



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 2021

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 STATEMENTS OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

| | Individual 6 months ended | | Cumulative 6 months ended | |
|--|---------------------------|---------------------|---------------------------|---------------------|
| | 30.6.2021 RM'000 | 30.6.2020 RM'000 | 30.6.2021 RM'000 | 30.6.2020 RM'000 |
| Revenue | 15,023 | 10,837 | 15,023 | 10,837 |
| Cost of sales | (9,867) | (6,683) | (9,867) | (6,683) |
| Gross profit | 5,156 | 4,154 | 5,156 | 4,154 |
| Other operating income | 78 | 274 | 78 | 274 |
| Administrative and other operating expenses | (5,252) | (3,968) | (5,252) | (3,968) |
| Operating profit /(loss) | (18) | 460 | (18) | 460 |
| Finance costs | (108) | (69) | (108) | (69) |
| Profit/(Loss) before tax | (126) | 391 | (126) | 391 |
| Taxation | (69) | (59) | (69) | (59) |
| Profit/ (Loss) after tax | (195) | 332 | (195) | 332 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income | (195) | 332 | (195) | 332 |
| Profit/(Loss) and total comprehensive income attributable to: | | | | |
| Owners of the Company | (180) | 354 | (180) | 354 |
| Non-controlling interests | (15) | (22) | (15) | (22) |
| | (195) | 332 | (195) | 332 |
| Earnings per share :- | | | | |
| - Basic (sen) # | (0.072) | 0.035 | (0.072) | 0.035 |
| - Diluted (sen) | n/a | n/a | n/a | n/a |

Notes:

This unaudited Condensed Consolidated Statements 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 2020 and the accompanying explanatory notes attached to the interim financial report.

Computed based on 1,001,620,003 ordinary shares as at 30 June 2020 and 250,405,000 as at 30 June 2021.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

| | UNAUDITED | AUDITED |
|---|----------------------|----------------------|
| | As at | As at |
| | 30.6.2021 | 31.12.2020 |
| | RM'000 | RM'000 |
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 14,525 | 14,442 |
| Right-of-use asset | 4,289 | 4,674 |
| Goodwill | 9,788 | 9,788 |
| Total non-current assets | <u>28,602</u> | <u>28,904</u> |
| CURRENT ASSETS | | |
| Inventories | 4,579 | 5,012 |
| Trade and other receivables | 6,102 | 6,740 |
| Current tax assets | 959 | 495 |
| Other investment | 200 | 2,720 |
| Cash and cash equivalents | 4,513 | 2,388 |
| Total current assets | <u>16,353</u> | <u>17,355</u> |
| TOTAL ASSETS | <u>44,955</u> | <u>46,259</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Equity attributable to owners of the Company:- | | |
| Share capital | 31,439 | 31,439 |
| Retained profit | 2,757 | 3,292 |
| | <u>34,196</u> | <u>34,731</u> |
| Non-controlling interest | (160) | (145) |
| TOTAL EQUITY | <u>34,036</u> | <u>34,586</u> |
| LIABILITIES | | |
| NON-CURRENT LIABILITIES | | |
| Deferred tax liabilities | 443 | 443 |
| Lease liabilities | 2,240 | 2,005 |
| Hire purchase liabilities | 697 | 1,134 |
| Loans and borrowings | 656 | 1,438 |
| Total non-current liabilities | <u>4,036</u> | <u>5,020</u> |
| CURRENT LIABILITIES | | |
| Trade and other payables | 1,482 | 1,946 |
| Lease liabilities | 2,250 | 3,210 |
| Hire Purchase Liabilities | 1,140 | 567 |
| Bank borrowings | 2,011 | 930 |
| Total current liabilities | <u>6,884</u> | <u>6,653</u> |
| TOTAL LIABILITIES | <u>10,920</u> | <u>11,673</u> |
| TOTAL EQUITY AND LIABILITIES | <u>44,955</u> | <u>46,259</u> |
| Net assets per share (sen)# | 13.59 | 13.91 |

Notes:

This unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

| | Attributable to owners of the Company | | | | |
|---------------------------------|---------------------------------------|------------------------------|-----------------|---------------------------------------|---------------------------|
| | Shares Capital RM'000 | Retained Profit RM'000 | Total RM'000 | Non-Controlling Interest RM'000 | Total Equity RM'000 |
| As at 1 January 2021 | 31,439 | 3,292 | 34,731 | (145) | 34,586 |
| Profit for the financial period | - | (180) | (180) | (15) | (195) |
| Effect of adopting MFRS 16 | - | 147 | 147 | - | 147 |
| Dividends | - | (501) | (501) | - | (501) |
| As at 30 June 2021 | <u>31,439</u> | <u>2,757</u> | <u>34,196</u> | <u>(160)</u> | <u>34,036</u> |

| | Attributable to owners of the Company | | | | |
|-------------------------------|---------------------------------------|------------------------------|-----------------|---------------------------------------|---------------------------|
| | Shares Capital RM'000 | Retained Profit RM'000 | Total RM'000 | Non-Controlling Interest RM'000 | Total Equity RM'000 |
| As at 1 January 2020 | 31,439 | 3,052 | 34,491 | (52) | 34,439 |
| Profit for the financial year | - | 991 | 991 | (93) | 898 |
| Dividends | - | (751) | (751) | - | (751) |
| As at 31 December 2020 | <u>31,439</u> | <u>3,292</u> | <u>34,731</u> | <u>(145)</u> | <u>34,586</u> |

Note:

This 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 2020 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

| | 6 months ended | |
|---|----------------------------------|----------------------------------|
| | Unaudited 30.6.2021 RM'000 | Unaudited 30.6.2020 RM'000 |
| Cash flows From operating activities | | |
| Profit/(Loss) before taxation | (126) | 391 |
| Adjustment for: | | |
| Depreciation on property, plant and equipment | 588 | 741 |
| Depreciation on right-of-use assets | 385 | 1,009 |
| Interest income | (2) | - |
| Interest expense | 108 | 69 |
| Operating profit before working capital changes | 953 | 2,210 |
| Decrease/ (Increase) in inventories | 432 | (227) |
| (Increase)/ Decrease in trade and other receivables | (1,701) | 562 |
| Decrease in trade and other payables | (1,165) | (1,358) |
| Cash generated from/ (used in) operations | (1,481) | 1,187 |
| Interest paid | (108) | (59) |
| Taxes paid | (69) | (69) |
| Net cash inflow/(outflow) from operating activities | (1,658) | 1,059 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (670) | (634) |
| Uplift of fixed deposit | 2,720 | - |
| Interest income | 2 | - |
| Net cash from/ (used in) investing activities | 2,052 | (634) |
| Cash flows from financing activities | | |
| Dividend paid | (501) | - |
| Drawdown of borrowings | 300 | 60 |
| Repayment of lease liabilities | (726) | (1,916) |
| Drawdown from finance lease | 136 | - |
| Net cash generated used in financing activities | (790) | (1,856) |
| Net decrease in cash and cash equivalents | (395) | (1,431) |
| Cash and cash equivalents at beginning of the financial period | 5,108 | 5,694 |
| Cash and cash equivalents at end of the financial period | 4,713 | 4,263 |
| Cash and cash equivalents comprised: | | |
| Fixed deposit | 200 | 2,500 |
| Cash and bank balances | 4,513 | 1,763 |
| | 4,713 | 4,263 |

Note:

This unaudited Condensed Consolidated Statements of Cashflows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

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 LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). This Report should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2020.

A2 Changes In Accounting Policies

Adoption of amended standards

Amendments to MFRS 16 – Leases – *Covid-19 related rent recessions*

MFRS amendments effective for financial periods beginning on or after 1 January 2021

- Amendments to MFRS 4, 7, 9, 16, 139 – Interest Rate Benchmark Reform (Phase 2)

Standards issued but not yet effective :

MFRS amendments effective for financial periods beginning on or after 1 January 2022

- Amendments to MFRS 3 – Business Combinations – *Reference to conceptual framework*
- Amendments to MFRS 116 – Property, Plant and Equipment – *Proceed before intended use*
- Amendments to MFRS 137* – Onerous Contracts – *Costs of fulfilling a contract*

New and amendments to MFRS effective for annual periods beginning on or after 1 January 2023

- New MFRS 17, and subsequent amendments – Insurance Contracts
- Amendments to MFRS 101 – Presentation of Financial Statements – *Classification of liabilities as current or non-current*

MFRS amendments deferred indefinitely

- Amendments to MFRS 10 – Consolidated Financial Statements
- Amendments to MFRS 128 – Investments in Associates and Joint Ventures
– *(Sale or contribution of assets between an investor and its associate or joint venture)*

* *Annual improvements to MFRS Standards 2018 – 2020*.

The Company plans to adopt the above applicable new MFRS and amendments/improvements to MFRS when they become effective.

A3 Seasonality or cyclicality

The business operations of the Group are not significantly affected by any seasonal or cyclical factors for the current financial period under review.

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 period 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 for the financial period under review.

A8 Material events subsequent to the end of the interim financial period

Save as disclosed below, there were no material events subsequent to the end of interim financial period.

On 10 September 2021, the Company had completed the bonus issue of 100,165,935 warrants in the Company ("Warrant"), at the conversion exercise price of RM0.18 each to the ordinary shares within a duration of 5 years from 7 September 2021 being the issuance date of the Warrants.

A9 Change in the composition of the Group

Save as disclosed below, there was no change in the composition of the Group for the interim financial period under review.

The Group has incorporated a wholly-owned subsidiary namely Harmoni Dental Service Sdn Bhd on 22 March 2021.

A10 Contingent liabilities and contingent assets

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

A11 Segmental information

| | Individual 6 months ended | | Cumulative 6 months ended | |
|---|---------------------------|-----------|---------------------------|-----------|
| | 30.6.2021 | 30.6.2020 | 30.6.2021 | 30.6.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Segmental revenue</i> | | | | |
| Dental services | 14,297 | 9,943 | 14,297 | 9,943 |
| Trading of dental products & others | 726 | 894 | 726 | 894 |
| Total | 15,023 | 10,837 | 15,023 | 10,837 |
| <i>Segmental profit/ (loss) before tax</i> | | | | |
| Dental services | (249) | 383 | (249) | 383 |
| Trading of dental products & others | 123 | 8 | 123 | 8 |
| Total | (126) | 391 | (126) | 391 |

A12 Capital Commitments

There were no capital commitments for the Group during the interim financial period under review.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1 Review of Performance

FINANCIAL REVIEW FOR CURRENT FINANCIAL PERIOD AND PRECEDING YEAR FINANCIAL PERIOD

| | Interim Financial Period | | Changes Amount RM'000 | Changes % |
|---|--------------------------------|---|-----------------------------|--------------|
| | Current | Preceding Year | | |
| | 6 Month 30.6.2021 RM'000 | Corresponding 6 Month 30.6.2020 RM'000 | | |
| Revenue | 15,023 | 10,837 | 4,186 | 39% |
| Operating profit / (loss) | (18) | 460 | (478) | -104% |
| Profit/(loss) before taxation | (126) | 391 | (517) | -132% |
| Profit/(loss) after tax for the period | (195) | 332 | (527) | -159% |
| Profit/(loss) for the period attributable to: | | | | |
| Owners of the Company | (180) | 354 | (534) | -151% |
| Non-controlling interest | (15) | (22) | 7 | -32% |
| | (195) | 332 | | |

The Group recorded a revenue of RM15.023 million for the current financial period, representing an increase of RM4.186 million or 39% as compared to RM10.837 million in the corresponding period of the preceding financial year. Despite the on-going Covid-19 pandemic, the Group had managed to relocate 6 new clinics in Peninsular Malaysia to the new area to cater the needs for the consumers.

The Group recorded a profit before taxation of RM0.126 million for the current financial period, representing a decrease of RM0.517 million or 132% as compared to RM0.391 million in the corresponding period of the preceding year. During the current financial period, the Group encountered the increase in materials required for the provision of dental services as well as the increase overhead costs as a result of upkeep of dental clinics and higher staff costs following the Group's expansion.

FINANCIAL REVIEW FOR CURRENT INTERIM 6 MONTHS FINANCIAL PERIOD COMPARED WITH IMMEDIATE PRECEDING 6 MONTHS FINANCIAL PERIOD

| | Interim Financial Period | | Changes Amount RM'000 | Changes % |
|---|--------------------------------|--|-----------------------------|--------------|
| | Current | Immediate | | |
| | 6 Month 30.6.2021 RM'000 | Preceding 6 Month 31.12.2020 RM'000 | | |
| Revenue | 15,023 | 15,820 | (797) | -5% |
| Operating profit / (loss) | (18) | 1,927 | (1,946) | -101% |
| Profit/(loss) before taxation | (126) | 1,452 | (1,578) | -109% |
| Profit/(loss) after tax for the period | (195) | 572 | (767) | -134% |
| Profit/(loss) for the period attributable to: | | | | |
| Owners of the Company | (180) | 572 | (752) | -132% |
| Non-controlling interest | (15) | - | (15) | - |
| | (195) | 572 | | |

The Group had recorded a revenue of RM15.023 million for the current financial period, representing a decrease of RM0.797 million or 5% as compared to RM15.820 million in the previous financial period.

This was mainly due to lockdowns were imposed as a result of the on-going Covid-19 pandemic during the current financial period.

The Group recorded a loss before taxation of RM0.126 million for the current financial period, representing a decrease of RM1.578 million or 109% as compared to RM1.452 million in the corresponding period of the preceding year.

The loss before taxation was mainly due to additional overhead costs incurred on manpower and maintenance costs.

B2 Prospects

In view that the global economic has affected by Covid-19 pandemic, the Group remains focus on the dental services, trading of dental products and others. As at the date of this interim report, the Group is able to continue its business operations which are recognized as essential service. However, the business has slowed down due to uncertainties in relation to restrictions imposed by the Malaysian Government on the economic sectors.

The Group will continue to look for opportunity to expand its business by opening more new clinics at different area in Peninsular Malaysia. The Group is in the midst of securing several banking facilities to cater the working capitals and business expansion.

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.

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

C OTHER INFORMATION

C1 STATUS OF CORPORATE PROPOSALS

There was no corporate proposal announced as at the date of this report.

C2 UTILISATION OF PROCEEDS

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

| Proposed utilisation | Proposed amount for utilisation RM'000 | Revisions to utilisation RM'000 | Actual amount utilised RM'000 | Balance amount to be utilised RM'000 | Estimated timeframe for utilisation upon listing * |
|-------------------------------|---|------------------------------------|----------------------------------|---|--|
| i Business expansion | 7,000 | - | 7,000 | - | Within 30 months |
| ii Talent development | 500 | - 475 | 25 | - | Within 30 months |
| iii Working capital | 1,946 | 475 | 2,421 | - | Within 30 months |
| iv Estimated listing expenses | 1,000 | - | 1,000 | - | Immediately |
| Total | 10,446 | - | 10,446 | - | |

* The Company had on 22 April 2021 announced to extend the timeframe for the remaining utilised proceeds raised from the Excluded Issue.

C3 Material Litigation

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

C4 Dividends

- i) The Company had declared a Tax Exempt Interim Dividend for the total sum of RM250,405 which was paid on 18 February 2021.
- ii) The Company had declared a Tax Exempt Interim Dividend for the total sum of RM250,405 which was paid on 25 May 2021.

Dated: 23 September 2021

