,742
Conversion of bonus warrants	1	-	-	-	1	-	1
Dividends to owners of the Company	-	-	-	(5,130)	(5,130)	-	(5,130)
Dividends to non-controlling interests	-	-	-	-	-	(560)	(560)
Profit and total comprehensive income for the financial period	-	-	-	7,172	7,172	874	8,046
At 30 June 2022	39,072	-	(17,486)	35,495	57,081	3,018	60,099
At 1 January 2023	39,072	-	(17,486)	36,534	58,120	3,867	61,987
Dividends to owners of the Company	-	-	-	(6,480)	(6,480)	-	(6,480)
Dividends to non-controlling interests	-	-	-	-	-	(510)	(510)
Changes in ownership interests in a subsidiary	-	-	-	(52)	(52)	10	(42)
Foreign currency translation differences for foreign operations	-	1	-	-	1	-	1
Profit and total comprehensive income for the financial period	-	-	-	6,874	6,874	625	7,499
At 30 June 2023	39,072	1	(17,486)	36,876	58,463	3,992	62,455

⁽¹⁾ This consists of business combination reserve of RM686,000 and restructuring reserve of RM16,800,000 arose from the restructuring exercise.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of cash flows for the first quarter ended 30 June 2023

	Unaudited Cumulative quarter ended 30 June	
	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Profit before tax	10,149	11,338
<i>Adjustments for:</i>		
Finance income	(41)	(42)
Finance costs	703	727
Depreciation of property, plant and equipment	3,484	2,749
Depreciation of right-of-use assets	1,117	912
Fair value gain on investment in financial assets	(47)	(60)
Operating profit before working capital changes	15,365	15,624
Changes in working capital:		
Inventories	(1,037)	(480)
Trade and other receivables	135	1,633
Prepayments	(283)	(72)
Trade and other payables	372	1,268
Cash generated from operations	14,552	17,973
Interest received	33	36
Interest paid	(274)	(276)
Tax paid	(2,802)	(2,289)
Net cash from operating activities	11,509	15,444
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6,480)	(3,704)
Deposits paid for acquisition of property, plant and equipment	-	(1,056)
Proceeds from disposal of property, plant and equipment	-	7
Net redemption from investment in financial assets	2,004	(4,200)
Changes in pledged deposits	(10)	(9)
Net cash used in investing activities	(4,486)	(8,962)

Unaudited condensed consolidated statement of cash flows for the second quarter ended 30 June 2023 (continued)

	Unaudited Cumulative quarter ended 30 June	
	2023 RM'000	2022 RM'000
Cash flows from financing activities		
Proceeds from conversion of bonus warrants	-	1
Dividends paid to owners of the Company	(6,480)	(5,130)
Dividends paid to non-controlling interests	(510)	(560)
Interest paid	(429)	(451)
(Repayment of)/Net increase in hire purchase liabilities	(1,901)	963
Repayment of term loans	(238)	(207)
Payment of lease liabilities	(1,086)	(851)
Net cash used in financing activities	(10,644)	(6,235)
Net (decrease)/increase in cash and cash equivalents	(3,621)	247
Effect of exchange rate fluctuations on translation reserve	1	-
Cash and cash equivalents at the beginning of financial period	18,202	18,525
Cash and cash equivalents at the end of financial period	14,582	18,772

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	Unaudited Cumulative quarter ended 30 June	
	2023 RM'000	2022 RM'000
Cash and cash equivalents	15,699	19,870
Pledged deposits	(1,117)	(1,098)
	14,582	18,772

Unaudited condensed consolidated statement of cash flows for the second quarter ended 30 June 2023 (continued)

(ii) Acquisition of property, plant and equipment

During the financial period, the Group acquired property, plant and equipment as follows:

	Unaudited Cumulative quarter ended 30 June	
	2023 RM'000	2022 RM'000
Paid in cash	5,744	3,604
Balances remained unpaid at financial period end	-	629
	<u>5,744</u>	<u>4,233</u>

During the financial period, the Group paid the remaining outstanding amounts in relation to property, plant and equipment acquired in the previous financial year of RM736,000 (30.06.2022: RM100,000).

In the corresponding financial quarter ended 31 March 2022, the Group had entered into hire purchase arrangement to fully finance the plant and equipment acquired in the previous financial year ended 31 December 2021 of RM2,679,000, which was initially funded out of the Group's internally generated funds in the previous financial year ended 31 December 2021.

Unaudited condensed consolidated statement of cash flows for the second quarter ended 30 June 2023 (continued)

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	← Unaudited →			
	At 1.1.2022 RM'000	Payments RM'000	Acquisition of new lease RM'000	At 30.6.2022 RM'000
Term loans	8,317	(207)	-	8,110
Hire purchase liabilities ⁽¹⁾	7,491	(1,716)	2,679	8,454
Lease liabilities	8,275	(851)	1,708	9,132
	<u>24,083</u>	<u>(2,774)</u>	<u>4,387</u>	<u>25,696</u>

	← Unaudited →				
	At 1.1.2023 RM'000	Payments RM'000	Acquisition of new lease RM'000	Remeasure- ment	At 30.6.2023 RM'000
Term loans	7,726	(238)	-	-	7,488
Hire purchase liabilities	9,485	(1,901)	-	-	7,584
Lease liabilities	8,925	(1,086)	3,164	88	11,091
	<u>26,136</u>	<u>(3,225)</u>	<u>3,164</u>	<u>88</u>	<u>26,163</u>

⁽¹⁾ In the corresponding financial quarter ended 31 March 2022, the Group had entered into hire purchase arrangement to fully finance the plant and equipment acquired in the previous financial year ended 31 December 2021 of RM2,679,000, which was initially funded out of the Group's internally generated funds in the previous financial year ended 31 December 2021.

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

The condensed consolidated interim financial report is unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and Rule 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The condensed consolidated interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the condensed consolidated interim financial report. The explanatory notes attached to the condensed consolidated interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

A2. Significant accounting policies

Except as described below, the same accounting policies and methods of computation are followed in this condensed consolidated interim financial report as compared with the audited financial statements for the financial year ended 31 December 2022.

As of 1 January 2023, the Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2023.

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules

The adoption of the above pronouncements did not have any material impact to the condensed consolidated interim financial report of the Group.

A3. Auditors' report

There was no qualified audit report issued by the auditors in the audited financial statements for the financial year ended 31 December 2022.

A4. Seasonal or cyclical factors

The nature of the Group's business was not subject to any significant seasonal and cyclical factors.

A5. Exceptional items

There were no material exceptional items during the current financial quarter under review.

A6. Material changes in accounting estimates

There were no material changes in accounting estimates for the current financial quarter under review.

A7. Material events subsequent to the statement of financial position date

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in the condensed consolidated interim financial report.

A8. Material changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review.

A9. Capital commitments

Outstanding capital commitments in respect of capital expenditure at financial position date not provided for at the end of each reporting period are as follows:

	Unaudited As at 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
Capital expenditure commitments		
Property, plant and equipment		
<i>Authorised and contracted for</i>	<u>9,141</u>	<u>4,198</u>

A10. Debt and equity securities

There were no other issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review, except as disclosed in Note B6.

A11. Dividends paid

On 30 March 2023, the Group paid a second interim tax-exempted dividend of 1.20 sen per ordinary share totalling to RM6,480,035 in respect of the financial year ended 31 December 2022.

There were no dividends paid during the current financial quarter under review.

A12. Operating segments

The Group does not have the reportable segments, as the services are managed indistinctly because they require the similar technology and marketing strategies. The internal management reports consist of performance from respective entities and classified as North, Central, South and East Malaysia. The Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the geographical segments results:

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	← Unaudited →			
	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue				
North Malaysia	4,510	4,904	9,135	9,250
Central Malaysia	16,723	15,483	31,868	29,143
South Malaysia	5,779	6,362	11,207	11,065
East Malaysia	886	905	1,779	1,453
	<u>27,898</u>	<u>27,654</u>	<u>53,989</u>	<u>50,911</u>

A13. Valuations of property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less accumulated impairment losses, if any.

A14. Contingencies

There were no contingent assets and contingent liabilities as at the date of this condensed consolidated interim financial report.

A15. Investment in financial assets

The investment in financial assets relates to the investment in short-term money market instruments.

A16. Related party transactions

Identity of related parties

For the purposes of this condensed consolidated interim financial report, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors and certain members of senior management of the Group.

The Group has related party relationship with a Director and companies in which a Director has financial interest.

Significant related party transactions

Significant related party transactions of the Group are as follows:

	← Unaudited →			
	Individual quarter		Cumulative quarter	
	ended 30 June 2023	ended 30 June 2022	ended 30 June 2023	ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
Transactions				
A. Directors				
Lease payments	29	30	58	59
B. Companies in which Directors have financial interests				
Lease payments	226	184	420	305
Sales of inventories	(6)	(36)	(12)	(158)
Service fees payables	-	3	-	3
Service fees receivable	(1)	(24)	(5)	(72)

A17. Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Unaudited 30.06.2023				
Financial assets				
Investment in financial assets	2,970	-	2,970	2,970
Financial liabilities				
Term loans	-	(7,947)	(7,947)	(7,488)
Hire purchase liabilities	-	(8,228)	(8,228)	(7,584)
	-	(16,175)	(16,175)	(15,072)
Audited 31.12.2022				
Financial assets				
Investment in financial assets	4,919	-	4,919	4,919
Financial liabilities				
Term loans	-	(8,200)	(8,200)	(7,726)
Hire purchase liabilities	-	(10,292)	(10,292)	(9,485)
	-	(18,492)	(18,492)	(17,211)

A17. Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Type	Description of valuation technique and inputs used
Term loans and hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the respective entities at the reporting date.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of financial performance

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Current financial quarter against corresponding financial quarter

	Unaudited Individual quarter ended 30 June		Variance %
	2023 RM'000	2022 RM'000	
Revenue	27,898	27,654	0.88
Profit before tax ("PBT")	<u>5,500</u>	<u>6,996</u>	(21.38)

The Group reported revenue of RM27.90 million for the current financial quarter under review. This represents a slight increase in revenue of approximately 0.88% against the corresponding financial quarter where revenue amounted to approximately RM27.65 million.

In April 2023, due to multiple ad-hoc public holidays and festive season, the growth momentum was affected during that period. The growth momentum gradually increased in May 2023 and June 2023. Additionally, during the quarter, the Penang and Ipoh operating theater room were closed for 2 weeks for upgrading works.

The decrease in profit before tax comparing to previous quarter is mainly due to increase in operating cost where additional staffs (ie doctors, nurse, optometrist and supporting staff) hired in advance for the upcoming expansion of new ambulatory care centres and satellite clinics/centres at the new location. Hence, staffs will be well trained in our existing centres before transferring them to the upcoming new ambulatory care centres and satellite clinics/centres.

Furthermore, the increase in depreciation expenses (related to property, plant, equipment, and right-of-use assets) also be attributed to the decrease in profit before tax in the current quarter as compared to the corresponding quarter. This increase in depreciation is primarily a result of the additional satellite clinic, with associated rental costs beginning to take effect during the current period.

In addition, during this quarter, the Group has incurred pre-operation costs (such as consultancy and professional expenses) related to the Cambodia ambulatory care centre.

All the above costs are expected to be normalised once the new ambulatory care centres/satellite clinics commence in Q3 and Q4 of FY2023.

B1. Review of financial performance (continued)**(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)****Current financial quarter against corresponding financial quarter (continued)**

In terms of geographical segmentation (as tabulated below), the Group recorded increase in revenue for Central region and recorded decrease in revenue for North region, South region and East region.

	Unaudited Individual quarter ended 30 June		Variance %
	2023 RM'000	2022 RM'000	
Revenue			
North Malaysia	4,510	4,904	(8.03)
Central Malaysia	16,723	15,483	8.01
South Malaysia	5,779	6,362	(9.16)
East Malaysia	886	905	(2.10)
	<u>27,898</u>	<u>27,654</u>	0.88

The decrease in the North Region is mainly due to the reasons explained in Section B1(a). Meanwhile, the decreases in South Malaysia and East Malaysia are mainly due to ad-hoc Public Holidays and festive season, which affected the number of business working days.

B1. Review of financial performance (continued)**(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)****Current financial period against corresponding financial period**

	Unaudited		Variance
	Cumulative quarter		
	ended 30 June		
	2023	2022	%
	RM'000	RM'000	
Revenue	53,989	50,911	6.05
PBT	10,149	11,338	(10.49)

The Group reported revenue of RM53.99 million for the current financial period, as compared to RM50.91 million in the corresponding financial period, representing an increase of RM3.08 million or 6.05%.

The decrease in PBT is mainly due to the below reasons:

- a. An increase in operating cost where additional staffs (ie doctors, nurse, optometrist and supporting staff) hired in advance for the upcoming expansion of new ambulatory care centres and satellite clinics/centres at the new location. Hence, staffs will be well trained in the existing centres before transferring them to the upcoming new ambulatory care centres and satellite clinics/centres.
- b. An increase in depreciation expenses (related to property, plant, equipment, and right-of-use assets) also be attributed to the decrease in profit before tax in the current quarter as compared to the corresponding quarter. This increase in depreciation is primarily a result of the additional satellite clinic, with associated rental costs beginning to take effect during the current period.
- c. Pre-operation costs (i.e., consultancy and professional costs) were incurred at the Cambodia ambulatory care centre.

All the above costs are expected to be normalised once the new ambulatory care centres/satellite clinics commence in Q3 and Q4 of FY2023.

B1. Review of financial performance (continued)**(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)****Current financial period against corresponding financial period (continued)**

In terms of geographical segmentation (as tabulated below), the Group recorded increase in revenue for all geographical segments except North Malaysia:

	Unaudited		Variance
	Cumulative quarter		
	ended 30 June		
	2023	2022	
	RM'000	RM'000	%
Revenue			
North Malaysia	9,135	9,250	(1.24)
Central Malaysia	31,868	29,143	9.35
South Malaysia	11,207	11,065	1.28
East Malaysia	1,779	1,453	22.44
	<u>53,989</u>	<u>50,911</u>	

The decrease in the North Malaysia segment is mainly due to the closure of the Penang and Ipoh operating theater room for 2 weeks for upgrading work to comply with plastic surgery requirements.

B2. Variation of results against immediate preceding financial quarter

	Unaudited		Variance %
	Individual quarter ended 30 June 2023 RM'000	31 March 2023 RM'000	
Revenue	27,898	26,091	6.93
PBT	5,500	4,649	18.31

The Group's revenue increased from RM26.09 million to RM27.90 million, which was an increase of 6.93%.

The increase in revenue was mainly due to fewer business days in the preceding financial quarter ended 31 March 2023 as compared to the current financial quarter. This difference is attributable to the festive Chinese New Year period in the month of January 2023, during which people tend to defer their surgeries until after the festive period, compounded by the shorter February month. However, the growth momentum was momentarily affected in April 2023, as multiple ad-hoc public holidays were declared by the Government and festive season. The growth momentum gradually normalised in May 2023 and June 2023.

The Group's PBT increased by RM0.85 million mainly due to the increase in revenue in the current financial quarter under review.

B3. Commentary on prospects

The inflationary pressure due to rising food and energy prices, and disrupted supply chains following the Russia-Ukraine war remain threats to both the local and global economy.

Nonetheless, the outlook for the healthcare industry remains robust which is in line with the Government's agenda. We are cautiously optimistic on the healthcare industry with all the expenditure from both public and private sectors. This is driven by the increase in demand and awareness from both local and foreign patients that are more health conscious.

The Group will continue to optimize its operational costs and seek strategic locations across Malaysia to set up more ambulatory care centres/satellite clinics to support its growth. With our maiden regional expansion into Cambodia, we will also be on the look out for potential valuable opportunities within the SEA region.

Accordingly, the Board of Directors is cautiously optimistic that the Group's prospects for the financial year ending on 31 December 2023 will remain favourable.

B4. Profit forecast

Not applicable as the Group does not publish any profit forecast.

B5. Tax expense

Tax expense comprises the following:

	← Unaudited →			
	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Current tax expense				
Current financial period	1,315	1,973	2,683	3,301
Deferred tax expense				
Current financial period	1	3	(33)	(9)
	<u>1,316</u>	<u>1,976</u>	<u>2,650</u>	<u>3,292</u>
Effective tax rate	23.93%	28.24%	26.11%	29.04%

The overall effective tax rates of 23.93% for individual quarter were lower than statutory tax rate due to over provision in previous quarter and 26.11% for cumulative quarter ended 30 June 2023 were higher than the statutory tax rate of 24% due to the non-deductible expenses incurred.

Income tax expense in the form of provision is recognised based on management's estimate.

B6. Loans and borrowings

Particulars of the Group's loans and borrowings are as follows:

	Note	Unaudited As at 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
Non-current			
Term loans – secured		7,005	7,346
Hire purchase liabilities	B6.1	4,910	6,057
		<u>11,915</u>	<u>13,403</u>
Current			
Term loans – secured		483	380
Hire purchase liabilities	B6.1	2,674	3,428
		<u>3,157</u>	<u>3,808</u>
		<u>15,072</u>	<u>17,211</u>

B6.1 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Unaudited 30.6.2023			
Less than one year	3,015	341	2,674
Between one to five years	5,238	328	4,910
	<u>8,253</u>	<u>669</u>	<u>7,584</u>
Audited 31.12.2022			
Less than one year	3,850	422	3,428
Between one to five years	6,539	482	6,057
	<u>10,389</u>	<u>904</u>	<u>9,485</u>

B7. Material litigation

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

B8. Dividends

The Board of Directors does not recommend any dividend for the current financial quarter under review.

B9. Earnings per ordinary share

The calculation of earnings per ordinary share at 30 June 2023 and 2022, was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Unaudited Individual quarter ended 30 June		Unaudited Cumulative quarter ended 30 June	
	2023	2022	2023	2022
Profit for the financial period attributable to owners of the Company (RM'000)	3,823	4,585	6,874	7,172
Basic earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	540,000	540,000	540,000	540,000
Effect on conversion of the bonus warrants ('000)	3	3	3	3
Adjusted weighted average number of ordinary shares ('000) ⁽¹⁾	540,003	540,003	540,003	540,003
Basic earnings per ordinary share (sen) ('000) ⁽²⁾	0.71	0.85	1.27	1.33
Diluted earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	540,000	540,000	540,000	540,000
Effect on conversion of the bonus warrants ('000)	3	3	3	3
Effect of dilution arising from conversion of all bonus warrants ('000)	134,997	134,997	134,997	134,997
Adjusted weighted average number of ordinary shares ('000) ⁽³⁾	675,000	675,000	675,000	675,000
Diluted earnings per ordinary share (sen) ('000) ⁽²⁾	0.57	0.68	1.02	1.06

B9. Earnings per ordinary share (continued)

- (1) Included the effects of the conversion of a total 1,500 bonus warrants which have been listed on 7 March 2022 and 27 April 2022 and the listing of and quotation for bonus shares on 9 May 2022.
- (2) The calculation of basic and diluted earnings per share have been adjusted retrospectively to reflect the changes in the number of Optimax Shares as disclosed in Note 1 above as per the requirement of MFRS 133, Earnings per Share, Paragraph 64.
- (3) Included the assumption that the remaining bonus warrants (issued on 30 December 2021) are converted to Optimax Shares (as at the date of this report, these bonus warrants have not been converted to Optimax Shares).

B10. Trade and other receivables

	Unaudited As at 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
Current Trade		
Trade receivables	1,177	1,181
Non-trade		
Other receivables	76	568
Deposits	1,161	800
	<u>1,237</u>	<u>1,368</u>
	<u>2,414</u>	<u>2,549</u>

(a) Ageing analysis of trade receivables

	Unaudited As at 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
Current (not past due)	664	631
1 – 30 days past due	2	38
31 – 120 days past due	28	36
More than 120 days past due	483	476
	<u>1,177</u>	<u>1,181</u>

Trade receivables that are past due have not been impaired as payments have been substantially received from these debtors subsequent to period end.

B11. Profit before tax

	← Unaudited →				
	Note	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Material expenses/ (income)					
Depreciation expenses					
- property, plant and equipment		1,773	1,449	3,484	2,749
- right-of-use assets		592	474	1,117	912
Fair value gain on investment in financial assets		(13)	(30)	(47)	(60)
Finance income					
- investment in financial assets		(3)	(3)	(8)	(6)
- cash and cash equivalents		(15)	(21)	(33)	(36)
Finance costs					
- term loans		87	71	171	177
- hire purchase liabilities		111	126	258	274
- lease liabilities		142	139	274	276
Proposed Transfer expenses		-	127	-	127
Expenses arising from leases					
Expenses relating to short-term leases	(i)	6	39	25	144
Expenses relating to leases of low-value assets	(ii)	10	11	19	19

- (i) The Group leases operation equipment with contract terms of less than 1 year. These leases are short-term in nature and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.
- (ii) The Group leases various office equipment with contract terms of 3 years. These leases are low-value in nature and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group did not report any other income including investment income, provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, foreign exchange gain or loss and gain or loss on derivatives.