



META HEALTH LIMITED

(Incorporated in the Republic of Singapore on 22/12/1988)
(Company Registration Number: 198804700N)

**Condensed Interim Consolidated Financial Statements as at and for the Half
Year Ended 30 June 2023 (Unaudited)**

This announcement has been prepared by Meta Health Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group		Change %
		1H2023	1H2022	
		S\$'000 (Unaudited)	S\$'000 (Unaudited)	
Revenue	4	13,012	18,691	-30%
Other income		95	182	-48%
Raw materials and consumables used		(6,415)	(10,790)	-41%
Changes in inventories of finished goods and work in progress		(415)	342	-221%
Employee benefits expense		(4,758)	(6,305)	-25%
Depreciation of property, plant and equipment		(389)	(655)	-41%
Depreciation of right-of-use assets		(580)	(735)	-21%
Expected credit loss on trade and other receivables, reversed		99	-	N.M.
Other charges		(151)	(101)	50%
Finance costs		(167)	(237)	-30%
Other operating expenses		(2,422)	(3,167)	-24%
Loss before taxation	14	(2,091)	(2,775)	-25%
Taxation	5	-	-	-
Loss for the period		(2,091)	(2,775)	-25%
Other comprehensive loss after tax:				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences		(268)	(260)	3%
Other comprehensive loss for the period, net of tax		(268)	(260)	3%
Total comprehensive loss for the period attributable to owners of the Company		(2,359)	(3,035)	-22%
Loss attributable to:				
Equity holders of the Company		(2,090)	(2,768)	-24%
Non-controlling interests		(1)	(7)	-86%
		(2,091)	(2,775)	-25%
Total comprehensive loss attributable to:				
Equity holders of the Company		(2,358)	(3,028)	-22%
Non-controlling interests		(1)	(7)	-86%
		(2,359)	(3,035)	-22%
Loss per share attributable to owners of the Company (Singapore cent)				
- Basic ⁽¹⁾		(0.39)	(0.53)	
- Diluted ⁽²⁾		(0.39)	(0.53)	

Notes:

- (1) The basic loss per share was calculated based on weighted average number of shares in issue of 542,551,517 in 1H2023 (1H2022: 525,770,485).
- (2) The diluted loss per share was calculated based on weighted average number of shares in issue of 542,551,517 in 1H2023 (1H2022: 525,770,485).
- (3) N.M. denotes not meaningful.
- (4) "1H2023" refers to the six months ended 30 June 2023.
- (5) "1H2022" refers to the six months ended 30 June 2022.

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
		S\$'000 (Unaudited)	S\$'000 (Audited)	S\$'000 (Unaudited)	S\$'000 (Audited)
ASSETS					
Non-Current Assets					
Property, plant and equipment	6	2,246	2,483	61	67
Right-of-use assets		2,967	4,119	45	5
Subsidiaries	8	-	-	10,261	10,261
Goodwill	7	97	-	-	-
Other investment	9	405	405	-	-
Deferred tax assets		61	64	-	-
		<u>5,776</u>	<u>7,071</u>	<u>10,367</u>	<u>10,333</u>
Current Assets					
Inventories		3,060	3,325	-	-
Trade and other receivables		8,289	8,123	6,183	6,662
Prepayments		654	431	27	59
Cash and bank balances	10	2,215	3,218	328	530
		<u>14,218</u>	<u>15,097</u>	<u>6,538</u>	<u>7,251</u>
Total assets		<u>19,994</u>	<u>22,168</u>	<u>16,905</u>	<u>17,584</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	29,175	29,175	29,175	29,175
Reserves		(26,756)	(24,398)	(23,603)	(22,244)
Total equity attributable to owners of the Company		<u>2,419</u>	<u>4,777</u>	<u>5,572</u>	<u>6,931</u>
Non-controlling interests		<u>(63)</u>	<u>(62)</u>	<u>-</u>	<u>-</u>
		<u>2,356</u>	<u>4,715</u>	<u>5,572</u>	<u>6,931</u>
Non-Current Liabilities					
Borrowings	13	1,528	2,164	1,193	1,730
Lease liabilities		1,186	1,369	-	-
		<u>2,714</u>	<u>3,533</u>	<u>1,193</u>	<u>1,730</u>
Current Liabilities					
Borrowings	13	4,760	3,695	2,888	2,137
Lease liabilities		586	1,061	45	63
Trade and other payables	12	9,198	8,864	7,150	6,672
Provisions		131	123	-	-
Contract liabilities		244	172	57	51
Current tax payables		5	5	-	-
		<u>14,924</u>	<u>13,920</u>	<u>10,140</u>	<u>8,923</u>
Total liabilities		<u>17,638</u>	<u>17,453</u>	<u>11,333</u>	<u>10,653</u>
Total equity and liabilities		<u>19,994</u>	<u>22,168</u>	<u>16,905</u>	<u>17,584</u>

C. Condensed interim statements of changes in equity

The Group (unaudited)	Share capital S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve S\$'000	Other reserve S\$'000	Accumulated losses S\$'000	Total equity attributable to owners of the Company S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
Balance at 1 January 2023	29,175	1,068	(2,070)	(1,316)	566	(885)	(21,761)	4,777	(62)	4,715
Loss for the period	-	-	-	-	-	-	(2,090)	(2,090)	(1)	(2,091)
Other comprehensive loss for the period	-	-	-	(268)	-	-	-	(268)	-	(268)
- Currency translation differences	-	-	-	(268)	-	-	-	(268)	-	(268)
Total comprehensive loss for the period	-	-	-	(268)	-	-	(2,090)	(2,358)	(1)	(2,359)
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
- Expiry/Forfeiture of share options	-	(234)	-	-	-	-	234	-	-	-
Transactions with owners in their capacity as owners	-	(234)	-	-	-	-	234	-	-	-
Balance at 30 June 2023	29,175	834	(2,070)	(1,584)	566	(885)	(23,617)	2,419	(63)	2,356
Balance at 1 January 2022	28,632	520	-	(823)	556	-	(13,082)	15,803	67	15,870
Loss for the period	-	-	-	-	-	-	(2,768)	(2,768)	(7)	(2,775)
Other comprehensive income for the period	-	-	-	(260)	-	-	-	(260)	-	(260)
- Currency translation differences	-	-	-	(260)	-	-	-	(260)	-	(260)
Total comprehensive loss for the period	-	-	-	(260)	-	-	(2,768)	(3,028)	(7)	(3,035)
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
- Share-based payment transactions	-	574	-	-	-	-	-	574	-	574
- Issuance of shares	190	-	-	-	-	-	-	190	-	190
- Expiry/Forfeiture of share options	-	(8)	-	-	-	-	8	-	-	-
Transactions with owners in their capacity as owners	190	566	-	-	-	-	8	764	-	764
Balance at 30 June 2022	28,822	1,086	-	(1,083)	556	-	(15,842)	13,539	60	13,599

The Company (unaudited)	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 January 2023	29,175	1,068	(23,312)	6,931
Loss for the period	-	-	(1,359)	(1,359)
Total comprehensive loss for the period	-	-	(1,359)	(1,359)
Contributions by and distributions to owners				
- Expiry/Forfeiture of share options	-	(234)	234	-
Transactions with owners in their capacity as owners	-	(234)	234	-
Balance at 30 June 2023	29,175	834	(24,437)	5,572
Balance at 1 January 2022	28,632	521	(11,643)	17,510
Loss for the period	-	-	(1,420)	(1,420)
Total comprehensive loss for the period	-	-	(1,420)	(1,420)
Contributions by and distributions to owners				
- Share-based payment transactions	-	574	-	574
- Issuance of shares	190	-	-	190
- Expiry/Forfeiture of share options	-	(8)	8	-
Transactions with owners in their capacity as owners	190	566	8	764
Balance at 30 June 2022	28,822	1,087	(13,055)	16,854

D. Condensed interim consolidated statement of cash flows

	The Group	
	6 months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities		
Loss before taxation	(2,091)	(2,775)
Adjustments for:		
Depreciation of property, plant and equipment	389	655
Depreciation of right-of-use assets	580	735
Loss on disposal of property, plant and equipment	121	101
Gain on disposal of right-of-use assets	(4)	-
Expected credit loss on trade and other receivables, reversed	(99)	-
Interest expense on borrowings	105	158
Interest expense on lease liabilities	62	79
Interest income	(1)	(30)
Share base payment expenses	-	574
Write-down of inventories made/(reversed)	38	(30)
Operating loss before working capital changes	(900)	(533)
Changes in inventories	227	69
Changes in trade and other receivables	(67)	943
Changes in prepayments	(223)	(75)
Changes in trade and other payables	495	(1,624)
Changes in contract liabilities	72	182
Net cash used in operations	(396)	(1,038)
Income taxes paid	-	-
Net cash used in operating activities	(396)	(1,038)
Cash Flows from Investing Activities		
Acquisition of a subsidiary, net of cash acquired	(70)	(2,695)
Deposit paid	-	(499)
Interest received	1	30
Proceeds from disposal of property, plant and equipment	130	455
Purchase of property, plant and equipment	(135)	(222)
Net cash used in investing activities	(74)	(2,931)
Cash Flows from Financing Activities		
Interest paid	(167)	(237)
Proceeds from issuance of shares	-	190
Proceeds from borrowings	2,888	2,993
Repayment of borrowings	(2,683)	(4,027)
Repayment of lease liabilities	(506)	(850)
Net cash used in financing activities	(468)	(1,931)
Net decrease in cash and cash equivalents	(938)	(5,900)
Cash and cash equivalents at beginning of period	3,218	10,162
Exchange differences on translation of cash and cash equivalents	(129)	(60)
Cash and cash equivalents at end of period (Note 10)	2,151	4,202

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Meta Health Limited (the “**Company**”) is incorporated in Singapore.

These unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (the “**Group**”).

The principal activities of Group consist of investment holding, metal stamping and manufacturing of tools and fixtures (“**Metal business**”), as well as healthcare business of telemedicine, nursing services and e-pharmacy (“**Healthcare business**”).

2. Basis of preparation

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting. The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited annual consolidated financial statements of the Group for the financial year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The unaudited condensed interim consolidated financial statements are presented in Singapore dollar which is the Company’s functional currency.

Going concern assumption

As at 30 June 2023, the Group is in a net current liabilities position of S\$706,000 (31 December 2022: net current assets position of S\$1,177,000). The financial statements of the Group are prepared on a going concern basis because in July 2023, the Group has restructured certain outstanding bills payable to a bank of a balance of S\$1.5 million to a 3-year term loan. Please refer to Note 13 of Section E of this announcement for further information. Accordingly, approximately S\$1.2 million out of such outstanding balance of S\$1.5 million, which had been recorded under current liabilities as at 30 June 2023, will be reclassified as non-current liabilities in the next reporting period.

As at 30 June 2023, the Company is in a net current liabilities position of S\$3,602,000 (31 December 2022: S\$1,672,000). The financial statements of the Company are prepared on a going concern basis because excluding intercompany trade and other payables balances as at 30 June 2023, the Company is in a net current assets position of S\$2,740,000 (31 December 2022: S\$3,868,000). The Company has control over the timing of the payments of intercompany trade and other payables balances.

Accordingly, the directors of the Company consider it appropriate that these financial statements of the Group and the Company should be prepared on a going concern basis and do not include adjustments that would be required should the Group or the Company fail to continue as a going concern.

2.1. New and amended standards adopted by the Group

The Group has adopted new and revised SFRS(I) and interpretations of SFRS(I) applicable to the Group and the Company which are effective for the financial year beginning 1 January 2023. The adoption of these new SFRS(I), amendments and interpretations of SFRS(I) is not expected to have a material impact on the Group’s unaudited condensed interim consolidated financial statements for current financial period and prior financial years.

2.2. Use of judgements and estimates

In preparing the unaudited condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements of the Group as at and for the financial year ended 31 December 2022 other than the impairment of non-financial assets and fair value of unquoted investments.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised and in any future financial periods affected.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Depreciation of property, plant and equipment and right-of-use assets;
- Impairment of property, plant and equipment and right-of-use assets;
- Impairment of subsidiaries;
- Allowance for inventory obsolescence;
- Provision for expected credit losses of trade and other receivables; and
- Valuation of unquoted investments.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period reported on.

4. Segment and revenue information

For management reporting purposes, the Group is organised into Metal and Healthcare business units based on their geographical locations.

There are no operating segments that have been aggregated to form the above reportable operating segments.

The Group's Chief Executive Officer ("**CEO**"), who is the chief operating decision maker, monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included in the following tables. Performance is measured based on segment profit (before interest, taxation and unallocated expenses), as included in the internal management reports that are reviewed by the Group's CEO, which in certain respects, as explained in the following tables, is different from profit in the consolidated financial statements. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment pricing is determined on an arm's length basis.

The Group's finance costs and income taxes are managed on a group basis and are not allocated to operating segments.

4.1 Reportable segments

	1H2023 (Unaudited)						Healthcare business S\$'000	Consolidated S\$'000
	Singapore S\$'000	Thailand S\$'000	Metal business		Elimination S\$'000	TOTAL S\$'000		
			Malaysia S\$'000	China S\$'000				
External sales	2,924	3,337	1,421	5,033	-	12,715	297	13,012
Inter-segment sales	136	83	2,319	225	(2,763)	-	-	-
Total revenue	3,060	3,420	3,740	5,258	(2,763)	12,715	297	13,012
Segment loss	(537)	197	(72)	(370)	(14)	(796)	(325)	(1,121)
Finance cost	(99)	(11)	(42)	(10)	14	(148)	(19)	(167)
Unallocated expenses ^(a)						(791)	(12)	(803)
Loss before taxation						(1,735)	(356)	(2,091)
Taxation						-	-	-
Loss for the period						(1,735)	(356)	(2,091)
Other segment information:								
Segment assets	26,047	5,364	6,936	12,724	(32,384)	18,687	1,307	19,994
Segment liabilities	13,487	1,959	4,753	10,354	(15,522)	15,031	2,607	17,638
Non-current assets:								
Property, plant and equipment	61	594	1,933	1,247	(1,601)	2,234	12	2,246
Right-of-use assets	45	59	1,307	333	1,223	2,967	-	2,967
Other segment information:								
Additions of property, plant and equipment	-	42	73	20	-	135	3	138
Additions of right-of-use assets	47	7	-	-	-	54	-	54
Depreciation of property, plant and equipment	5	121	272	118	(142)	374	15	389
Depreciation of right-of-use assets	8	30	154	222	142	556	24	580
Loss on disposal of property, plant and equipment	-	3	-	32	-	35	86	121
Gain on disposal of right-of-use assets	-	-	-	-	-	-	(4)	(4)
Write-down on inventories (reversed)/made	-	-	(2)	40	-	38	-	38

1H2022 (Unaudited)								
	Metal business					TOTAL S\$'000	Healthcare	Consolidated S\$'000
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Elimination S\$'000		business S\$'000	
External sales	5,313	3,389	1,402	6,279	-	16,383	2,308	18,691
Inter-segment sales	1,828	12	4,294	366	(6,500)	-	-	-
Total revenue	7,141	3,401	5,696	6,645	(6,500)	16,383	2,308	18,691
Segment (loss)/profit	(908)	(366)	(266)	(208)	47	(1,701)	204	(1,497)
Finance cost						(217)	(20)	(237)
Unallocated expenses ^(a)						(416)	(625)	(1,041)
Loss before taxation						(2,334)	(441)	(2,775)
Taxation						-	-	-
Loss for the period						(2,334)	(441)	(2,775)
Other segment information:								
Segment assets	35,845	4,442	8,808	15,382	(35,235)	29,242	9,787	39,122
Segment liabilities	14,201	1,452	6,001	12,030	(17,454)	16,230	2,173	18,418
Non-current assets:								
Property, plant and equipment	60	239	1,229	1,892	(375)	3,045	53	3,098
Right-of-use assets	35	413	3,572	881	-	4,901	261	5,162
Other segment information:								
Additions of property, plant and equipment	19	106	40	7	-	172	50	222
Additions of right-of-use assets	-	-	-	-	-	-	261	261
Depreciation of property, plant and equipment	12	183	185	268	5	653	2	655
Depreciation of right-of-use assets	30	92	321	243	-	686	49	735
Loss on disposal of property, plant and equipment	2	97	-	2	-	101	-	101
Write-down on inventories reversed	-	-	(30)	-	-	(30)	-	(30)
Share-based payment transactions	574	-	-	-	-	574	-	574

(a) Unallocated expenses primarily relate to directors' fees, directors' remuneration, listing expenses and other corporate related expenses.

5. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. There was no income tax expense incurred for the six months ended 30 June 2022 and 30 June 2023.

6. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with an aggregate cost of S\$138,000 (1H2022: S\$222,000) and disposed of assets with an aggregate carrying amount of S\$251,000 (1H2022: S\$556,000).

7. Goodwill

	The Group	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000
<u>Cost</u>		
At beginning of period/year	7,049	7,049
Goodwill arising from acquisition	97	-
At end of period/year	<u>7,146</u>	<u>7,049</u>
<u>Allowance for impairment losses</u>		
At beginning and end of period/year	<u>7,049</u>	<u>7,049</u>
Carrying amount	<u>97</u>	<u>-</u>

Goodwill of S\$97,000 arose from the acquisition of TS Medical (City Gate) Pte. Ltd., through one of the wholly-owned subsidiaries of the Group, Gainhealth Pte. Ltd. ("**Gainhealth**").

8. Subsidiaries

	The Company	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000
<u>Unquoted equity investments, at cost</u>		
At beginning of period/year	22,298	26,647
Increase in investment in a subsidiary	-	9,690
Disposal	-	(14,039)
At end of period/year	<u>22,298</u>	<u>22,298</u>
<u>Allowance for impairment losses</u>		
At beginning of period/year	12,037	8,808
Allowance made	-	3,229
At end of period/year	<u>12,037</u>	<u>12,037</u>
Carrying amount	<u>10,261</u>	<u>10,261</u>

9. Other investment

	The Group	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000
<u>Unquoted equity instruments at fair value through other comprehensive income, at cost</u>		
At beginning of the period/year	405	2,025
Addition	-	450
Fair value change	-	(2,070)
At end of the period/year	405	405

	The Group	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000
Non-current		
Unquoted equity instruments		
- Adazal Private Limited - incorporated in Singapore ⁽¹⁾	-	-
- Medtel Healthcare Private Limited - Incorporated in India ⁽²⁾	405	405
	405	405

Notes:

- (1) The unquoted equity shares represent investment in corporation which is engaged in online commerce activities, and constitute around 18.41% ownership interests in the investee.
- (2) The unquoted equity shares represent investment in corporation which is engaged in medication activities, and constitute around 8.04% ownership interests in the investee.

The above unquoted equity investments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate them as at fair value through other comprehensive income ("FVOCI") because the Group views that recognising short-term fluctuations in their fair value in profit or loss is not consistent with the Group's strategy of holding these investments for medium to long-term strategic purposes and realising their performance potential in the long run.

10. Cash and bank balances

	The Group		The Company	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000
Cash in banks	2,215	3,218	328	530
	2,215	3,218	328	530

For the purpose of the condensed interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group	
	30-Jun-23 S\$'000	30-Jun-22 S\$'000
Cash and bank balances	2,215	4,202
Less: Bank overdraft (Note 13)	(64)	-
	2,151	4,202

11. Share capital

	The Group and the Company			
	30-Jun-23		31-Dec-22	
	Number of		Number of	
	Shares	Amount	Shares	Amount
	'000	\$'000	'000	\$'000
<u>Issued and fully paid, with no par value</u>				
At beginning of the period/year	542,552	29,175	524,958	28,632
Issuance of shares	-	-	17,594	543
At end of the period/year	542,552	29,175	542,552	29,175

Following are the shares issued during the financial year ended 31 December 2022:

On 9 May 2022, the Company issued (i) 1,951,977 new ordinary shares at an issue price of S\$0.037 per share, as payment of performance bonus to the vendors of Gainhealth, and (ii) 3,641,217 new ordinary shares at an issue price of S\$0.037 per share, as payment of additional arranger fee pursuant to the sale and purchase agreement for the acquisition of 85.07% of Gainhealth in July 2021, less share issuance expenses amounted to S\$16,000.

On 18 August 2022, the Company issued 12,000,000 new ordinary shares at an issue price of S\$0.05 per share, as payment of performance bonus to the vendors of Gainhealth, as payment of the consideration for the further acquisition of 14.9% of Gainhealth in July 2022.

The Company does not have any treasury shares or subsidiary holdings as at 30 June 2023 and 31 December 2022.

Share Options

As at 30 June 2023, the Company has the following unissued shares pursuant to the MCE Share Option Scheme:

	As at 30 June 2023	As at 30 June 2022
MCE Share Option Scheme 2003	2,220,000	3,020,000
MCE Share Option Scheme 2014	30,857,500	45,214,000

Save for the above, the Company does not have any other outstanding convertibles as at 30 June 2023 and 30 June 2022.

12. Trade and other payables

	The Group		The Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables				
- third parties	5,591	5,799	141	588
- subsidiaries	-	-	4,789	4,348
	5,591	5,799	4,930	4,936
Amounts due to subsidiaries (non-trade)	-	-	1,150	1,190
Accrued expenses	2,246	2,365	688	464
Other payables	1,361	700	382	82
	3,607	3,065	2,220	1,736
Financial liabilities at amortised cost	9,198	8,864	7,150	6,672

13. Borrowings

	The Group		The Company	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000
Amounts repayable within one year				
Secured ⁽¹⁾	4,410	3,695	2,135	1,734
Unsecured ⁽²⁾	350	-	753	403
Amounts repayable after one year				
Secured ⁽¹⁾	1,528	2,164	1,193	1,730
	6,288	5,859	4,081	3,867

Notes:

- (1) The Group's bills payable to banks of S\$2,259,000 as at 30 June 2023 (31 December 2022: S\$2,266,000), which bear interest at variable rate ranging from 4.0% to 5.5% (2022: 4.0% to 5.5%), are secured through a corporate guarantee from the Company and/or certain trade receivables of the Group with an aggregate carrying amount of S\$390,000 as at 30 June 2023 (31 December 2022: S\$462,000) (Note 16). In July 2023, the Group had restructured certain outstanding bills payable to a bank of a balance of S\$1.5 million to a 3-year term loan, bearing interest at a rate of 2.0% per annum over the prevailing 3-month cost of funds.

Short-term bank loan 1, amounting to S\$56,000 (31 December 2022: S\$70,000) with an interest rate of 2.5% (2022: 2.5%) per annum as at 30 June 2023, is secured by a personal guarantee from a former director of a subsidiary of the Company, Ms Jagannathan Padmaja Sakthi.

Short-term bank loan 2, amounting to S\$900,000 (31 December 2022: S\$300,000) with an interest rate of 6.5% (2022: 6.7%) per annum as at 30 June 2023, is secured by a corporate guarantee from the Company.

Long-term bank loans, comprising S\$2,659,000 (31 December 2022: S\$3,223,000) bear interest at variable rate ranging from 3.0% to 4.0% (2022: 3.0% to 4.0%) per annum as at 30 June 2023, and repayable in 60 monthly instalments, are secured by a corporate guarantee from the Company.

The bank overdraft, amounting to S\$64,000 (Note 10) as at 30 June 2023 (31 December 2022: S\$Nil) bears interest at a rate of 8.25% per annum, is secured by a corporate guarantee from the Company.

- (2) Short-term unsecured loans from a financial institution, amounting to S\$350,000 as at 30 June 2023 (31 December 2022: S\$Nil), bear interest at a rate of 13.5% per annum. The loans are due in December 2023.

14. Loss before taxation

The following items have been charged/(credited) in arriving at loss before tax:

	The Group	
	6 months ended 30 June	
	2023	2022
	S\$'000	S\$'000
Other income		
Interest income from bank	(1)	(30)
Government Grant	(66)	(95)
Miscellaneous income	(28)	(57)
Expenses		
Water & electricity	417	454
Chemical, lubricants and gas	173	249
Carriage outwards	85	141
Legal & professional fees	475	794
Tooling services	35	41
Factory expenses	97	169
Repair and maintenance	145	225

15. Financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Group		The Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost:				
- Trade and other receivables*	8,080	8,122	6,143	6,640
- Cash and bank balances	2,215	3,218	328	530
	10,295	11,340	6,471	7,170
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	9,198	8,864	7,150	6,672
- Loans and borrowings	6,288	5,859	4,081	3,867
- Lease liabilities	1,772	2,430	45	63
	17,258	17,153	11,276	10,602

* excluding input taxes

16. Financial instruments

Fair value

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding input taxes), cash and bank balances, short-term borrowings, and trade and other payables (excluding provision for retirement benefits), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

Financial assets and financial liabilities subject to enforceable master netting arrangements that are not otherwise set-off

The Group and the Company regularly purchase raw materials from and sell finished products to two counterparties. The Group and the Company and both counterparties do not have an arrangement to settle the amount due to or from each other on a net basis but have the right to set off in the case of default and insolvency or bankruptcy.

The Group's trade receivables and trade payables subject to an enforceable master netting arrangement that are not otherwise set-off are as follows:

	The Group		
	Carrying amounts S\$'000	Related amounts not set off in the statement of financial position S\$'000	Net amounts S\$'000
30-Jun-23			
Trade receivables	2,882	(17)	2,865
Trade payables	17	(17)	-
31-Dec-22			
Trade receivables	2,092	(32)	2,060
Trade payables	32	(32)	-

Transferred financial assets that are not derecognised in their entirety

	The Group		The Company	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000
Carrying amount of assets:				
Trade receivables (Note 13)	390	462	-	-
Carrying amount of associated liabilities:				
Bills payable to banks (Note 13)	(2,259)	(2,266)	(165)	(377)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities not measured at fair value but for which fair values are disclosed *

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<u>The Group</u>				
30-Jun-23				
Long-term bank loans	-	2,727	-	2,727
31-Dec-22				
Long-term bank loans	-	3,435	-	3,435
<u>The Company</u>				
30-Jun-23				
Long-term bank loan	-	2,334	-	2,334
31-Dec-22				
Long-term bank loans	-	2,896	-	2,896

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial.

Long-term bank loans

The carrying amounts of interest-bearing loans that reprice within six months of the end of the reporting period approximate their fair values. The fair values of all other interest-bearing loans are calculated based on discounted expected future principal and interest cash flows.

Financial assets and liabilities measured at fair value

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<u>The Group</u>				
30-Jun-23				
Other investments of FVOCI	-	-	405	405
31-Dec-22				
Other investments of FVOCI	-	-	405	405

Unquoted equity instruments

Discounted cash flows: The valuation requires management to make certain assumption about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the variables estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

17. Net asset value

	The Group		The Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
Net asset value per ordinary share (Singapore cents)	0.45	0.88	1.03	1.28
Number of shares at the end of the year ('000)	542,552	542,552	542,552	542,552
Net assets (S\$'000)	2,419	4,777	5,572	6,931

18. Subsequent events

Save as disclosed under Note 13 above, in relation to the restructuring of certain outstanding bills payable to a bank, there are no other significant subsequent events noted.

F. OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES

1. Review

The condensed interim consolidated balance sheet of Meta Health Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) as at 30 June 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated cash flow statement for the six-month period then ended and the explanatory notes have not been audited or reviewed by the Company’s auditors.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

The latest audited consolidated financial statements of the Group for the financial year ended 31 December (“**FY**”) 2022 were subject to a qualified opinion by the Company’s independent auditor (“**Qualified Opinion**”). The Qualified Opinion was due to certain alleged irregularities relating to, among other things, certain sale transactions involving the Company’s wholly-owned subsidiary, Gainhealth.

As disclosed in the independent auditor’s report dated 14 April 2023 contained in the Company’s Annual Report for FY2022, the Company had taken steps to meet and engage with its employees, customers, and suppliers who were potentially involved in or who might have information on the transactions which are the subject of the allegations. While the Company’s independent auditor had responded and performed certain procedures as detailed in the independent auditor’s report, the independent auditor was unable to ascertain any further potential irregular transactions and any potential unrecorded liabilities as the Company had, on 11 April 2023, lodged a police report in respect of the allegations, and police investigations into the irregularities may be initiated and may possibly require additional adjustment(s), disclosure(s) and/or other consequential effect(s) in respect of the financial statements of the Group for FY2022 and FY2021.

As announced by the Company on 24 May 2023, the Company had provided to the relevant investigating officer of the Singapore Police Force additional information and related materials arising from the Company’s on-going internal investigations. The Group had also commenced legal proceedings in the High Court of Singapore against certain individuals and entities which are not part of the Group, all as alleged involved in the deceit to, among others, recover some of the Group’s losses and wrongful payments made in connection thereto which were identified in the course of the Company’s on-going internal investigations. As of the date of this announcement, the legal case is still ongoing.

The board of directors of the Company confirms that the impact of all outstanding audit issues on the financial statements for FY2022 have been adequately disclosed.

2. Review of performance of the Group

(A) STATEMENT OF COMPREHENSIVE INCOME REVIEW

Revenue

Revenue decreased by approximately 30%, from S\$18.7 million in 1H2022 to S\$13.0 million in 1H2023. The decrease was mainly due to weaker demand from the Industrial, Auto and Printer segment, affecting the Group’s customers’ demands in the Metal business. The Group scaled down its Healthcare business during 1H2023 as it no longer has any COVID-19 related business and no longer engaged in the trading of B2B equipment and food products.

Other income

Other income decreased by S\$87,000, from S\$182,000 in 1H2022 to S\$95,000 in 1H2023. The decrease was mainly due to lesser government grant and interest income in 1H2023.

Expenses

Cost of direct materials decreased by S\$4.4 million, from S\$10.8 million in 1H2022 to S\$6.4 million in 1H2023, in line with overall decrease in sales in 1H2023. Percentage of cost of direct materials to revenue decreased from 57.7% in 1H2022 to 49.3% in 1H2023, mainly due to changes in sales mix and reduced raw material costs.

Changes in inventories of finished goods and work in progress comprised the difference in the value of inventories of finished goods and work in progress at the beginning and at the end of the financial period under review. In 1H2022, the value of the closing inventories was higher than the value of the opening inventories by S\$0.3 million. In 1H2023, the value of the closing inventories was lower by S\$0.4 million. This resulted in a decrease of S\$0.7 million in changes in inventories of finished goods and work in progress for 1H2023. The decrease was mainly due to lower purchases and consumption of inventories, which was in line with the overall decrease in sales.

Employee benefits expense decreased by S\$1.5 million, from S\$6.3 million in 1H2022 to S\$4.8 million in 1H2023, mainly due to decrease in headcount and overtime costs, and other optimisation measures in 1H2023.

Depreciation of property, plant and equipment decreased by S\$0.3 million, from S\$0.7 million in 1H2022 to S\$0.4 million in 1H2023, mainly due to certain assets that had been fully depreciated in 1H2022. Depreciation of right-of-use assets decreased by S\$0.1 million, from S\$0.7 million in 1H2022 to S\$0.6 million in 1H2023, mainly due to disposal (early termination) of a lease in Singapore in 1H2023. No penalty was incurred for this early termination.

Reversal of expected credit loss on trade and other receivables of S\$99,000 in 1H2023 related to the reversal of provision made from repayment from receivables.

Other charges increased by S\$50,000, from S\$101,000 in 1H2022 to S\$151,000 in 1H2023, due to higher loss on disposal of property, plant and equipment of S\$20,000, increase in net provision of stock obsolescence, and net foreign exchange loss of S\$30,000.

Finance costs decreased by S\$70,000, from S\$237,000 in 1H2022 to S\$167,000 in 1H2023, due to decrease in interest expense from hire purchases, bill payables and lease liabilities of S\$86,000 as a result of repayment, partially offset by the increase in interest from short term bank borrowings of S\$16,000.

Other operating expenses, which comprised mainly advertising and promotion, legal and professional fees, overhead and other expenses, decreased by S\$0.8 million, from S\$3.2 million in 1H2022 to S\$2.4 million in 1H2023. The decrease was due to lower legal and professional fees of S\$0.3 million, lower delivery and computer related expenses of S\$0.1 million, lower consumables and utilities charges of S\$0.1 million and lower overhead expenses of S\$0.3 million.

Loss after tax

As a result of the above, the Group recorded a lower loss after tax of S\$2.1 million in 1H2023, as compared to a loss after tax of S\$2.8 million in 1H2022.

(B) STATEMENT OF CASH FLOWS / WORKING CAPITAL & BALANCE SHEET REVIEW

Statement of Financial Position

Balance Sheet

Property, plant and equipment decreased from S\$2.5 million as at 31 December 2022 to S\$2.2 million as at 30 June 2023, mainly due to depreciation charge for the period and disposal of plant and equipment in 1H2023.

Right-of-use assets decreased from S\$4.1 million as at 31 December 2022 to S\$3.0 million as at 30 June 2023, mainly due to depreciation charge for the period and disposal of right-of-use assets in 1H2023.

Goodwill of S\$97,000 related to the acquisition of TS Medical (City Gate) Pte. Ltd., through one of the wholly-owned subsidiaries of the Group, Gainhealth, in 1H2023. Please refer to Note 7 of Section E of this announcement for further information.

Inventories decreased from S\$3.3 million as at 31 December 2022 to S\$3.1 million as at 30 June 2023. The decrease was in line with the overall decrease in sales.

Prepayments increased from S\$0.4 million as at 31 December 2022 to S\$0.7 million as at 30 June 2023, mainly due to advance trade payments made to suppliers.

Total borrowings increased from S\$5.9 million as at 31 December 2022 to S\$6.3 million as at 30 June 2023, mainly due to higher usage of short term bank borrowings.

Total lease liabilities decreased from S\$2.4 million as at 31 December 2022 to S\$1.8 million as at 30 June 2023, mainly due to lease repayment.

As a result of the above, the Group's net working capital decreased from S\$1.2 million as at 31 December 2022 to negative net working capital of S\$0.7 million as at 30 June 2023. In July 2023, the Group had restructured certain outstanding bills payable to a bank of a balance of S\$1.5 million to a 3-year term loan. Please refer to Note 13 of Section E of this announcement for further information. Accordingly, approximately S\$1.2 million out of such outstanding balance of S\$1.5 million, which had been recorded under current liabilities as at 30 June 2023, will be reclassified as non-current liabilities in the next reporting period.

Cash Flow

The Group recorded a net cash outflow of S\$0.9 million in 1H2023 (1H2022: S\$5.9 million) due to net cash of S\$0.4 million used in operating activities, net cash of S\$74,000 used in investing activities, and net cash of S\$0.5 million used in financing activities.

Net cash used in operating activities in 1H2023 was S\$0.4 million, due to operating loss before working capital changes of S\$0.9 million, and further decrease in working capital changes of S\$0.5 million.

Net cash used in investing activities in 1H2023 was S\$74,000, mainly due to partial payment for acquisition of a subsidiary of S\$70,000, and acquisition of plant and equipment of S\$135,000, partially offset by proceeds from the disposal of plant and equipment of S\$130,000.

Net cash used in financing activities in 1H2023 was S\$0.5 million, due to interest paid of S\$0.2 million, and repayment of lease liabilities of S\$0.5 million, partially offset by net proceeds from bank borrowings of S\$0.2 million.

Correspondingly and after the effects of exchange differences on translation of cash and cash equivalents, the Group's cash and cash equivalents decreased by S\$1.0 million, from S\$3.2 million as at 31 December 2022 to S\$2.2 million as at 30 June 2023.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as the Company did not disclose any forecast or prospect statement to shareholders previously.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Metal business

Metal business was affected across all segments by the slowdown in industries, auto and printer business, resulting in reduced demand from customers. The Group has done a strategic review of its Metal business and is currently in talks with interested parties for the divestment of its Metal business.

Healthcare business

The Group is seeing an increase in demand for its primary care services following the launch of Healthier SG by the Ministry of Health in Singapore, an initiative which increases subsidies for preventive health programs. There is a higher focus on the government to emphasis preventative care and ensuring Singaporeans are being followed up with a primary care physician. Furthermore, the Group is making good progress engaging relevant stakeholders to provide care for the elderly at their homes and in nursing homes. This is expected to strengthen the Group's financial performance, barring unforeseen circumstances. Over the next few months, the management will continue to review strategic options to improve shareholder value.

5. Dividend information

(a) Any dividend recommended/declared for the current financial period reported on?

Nil.

(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

6. If no dividend has been declared/recommended, a statement to the effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1H2023, as the Group was loss making for 1H2023.

7. Interested person transactions (“IPTs”)

The Group did not obtain a general mandate from its shareholders for IPTs. There was no IPT entered into by the Group with a value of S\$100,000 or more during 1H2023.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1)

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

9. Disclosure pursuant to Catalist Rule 706A

On 13 March 2023, Gainhealth, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement (“SPA”) with Dr Toh Lim Kai (“Vendor”) to acquire the entire issued and paid-up share capital of TS Medical (City Gate) Pte. Ltd. (“TS Medical”), at a consideration of approximately S\$150,000 (“Purchase Price”), which will be fully satisfied in cash, in the following manner:

- a. S\$70,000 shall be payable within thirty (30) days of the signing of the SPA;
- b. S\$20,000 shall be payable four (4) months from the signing of the SPA;
- c. S\$20,000 shall be payable six (6) months from the signing of the SPA; and
- d. S\$40,000 shall be payable one (1) year from the signing of the SPA, provided that TS Medical generates at least S\$300,000 in revenue within twelve (12) months from the signing of the SPA.

TS Medical is involved in the medical clinic business. The acquisition, which constituted a non-disclosable transaction under Chapter 10 of the Catalist Rules, was completed on 13 March 2023. Following the completion of the acquisition, TS Medical is now a wholly-owned subsidiary of the Group.

The Purchase Price was arrived at on a willing-buyer, willing-seller basis, after arm’s length negotiation between Gainhealth and the Vendor, and taking into consideration, the net asset value of TS Medical as at 28 February 2023. The unaudited net asset value of TS Medical was S\$53,000, based on the unaudited management accounts of TS Medical as at 28 February 2023.

None of the Directors and controlling shareholders of the Company or their respective associates has any interest, direct or indirect (other than through their respective shareholdings (if any) in the Company), in the acquisition of TS Medical.

Save for the above, the Group did not acquire or dispose shares in an entity which will result in that entity in becoming or ceasing to be, a subsidiary or associated company of the Group, or result in a change in the Group’s shareholding percentage in a subsidiary or associated company in 1H2023.

10. Use of Proceeds

On 2 December 2021, the Group completed a placement of new shares to fifteen (15) placees and raised net proceeds of S\$3,263,235 (“Net Proceeds”). Please refer to the Company’s announcement on 18 November 2021 (“Announcement”) for more information on the placement.

As announced on 3 August 2023, the Company had re-allocated S\$315,000 of the Net Proceeds originally allocated to fund investments in healthcare business and e-commerce business purposes, to be utilised for the general working capital purposes of the Group (the “Re-allocation”). Please refer to the Company’s announcement on 3 August 2023 for more information on the Re-allocation.

Following the Re-allocation, the Net Proceeds from the Placement have been fully utilised. The following table summarises the Re-allocation and provides an update on the use of the Net Proceeds:

Use of Net Proceeds	Net Proceeds as disclosed in the Announcement (S\$'000)	Amount utilised as at 28 February 2023 ⁽¹⁾ (S\$'000)	Balance as at 28 February 2023 ⁽¹⁾ (S\$'000)	Adjustment due to the Re-allocation (S\$'000)	Amount utilised from 1 March 2023 up to the date of this announcement (S\$'000)	Balance as at the date of this announcement (S\$'000)
To fund investments in the healthcare business and the e-commerce business	2,284	(1,893)	391	(315)	(76) ⁽²⁾	-
For general working capital requirements	979	(979)	-	315	(315) ⁽³⁾	-
Total Net Proceeds	3,263	(2,872)	391	-	(391)	-

Notes:

- (1) As announced under the Corporate Governance Report section in the Company's Annual Report for the financial year ended 31 December 2022.
- (2) The amount was utilised to fund the Group's acquisition of TS Medical (City Gate) Pte. Ltd., through the Company's wholly-owned subsidiary, Gainhealth.
- (3) The breakdown of the use of Net Proceeds for general working capital purposes of the Group is as follows:

	S\$'000
Employee benefit expenses	222
Legal and professional fees, rental, and corporate expenses	93
Total	<u>315</u>

Save as disclosed above on the Re-allocation, the use of the Net Proceeds is in accordance with the intended uses and allocations as disclosed in the Announcement.

11. Confirmation by the Board pursuant to Catalist Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Bernard Ng Kee Huat
Executive Chairman and Group Chief Executive Officer

Koh Gim Hoe
Lead Independent Director

3 August 2023