

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

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Registered office:
No. 9A, Jalan Medan Tuanku,
Medan Tuanku,
50300 Kuala Lumpur,
Wilayah Persekutuan

Principal place of business:
No. 32, Jalan Pasar,
41400 Klang,
Selangor Darul Ehsan

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of Metro Healthcare Berhad (“the Company”) and its subsidiaries (collectively known as “the Group”) for the financial year ended 31 December 2019.

Principal Activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year except for two of the Group’s subsidiary companies, Metro Medical Centre Sdn. Bhd. and K.W.Tee Sdn. Bhd..

Financial Results

	Group RM	Company RM
Profit for the financial year attributable to:		
- Owners of the Company	<u>2,256,060</u>	<u>976,510</u>

Dividend

Since the end of the previous financial year, the Company paid an interim single-tier tax exempt dividend of 0.55 sen per share amounting to RM1,103,575 in respect of the financial year ended 31 December 2019 on 10 July 2019.

The Board of Directors does not recommend any final dividend in respect of the financial year ended 31 December 2019.

On 24 February 2020, the Directors declared a first interim tax exempt dividend of 0.60 sen per share for the financial year ending 31 December 2020, paid on 2 April 2020. The financial statements for the current financial year do not reflect this first interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Issue of Shares and Debentures

There were no issuance of shares or debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tay Swi Peng @ Tee Swi Peng
 Lim Wai Khong
 Kong Lan Moon
 Seah Cheong Wei
 Koay Chiang Loong
 Tee Siew Kai

(Appointed on 19 July 2019)

Directors' Interests in Shares or Debentures

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016 ("the Act"), none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	No. of ordinary shares			
	As at 1.1.2019/ Date of appointment	Bought	Sold	As at 31.12.2019
Interest in the Company				
Direct interest:				
Tay Swi Peng @ Tee Swi Peng	105,974,432	-	-	105,974,432
Kong Lan Moon	47,700,410	-	-	47,700,410
Lim Wai Khong	1,543,389	-	-	1,543,389
Tee Siew Kai	3,535,069	64,000	-	3,599,069
Indirect interest:				
Tay Swi Peng @ Tee Swi Peng (1)(2)	60,046,794	-	-	60,046,794
Kong Lan Moon (3)(4)	118,320,816	-	-	118,320,816

Directors' Interests in Shares or Debentures (Continued)

- (1) *Deemed interested by virtue of his spouse, namely Kong Lan Moon's interest in the shares, pursuant to Section 59(11)(c) of the Act.*
- (2) *Deemed interested by virtue of having a controlling interest in Country Range Sdn. Bhd., pursuant to Section 8(4)(b) of the Act.*
- (3) *Deemed interested by virtue of her spouse, namely Tay Swi Peng @ Tee Swi Peng's interest in the shares, pursuant to Section 59(11)(c) of the Act.*
- (4) *Deemed interested by virtue of her interest in Country Range Sdn. Bhd., pursuant to Section 8(4)(b) of the Act.*

By virtue of their interests in the shares of the Company, Tay Swi Peng @ Tee Swi Peng, Kong Lan Moon, Lim Wai Khong and Tee Siew Kai are deemed to have interest in the shares of all its subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in Note 23 and Note 24) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration

Details of Directors' remuneration are disclosed in Note 24 to the financial statements.

Subsidiary Companies

Details of the subsidiary companies are disclosed in Note 6 to the financial statements.

Auditors' Remuneration

Details of auditors' remuneration are disclosed in Note 18 to the financial statements.

Other Statutory Information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that no known bad debts had been written off and that no provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) any amount stated in the financial statements of the Group and of the Company misleading.

No contingent or other liability of any company in the Group has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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Subsequent Events

Details of the subsequent events are disclosed in Note 29 to the financial statements.

Auditors

The auditors, Messrs. Morison AAC PLT (LLP0022843-LCA & AF001977), have expressed their willingness to accept re-appointment.

Morison AAC PLT (LLP0022843-LCA & AF001977) was registered on 8 January 2020 and with effect from that date, Morison AAC (AF001977) which was formerly known as Morison Anuarul Azizan Chew (AF001977), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

TAY SWI PENG @ TEE SWI PENG

LIM WAI KHONG

PUCHONG

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METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, TAY SWI PENG @ TEE SWI PENG and LIM WAI KHONG, being two of the Directors of METRO HEALTHCARE BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 13 to 64 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

TAY SWI PENG @ TEE SWI PENG

LIM WAI KHONG

PUCHONG

Registration No.: 201001021746 (905516-M)

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, TAY SWI PENG @ TEE SWI PENG, being the Director primarily responsible for the financial management of METRO HEALTHCARE BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 13 to 64 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed TAY SWI PENG @ TEE SWI)
PENG)
at PUCHONG)
on)

TAY SWI PENG @ TEE SWI PENG

Before me,

COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRO HEALTHCARE BERHAD**
Registration No.: 201001021746 (905516-M)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of METRO HEALTHCARE BERHAD, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 64.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

How our audit addressed the key audit matters

Goodwill impairment assessment

(Refer to Note 2.3 (a), Note 2.5 (d) and Note 8)

During the financial year, the Group recognised an impairment loss of RM351,721, resulting in a net goodwill carrying amount of RM360,807 pursuant to an impairment assessment in accordance with MFRS 136 “Impairment of Assets”.

The Group estimated the recoverable amount of the cash-generating unit (“CGU”) to which goodwill is generated based on its value-in-use (“VIU”)

We focus on this area because of the complexity and subjectivity of the assumptions involved in the annual impairment assessment test.

We evaluated the reasonableness of management’s impairment assessment and the process by which they are developed.

We discussed with the Board of Directors on the future plan for SSH Care Sdn. Bhd. and challenged assumptions used in the impairment assessment model, including forecast revenue, forecast operating expenses and discount rate.

Sensitivity analysis was performed on the assumptions used by management and we have assessed the impact on the recoverable amount of goodwill within a reasonable range.

Existence of plant and machinery

(Refer to Note 2.5 (c) and Note 4)

As at 31 December 2019, included in the Group’s property, plant and equipment is an amount of RM3,794,459 which comprise plant and machinery pertaining to hospital and clinics in Klang, Puchong, Banting, Kuala Selangor, Shah Alam, Seremban and Subang.

We focused on this area due to the material account balance and various locations in hospital and clinics required to ascertain the functionality and existence of these plant and machinery.

Our audit procedures focused on following:

- discussed with management to obtain understanding on controls and monitoring over the plant and machinery at the hospital and clinics;
- obtained the plant and machinery listing to identify location of the assets;
- conducted site visits to the hospital and clinics where the Group has an active operation; and
- physically inspected the existence and functionality of plant and machinery located at hospital and clinics.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MORISON AAC PLT
(LLP0022843-LCA & AF001977)
Chartered Accountants

SATHIEA SEELEAN A/L MANICKAM
Approved Number: 01729/05/2020 J
Chartered Accountant

KUALA LUMPUR

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	12,761,525	12,887,257	-	-
Right-of-use assets	5	6,065,298	-	-	-
Investment in subsidiaries	6	-	-	9,074,180	9,425,901
Other investment	7	2,719,557	2,519,540	-	-
Goodwill	8	360,807	712,528	-	-
Deferred tax assets	9	5,383	33,959	-	-
Trade and other receivables	10	-	-	5,727,754	5,333,332
		<u>21,912,570</u>	<u>16,153,284</u>	<u>14,801,934</u>	<u>14,759,233</u>
Current Assets					
Inventories	11	1,139,460	727,250	-	-
Trade and other receivables	10	935,774	725,920	54	38,298
Tax recoverable		94,817	578,548	-	-
Cash and cash equivalents		5,541,824	4,478,449	7,604	6,873
		<u>7,711,875</u>	<u>6,510,167</u>	<u>7,658</u>	<u>45,171</u>
TOTAL ASSETS		<u>29,624,445</u>	<u>22,663,451</u>	<u>14,809,592</u>	<u>14,804,404</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	13,646,810	13,646,810	13,646,810	13,646,810
Retained earnings		<u>3,372,583</u>	<u>2,220,098</u>	<u>176,213</u>	<u>303,278</u>
TOTAL EQUITY		<u>17,019,393</u>	<u>15,866,908</u>	<u>13,823,023</u>	<u>13,950,088</u>
Non-Current Liabilities					
Borrowings	13	3,574,849	3,906,927	-	-
Deferred tax liabilities	9	411,274	320,658	-	-
Lease liabilities	14	6,020,480	-	-	-
		<u>10,006,603</u>	<u>4,227,585</u>	<u>-</u>	<u>-</u>

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONTINUED)

		Group		Company	
	Note	2019	2018	2019	2018
		RM	RM	RM	RM
Current Liabilities					
Trade and other payables	15	1,989,530	2,130,299	986,551	854,316
Tax payables		119,565	215,357	18	-
Borrowings	13	237,912	223,302	-	-
Lease liabilities	14	251,442	-	-	-
		<u>2,598,449</u>	<u>2,568,958</u>	<u>986,569</u>	<u>854,316</u>
TOTAL LIABILITIES		<u>12,605,052</u>	<u>6,796,543</u>	<u>986,569</u>	<u>854,316</u>
TOTAL EQUITY AND LIABILITIES		<u>29,624,445</u>	<u>22,663,451</u>	<u>14,809,592</u>	<u>14,804,404</u>

The accompanying notes form an integral part of the financial statements.

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	16	22,708,568	20,276,254	1,500,000	2,500,081
Cost of sales		(12,434,189)	(11,406,692)	-	-
Gross profit		<u>10,274,379</u>	<u>8,869,562</u>	<u>1,500,000</u>	<u>2,500,081</u>
Other operating income	17	506,339	435,197	-	-
Other operating expenses		(7,055,670)	(6,709,774)	(523,472)	(287,238)
Operating profit		<u>3,725,048</u>	<u>2,594,985</u>	<u>976,528</u>	<u>2,212,843</u>
Finance cost		(293,003)	(105,855)	-	-
Profit before taxation	18	<u>3,432,045</u>	<u>2,489,130</u>	<u>976,528</u>	<u>2,212,843</u>
Taxation	19	<u>(1,175,985)</u>	<u>(667,545)</u>	<u>(18)</u>	<u>-</u>
Profit/Total comprehensive income for the financial year		<u>2,256,060</u>	<u>1,821,585</u>	<u>976,510</u>	<u>2,212,843</u>
Profit/Total comprehensive income for the financial year attributable to:					
- Owners of the company		<u>2,256,060</u>	<u>1,821,585</u>	<u>976,510</u>	<u>2,212,843</u>
Earnings per ordinary share (sen):					
- Basic	20	<u>1.12</u>	<u>0.92</u>		

The accompanying notes form an integral part of the financial statements.

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	← Attributable to owners of the Company →		
		Share capital RM	Retained earnings RM	Total RM
Group				
At 1 January 2019		13,646,810	2,220,098	15,866,908
Profit/Total comprehensive income for the financial year		-	2,256,060	2,256,060
Dividend	21	-	(1,103,575)	(1,103,575)
At 31 December 2019		<u>13,646,810</u>	<u>3,372,583</u>	<u>17,019,393</u>
At 1 January 2018		9,028,525	1,401,763	10,430,288
Profit/Total comprehensive income for the financial year		-	1,821,585	1,821,585
Issuance of new shares	12	4,618,285	-	4,618,285
Dividend	21	-	(1,003,250)	(1,003,250)
At 31 December 2018		<u>13,646,810</u>	<u>2,220,098</u>	<u>15,866,908</u>

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

	Note	← Attributable to owners of the Company →		
		Share capital RM	Retained earnings/ (Accumulated loss) RM	Total RM
Company				
At 1 January 2019		13,646,810	303,278	13,950,088
Profit/Total comprehensive income for the financial year		-	976,510	976,510
Dividend	21	-	(1,103,575)	(1,103,575)
At 31 December 2019		<u>13,646,810</u>	<u>176,213</u>	<u>13,823,023</u>
At 1 January 2018		9,028,525	(906,315)	8,122,210
Profit/Total comprehensive income for the financial year		-	2,212,843	2,212,843
Issuance of new shares	12	4,618,285	-	4,618,285
Dividend	21	-	(1,003,250)	(1,003,250)
At 31 December 2018		<u>13,646,810</u>	<u>303,278</u>	<u>13,950,088</u>

The accompanying notes form an integral part of the financial statements.

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows From Operating Activities					
Profit before taxation		3,432,045	2,489,130	976,528	2,212,843
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	4	1,393,246	1,139,183	-	-
Depreciation of right-of-use assets	5	410,837	-	-	-
Finance cost		293,003	105,855	-	-
Finance income		(4,516)	(11,750)	-	-
Impairment loss on investment in subsidiaries	6	-	-	351,721	-
Impairment loss on goodwill	8	351,721	-	-	-
Trade receivables written off		6,900	-	-	-
Loss on disposal of investment in quoted shares		-	288,629	-	-
Net fair value (gain)/loss on investment in quoted shares		(200,017)	515,222	-	-
Dividend income from investment in quoted shares		(73,488)	(98,648)	-	-
Operating gain before changes in working capital		5,609,731	4,427,621	1,328,249	2,212,843
Changes in working capital:					
Inventories		(412,210)	(58,909)	-	-
Trade and other receivables		(216,754)	131,017	(356,178)	(5,366,630)
Trade and other payables		(140,769)	(893,623)	132,235	(68,785)
Cash generated from/(used in) operations		4,839,998	3,606,106	1,104,306	(3,222,572)
Interest paid		(80,321)	(105,855)	-	-
Interest received		4,516	11,750	-	-
Tax refunded		604,240	52,716	-	-
Tax paid		(1,273,094)	(1,133,546)	-	-
Net cash generated from/(used in) operating activities		4,095,339	2,431,171	1,104,306	(3,222,572)

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Cash flows From Investing Activities					
Acquisition of a subsidiary company, net of cash and cash equivalent acquired		-	(374,747)	-	(397,378)
Acquisition of property, plant and equipment		(1,267,514)	(2,070,908)	-	-
Investment in quoted shares		-	(1,252,896)	-	-
Proceeds from disposal of investment in quoted shares		-	1,256,181	-	-
Dividend received from investment in quoted shares		73,488	98,648	-	-
Net cash used in investing activities		<u>(1,194,026)</u>	<u>(2,343,722)</u>	<u>-</u>	<u>(397,378)</u>
Cash Flows From Financing Activities					
Repayment of borrowings	27	(317,468)	(292,143)	-	-
Proceeds from issuance of new ordinary shares	12	-	4,618,285	-	4,618,285
Repayment of lease liabilities	27	(416,895)	-	-	-
Dividend paid	21	<u>(1,103,575)</u>	<u>(1,003,250)</u>	<u>(1,103,575)</u>	<u>(1,003,250)</u>
Net cash (used in)/generated from financing activities		<u>(1,837,938)</u>	<u>3,322,892</u>	<u>(1,103,575)</u>	<u>3,615,035</u>
Net increase/(decrease) in cash and cash equivalents		1,063,375	3,410,341	731	(4,915)
Cash and cash equivalents at the beginning of the financial year		<u>4,478,449</u>	<u>1,068,108</u>	<u>6,873</u>	<u>11,788</u>
Cash and cash equivalents at the end of financial year		<u>5,541,824</u>	<u>4,478,449</u>	<u>7,604</u>	<u>6,873</u>
Cash and cash equivalents at the end of the financial year end comprises:					
Cash and bank balances		<u>5,541,824</u>	<u>4,478,449</u>	<u>7,604</u>	<u>6,873</u>

The accompanying notes form an integral part of the financial statements.

METRO HEALTHCARE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

The Company is a public limited liability company, incorporated under Companies Act, 1965 and domiciled in Malaysia. and is listed on the Leading Entrepreneur Accelerator Platform (“LEAP”) Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The registered office of the Company is located at No. 9A, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at No. 32, Jalan Pasar, 41400 Klang, Selangor Darul Ehsan.

These financial statements were authorised for issue by the Board of Directors in accordance with their resolution on 14 May 2020.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3.

Accounting standards, amendments to accounting standards and IC interpretation that are effective for the Group's and the Company's financial year beginning on or after 1 January 2019 are as follows:

Annual periods beginning on/after 1 January 2019

- 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" (Plan amendment, curtailment or settlement)
- 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"

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

The above accounting standards, amendments to accounting standards and IC interpretation effective during the financial year do not have any significant impact to the financial results and position of the Group and the Company, except as follows:

Adoption of MFRS 16 “Leases”

The Group and the Company have adopted MFRS 16 for the first time in the 2019 financial statements with the date of initial application (“DIA”) of 1 January 2019. The Group and the Company elected to apply the simplified retrospective transition method under Appendix C, paragraph 5(b) of MFRS 16. Accordingly, the 2018 comparative information was not restated.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group and the Company is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 “Leases” and IC Interpretation 4 “Determining whether an Arrangement Contains a Lease”.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 Leases are no longer required. MFRS 16 introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the present value of future lease payments, discounted using the lessee’s incremental borrowing rate, as of the DIA.

The impact of changes of the Group resulting from the adoption of MFRS 16 Leases as at 1 January 2019 is as follows:

Group	Balance as at 31 December 2018 (Based on MFRS 117) RM	Effect of adoption of MFRS 16 RM	Balance as at 1 January 2019 (After adoption of MFRS 16) RM
Right-of-use assets	-	6,476,135	6,476,135
Lease liabilities	-	(6,476,135)	(6,476,135)

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.1 Basis of preparation (continued)

Accounting standards, amendments to accounting standards, IC Interpretation and amendments to IC Interpretation that are applicable for the Group and the Company 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”

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.1 Basis of preparation (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 adoption of the accounting standards, amendments to accounting standards, IC Interpretation and amendments to IC Interpretation are not expected to have any significant impact to the financial statements of the Group and of the Company.

2.2 Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group’s and the Company’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.3 Significant accounting estimates and judgements (continued)

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

(c) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, recoverable amounts of the cash-generating unit are determined based on the value-in-use calculation. These calculations require the estimation of the expected future cash flows from the cash generating unit and a suitable discount rate is applied in order to calculate the present value of those cash flows.

(d) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Such extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that it will be exercised. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. Significant judgements are used in determining the lease term over the extension or termination option.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.4 Basis of consolidation

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.4 Basis of consolidation (continued)

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

2.5 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in the financial statements, unless otherwise stated.

(a) Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries is carried at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(b) Operating segments

For management purpose, the Group is organised into operating segment based on their business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.5 Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(ii) Depreciation and impairment

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives as follows:

• Buildings	50 years
• Plant and machinery	3-10 years
• Motor vehicles	5-6 years
• Office equipment, furniture and fittings	2-10 years
• Renovation	10 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(d) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(d) Goodwill (continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(f) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVTPL”)

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.5 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(iii) Subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.5 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(iii) Subsequent measurement (continued)

Debt instruments (continued)

- FVTPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and the Company's right to receive payments is established.

(iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(iv) Impairment (continued)

For trade receivables and contract assets, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(iv) Impairment (continued)

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

(g) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the first in first out method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Differences between initial recognised amount and the redemption value are recognised in profit or loss over the period of the borrowings using the effective interest method.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(l) Equity Instruments

i) Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

ii) Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(m) Current and deferred income tax (continued)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(o) Provisions (continued)

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Revenue and income recognition

(i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Rendering of services

Revenue from services rendered represents inpatient and outpatient charges and ambulatory care charges. The provision of inpatient and outpatient services and ambulatory care is recognised when the services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(p) Revenue and income recognition (continued)

(ii) Other revenue and income

Revenue and income from other sources are recognised as follows:

Dividend income

Dividend income is recognised when the right to receive payment is established.

Rental income

Rental income is recognised on a straight-line basis over the tenure of the lease.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(q) Leases

(A) *Accounting policies applied until 31 December 2018*

(i) Accounting by lessee

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the lease period.

(ii) Accounting by lessor

Operating leases

When assets are leased out under an operating lease, the asset is included and classified based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(q) Leases (continued)

(B) Accounting policies applied from 1 January 2019

(i) Accounting by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2. **Basis of Preparation and Significant Accounting Policies (Continued)**

2.5 Summary of significant accounting policies (continued)

(q) Leases (continued)

(B) Accounting policies applied from 1 January 2019 (continued)

(i) Accounting by lessee (continued)

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(ii) Accounting by lessor

The Group and the Company determines at lease inception whether each lease is a finance lease or operating lease. To classify each lease, the Group and the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

Operating leases

The Group and the Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognises lease payments received under operating leases as lease income on a straight-line basis over the lease term.

4. **Property, Plant and Equipment**

	Freehold land and building RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Capital work in progress RM	Total RM
Group Cost							
At 1 January 2019	5,410,187	4,634,039	206,697	1,944,558	1,914,151	-	14,109,632
Addition	4,200	343,565	181,127	65,075	139,151	534,396	1,267,514
At 31 December 2019	<u>5,414,387</u>	<u>4,977,604</u>	<u>387,824</u>	<u>2,009,633</u>	<u>2,053,302</u>	<u>534,396</u>	<u>15,377,146</u>
Accumulated depreciation							
At 1 January 2019	-	543,377	56,121	347,666	275,211	-	1,222,375
Charge for the year	108,414	639,768	62,904	280,939	301,221	-	1,393,246
At 31 December 2019	<u>108,414</u>	<u>1,183,145</u>	<u>119,025</u>	<u>628,605</u>	<u>576,432</u>	<u>-</u>	<u>2,615,621</u>
Carrying amount							
At 31 December 2019	<u>5,305,973</u>	<u>3,794,459</u>	<u>268,799</u>	<u>1,381,028</u>	<u>1,476,870</u>	<u>534,396</u>	<u>12,761,525</u>

4. **Property, Plant and Equipment (Continued)**

	Freehold land and building RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation RM	Total RM
Group Cost						
At 1 January 2018	5,410,187	3,263,966	206,697	1,321,453	1,038,175	11,240,478
Acquisition of subsidiary company	-	15,499	-	257,199	525,548	798,246
Additions	-	1,354,574	-	365,906	350,428	2,070,908
At 31 December 2018	<u>5,410,187</u>	<u>4,634,039</u>	<u>206,697</u>	<u>1,944,558</u>	<u>1,914,151</u>	<u>14,109,632</u>
Accumulated depreciation						
At 1 January 2018	-	6,925	855	4,131	2,840	14,751
Acquisition of subsidiary company	-	1,938	-	33,253	33,250	68,441
Charge for the year	-	534,514	55,266	310,282	239,121	1,139,183
At 31 December 2018	<u>-</u>	<u>543,377</u>	<u>56,121</u>	<u>347,666</u>	<u>275,211</u>	<u>1,222,375</u>
Carrying amount						
At 31 December 2018	<u>5,410,187</u>	<u>4,090,662</u>	<u>150,576</u>	<u>1,596,892</u>	<u>1,638,940</u>	<u>12,887,257</u>

Freehold land and building with carrying amount of RM5,305,973 (2018: RM5,410,187) are pledged to a licensed bank as security for borrowings (Note 13).

5. **Right-of-Use Assets**

	Group Building RM
Cost	
At 1 January 2018/1 January 2019 (As previously stated)	-
Effect of adoption of MFRS 16 (Note 2.1)	<u>6,476,135</u>
At 1 January 2019 (Restated)/At 31 December 2019	<u><u>6,476,135</u></u>
Accumulated depreciation	
At 1 January 2018/1 January 2019	-
Charge for the financial year	<u>410,837</u>
At 31 December 2019	<u><u>410,837</u></u>
Carrying amount	
At 31 December 2019	<u><u>6,065,298</u></u>

6. **Investment in Subsidiaries**

	Company	
	2019 RM	2018 RM
Cost		
At 1 January	9,425,901	9,028,523
Additions	<u>-</u>	<u>397,378</u>
At 31 December	9,425,901	9,425,901
Less: Impairment loss	<u>(351,721)</u>	<u>-</u>
	<u><u>9,074,180</u></u>	<u><u>9,425,901</u></u>

Movement on provision of impairment loss on investment in subsidiaries is as follows:

	Company	
	2019 RM	2018 RM
At 1 January	-	-
Add: Impairment loss during the year	<u>351,721</u>	<u>-</u>
At 31 December	<u><u>351,721</u></u>	<u><u>-</u></u>

6. **Investment in Subsidiaries (Continued)**

The subsidiary companies and shareholdings therein are as follows:

Name of entity	Country of incorporation and place of business	Effective ownership and voting interest (%)		Principal activities
		2019	2018	
Hospital Wanita Metro Sdn. Bhd. (“HWM”)	Malaysia	100	100	Hospital and related consultation services
Metro Medical Centre Sdn. Bhd. (“MMC”) #	Malaysia	100	100	Provision of dental services
K.W. Tee Sdn. Bhd. (“KWT”) ^	Malaysia	100	100	Investment holding company
Metro IVF Sdn. Bhd. (“MIVF”)	Malaysia	100	100	To operate, manage and/or provide healthcare services in hospitals, ambulatory care centers, maternity homes and/or clinics
Vision One Diagnostic Sdn. Bhd. (“VONE”)	Malaysia	100	100	Diagnostic imaging centre and medical centre
SSH Care Sdn. Bhd. (“SSH”) *	Malaysia	100	100	Provision of healthcare consultation services

During the financial year, the subsidiary changed its principal activities from carrying on business as hospital and to provide related consultation services to provision of dental services.

^ The subsidiary has ceased operation and became an investment holding company during the financial year.

* Audited by another firm of auditors.

7. **Other Investment**

	Group	
	2019 RM	2018 RM
<i>Fair Value through Profit or Loss</i>		
Quoted shares in Malaysia	<u>2,719,557</u>	<u>2,519,540</u>

8. **Goodwill**

	Group	
	2019	2018
	RM	RM
Cost		
At 1 January	712,528	-
Acquisition of a subsidiary	-	712,528
Impairment loss	(351,721)	-
At 31 December	<u>360,807</u>	<u>712,528</u>

Movement on provision of impairment loss on goodwill is as follows:

	Group	
	2019	2018
	RM	RM
At 1 January	-	-
Add: Impairment loss during the year	351,721	-
At 31 December	<u>351,721</u>	<u>-</u>

Impairment test for goodwill on consolidation

The Group undertakes an annual impairment assessment on its cash-generating units (“CGU”) identified as its subsidiary, SSH Care Sdn. Bhd., which is the lowest level of assets for which the management monitors the goodwill of the Group.

Key assumptions used to determine recoverable amount

The recoverable amount of the Group’s CGU has been determined based on value-in-use calculation. The calculations use pre-tax cash flow projections based on financial budget approved by management covering three years period.

The key assumptions used for the value-in-use calculations are as follows:

	Group	
	2019	2018
Revenue (decline)/growth rate over 3 years (per annum)	-15%	15%
Operating expenditure growth rate over 3 years per annum)	-16%	16%
Pre-tax discount rate	<u>17%</u>	<u>17%</u>

8. **Goodwill (Continued)**

Key assumptions used to determine recoverable amount (continued)

Management determined the revenue growth rate and direct costs during the budget period based on past performance of similar CGUs and future expectations of changes in the market. Management estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the CGU.

The Group has recognised an impairment loss amounting to RM351,721 during the financial year ended 31 December 2019. The impairment has arisen from the management's decision to consolidate the operations into a number of subsidiaries. As such, the Group has reassessed the recoverable amount from SSH Care Sdn. Bhd. and determined that the projected revenue for this CGU will reduce to nil upon consolidation of operation with negligible operating expenditure.

9. **Deferred Tax Assets/(Liabilities)**

	Group	
	2019	2018
	RM	RM
Deferred tax assets	5,383	33,959
Deferred tax liabilities	(411,274)	(320,658)
	<u>(405,891)</u>	<u>(286,699)</u>

The movement on the net deferred tax liabilities are as follows:

	Group	
	2019	2018
	RM	RM
At 1 January	(286,699)	(489,118)
Acquisition of subsidiary	-	66,822
Recognised in profit or loss		
- Property, plant and equipment	(114,089)	99,662
- Unutilised tax losses	(27,303)	17,215
- Unabsorbed capital allowances	(28,003)	18,720
- Deferred revenue	50,203	-
	<u>(119,192)</u>	<u>135,597</u>
At 31 December	<u>(405,891)</u>	<u>(286,699)</u>

9. **Deferred Tax Assets/(Liabilities) (Continued)**

The components of deferred tax assets and deferred tax liabilities of the Group during the financial year prior to offsetting are as follows:

	Group	
	2019	2018
	RM	RM
Deferred tax assets		
- Property, plant and equipment	5,383	5,047
- Unutilised tax losses	49,153	76,456
- Unabsorbed capital allowances	96,852	124,855
- Deferred revenue	50,203	-
	201,591	206,358
Offsetting	(196,208)	(172,399)
Net deferred tax assets	<u>5,383</u>	<u>33,959</u>
Deferred tax liabilities		
- Property, plant and equipment	(607,482)	(493,057)
Offsetting	196,208	172,399
Net deferred tax liabilities	<u>(411,274)</u>	<u>(320,658)</u>

10. **Trade and Other Receivables**

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade receivables	102,259	59,793	-	-
Other receivables	56,659	71,166	54	38,298
Deposits	774,316	594,961	-	-
Prepayment	2,540	-	-	-
Amount due from subsidiary companies	-	-	5,727,754	5,333,332
	<u>935,774</u>	<u>725,920</u>	<u>5,727,808</u>	<u>5,371,630</u>
<i>Analysed as</i>				
<u>Non-current</u>				
Amount due from subsidiary companies	-	-	5,727,754	5,333,332
<u>Current</u>				
Trade receivables	102,259	59,793	-	-
Other receivables	56,659	71,166	54	38,298
Deposits	774,316	594,961	-	-
Prepayment	2,540	-	-	-
	<u>935,774</u>	<u>725,920</u>	<u>54</u>	<u>38,298</u>
	<u>935,774</u>	<u>725,920</u>	<u>5,727,808</u>	<u>5,371,630</u>

10. **Trade and Other Receivables (Continued)**

The Group's normal trade credit terms are 30 days (2018: 30 days). Other credit terms are assessed and approved on a case by case basis.

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2019	2018
	RM	RM
Neither past due nor impaired	14,930	-
Past due but not impaired		
- Past due 1 - 180 days	14,570	22,173
- Past due 181 - 365 days	51,026	16,318
- Past due more than 365 days	21,733	21,302
	87,329	59,793
	102,259	59,793

The Group's trade receivables of RM87,329 (2018; RM59,793) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Included in deposits of the Group is an amount of RM263,100 (2018: RM237,600) owing by company in which a Director of the Company has interest.

The amount due from subsidiary companies are non-trade in nature, unsecured, interest free and is repayable on demand.

11. **Inventories**

	Group	
	2019	2018
	RM	RM
At cost		
Trading merchandise	1,139,460	727,250

12. **Share Capital**

	Group/Company			
	2019			2018
	Number of shares Units	Amount RM	Number of shares Units	Amount RM
Issued and fully paid				
At 1 January	200,650,000	13,646,810	180,570,500	9,028,525
Issuance of ordinary share	-	-	20,079,500	4,618,285
At 31 December	<u>200,650,000</u>	<u>13,646,810</u>	<u>200,650,000</u>	<u>13,646,810</u>

The holders of ordinary shares are entitled to receive dividend declared at the Company's discretion and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. **Borrowings**

	Group	
	2019 RM	2018 RM
Current		
Term loan - secured	237,912	223,302
Non-current		
Term loan - secured	3,574,849	3,906,927
	<u>3,812,761</u>	<u>4,130,229</u>
Maturity of borrowings		
Within one year	237,912	223,302
Later than one year but not later than five years	1,066,624	1,001,102
Later than five years	2,508,225	2,905,825
	<u>3,812,761</u>	<u>4,130,229</u>

13. **Borrowings (Continued)**

The above credit facilities obtained from a licensed bank are secured by the following:

- (a) The principal instrument, a facilities agreement for the sum of RM4,409,180;
- (b) A registered open all monies 1st party charges stamped normally over the property;
- (c) Guaranteed jointly and severally by all directors of the Company present and future and/or the personal guarantee; and
- (d) A fixed charge over a long term freehold land and building of a subsidiary as disclosed in Note 4 to the financial statements.

The term loan bears an interest rate of 4.52% (2018: 4.52%) per annum below the bank's base lending rate.

14. **Lease Liabilities**

	Group	
	2019 RM	2018 RM
Repayable within twelve months	251,442	-
Repayable after twelve months	6,020,480	-
	<u>6,271,922</u>	<u>-</u>

15. **Trade and Other Payables**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	409,100	505,430	-	-
Amount due to subsidiary companies	-	-	930,827	815,828
Amount due to a Director	103,073	98,073	-	-
Other payables	259,953	430,764	38,724	8,988
Deposit	9,900	-	-	-
Contract liabilities relating to ambulatory care:				
deferred revenue	663,796	492,829	-	-
Accrued expenses	543,708	603,203	17,000	29,500
	<u>1,989,530</u>	<u>2,130,299</u>	<u>986,551</u>	<u>854,316</u>

The normal trade credit terms granted to the Group range from 30 to 60 days (2018: 30 to 60 days).

15. **Trade and Other Payables (Continued)**

The amount due to subsidiary companies and amount due to a Director are non-trade in nature, unsecured, interest free and repayable on demand.

Deferred revenue represents deposits received for ambulatory care services which the Group has not fulfilled its performance obligation as at the financial year end.

16. **Revenue**

Breakdown of revenue recognised from contracts with customers is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue recognised from contracts with customers:				
Outpatient services	9,587,729	8,887,510	-	-
Inpatient services	3,667,404	3,531,314	-	-
Ambulatory care	9,453,435	7,857,430	-	-
	<u>22,708,568</u>	<u>20,276,254</u>	-	-
Revenue from other sources:				
Dividend income	-	-	1,500,000	2,500,081
	<u>22,708,568</u>	<u>20,276,254</u>	<u>1,500,000</u>	<u>2,500,081</u>
Geographical market				
Malaysia	<u>22,708,568</u>	<u>20,276,254</u>	<u>1,500,000</u>	<u>2,500,081</u>
Timing of revenue recognition				
Over time	<u>22,708,568</u>	<u>20,276,254</u>	<u>1,500,000</u>	<u>2,500,081</u>

17. **Other Operating Income**

Included in other operating income are:

	Group	
	2019 RM	2018 RM
Dividend income	73,488	98,648
Rental income	17,400	14,506
Interest income	4,516	11,750
Net fair value gain on investment in quoted shares	<u>200,017</u>	<u>-</u>

18. **Profit before Taxation**

Profit before taxation is derived at after charging:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Auditors' remuneration				
- current year	77,000	68,000	25,000	21,500
- under-provision in prior year	200	-	-	-
Depreciation of property, plant and equipment	1,393,246	1,139,183	-	-
Depreciation of right-of-use assets	410,837	-	-	-
Finance cost				
- lease liabilities	212,682	-	-	-
- term loan	80,321	105,855	-	-
Loss on disposal of investment in quoted shares	-	288,629	-	-
Net fair value loss on investment in quoted shares	-	515,222	-	-
Rental expenses	1,348,800	1,279,139	-	-
Trade receivables written off	6,900	-	-	-
Impairment loss on investment in subsidiaries	-	-	351,721	-
Impairment loss on goodwill	351,721	-	-	-
	<u>351,721</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. **Taxation**

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current taxation:				
- Current year	1,023,956	809,966	-	-
- Under/(Over) provision in previous financial years	32,837	(6,824)	18	-
	1,056,793	803,142	18	-
Deferred taxation:				
- Origination and reversal of temporary differences	23,646	52,444	-	-
- Under/(Over) provision in previous financial years	95,546	(188,041)	-	-
	119,192	(135,597)	-	-
Taxation for the financial year	<u>1,175,985</u>	<u>667,545</u>	<u>18</u>	<u>-</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

19. **Taxation (Continued)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation	<u>3,432,045</u>	<u>2,489,130</u>	<u>976,528</u>	<u>2,212,843</u>
Taxation at statutory tax rate of 24% (2018: 24%)	823,691	597,391	234,367	531,082
Change in unrecognised temporary difference	24,347	-	-	-
Income not subject to tax	(65,641)	(105,889)	(360,000)	(600,000)
Non-deductible expenses	265,205	370,908	125,633	68,918
Under/(Over) provision of current taxation in prior years	32,837	(6,824)	18	-
Under/(Over) provision of deferred taxation in prior years	<u>95,546</u>	<u>(188,041)</u>	<u>-</u>	<u>-</u>
Taxation for the financial year	<u>1,175,985</u>	<u>667,545</u>	<u>18</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unabsorbed capital allowances	<u>101,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax assets not recognised at 24%	<u>24,347</u>	<u>-</u>	<u>-</u>	<u>-</u>

20. **Earnings per Ordinary Share**

Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Group	
	2019	2018
Profit attributable to owners of the company (RM)	2,256,060	1,821,585
Weighted average number of ordinary shares in issue	200,650,000	197,869,522
Basic earnings per share (sen)	<u>1.12</u>	<u>0.92</u>

21. **Dividend**

	Group/Company	
	2019	2018
	RM	RM
Interim single-tier tax exempt dividend of 0.55 sen per share in respect of financial year ended 31 December 2019, paid on 10 July 2019	<u>1,103,575</u>	<u>-</u>
Interim single-tier tax exempt dividend of 0.50 sen per share in respect of financial year ended 31 December 2018, paid on 18 September 2018	<u>-</u>	<u>1,003,250</u>

22. **Staff Cost**

	Group	
	2019	2018
	RM	RM
Salary, bonus and other emoluments (excluding Directors)	4,834,016	4,431,663
Defined contribution plan	525,082	465,403
	<u>5,359,098</u>	<u>4,897,066</u>

Included in the total staff cost of the Group are amounts charged to cost of sales and other operating expenses amounting to RM3,967,410 and RM1,391,688 (2018: RM3,673,351 and RM1,223,715) respectively.

23. Related Party Disclosures

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Group and of the Company, other than key management personnel remuneration, are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Rental paid to:				
- Director	336,000	196,000	-	-
- Related companies	983,400	752,400	-	-
Acquisition of subsidiary companies from Directors	-	397,378	-	397,378
Dividend received from subsidiary companies	-	-	(1,500,000)	(2,500,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Related companies represent companies which a Director has interest.

24. Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Information regarding remuneration of key management personnel is as follows:

	Group	
	2019	2018
	RM	RM
Remuneration of Directors:		
- fees, salaries, allowances and bonus	904,933	868,950
- contribution to Employees Provident Fund	48,195	47,040
	953,128	915,990
Remuneration of other key management personnel:		
- salaries, allowances and bonus	531,629	558,500
- contribution to Employees Provident Fund	60,536	61,064
	592,165	619,564
	<u>1,545,293</u>	<u>1,535,554</u>

25. Segment Information

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purpose of making decision about resource allocation and performance assessment.

The principal businesses of the Group are to provide inpatient services, outpatient services and ambulatory care which are substantially within a single business segment in Malaysia. As such, segmental reporting by business segment and geographical segment is deemed not necessary. Accordingly, the information regarding its financial position and results is represented by the financial statements as a whole.

26. Financial Instruments

The following table analyses the financial assets and financial liabilities of the Group and the Company by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets and liabilities at amortised cost RM	Financial assets at FVTPL RM	Total RM
2019			
Group			
Financial assets			
Other investments	-	2,719,557	2,719,557
Trade and other receivables	933,234	-	933,234
Cash and cash equivalents	5,541,824	-	5,541,824
	<u>6,475,058</u>	<u>2,719,557</u>	<u>9,194,615</u>
Financial liabilities			
Trade and other payables	1,325,734	-	1,325,734
Borrowings	3,812,761	-	3,812,761
Lease liabilities	6,271,922	-	6,271,922
	<u>11,410,417</u>	<u>-</u>	<u>11,410,417</u>
Company			
Financial assets			
Trade and other receivables	5,727,808	-	5,727,808
Cash and cash equivalents	7,604	-	7,604
	<u>5,735,412</u>	<u>-</u>	<u>5,735,412</u>
Financial liability			
Trade and other payables	986,551	-	986,551

26. **Financial Instruments (Continued)**

	Financial assets and liabilities at amortised cost RM	Financial assets at FVTPL RM	Total RM
2018			
Group			
Financial assets			
Other investments	-	2,519,540	2,519,540
Trade and other receivables	725,920	-	725,920
Cash and cash equivalents	4,478,449	-	4,478,449
	<u>5,204,369</u>	<u>2,519,540</u>	<u>7,723,909</u>
Financial liabilities			
Trade and other payables	1,637,470	-	1,637,470
Borrowings	4,130,229	-	4,130,229
	<u>5,767,699</u>	<u>-</u>	<u>5,767,699</u>
Company			
Financial assets			
Trade and other receivables	5,371,630	-	5,371,630
Cash and cash equivalents	6,873	-	6,873
	<u>5,378,503</u>	<u>-</u>	<u>5,378,503</u>
Financial liability			
Trade and other payables	854,316	-	854,316

Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing. At reporting date, there were no significant concentration of credit risk.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

26. **Financial Instruments (Continued)**Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables, borrowings and lease liabilities.

Cash flow forecasting is performed by monitoring the Group's and the Company's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	Between 2 and 5 years RM	Above 5 years RM
Group						
2019						
Trade and other payables	1,325,734	-	1,325,734	1,325,734	-	-
Borrowings	3,812,761	4.52	5,234,621	405,360	1,621,440	3,207,821
Lease liabilities	6,271,922	-	8,957,602	531,705	2,139,555	6,286,342
	<u>11,410,417</u>		<u>15,517,957</u>	<u>2,262,799</u>	<u>3,760,995</u>	<u>9,494,163</u>
2018						
Trade and other payables	1,637,470	-	1,637,470	1,637,470	-	-
Borrowings	4,130,229	4.52	5,639,981	405,360	1,621,440	3,613,181
	<u>5,767,699</u>		<u>7,277,451</u>	<u>2,042,830</u>	<u>1,621,440</u>	<u>3,613,181</u>
Company						
2019						
Trade and other payables	<u>986,551</u>	-	<u>986,551</u>	<u>986,551</u>	<u>-</u>	<u>-</u>
2018						
Trade and other payables	<u>854,316</u>	-	<u>854,316</u>	<u>854,316</u>	<u>-</u>	<u>-</u>

26. Financial Instruments (Continued)

Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables, short term borrowings and lease liabilities reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of long-term borrowings carried on the statements of financial position reasonably approximates fair value as it is a floating rate instruments that is re-priced to market interest rates on or near the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statements of financial position:

	2019		2018	
	Level 1 Fair value RM	Carrying amount RM	Level 1 Fair value RM	Carrying amount RM
Group				
Financial assets				
Financial assets at fair value through profit or loss				
- Quoted investment	<u>2,719,557</u>	<u>2,719,557</u>	<u>2,519,540</u>	<u>2,519,540</u>

Level 1 fair value is derived from quoted prices from active markets for identical financial assets or liabilities readily available to the Group at the measurement date. Financial instruments included in level 1 primarily comprise of held for trading investments quoted on FTSE Bursa Malaysia KLCI.

The following table analyses the fair value hierarchy for financial instruments not carried at fair value in the statements of financial position:

	2019		2018	
	Fair value RM	Carrying amount RM	Fair value RM	Carrying amount RM
Financial liability				
Lease liabilities	<u>6,271,922</u>	<u>6,271,922</u>	<u>-</u>	<u>-</u>

26. Financial Instruments (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group and the Company's financial position and cash flows. As at the end of the reporting period, the Group and the Company are not significantly exposed to market risk.

(i) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from borrowings. The Group does not hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amount as at the end of the financial year are as follows:

	Group	
	2019	2018
	RM	RM
Floating rate instruments		
Borrowings	3,812,761	4,130,229

Interest rate risk sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and profit/(loss) net of tax by the amounts shown below, assuming all other variables remain constant.

	Group	
	Increase/(Decrease)	
	Profit net of tax	
	2019	2018
	RM	RM
Floating rate instruments		
Increase 100 basis points	(28,977)	(31,390)
Decrease 100 basis points	28,977	31,390

27. Reconciliation of Liabilities Arising from Financing Activities

	Group			
	2019	2018	2019	2018
	Borrowings RM	Lease liabilities RM	Borrowings RM	Lease liabilities RM
At 1 January (As previously stated)	4,130,229	-	4,422,372	-
Effect of adoption of MFRS 16 (Note 2.1)	-	6,476,135	-	-
At 1 January (Restated)	<u>4,130,229</u>	<u>6,476,135</u>	<u>4,422,372</u>	<u>-</u>
Repayment of borrowings/lease liabilities	(317,468)	(416,895)	(292,143)	-
Finance cost - lease liabilities	-	212,682	-	-
At 31 December	<u>3,812,761</u>	<u>6,271,922</u>	<u>4,130,229</u>	<u>-</u>

28. Capital Management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders.

	Group	
	2019 RM	2018 RM
Total interest bearing borrowings	3,812,761	4,130,229
Less: Cash and cash equivalents	(5,541,824)	(4,478,449)
Net cash	<u>(1,729,063)</u>	<u>(348,220)</u>
Equity attributable to owners of the Company	<u>17,019,393</u>	<u>15,866,908</u>
Gearing ratio	<u>N/A</u>	<u>N/A</u>

There were no changes to the Group's approach to capital management during the financial year.

29. Subsequent Events

(i) Declaration of single-tier interim dividend

On 24 February 2020, the Company declared interim single-tier tax-exempt dividend of 0.60 sen per share for the financial year ending 31 December 2020, paid on 2 April 2020.

(ii) Issuance of share capital pursuant to private placement

On 10 March 2020, the Company announced the proposal to undertake a private placement of 20,065,000 ordinary shares, representing 10% of the total issued shares in multiple tranches over 6 months from 18 March 2020.

On 27 March 2020, the first tranche for the issuance of share capital pursuant to private placement was completed. The issued and fully paid up capital of the Company increased from 200,650,000 ordinary shares to 202,270,000 ordinary shares through private placement of 1,620,000 ordinary shares at subscription price of RM0.90 per share.

The newly issued ordinary shares ranked pari passu in all respect with the existing shares.