



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

**FINANCIAL STATEMENTS FOR THE 1ST HALF-YEAR
ENDED 30 JUNE 2020**

**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
30 JUNE 2020 ⁽¹⁾

	As at 30.06.2020 Unaudited RM'000	As at 31.12.2019 Audited RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	14,448	12,762
Right-of-use assets	7,042	6,065
Other investment	1,865	2,720
Goodwill	360	360
Deferred tax assets	6	5
Total non-current assets	23,721	21,912
Current assets		
Inventories	897	1,139
Trade and other receivables	1,148	936
Tax recoverable	237	95
Cash and cash equivalents	8,119	5,542
Total current assets	10,401	7,712
TOTAL ASSETS	34,122	29,624
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to the owners of the Company		
Share capital	15,105	13,647
Retained earnings	4,073	3,372
Total equity	19,178	17,019
Non-current liabilities		
Borrowings	3,596	3,575
Deferred tax liabilities	552	411
Lease liabilities	7,074	6,021
Total non-current liabilities	11,222	10,007
Current liabilities		
Trade and other payables	3,099	1,989
Tax payables	112	120
Borrowings	136	238
Lease liabilities	375	251
Total current liabilities	3,722	2,598
TOTAL EQUITY AND LIABILITIES	34,122	29,624
Net assets per share (sen) ⁽²⁾	9.48	8.48



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 2019 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 202,270,000 ordinary shares as at 30 June 2020 and 200,650,000 ordinary shares as at 31 December 2019 respectively.*



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020 ⁽¹⁾

	Individual 6 months ended		Cumulative 6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	11,140	11,001	11,140	11,001
Cost of sales	(6,445)	(6,234)	(6,445)	(6,234)
Gross profit	4,695	4,767	4,695	4,767
Other operating income	1,323	198	1,323	198
Other operating expenses	(3,340)	(3,078)	(3,340)	(3,078)
Operating profit	2,678	1,887	2,678	1,887
Finance cost	(190)	(40)	(190)	(40)
Profit before taxation	2,488	1,847	2,488	1,847
Taxation	(583)	(786)	(583)	(786)
Profit/Total comprehensive income for the financial period	1,905	1,061	1,905	1,061
Earnings per ordinary share ("EPS") (sen):				
- Basic ⁽²⁾	0.95	0.53	0.95	0.53
- Diluted ⁽³⁾	0.95	0.53	0.95	0.53

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 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per ordinary share is calculated based on the Company's weighted average number of ordinary shares in issue of 201,504,506 during the financial period ended 30 June 2020.
- (3) 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 1ST HALF-YEAR ENDED 30 JUNE 2020 ⁽¹⁾

	Attributable to owners of the Company		
	Share capital RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2020	13,647	3,372	17,019
Profit/Total comprehensive income	-	1,905	1,905
Issuance of new ordinary shares	1,458	-	1,458
Dividend paid	-	(1,204)	(1,204)
At 30 June 2020	15,105	4,073	19,178
At 1 January 2019	13,647	2,220	15,867
Profit/Total comprehensive income	-	1,061	1,061
Issuance of new ordinary shares	-	-	-
Dividend paid	-	-	-
At 30 June 2019	13,647	3,281	16,928

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 2019 and the accompanying explanatory notes attached to this interim financial report.*



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 1ST
HALF-YEAR ENDED 30 JUNE 2020 ⁽¹⁾

	6 months ended	
	30.06.2020	30.06.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	2,488	1,847
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	727	619
Depreciation of right-of-use assets	315	-
Finance cost	190	40
Finance income	(3)	-
Gain on disposal of investment in quoted shares	(1,343)	-
Net fair value loss/(gain) on investment in quoted shares	182	(23)
Dividend income from investment in quoted shares	(26)	(28)
Operating profit before changes in working capital	2,530	2,455
<i>Changes in working capital:</i>		
- Inventories	242	(110)
- Trade and other receivables	(212)	(403)
- Trade and other payables	1,110	56
Cash generated from operations	3,670	1,998
- Interest paid	(190)	(40)
- Interest received	3	-
- Tax refunded	-	144
- Tax paid	(593)	(521)
Net cash generated from operating activities	2,890	1,581
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(2,413)	(856)
Proceeds from disposal of investment in quoted shares	2,016	-
Dividend received from investment in quoted shares	26	28
Net cash used in investing activities	(371)	(828)
Cash flows from financing activities		
Repayment of borrowings	(81)	(162)
Proceeds from issuance of new ordinary shares	1,458	-
Repayment of lease liabilities	(115)	-
Dividend paid	(1,204)	-
Net cash generated from/(used in) financing activities	58	(162)
Net increase in cash and cash equivalents	2,577	591
Cash and cash equivalents at beginning of the financial period	5,542	4,478
Cash and cash equivalents at end of the financial period	8,119	5,069



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 1ST
HALF-YEAR ENDED 30 JUNE 2020 ⁽¹⁾ (CONTINUED)

	6 months ended	
	30.06.2020	30.06.2019
	RM'000	RM'000
Cash and cash equivalents at end of the financial period comprise:		
Cash and bank balances	8,119	5,069

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 2019 and the accompanying explanatory notes attached to this interim financial report.*



A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020

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 1st half-year ended 30 June 2020 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 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

Accounting standards, amendments to accounting standards, IC Interpretation and amendments to IC Interpretation that are effective for the Group’s financial year beginning on or after 1 January 2020 are as follows:

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”



A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020 (CONTINUED)

A2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

- 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”

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.



A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020 (CONTINUED)

A6. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period and financial year-to-date under review.

On 10 March 2020, the Company proposed to undertake private placement of up to 20,065,000 new ordinary shares in Metro (“**Metro Shares**”), representing up to 10% of its total number of issued shares (“**Private Placement**”). On 27 March 2020, the first tranche amounting to 1,620,000 new Metro Shares were issued under this Private Placement at an issue price of RM0.90 per Metro Share. The latest issued share capital after the Private Placement is RM15,104,810 comprising 202,270,000 Metro Shares.

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 6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM’000	RM’000	RM’000	RM’000
Inpatient services	1,758	1,860	1,758	1,860
Outpatient services	4,685	4,755	4,685	4,755
Ambulatory care	4,697	4,386	4,697	4,386
Total	11,140	11,001	11,140	11,001

The Group recorded a revenue of RM11.14 million for the financial period ended 30 June 2020. Inpatient services, outpatient services and ambulatory care contributed 16%, 42% and 42% to the Group’s revenue respectively for the financial period ended 30 June 2020.

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.



A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020 (CONTINUED)

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

The Group recorded a revenue of RM11.14 million for the current financial period ended 30 June 2020, as compared to RM11.00 million in the previous corresponding financial period, representing an increase of RM0.14 million or 1.27% mainly as a result of the improved operations of ambulatory care business units coupled with the upgrading of the Group's Melaka specialist clinic to a reproductive medicine ambulatory care centre.

The Group recorded a gross profit of RM4.70 million for the financial period ended 30 June 2020, as compared to RM4.77 million in the previous corresponding financial period, representing a decrease of RM0.07 million or 1.47% was mainly due to higher cost of medical supplies and promotions offered to customers during the movement control order periods.

The Group recorded a higher profit before taxation of RM2.49 million for the financial period ended 30 June 2020, as compared to RM1.85 million in the previous corresponding financial period, representing an increase of RM0.64 million or 34.59% mainly due to the gain from disposal of investment in quoted shares.

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.

As the Group operates in the healthcare industry, the COVID-19 pandemic outbreak has not materially affected the financial performance of the Group thus far.

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

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

Save as disclosed below, there were no corporate proposals announced but pending completion as at the date of this report:

On 10 March 2020, the Company proposed to undertake the Private Placement. On 27 March 2020, the first tranche amounting to 1,620,000 new Metro Shares were issued under this Private Placement at an issue price of RM0.90 per Metro Share. Further tranches of the Private Placement would depend on the Company identifying investors to subscribe for the new Metro Shares.

The latest issued share capital after the Private Placement is RM15,104,810 comprising 202,270,000 Metro Shares.

C2. UTILISATION OF PROCEEDS

The proceeds raised from the first tranche of the Private Placement were fully utilised in the following manner:

Purpose	Actual proceeds received	Actual utilisation as at 30 June 2020	Balance	Estimated timeframe for utilisation from the date of completion of the Private Placement
	RM'000	RM'000	RM'000	
Business expansion	1,193	1,193	-	Within 18 months
Working capital expenses	203	203	-	Within 18 months
Estimated expenses for the Private Placement	62	62	-	Within 1 months
Total	1,458	1,458	-	

C3. MATERIAL LITIGATION

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

C4. DIVIDENDS

The Board of Directors has on 24 February 2020 declared a single tier interim dividend of 0.60 sen per Metro Share in respect of the financial year ending 31 December 2020. The interim dividend amounting to RM1,203,900 was paid on 2 April 2020.