



METRO HEALTHCARE BERHAD
(Registration No. 201001021746 (905516-M))
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2019**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES")**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY METRO HEALTHCARE BERHAD ("METRO" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2019 ⁽¹⁾

	As at 31.12.2019 Unaudited RM'000	As at 31.12.2018 Audited RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	12,765	12,887
Right-of-use assets	6,065	-
Other investment	2,720	2,519
Goodwill	360	713
Deferred tax assets	5	34
Total non-current assets	21,915	16,153
Current assets		
Inventories	1,139	727
Trade and other receivables	1,017	726
Tax recoverable	136	579
Cash and cash equivalents	5,542	4,478
Total current assets	7,834	6,510
TOTAL ASSETS	29,749	22,663
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to the owners of the Company		
Share capital	13,647	13,647
Retained earnings	3,416	2,220
Total equity	17,063	15,867
Non-current liabilities		
Borrowings	3,575	3,907
Deferred tax liabilities	411	321
Lease liabilities	6,020	-
Total non-current liabilities	10,006	4,228
Current liabilities		
Trade and other payables	2,071	2,130
Tax payables	120	215
Borrowings	238	223
Lease liabilities	251	-
Total current liabilities	2,680	2,568
TOTAL EQUITY AND LIABILITIES	29,749	22,663
Net assets per share (sen) ⁽²⁾	8.50	7.91



Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*
- (2) Net assets per share is calculated based on the Company's total number of issued shares of 200,650,000 ordinary shares as at 31 December 2019.*



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	11,708	10,454	22,709	20,276
Cost of sales	(6,199)	(6,075)	(12,433)	(11,407)
Gross profit	5,509	4,379	10,276	8,869
Other operating income	308	138	506	435
Other operating expenses	(3,976)	(3,310)	(7,054)	(6,709)
Operating profit	1,841	1,207	3,728	2,595
Finance cost	(253)	(42)	(293)	(106)
Profit before taxation	1,588	1,165	3,435	2,489
Taxation	(349)	5	(1,135)	(668)
Profit/Total comprehensive income for the financial period/year	1,239	1,170	2,300	1,821
Earnings per ordinary share ("EPS") (sen):				
- Basic	0.62	0.58	1.15	0.92
- Diluted ⁽²⁾	0.62	0.58	1.15	0.92

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) Diluted EPS is equivalent to the basic EPS as the Company does not have any securities convertible into ordinary shares of the Company at the end of the reporting period.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾

	Attributable to owners of the Company		
	Share capital RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2019	13,647	2,220	15,867
Profit/Total comprehensive income	-	2,300	2,300
Dividend paid	-	(1,104)	(1,104)
At 31 December 2019	13,647	3,416	17,063
At 1 January 2018	9,029	1,402	10,431
Profit/Total comprehensive income	-	1,821	1,821
Issuance of new ordinary shares	4,618	-	4,618
Dividend paid	-	(1,003)	(1,003)
At 31 December 2018	13,647	2,220	15,867

Note:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾

	12 months ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	3,435	2,489
<i>Adjustments for:</i>		
Depreciation	1,804	1,139
Finance cost	293	106
Finance income	-	(12)
Impairment of goodwill	353	-
Loss on disposal of investment in quoted shares	-	289
Net fair value loss/(gain) on investment in quoted shares	(199)	515
Dividend income from investment in quoted shares	(73)	(99)
Operating profit before changes in working capital	5,613	4,427
<i>Changes in working capital:</i>		
- Inventories	(412)	(59)
- Receivables	(291)	131
- Payables	(59)	(894)
Cash generated from operations	4,851	3,605
- Finance cost paid	(293)	(106)
- Finance income received	-	12
- Tax refunded	604	53
- Tax paid	(1,273)	(1,134)
Net cash generated from operating activities	3,889	2,430
Cash flows from investing activities:		
Acquisition of a subsidiary company, net of cash and cash equivalents acquired	-	(374)
Acquisition of property, plant and equipment	(1,273)	(2,071)
Investment in quoted shares	-	(1,253)
Proceeds from disposal of investment in quoted shares	-	1,256
Dividend received from investment in quoted shares	73	99
Net cash used in investing activities	(1,200)	(2,343)
Cash flows from financing activities		
Repayment of borrowings	(317)	(292)
Repayment of lease liabilities	(204)	-
Proceeds from issuance of new ordinary shares	-	4,618
Dividend paid	(1,104)	(1,003)
Net cash (used in)/generated from financing activities	(1,625)	3,323
Net increase in cash and cash equivalents	1,064	3,410
Cash and cash equivalents at beginning of the financial year	4,478	1,068
Cash and cash equivalents at end of the financial year	5,542	4,478



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾ (CONTINUED)

	12 months ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash and cash equivalents at end of the financial year comprise:		
Cash and bank balances	5,537	4,465
Fixed deposit with a licensed bank	5	5
	5,542	4,470

Note:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*



A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

A1. BASIS OF PREPARATION

Metro was incorporated in Malaysia under the Companies Act, 1965 on 23 June 2010 as a public limited company.

The interim financial statements of Metro and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard (“**MFRS**”) 134: Interim Financial Reporting.

This is the interim financial report on the consolidated results of the Group for the half-year ended 31 December 2019 announced by the Company in compliance with the LEAP Market Listing Requirements.

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Financial Statements for the financial year ended 31 December 2018, except for the following:

- MFRS 16, “Leases”
- Amendments to MFRS 3, “Business Combinations” (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 9, “Prepayment Features with Negative Compensation”
- Amendments to MFRS 11, “Joint Arrangement” (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 112, “Income Taxes” (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 119, “Employee Benefits”
- Amendments to MFRS 123, “Borrowing Costs” (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 128, “Long-term Interests in Associates and Joint Ventures”
- IC Interpretation 23, “Uncertainty over Income Tax Treatments”

The adoption of the above amendments to MFRSs do not have any significant financial impact on the results and financial position of the Group for the current financial year.



A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

A2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Accounting standards, amendments to accounting standards, IC Interpretation and amendments to IC Interpretation that are applicable for the Group in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards:

- Amendments to MFRS 2, “Share Based Payments”
- Amendments to MFRS 3, “Business Combinations”
- Amendments to MFRS 6, “Exploration for and Evaluation of Mineral Resources”
- Amendments to MFRS 14, “Regulatory Deferral Accounts”
- Amendments to MFRS 101, “Presentation of Financial Statements”
- Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors”
- Amendments to MFRS 134, “Interim Financial Reporting”
- Amendment to MFRS 137, “Provisions, Contingent Liabilities and Contingent Assets”
- Amendment to MFRS 138, “Intangible Assets”
- Amendment to IC Interpretation 12, “Service Concession Arrangements”
- Amendment to IC Interpretation 19, “Extinguishing Financial Liabilities with Equity Instruments”
- Amendment to IC Interpretation 20, “Stripping Costs in the Production Phase of a Surface Mine”
- Amendment to IC Interpretation 22, “Foreign Currency Transactions and Advance Considerations”
- Amendments to IC Interpretation 132, “Intangible Assets- Web Site Costs”
- Amendments to MFRS 3, “Business Combinations” (Definition of a Business)
- Amendments to MFRS Standards arising from Definition of Material:
 - Amendments to MFRS 101, “Presentation of Financial Statements”
 - Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors”
- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform:
 - Amendments to MFRS 7, “Financial Instruments: Disclosures”
 - Amendments to MFRS 9, “Financial Instruments”
 - Amendments to MFRS 139, “Financial Instruments: Recognition and Measurement”



A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

A2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Annual periods beginning on/after 1 January 2021

- MFRS 17, “Insurance Contracts”

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The above accounting standards, amendments to accounting standards and interpretations are not expected to have any significant impact to the financial statements of the Group.

A3. SEASONAL OR CYCLICAL FACTORS

The Group’s operations were not materially affected by seasonal or cyclical factors for the current financial period and financial year-to-date under review.

A4. UNUSUAL ITEMS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period and financial year-to-date under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in accounting estimates in the current financial period and financial year-to-date under review.

A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period and financial year-to-date under review.



A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

A7. SEGMENTAL REPORTING

In general, the Group's revenue can be categorised into 3 revenue streams, namely, inpatient services, outpatient services and ambulatory care as per the following table:

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Inpatient services	1,807	1,800	3,667	3,531
Outpatient services	4,833	4,626	9,588	8,887
Ambulatory care	5,068	4,028	9,454	7,858
Total	11,708	10,454	22,709	20,276

The Group recorded a revenue of RM22.71 million for the financial year ended 31 December 2019. Inpatient services, outpatient services and ambulatory care contributed 16%, 42% and 42% to the Group's revenue respectively for the financial year ended 31 December 2019.

The increase in revenue of outpatient services and ambulatory care services for the FYE 31 December 2019 was mainly due to improvements made to operations of existing centres and upgrading of the Group's Melaka specialist clinic to a reproductive medicine ambulatory care centre.

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial period that have not been reflected in this interim financial report.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial period and financial year-to-date.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

A11. CAPITAL COMMITMENTS

There were no additional material capital commitments in respect of property, plant and equipment as at the end of the current financial period.



B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Financial Year-To-Date vs Previous Financial Year-To-Date

The Group recorded a revenue of RM22.71 million for the financial year ended 31 December 2019, as compared to RM20.28 million in the previous financial year, representing an increase of RM2.43 million or 11.98% mainly as a result of the improved operations of ambulatory care and outpatient business units coupled with the upgrading of the Group's Melaka specialist clinic to a reproductive medicine ambulatory care centre, which include an in vitro fertilization (“IVF”) laboratory providing IVF services targeting patients from Melaka and Johor.

The Group recorded a gross profit of RM10.28 million for the financial year ended 31 December 2019, as compared to RM8.87 million in the previous financial year, representing an increase of RM1.41 million or 15.90% mainly as a result of the growth in revenue. The Group's gross profit margin for the financial year ended 31 December 2019 increased from 43.74% in the previous financial year to 45.25% which was mainly due to the improvements made to the operating procedures of existing centres.

The Group recorded a profit before taxation of RM3.44 million for the financial year ended 31 December 2019, as compared to RM2.49 million in the previous financial year, representing an increase of RM0.95 million or 38.15% mainly due to the increase in revenue and the improvements made to the operating procedures of existing centres.

Current Period vs Immediate Preceding Period

The Group recorded a revenue of RM11.71 million for the current financial period ended 31 December 2019, as compared to RM10.45 million in the immediate preceding period, representing an increase of RM1.26 million or 12.06% mainly as a result of the improved operations of ambulatory care and outpatient business units coupled with the upgrading of the Group's Melaka specialist clinic to a reproductive medicine ambulatory care centre, which include an IVF laboratory providing IVF services targeting patients from Melaka and Johor.

The Group recorded a gross profit of RM5.51 million for the current financial period ended 31 December 2019, as compared to RM4.38 million in the immediate preceding period, representing an increase of RM1.13 million or 25.80% was mainly due to the improvements made to the operating procedures of existing centres.

The Group recorded a profit before taxation of RM1.59 million for the current financial period ended 31 December 2019, as compared to RM1.17 million in the immediate preceding period, representing an increase of RM0.42 million or 35.90% mainly due to the increase in revenue and the improvements made to the operating procedures of existing centres.



**B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS
(CONTINUED)**

B2. PROSPECTS

The Group is implementing strategic plans in order to:

- establish Metro Healthcare as a trusted brand for women healthcare specialising in reproductive medicine, obstetrics and gynaecology;
- develop and retain a pool of talented specialists, doctors and management staff; and
- increase the number of the Group's healthcare outlets in Malaysia.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 December 2020 will remain favourable.

**B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT
GUARANTEE**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.



C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but pending completion as at the date of this report.

C2. UTILISATION OF PROCEEDS

The entire proceeds raised from the Excluded Issue of RM4.62 million was fully utilised in the following manner:

Purpose	Proposed utilisation	Actual utilisation ⁽¹⁾	Deviation	Balance	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	RM'000	
Business expansion	3,418	3,418	319	-	Within 24 months
Marketing and accreditation program	300	178	(122) ⁽²⁾	-	Within 12 months
Estimated listing expenses	900	703	(197) ⁽²⁾	-	Within 3 months
Total	4,618	4,618	-	-	

Notes:

(1) *Utilisation as at 31 December 2019.*

(2) *This amount has been reallocated to the amount earmarked for business expansion, in particular working capital.*

C3. MATERIAL LITIGATION

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

C4. DIVIDENDS

The Board of Directors has on 20 June 2019 declared a single tier interim dividend of 0.55 sen per ordinary share in respect of the financial year ended 31 December 2019. The interim dividend amounting to RM1,103,575 was paid on 10 July 2019.

On 20 February 2020, the Board of Directors recommended a single tier interim dividend of 0.60 sen per ordinary share in respect of the financial year ending 31 December 2020.