



SMILE-LINK HEALTHCARE GLOBAL BERHAD

Registration No: 201701040296 (1254469-U)

(Incorporated in Malaysia under the Companies Act 2016)

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

THE ADMISSION OF SMILE-LINK HEALTHCARE GLOBAL BERHAD ON THE LEAP MARKET WAS ADVISED BY OUR APPROVED ADVISOR, WYNCORP ADVISORY SDN BHD.

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 SMILE-LINK HEALTHCARE GLOBAL BERHAD ("SLHGB" OR THE "COMPANY"). SOPHISTICATED INVESTOR 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.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)
(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	UNAUDITED As at 30.6.2020 RM'000	AUDITED As at 31.12.2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Plant and Equipment	14,271	14,378
Right of use asset	4,665	5,674
Goodwill	9,788	9,788
Total non-current assets	<u>28,724</u>	<u>29,839</u>
CURRENT ASSETS		
Inventories	3,874	3,647
Trade and Others Receivables	5,459	6,147
Current Tax Assets	1,496	834
Fixed Deposit with licensed bank	2,500	3,500
Cash and Cash Equivalents	1,763	2,194
Total current assets	<u>15,092</u>	<u>16,322</u>
TOTAL ASSETS	<u>43,816</u>	<u>46,161</u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the owners of the Company:-		
Share Capital	31,439	31,439
Retained Profit	4,138	3,784
	<u>35,577</u>	<u>35,223</u>
Non-controlling interest	-	52
TOTAL EQUITY	<u>35,503</u>	<u>35,171</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	29	383
Lease Liabilities	2,387	3,703
Long terms borrowings/term loan	1,235	246
Total non-current liabilities	<u>3,651</u>	<u>4,333</u>
CURRENT LIABILITIES		
Trade and Other Payables	1,454	2,611
Current tax liabilities	10	293
Lease liabilities	2,803	3,402
Short terms borrowings	395	351
Total current liabilities	<u>4,662</u>	<u>6,657</u>
TOTAL LIABILITIES	<u>8,313</u>	<u>10,990</u>
TOTAL EQUITY AND LIABILITIES	<u>43,816</u>	<u>46,161</u>
Net Assets per share (sen)	3.54	3.51

Notes:

This unaudited Condensed Consolidated Statement of Financial Position 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 the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020**

	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	10,837	13,489	10,837	13,489
Cost of sales and services	(6,683)	(6,488)	(6,683)	(6,488)
Gross profit	4,154	7,001	4,154	7,001
Other income	274	-	274	-
Administrative and other operating expenses	(3,968)	(4,871)	(3,968)	(4,871)
Operating profit / (loss)	460	2,130	460	2,130
Finance costs	(69)	(81)	(69)	(81)
Profit/ (Loss) before taxation	391	2,049	391	2,049
Taxation	(59)	(529)	(59)	(529)
Profit/ (Loss) after tax for the period	332	1,520	332	1,520
Other comprehensive income/(loss), net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	332	1,520	332	1,520
Profit and total comprehensive income/(loss) attributable to:				
Owners of the Company	354	1,520	354	1,520
Non-controlling interests	(22)	-	(22)	-
	332	1,520	332	1,520
Earnings per share :-				
- Basic (sen)	0.035	0.160	0.035	0.160
- Diluted (sen)	n/a	n/a	n/a	n/a

Notes:

This 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 period ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020**

	Attributable to owners of the Company				
	Ordinary Shares RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
As at 1 January 2020	31,439	3,784	35,223	(52)	35,171
Profit for the financial period	-	354	354	(22)	332
As at 30 June 2020	<u>31,439</u>	<u>4,138</u>	<u>35,577</u>	<u>(74)</u>	<u>35,503</u>

	Attributable to owners of the Company				
	Ordinary Shares RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
As at 1 January 2019	17,093	2,168	19,261	-	19,261
Issuance of new shares	10,446	-	10,446	-	10,446
Profit for the financial period	-	1,520	1,520	-	1,520
Dividend	-	(1,140)	(1,140)	-	(1,140)
As at 30 June 2019	<u>27,539</u>	<u>2,548</u>	<u>30,087</u>	<u>-</u>	<u>30,087</u>

Notes:

This unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020**

	6 months ended	
	30.6.2020 RM'000	30.6.2019 RM'000
Cash flows from operating activities		
Profit before taxation	391	2,049
Adjustments for :		
Depreciation of property, plant and equipment	741	665
Depreciation of right of use	1,009	-
Interest charges on borrowing	69	81
Operating (loss)/profit before changes in working capital	2,209	2,795
Changes in working capital:		
Inventories	(227)	(164)
Decrease/ (Increase)Decrease in trade and other receivables	562	(1,038)
Increase/ (decrease) in trade payables and other payables	(1,358)	(1,001)
Cash (used in)/generated from operations	1,186	592
(Income tax paid)/Tax refunded	(59)	(239)
Interest charges on borrowing	(69)	(81)
Net cash (used in)/generated from operating activities	1,059	272
Cash flow from investing activities		
Purchase of property, plant and equipment	(634)	(709)
Dividend payable	-	(1,140)
Net cash generated from/(used in) investing activities	(634)	(1,849)
Cash flow from financing activities		
Proceeds from issuance of shares	-	10,446
Repayment of finance lease	(1,916)	
Drawdown/ (Repayment) of borrowings	60	(3,214)
Net cash (used in)/ from financing activities	(1,856)	7,232
Net increase/(decrease) in cash and cash equivalents	(1,431)	5,655
Cash and cash equivalents at beginning of year	5,694	3,026
Cash and cash equivalents at end of financial period	4,263	8,681
Cash and cash equivalents comprise :		
Short term deposits	1,763	1,643
Fixed deposits	2,500	7,038
At end of the financial period	4,263	8,681

Notes:

This unaudited Condensed Consolidated Statement of Cashflows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE 1ST HALF-YEAR ENDED 30 JUNE 2020**

A NOTES TO THE FINANCIAL REPORT

A1 Basis of Preparation

The condensed consolidated interim financial statements (“Report”) is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). This Report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019.

A2 Changes In Accounting Policies

On 1 January 2019, the Group and the Company adopted the following New, Amendments and Annual Improvements mandatory for annual financial periods beginning on or after 1 January 2019:

MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
MFRS 16 Leases
MFRS 128 Long-term interests in Associates and Joint Venture (Amendments to MFRS 128)
MFRS119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
IC Interpretation 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

The adoption of the above standards and interpretation did not have any material effect on the financial statements of the Group and the Company.

MFRS 16 replaces the guidance in MFRS 117 “Leases”, IC Interpretation 4 “Determining whether an Arrangement contains a Lease”, IC Interpretation 115 “Operating Lease – Incentives” and IC Interpretation 127 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 “Property, Plant and Equipment” whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Lease that were classified as finance leases under MFRS 117, the carrying amount of the ROU asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

Standards Issued for the Annual Periods beginning on/after 1 January 2020

The Group will apply the standard from its mandatory adoption date of 1 January 2020. However, the Group expect no significant financial impact of adoption of the following accounting standards.

Description	Effective for annual periods beginning on
Revised Conceptual Framework for Financial Reporting	1-Jan-20
Amendments to MFRS 3: Definition of a Business	1-Jan-20
Amendments to MFRS 101: Definition of Material	1-Jan-20
Amendments to MFRS 108: Definition of Material	1-Jan-20
MFRS 17 Insurance Contracts	1-Jan-21
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will not have material impact on the financial statements in the period of initial application.

A3 Seasonality or cyclicity

The Group's operations has been effected by Covid-19 pandemic since 1st quarter of the year, upon Malaysia Government announcement on Movement Control Order ("MCO") started on 18 March 2020 and subsequent with Recovery Movement Control Order ("RMCO") extended until 31 August 2020.

A4 Nature and amount of unusual items affecting assets, liabilities, equity, net income or cash flows

There was no item or event that was unusual by reason of its nature, size or incidence during the current quarter which affected the assets, liabilities, equity, net income or cash flows of the Group.

A5 Material Changes in estimates

There was no material change in the estimates used for the preparation of these interim financial statements.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the interim financial period under review.

A7 Valuation of property, plant and equipment

There was no change in the valuation of the property, plant and equipment reported in the previous audited financial statements that would have an effect on the current interim financial report.

A8 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim financial period except the Group had carried out the 2nd Annual General Meeting and Extraordinary General Meeting held on 14 August 2020. The purpose of the Extraordinary General Meeting held on 14 August 2020 was to obtain the Shareholders' approval on the Proposed Consolidation of Shares of the Company as per Note C1 (ii) attached.

A9 Change in the Composition of the Group

There was no change in the composition of the Group for the interim financial period under review.

A10 Contingent liabilities and contingent assets

There was no contingent asset and liability during the interim financial period under review.

A11 Segmental information

Segmental Revenue	(RM)
Dental Services	9,943
Trading of Dental Products & Others	894
Total	<u>10,837</u>
Segmental Profit/(Loss) before tax	(RM)
Dental Services	509
Trading of Dental Products & Others	- 118
Total	<u>391</u>

A12 Capital Commitments

The Company has executed the Supplemental Shares Sale Agreement in acquisition of Smile-Link Sdn Bhd until 31 December 2020.

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1 Review of Performance

The Group has recorded a revenue of RM10.84 million compared to proceeding 1st half year revenue of RM13.49 million, a decreased of RM2.65 million reason due to Covid-19 pandemic that effected the nation with the imposed of movement control order since 18 March 2020. The profit before tax for the 1st half year recorded at RM391,000 compared to similar period of 1st half proceeding year at RM2.05 million. The revenue has been dropped due to Covid-19 pandemic, however, the Company has maintain on the overhead in salaries payment to staff.

B2 Prospects

With the proceeds from the Excluded Issue, the Group will embark on several projects in future plans and business strategies which have been disclosed in Section 4.15 of the Information Memorandum dated 26 February 2019. The Group is initiating and maintaining its plans and strategies in expansion of our Group's dental clinic network, talent development and regional expansion.

Among others, the Group will continue to implement its strategic plans in order to:

- i) establish the brand names, and maintain of high quality of services.
- ii) continue in training of talent for dentist, nurses, customer services and management staff.
- iii) costs control and reduce wastage, being practising go-green and environmental friendly.
- iv) providing CSR program to the public.
- v) invest in modern and advanced technology to increase efficiency.
- vi) build the Group's network in Malaysia and overseas.

B3 Profit Forecast, Profit Guarantee and Internal Targets

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

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C OTHER INFORMATION

C1 STATUS OF CORPORATE PROPOSALS

The following are the corporate proposals that were announced and duly obtained the Shareholders' approval at the date of this report.

- i) Proposed acquisition of the entire equity interest in Smile-Link Sdn Bhd for a total consideration of RM5.5 million. Both the Vendor and the Purchasers had agreed to extend the said completion date until 31 December 2020.
- ii) Proposed consolidation of the Company ordinary shares from 4 existing ordinary shares into 1 new ordinary share, the current recorded 1,001,620,003 units of Company ordinary shares shall be consolidated into 250,405,000 units of new ordinary share, estimated time to complete by 18 September 2020.

C2 UTILIZATION OF PROCEEDS

The status utilization of the proceeds as stated below which has been raised from the Excluded Issue is as follows:

Proposed utilization	Proposed amount for utilization RM'000	Actual amount utilized RM'000	Balance amount to be utilized RM'000	Estimated timeframe for utilization upon listing
i Business expansion	7,000	5,911	1,089	Within 24 months
ii Talent development	500	25	475	Within 24 months
iii Working capital	1,946	917	1,029	Within 24 months
iv Estimated listing expenses	1,000	1,000	-	Immediately
Total	10,446	7,853	2,593	

C3 Material Litigation

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

C4 Dividends

The Company had declared a Tax Exempt Interim Dividend for the total sum of RM500,810 based on the Company's Unaudited Interim Financial Statement as at 31st March 2020 and hereby declared to the Depositors registered in the Record of Depositors at the close of the business on 20 July 2020 and payable on 4 August 2020.

The Company is satisfied that the current financial position of the Company, after paying the total dividend of RM500,810.00 which has fulfilled the solvency test as provided under Section 112 of the Companies Act 2016.

Dated: 25 August 2020