



TOPVISION EYE SPECIALIST BERHAD

Registration No: 201801011816 (1273832-U)
(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 TOPVISION EYE SPECIALIST BERHAD ("TOPVISION" 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.

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Unaudited Condensed Consolidated Statement of Financial Position As At 30 June 2020 ⁽¹⁾

	Unaudited as at 30 June 2020 RM'000	Audited as at 31 December 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,427	24,321
Deferred tax assets	31	31
Total non-current assets	<u>25,458</u>	<u>24,352</u>
Current assets		
Inventories	1,121	1,040
Trade receivables	223	230
Other receivables	489	406
Tax recoverable	64	30
Cash and bank balances	7,924	9,443
Total current assets	<u>9,821</u>	<u>11,149</u>
TOTAL ASSETS	<u><u>35,279</u></u>	<u><u>35,501</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to the owners of the Company:-		
Share capital	17,331	17,331
Retained earnings	5,666	5,104
Merger deficit	(3,641)	(3,641)
Total equity	<u>19,356</u>	<u>18,794</u>
LIABILITIES		
Non-current liabilities		
Lease liabilities	5,052	4,032
Borrowings	8,565	9,663
Deferred tax liabilities	20	20
Total non-current liabilities	<u>13,637</u>	<u>13,715</u>
Current liabilities		
Trade payables	271	147
Other payables	976	1,722
Lease liabilities	523	557
Borrowings	423	423
Tax payable	93	143
Total current liabilities	<u>2,286</u>	<u>2,992</u>
Total liabilities	<u>15,923</u>	<u>16,707</u>
TOTAL EQUITY AND LIABILITIES	<u><u>35,279</u></u>	<u><u>35,501</u></u>
Net assets per share (sen) ⁽²⁾	7.57	7.35

Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and the accompanying explanatory notes attached to this interim report.

(2) Net assets per share is calculated based on the Company's number of ordinary shares at the end of the reporting period of 255,595,535 shares as at 30 June 2020 and 31 December 2019 respectively.

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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	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Revenue	8,935	10,215	8,935	10,215
Cost of services	(4,447)	(5,311)	(4,447)	(5,311)
Gross profit	<u>4,488</u>	<u>4,904</u>	<u>4,488</u>	<u>4,904</u>
Other income	104	109	104	109
Administrative expenses	(3,319)	(3,213)	(3,319)	(3,213)
Finance costs	(278)	(208)	(278)	(208)
Profit before tax	<u>995</u>	<u>1,592</u>	<u>995</u>	<u>1,592</u>
Tax expense	(433)	(384)	(433)	(384)
Profit after tax	<u>562</u>	<u>1,208</u>	<u>562</u>	<u>1,208</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u><u>562</u></u>	<u><u>1,208</u></u>	<u><u>562</u></u>	<u><u>1,208</u></u>
Profit and total comprehensive income attributable to owners of the Company	<u><u>562</u></u>	<u><u>1,208</u></u>	<u><u>562</u></u>	<u><u>1,208</u></u>
EARNINGS PER SHARE				
Basic (sen) ⁽²⁾	0.22	0.52	0.22	0.52
Diluted (sen) ⁽³⁾	N/A	N/A	N/A	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share is calculated based on the Company's weighted average number of shares of 255,595,535 ordinary shares as at 30 June 2020 and 230,522,658 ordinary shares as at 30 June 2019.
- (3) There are no dilutive potential equity instruments that would give a diluted effect to the basic earnings per share.

N/A - Not Applicable

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Unaudited Condensed Consolidated Statement of Changes in Equity For The 1st Half-Year Ended 30 June 2020 ⁽¹⁾

	Share Capital RM'000	Merger Deficit RM'000	Retained Earnings RM'000	Total RM'000
As at 1 January 2020	17,331	(3,641)	5,104	18,794
Total comprehensive income for the financial period	-	-	562	562
Balance at 30 June 2020	17,331	(3,641)	5,666	19,356

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

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Unaudited Condensed Consolidated Statement of Cash Flow ⁽¹⁾

	Cumulative 6 months ended	
	30 June 2020 RM'000	30 June 2019 RM'000
Cash flows from operating activities		
Profit before tax	995	1,592
Adjustments for:		
Depreciation of property, plant and equipment	1,081	965
Interest expense	278	208
Interest income	(96)	(109)
Operating profit before working capital changes	2,258	2,656
Changes in working capital:-		
Inventories	(81)	(521)
Receivables	(76)	548
Payables	(622)	(411)
Cash generated from operations	1,479	2,272
Interest paid	(278)	(208)
Tax paid	(516)	(546)
Interest received	96	109
Tax refunded	-	39
<i>Net cash generated from operating activities</i>	781	1,666
Cash flows from investing activity		
Purchase of property, plant and equipment	(886)	(8,049)
<i>Net cash used in investing activity</i>	(886)	(8,049)
Cash flows from financing activities		
(Repayments)/Net drawdown of term loans	(1,098)	4,312
Repayments of lease liabilities	(316)	(312)
<i>Net cash (used in)/generated from financing activities</i>	(1,414)	4,000
CASH AND CASH EQUIVALENTS		
Net changes	(1,519)	(2,383)
At beginning of the financial period	9,443	13,847
At end of the financial period	7,924	11,464

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flow are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

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

A. NOTES TO THE FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report of the Company and its subsidiaries ("the Group") are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

This is the interim financial report on the Company's unaudited condensed consolidated financial results for the 1st half-year ended 30 June 2020. The interim financial reporting should be read in conjunction with the Audited Financial Statements for the financial year ended ("FYE") 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group for this interim financial statements are consistent with those adopted in the Audited Financial Statements of the Group for the financial year ended 31 December 2019 except for the adoption of the following amendments/improvements to MFRSs which are applicable to the Group with effect from 1 January 2020:

Amendments/Improvements to MFRSs

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to References to the Conceptual Framework on MFRS Standards (MFRS 2, 3, 6, 14, 101, 108, 134, 137, 138 and IC Interpretation 12, 19, 20, 22 and 132)

MFRS effective 1 January 2021

MFRS 17	Insurance Contracts
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Amendments to MFRSs - effective date deferred indefinitely

MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture
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The initial application of the above standards, amendments and IC interpretation are not expected to have any financial impacts to the financial statements.

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A3. Seasonal or Cyclical Factors

The Group's operations were not affected materially by seasonal or cyclical factors for the current financial period 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 under review.

A5. Material Changes in Estimates

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

A6. Debt and Equity Securities

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current financial period under review.

A7. Segmental Information

There were no products, services and geographical location segment information are presented as the Group is viewed as a single reportable segment.

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.

A9. Changes In The Composition Of The Group

There were no changes in the composition of the Group during the current financial period under review.

A10. Contingent Assets And Contingent Liabilities

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

A11. Capital Commitments

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

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. Review Of Performance

The Group recorded a revenue of RM8.94 million for the financial period ended 30 June 2020, as compared to RM10.22 million in the immediate preceding period, representing a decrease of RM1.28 million or 12.52%. The decrease was primarily attributable with the implementation of the Movement Control Order ("MCO") on 18 March 2020. Hence, strict measures by the Malaysia Government to contain the spread of the pandemic has significantly affected the Group's activity. However, the Group is in the view that such measures are merely temporary and will not have any material impact on the operations of the Group in the long run.

In tandem with lower revenue, the Group recorded a profit before tax ("PBT") of RM0.99 million for the financial period ended 30 June 2020, lowered by RM0.6 million or 37.5% as compared to the immediate preceding period which recorded PBT of RM1.59 million. Beside that, the establishment of the 3 new ambulatory care centres which have yet to commence its business operation with no revenue generated for the current financial period also lower down the group's PBT. The 3 new ambulatory care centres recorded total loss of RM0.48 million.

B2. Prospects

The Group remains committed to continuously put in place the following future plans and strategies to leverage on our existing capabilities and competencies to become one of the leading medical eye care group in the country:

- (i) The new ambulatory care centres in Seremban commenced its business in July 2020, whereas the new ambulatory care centres in Johor Bahru commenced its business in August 2020;
- (ii) expansion of the Group's network by establishing Topvision International Eye Specialist Centre ("TIESC") by year 2021;
- (iii) expansion of the Group's range of services include refractive suite, offering refractive surgeries for customers wanting spectacle independence such as Laser-Assisted In Situ Keratomileusis ("LASIK") and Implantable Collamer Lens procedure as well aesthetic double eyelid surgical procedure as an added offering by year 2021 with the establishment of TIESC; and
- (iv) continuously engaging the international markets by strengthening brand awareness and brand recall programmes.

In these challenging times, the Group has taken several actions to ensure business operation continuity and financial sustainability, including cost control measures. The Board of Director will endeavour to maintain the Group in a healthy financial position, which in turn will help to ensure the sustainability of our Group's operations.

Looking ahead, barring the temporary disruption and adverse impact caused by COVID-19 and any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is of the opinion that the prospects of the Group's performance for the financial year ending 31 December 2020 will still 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.

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C. OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSAL

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

C2. MATERIAL LITIGATION

The Board is not aware of any material litigations pending or threatened against the Group as at the date of this report.

C3. DIVIDENDS

There were no dividend proposed by the Board for the current financial period.

C4. UTILISATION OF PROCEEDS

The status of the utilisation of proceeds from the Placement of RM12.02 million is as follows:

Purpose	Proposed utilisation	Actual Utilisation ⁽¹⁾	Deviation	Balance	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	RM'000	
Business expansion	10,000	(10,000)	-	-	Within 24 months
Working capital	1,016	(1,016)	-	-	Within 12 months
Estimated proposed listing expenses	1,008	(877.4)	(130.6) ⁽²⁾	-	-
Total	12,024	(11,893.4)	(130.6)	-	

Notes:

(1) Utilisation as at 30 June 2020

(2) The surplus of estimated listing expenses will be adjusted to the amount allocated for working capital and had been fully utilised as at 30 June 2020