



META HEALTH LIMITED

(Formerly known as METAL COMPONENT ENGINEERING 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 2022 (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
		1H2022	1H2021	
		S\$'000 (Unaudited)	S\$'000 (Unaudited)	
Revenue	4	18,691	20,164	-7%
Other income		182	96	91%
Raw materials and consumables used		(10,790)	(11,081)	-3%
Changes in inventories of finished goods and work in progress		342	582	-41%
Employee benefits expense		(6,305)	(5,648)	12%
Depreciation of property, plant and equipment		(655)	(639)	3%
Depreciation of right-of-use assets		(735)	(1,054)	-30%
Other charges		(101)	(82)	23%
Finance costs		(237)	(218)	9%
Other operating expenses		(3,167)	(2,109)	50%
(Loss)/Profit before taxation		(2,775)	11	N.M.
Taxation	5	-	-	-
(Loss)/Profit for the period		(2,775)	11	N.M.
Items that may be reclassified subsequently to profit or loss				
Currency translation differences		(260)	(86)	>100%
Other comprehensive loss for the period, net of tax		(260)	(86)	>100%
Total comprehensive loss for the period		(3,035)	(75)	>100%
(Loss)/Profit attributable to:				
Owners of the Company		(2,768)	11	N.M.
Non-controlling interests		(7)	-	N.M.
		(2,775)	11	N.M.
Total comprehensive loss attributable to:				
Owners of the Company		(3,028)	(75)	>100%
Non-controlling interests		(7)	-	N.M.
		(3,035)	(75)	>100%
(Loss)/Earnings per share attributable to owners of the Company (Singapore cent)				
- Basic	15	(0.53)	**	
- Diluted	15	(0.52)	**	

*N.M. denotes not meaningful

**Amount is less than 0.01

B. Condensed interim statements of financial position

	Note	The Group			The Company	
		As at 30-Jun-22 S\$'000	As at 31-Dec-21 S\$'000 (Restated)	As at 1-Jan-21 S\$'000	As at 30-Jun-22 S\$'000	As at 31-Dec-21 S\$'000
ASSETS						
Non-Current Assets						
Property, plant and equipment	6	3,098	4,190	5,566	60	55
Right-of-use assets		5,162	5,774	5,064	35	65
Subsidiaries	7	-	-	-	22,850	22,629
Goodwill	8	7,160	7,160	-	-	-
Other investment		2,024	2,024	-	-	-
Deferred tax assets		167	172	138	-	-
		17,611	19,320	10,768	22,945	22,749
Current Assets						
Inventories		4,158	4,190	3,517	-	-
Trade and other receivables		12,411	12,835	10,944	11,866	10,732
Prepayments		635	559	1,184	130	124
Cash and bank balances	9	4,307	10,270	4,265	904	3,670
		21,511	27,854	19,910	12,900	14,526
Assets of disposal group classified as held for sale		-	-	12,414	-	-
		21,511	27,854	32,324	12,900	14,526
Total assets		39,122	47,174	43,092	35,845	37,275
EQUITY AND LIABILITIES						
Capital and Reserves						
Share capital	10	28,822	28,632	21,639	28,822	28,632
Reserves		(8,178)	(5,724)	(6,309)	(7,179)	(6,333)
Total equity attributable to owners of the Company		20,644	22,908	15,330	21,643	22,299
Non-controlling interests		60	67	-	-	-
		20,704	22,975	15,330	21,643	22,299
Non-Current Liabilities						
Borrowings	11	2,706	2,870	3,841	2,641	2,870
Lease liabilities		1,859	2,566	1,448	-	58
		4,565	5,436	5,289	2,641	2,928
Current Liabilities						
Borrowings	14	1,862	2,732	1,970	660	939
Lease liabilities		1,569	1,451	1,511	251	404
Trade and other payables	12	9,832	14,179	16,070	10,373	10,518
Provisions		136	127	135	-	-
Current tax payable		34	35	**	-	-
Contract liabilities		420	239	383	277	187
		13,853	18,763	20,069	11,561	12,048
Liabilities of disposal group classified as held for sale		-	-	2,404	-	-
		13,853	18,763	22,473	11,561	12,048
Total liabilities		18,418	24,199	27,762	14,202	14,976
Total equity and liabilities		39,122	47,174	43,092	35,845	37,275

**Amount is less than S\$1,000

C. Condensed interim statements of changes in equity

The Group (unaudited)	Share capital S\$'000	Share option reserve S\$'000	Foreign currency translation reserve S\$'000	Statutory 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 2022	28,632	520	(174)	556	(6,626)	22,908	67	22,975
Loss for the period	-	-	-	-	(2,768)	(2,768)	(7)	(2,775)
Other comprehensive income for the period								
- 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
- Expiry/Forfeiture of share options	-	(8)	-	-	8	-	-	-
- Issuance of shares (performance bonus) (Note 8)	72	-	-	-	-	72	-	72
- Issuance of shares (arranger fee)	118	-	-	-	-	118	-	118
Transactions with owners in their capacity as owners	190	566	-	-	8	764	-	764
Balance at 30 June 2022	28,822	1,086	(434)	556	(9,386)	20,644	60	20,704

The Group (unaudited)	Share capital S\$'000	Share option reserve S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve S\$'000	Other reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 January 2021	21,639	115	(92)	556	7,360	(14,247)	15,331
Profit for the period	-	-	-	-	-	11	11
Other comprehensive income for the period							
- Currency translation differences	-	-	(86)	-	-	-	(86)
Total comprehensive (loss)/income for the period	-	-	(86)	-	-	11	(75)
Contributions by and distributions to owners							
- Issuance of shares	776	-	-	-	-	-	776
- Issuance of shares upon exercise of share options	139	(34)	-	-	-	-	105
Transactions with owners in their capacity as owners	915	(34)	-	-	-	-	881
Balance at 30 June 2021	22,554	81	(178)	556	7,360	(14,236)	16,137

C. Condensed interim statements of changes in equity (cont'd)

The Company (unaudited)	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 January 2022	28,632	521	(6,854)	22,299
Loss for the period	-	-	(1,420)	(1,420)
Other comprehensive income for the period				
- Currency translation differences	-	-	-	-
Total comprehensive loss for the period	-	-	(1,420)	(1,420)
Contributions by and distributions to owners				
- Share-based payment transactions	-	574	-	574
- Expiry/Forfeiture of share options	-	8	8	-
- Issuance of shares (performance bonus) (Note 8)	72	-	-	72
- Issuance of shares (arranger fee)	118	-	-	118
Transactions with owners in their capacity as owners	190	566	8	764
Balance at 30 June 2022	28,822	1,087	(8,266)	21,643

The Company (unaudited)	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 January 2021	21,639	115	(10,982)	10,772
Loss for the period	-	-	(443)	(443)
Total comprehensive loss for the period	-	-	(443)	(443)
Contributions by and distributions to owners				
- Issuance of shares	776	-	-	776
- Issuance of shares upon exercise of share options	139	(34)	-	105
Transactions with owners in their capacity as owners	915	(34)	-	881
Balance at 30 June 2021	22,554	81	(11,425)	11,210

D. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June	
	2022	2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	(2,775)	11
Adjustments for:		
Depreciation of property, plant and equipment	655	639
Depreciation of right-of-use assets	735	1,054
Equity-settled share-based payments transactions	574	-
Loss on disposal of property, plant & machinery	101	-
Interest expense on borrowings	158	109
Interest expense on lease liabilities	79	109
Interest income	(30)	(5)
Write-down of inventories reversed	(30)	-
Operating (loss)/profit before working capital changes	(533)	1,917
Changes in inventories	69	(717)
Changes in trade and other receivables	943	(321)
Changes in prepayments	(75)	(21)
Changes in trade and other payables	(1,624)	1,184
Changes in contract liabilities	182	59
Net cash (used in)/generated from operating activities	(1,038)	2,101
Cash Flows from Investing Activities		
Interest received	30	5
Payment for acquisition of subsidiary	(2,695)	-
Deposit paid for acquisition of unquoted equity investment	(499)	-
Net proceeds from disposal of a subsidiary	-	9,067
Payments for right-of-use assets	-	(2,055)
Proceeds from disposal of property, plant and equipment	455	-
Purchase of property, plant and equipment	(222)	(136)
Net cash (used in)/generated from investing activities	(2,931)	6,881
Cash Flows from Financing Activities		
Interest paid	(237)	(218)
Proceeds from issuance of shares	190	882
Proceeds from borrowings	2,993	2,924
Repayment of borrowings	(4,027)	(2,782)
Repayment of lease liabilities	(850)	(1,050)
Net cash used in financing activities	(1,931)	(244)
Net (decrease)/increase in cash and cash equivalents	(5,900)	8,738
Cash and cash equivalents at beginning of period	10,162	4,193
Exchange differences on translation of cash and cash equivalents	(60)	46
Cash and cash equivalents at end of period	4,202	12,977

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Meta Health Limited (formerly known as Metal Component Engineering Limited) (the “**Company**”) is incorporated in Singapore.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 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 condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The 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 annual financial statements for the financial year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The amendment to the standards is as follows:

(a) Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions beyond 30 June 2021

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

Entities applying the practical expedient must disclose this fact, whether the expedient has been applied to all qualifying rent concessions, and the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

(b) Amendments to SFRS(I) 1-16 Property, Plant and Equipment-Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise such sales proceeds and related costs in profit or loss and measure the cost of those items in accordance with SFRS(I) 1-2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly' and specify this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

(c) Amendments to SFRS(I) 9 Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

The amendments clarify that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity shall include only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendments are applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendments. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

2.2. Use of judgements and estimates

In preparing the 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 consolidated financial statements as at and for the financial year ended 31 December 2021, 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 assessment of goodwill;
- Impairment of subsidiaries;
- Allowance for inventory obsolescence;
- Provision for expected credit losses of trade 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 business 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

	1H2022										
	Metal business					Healthcare business					
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Elimination S\$'000	TOTAL S\$'000	Singapore S\$'000	Malaysia S\$'000	TOTAL S\$'000	Note	Consolidated S\$'000
External sales	5,313	3,389	1,402	6,279	-	16,383	2,267	41	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	2,267	41	2,308		18,691
(Loss)/Profit before interest and taxation	(908)	(366)	(266)	(208)	47	(1,701)	174	30	204		(1,497)
Finance cost						(217)	(20)	-	(20)		(237)
Unallocated expenses						(416)	(625)	-	(625)	(a)	(1,041)
(Loss)/Profit before taxation						(2,334)	(471)	30	(441)		(2,775)
Taxation						-	-	-	-		-
Net (loss)/profit after taxation						(2,334)	(471)	30	(441)		(2,775)
Other segment information:											
Segment assets	35,845	4,442	8,808	15,382	(42,707)	21,770	17,256	96	17,352		39,122
Segment liabilities	14,201	1,452	6,001	12,030	(25,223)	8,461	9,940	17	9,957		18,418
Non-current assets:											
Property, plant and equipment	60	239	1,229	1,892	(375)	3,045	53	-	53		3,098
Right-of-use assets	35	413	3,572	881	-	4,901	261	-	261		5,162
Other segment information:											
Additions of property, plant and equipment	19	106	40	7	-	172	50	-	50		222
Additions of right-of-use assets	-	-	-	-	-	-	261	-	261		261
Depreciation of property, plant and equipment	12	183	185	268	5	653	2	-	5		655
Depreciation of right-of-use assets	30	92	321	243	-	686	49	-	49		735
Loss on disposal of property, plant and equipment	2	97	-	2	-	101	-	-	-		101
Write-down on inventories reversed	-	-	(30)	-	-	(30)	-	-	-		(30)

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

	1H2021					Note	TOTAL S\$'000
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Elimination S\$'000		
External sales	5,746	4,645	1,638	8,135	-		20,164
Inter-segment sales	2,823	2	4,553	373	(7,751)		-
Total revenue	8,569	4,647	6,191	8,508	(7,751)		20,164
Profit before interest and taxation	85	23	168	316	14		606
Finance cost							(218)
Unallocated expenses						(a)	(377)
Profit before taxation							11
Taxation							-
Net profit after taxation							11
Other segment information:							
Segment assets	34,588	7,677	10,724	26,798	(26,103)		53,684
Segment liabilities	21,525	3,424	7,808	19,167	(14,367)		37,557
Non-current assets:							
Property, plant and equipment	58	1,412	1,539	2,399	(380)		5,028
Right-of-use assets	96	1,188	3,185	1,492	-		5,961
Other segment information:							
Additions of property, plant and equipment	8	88	20	20	-		136
Additions of right-of-use assets	-	638	-	1,417	-		2,055
Depreciation of property, plant and equipment	24	165	192	268	(10)		639
Depreciation of right-of-use assets	30	224	354	446	-		1,054

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 were no income tax expense incurred for the 6 months ended 30 June 2021 and 30 June 2022.

6. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of S\$222,000 (2021: S\$136,000) and disposed of assets with an aggregate carrying amount of S\$556,000 (2021: Nil).

7. Subsidiaries

The Company	30-Jun-22 S\$'000	31-Dec-21 S\$'000
<u>Unquoted equity investments, at cost</u>		
At beginning of period/year	26,647	20,396
Increase in investment in a subsidiary	221	6,483
Disposal within the group	-	(232)
At end of period/year	26,868	26,647
<u>Allowance for impairment losses</u>		
At beginning of period/year	4,018	4,250
Allowance reversed	-	(232)
At end of period/year	4,018	4,018
Carrying amount	22,850	22,629

During the six months ended 30 June 2022, the Company contributed additional capital of S\$221,000 (2021: S\$6,079,000) in its wholly-owned subsidiary in Singapore, 5Digital Pte Ltd, and Nil (2021: S\$404,000) in its wholly-owned subsidiary in PRC, MCE Technologies (Suzhou) Co., Ltd.

8. Goodwill

<u>The Group</u>	30-Jun-22 S\$'000	31-Dec-21 S\$'000 (Restated)	1-Jan-21 S\$'000
Goodwill arising on consolidation	7,160	7,160	-
(a) Goodwill arising from consolidation			
<u>Cost</u>			
At beginning of period/year	7,160	-	-
Additions arising from acquisition of subsidiaries	-	7,160	-
At end of period/year	7,160	7,160	-
<u>Allowance for impairment losses</u>			
At beginning and end of period/year	-	-	-
Net book value	7,160	7,160	-

Impairment testing

As at 30 June 2022 and 31 December 2021, the carrying amount of goodwill is attributable to the Group's cash-generating unit ("CGU") comprising Gainhealth Group ("Gainhealth CGU").

The recoverable amount of the CGU is determined based on value-in-use ("VIU") calculations. The VIU calculation is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period. Cash flows for the budgeted period were extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rate in which the CGU operates.

No impairment loss was recognised for goodwill as the recoverable amount of the CGU is higher than the carrying amount as at 30 June 2022 and 31 December 2021.

Key assumptions used for value-in-use calculations:

30 June 2022 and 31 December 2021	Gainhealth CGU %
Gross profit margin ⁽¹⁾	46.5
Growth rate ⁽²⁾	48.9
Terminal growth rate ⁽³⁾	1.7
Discount rate ⁽⁴⁾	20.0

(1) Budgeted gross profit margin

(2) Compound annual growth rate

(3) Long term inflation rate

(4) Pre-tax discount rate applied to the pre-tax cash flow projections based on the weighted average cost of capital

Management has engaged an independent professional valuer to value Gainhealth Pte Ltd ("Gainhealth") as at 28 February 2022 for the purpose of determining the performance bonus to be paid to the vendors as per the sale and purchase agreement. Based on the valuation report dated 5 May 2022, performance bonus was paid to the vendors in the following manner:

- (a) S\$2,622,277 to Jagannathan Padmaja Sakthi in cash;
- (b) S\$31,401, by way of allotment and issuance of 848,686 performance shares at an issue price of S\$0.037 per performance share to Fu Yijie; and
- (c) S\$40,822, by way of allotment and issuance of 1,103,291 performance shares at an issue price of S\$0.037 per performance share to Yeo Kang Nian.

9. Cash and bank balances

	The Group		The Company	
	30-Jun-22 S\$'000	31-Dec-21 S\$'000	30-Jun-22 S\$'000	31-Dec-21 S\$'000
Cash in banks	4,298	10,258	903	3,668
Cash on hand	9	12	1	2
	4,307	10,270	904	3,670

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

The Group	30-Jun-22 S\$'000	31-Dec-21 S\$'000
Cash and bank balances	4,307	10,270
Add: Cash and bank balances in disposal group classified as held for sale	-	(13)
Less: Bank deposit pledged	(105)	(108)
	4,202	10,162

10. Share capital

	The Group and the Company			
	30-Jun-2022		31-Dec-2021	
	Number of Shares '000	Amount S\$'000	Number of Shares '000	Amount S\$'000
<u>Issued and fully paid, with no par value</u>				
At 1 January	524,958	28,632	374,119	21,639
Issuance of shares	5,593	190	146,909	6,818
Exercise of share options	-	-	3,930	175
At 30 June/31 December	530,551	28,822	524,958	28,632

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) 3,631,217 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.

The Company does not have any treasury shares or subsidiary holdings as at 30 June 2022, 31 December 2021, and 30 June 2021.

Share Options

As at 30 June 2022, the Company has the following unissued shares pursuant to the MCE Share Option Scheme:

	As at 30 June 2022	As at 30 June 2021
MCE Share Option Scheme 2003	3,020,000	3,020,000
MCE Share Option Scheme 2014	45,214,000	37,161,000

Save for the above, the Company does not have any other outstanding convertibles as at 30 June 2022 and 30 June 2021.

11. Loans and borrowings

	The Group		The Company	
	30-Jun-2022 S\$'000	31-Dec-2021 S\$'000	30-Jun-2022 S\$'000	31-Dec-2021 S\$'000
<u>Amounts repayable within one year</u>				
Secured ¹	1,862	2,732	660	939
<u>Amounts repayable after one year</u>				
Secured ¹	2,706	2,870	2,641	2,870
	4,568	5,602	3,301	3,809

¹ The Group's bills payable to banks of S\$690,000 (2021: S\$1,677,000), are secured through a corporate guarantee from the Company.

Short-term bank loans amounting to S\$78,000 (2021: S\$80,000) with interest rate of 2.5% per annum are secured by personal guarantee of a director of a subsidiary of the Company, Miss Jagannathan Padmaja Sakthi.

Long-term bank loans, comprising S\$3,301,000 (2021: S\$3,809,000) with an interest rate of 3% per annum repayable in 60 monthly instalments, are secured by corporate guarantee from the Company.

Long-term bank loans, comprising S\$482,000 (2021: Nil) with an interest rate of 4% per annum repayable in 60 monthly instalments, are secured by corporate guarantee from the Company.

12. Trade and other payables

	The Group			The Company	
	30-Jun-22 S\$'000	31-Dec-21 S\$'000 (Restated)	1-Jan-21 S\$'000	30-Jun-22 S\$'000	31-Dec-21 S\$'000
Trade payables					
- third parties	7,162	8,444	8,337	867	922
- subsidiaries	-	-	-	7,154	5,802
	7,162	8,444	8,337	8,021	6,724
Amounts due to subsidiaries (non-trade)	-	-	-	1,411	2,645
Accrued expenses	1,936	2,780	2,384	563	1,053
Performance bonus accrued	-	2,694	-	-	-
Consideration received	-	-	4,992	-	-
Other payables	734	261	357	378	96
	2,670	5,735	7,733	2,352	3,794
Financial liabilities at amortised cost	9,832	14,179	16,070	10,373	10,518

13. (Loss)/Profit before taxation

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

	The Group	
	6 months ended 30 June	
	2022	2021
	S\$'000	S\$'000
Other Income		
Interest income	(30)	(5)
Government Grant	(95)	(78)
Forex exchange gain	(14)	-
Expenses		
Water & electricity	454	513
Chemical, lubricants and gas	249	202
Carriage outwards	141	170
Legal & professional fees	794	101
Tooling services	41	216
Factory expenses	169	140
Repair and maintenance	225	69
Custom duty and penalty	186	-

14. Financial assets and financial liabilities

	The Group		The Company	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost:				
- Trade and other receivables*	12,411	12,789	11,866	10,710
- Cash and bank balances	4,307	10,270	904	3,670
	16,837	23,059	12,770	16,380
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	9,832	11,485	10,373	10,518
- Loans and borrowings	4,568	5,602	3,301	1,226
- Lease liabilities	3,428	4,017	251	462
	17,828	21,104	13,925	12,206

* excluding input taxes

15. Earnings per share/Net asset value

	6 months ended 30 June	
	2022	2021
	S\$'000	S\$'000
The Group		
(Loss)/Profit for the period attributable to owners of the Company (S\$)	(2,768)	11
Basic (loss)/earnings per share (Singapore cent)	(0.53)	*
Diluted (loss)/earnings per share (Singapore cent)	(0.52)	*

* Amount is less than 0.01

- (1) The basic (loss)/earnings per share was calculated based on weighted average number of shares in issue of 525,770,485 in 1H2022 (1H2021: 403,621,526).
- (2) The diluted (loss)/earnings per share was calculated based on weighted average number of shares in issue of 530,405,485 in 1H2022 (1H2021: 408,256,526).

	The Group		The Company	
	30-Jun-2022	31-Dec-2021	30-Jun-2022	31-Dec-2021
Net asset value per ordinary share (Singapore cents)	3.90	4.36	4.08	4.25
Number of shares at the end of the period/year ('000)	530,551	524,958	530,551	524,958

16. Prior year adjustment

In 2022, a performance bonus of S\$2,694,000 had been paid to the vendors for the acquisition of 85.07% of Gainhealth Pte Ltd in July 2021. The payment of performance bonus was based on second valuation commissioned by the Company on the 100% equity interest in Gainhealth Pte Ltd and its subsidiaries as at 28 February 2022. Further details are disclosed in Note 8 of Section E of this announcement.

The prior year adjustments affect only the Statement of Financial Position as disclosed below:

	31-Dec-21		31-Dec-21
	Reported	Adjustment	Restated
	S\$'000	S\$'000	S\$'000
The Group			
Statement of financial position			
Goodwill (Note 8)	4,466	2,694 ^(a)	7,160
Trade and other payables (Note 12)	11,485	2,694 ^(a)	14,179

Note:

- (a) Additional contingent consideration fulfilled within the measurement period under SFRS(I) 3, Business Combination

There is no effect on the Statement of Comprehensive Income and Statement of Cash Flows for the financial year ended 31 December 2021 and Statement of Financial Position as at 1 January 2021.

17. Subsequent events

Other than the removal of non-controllable interest on the acquisition of Gainhealth that may arise from the completion of the acquisition of the remaining 14.93% of Gainhealth announced by the Company on 12 July 2022, 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 (formerly known as Metal Component Engineering Limited) (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) as at 30 June 2022 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.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2021 (“**FY2021**”) were not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

2. Review of performance of the Group

(A) STATEMENT OF COMPREHENSIVE INCOME REVIEW

Revenue

Revenue decreased by 7.3% year on year to S\$18.7 million in 1H2022, on the back of a decline in revenue from the Group’s metal business. The segment was largely impacted by a decrease in global demand for the Group’s products due to the COVID-19 lockdown in Shanghai, China in April and May 2022, as well as a supply shortage of integrated circuit chips and rising material prices amid rising geopolitical uncertainty. The decline in revenue was partially offset by the Group’s healthcare segment which contributed S\$2.3 million in revenue following the acquisition of 85.07% of Gainhealth Pte. Ltd. in the second half of 2021 (“**2H2021**”).

Other income

Other income amounted to approximately S\$182,000 in 1H2022, as compared to approximately S\$96,000 in 1H2021, mainly due to the government grants of approximately S\$86,000 received in Singapore pursuant to the professional conversion program.

Expenses

Percentage of cost of direct materials to revenue increased from 52% in 1H2021 to 55.9% in 1H2022, mainly due to rising raw material prices and changes in sales mix.

Employee benefits expense increased by S\$0.7 million, from S\$5.6 million in 1H2021 to S\$6.3 million in 1H2022, mainly due to (i) increase in headcount from the new healthcare business, and (ii) stock-based compensation cost of S\$0.6 million arising from the 43.0 million stock grants offered to directors and staff of the Group in 2H2021.

Depreciation of right-of-use assets decreased by approximately S\$319,000, from S\$1.1 million in 1H2021 to S\$0.7 million in 1H2022, mainly due to the decrease in leases in 1H2022.

Other operating expenses, which comprised mainly electricity and water bills, factory expenses and rentals, as well as legal and professional fees, increased by S\$1.1 million to S\$3.2 million in 1H2022, from S\$2.1 million in 1H2021. The increase in other operating expenses was mainly due to (i) S\$0.2 million for custom tax and penalty fees relating to the shutdown of one of the Group’s factories in Thailand, and (ii) increase in professional fees of S\$0.8 million for the operations and investments in the new healthcare businesses in 1H2022. Repair and maintenance fees increased from approximately S\$69,000 in 1H2021 to S\$0.2 million in 1H2022, due to closure costs relating to the aforementioned shutdown of the factory in Thailand and higher repair costs incurred for the Company’s subsidiaries in Malaysia and Suzhou, China.

Profit after tax

For the reasons given above, the Group recorded a loss after tax of S\$2.8 million in 1H2022, as compared to a profit after tax of approximately S\$11,000 in 1H2021.

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

In 1H2022, the Group recorded a net cash outflow of S\$5.9 million (1H2021: S\$8.7 million), due to net cash of S\$1.0 million used in operating activities, net cash of S\$2.9 million used in investing activities, and net cash of S\$1.9 million used in financing activities.

Net cash used in operating activities in 1H2022 was S\$1.0 million, mainly due to operating loss before working capital changes of S\$0.5 million and increase in working changes of S\$0.5 million.

Net cash used in investing activities in 1H2022 was S\$2.9 million, mainly from (i) deposit for purchase of unquoted equity investments for S\$0.5 million, (ii) payment of S\$2.7 million in relation to the acquisition of 85.07% of Gainhealth, and (iii) purchase of property, plant and equipment ("PPE") for S\$0.2 million, partly offset by proceeds from the disposal of PPE for S\$0.5 million.

Net cash used in financing activities in 1H2022 was S\$1.9 million, mainly for (i) the repayment of finance lease liabilities of S\$0.8 million, (ii) interest paid of S\$0.2 million, and (iii) the net repayment of bank borrowings of S\$1.0 million, partly offset by the proceeds from the issuance of new shares of S\$0.2 million.

Arising from the above changes in cash flow, the Group's cash and bank balances decreased by S\$5.9 million, from S\$10.2 million as at 31 December 2021 to S\$4.2 million as at 30 June 2022. Bank borrowings decreased by S\$1.0 million, from S\$5.6 million as at 31 December 2021 to S\$4.6 million as at 30 June 2022. Consequently, the Group was in a net debt position of S\$0.3 million as at 30 June 2022, as compared to a net cash of S\$4.7 million as at 31 December 2021.

Balance Sheet

Goodwill of S\$7.2 million as at 30 June 2022 relates to the recognition of provisional goodwill arising from the acquisition of 85.07% of Gainhealth in 2H2021 and the performance bonus payments in 1H2022.

Other investment of S\$2.0 million as at 30 June 2022 relates to the acquisition of 18.41% of the equity shareholdings in Adazal Private Limited in 2H2021.

Included in trade and other receivables as at 30 June 2022 was S\$0.9 million that relates to (i) deposit of S\$400,000 placed for the proposed investment of 10% equity shareholdings in MedTel Healthcare Private Limited, and (ii) deposit of S\$500,000 placed for the proposed investment of 70% equity shareholdings in P. T. Gaido Digital Medika.

As at 30 June 2022, the Group recorded a net positive working capital of S\$7.7 million, a decrease of S\$1.4 million over the net position working capital of S\$9.1 million as at 31 December 2021. This was mainly due to the performance bonus payments to the vendors of Gainhealth, following the second valuation done on Gainhealth in May 2022, pursuant to the sale and purchase agreement entered into in June 2021.

Trade and other payables decreased from S\$14.2 million as at 31 December 2021, to S\$9.8 million as at 30 June 2022, mainly due to performance bonus paid of S\$2.7 million for the Gainhealth acquisition as well as payments made of S\$1.7 million in 1H2022.

Trade receivables turnover days and trade payables turnover days stood at 104 days and 79 days respectively as at 30 June 2022, as compared to 98 days and 86 days as at 31 December 2021 respectively. The increase in trade receivables turnover days was mainly attributable to changes in sales mix. The decrease in trade payables turnover days was due to payables made promptly within the credit terms period. Inventory turnover days increased to 46 days as at 30 June 2022 from 43 days as at 31 December 2022 mainly due to changes in sales mix. Consequently, the Group's net working capital days increased to 71 days as at 30 June 2022, from 55 days as at 31 December 2021.

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

The condensed interim consolidated financial statements for the six months ended 30 June 2022 as set out in this announcement are in line with the profit guidance announcement released by the Company on 18 July 2022.

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

The operating environment continues to remain challenging for the Group's metal business due to geopolitical uncertainty, slowing economic growth and the COVID-19 pandemic situation in China. The Group is keeping a close tab on its costs and cashflow and will work towards an eventual earnings turnaround for the metal business segment.

On the healthcare business, the Group has observed an enthusiastic demand for its services in telemedicine, nursing services and e-pharmacy. In response, the Group has made several positive developments in 1H2022 including the launch of "Digital Hospital" in Indonesia, a trademarked product by the Group's 70% owned subsidiary, PT Gaido Digital Medika, which was identified as a key partner of the Indonesia Tourism Medical Association. In the coming months, the Group will continue to explore new streams of business development opportunities and conduct a strategic review of its existing business segments to create greater value for shareholders.

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) Book closure 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 the six months ended 30 June 2022, as the Group was in a loss-making position and the board of directors deems it appropriate to conserve cash for mergers and acquisition purposes, and to grow the Group's new healthcare business.

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 value of S\$100,000 or more during 1H2022.

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 Rule 706(A)

As announced on 3 March 2022, the Company had incorporated a wholly-owned subsidiary in Singapore, known as MCE Technologies Holdings Pte. Ltd. (the "**Incorporation**") with an initial paid-up capital of S\$1.00, primarily to hold the Company's metal business. The Incorporation was funded by the Company's internal resources and is not expected to have any material impact on the earnings per share and net tangible assets per share of the Company and the Group for the financial year ending 31 December 2022.

None of the Directors and controlling shareholders of the Company or their respective associates have any interest, directly or indirectly (other than through their respective shareholdings (if any) in the Company), in the Incorporation.

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"). As at 31 July 2022, the utilisation of the Net Proceeds is as follows:

Use of Net Proceeds	Amount allocated (S\$'000)	Amount utilised as announced on 31 March 2022 ⁽¹⁾ (S\$'000)	Amount utilised from 1 April 2022 up to 31 July 2022 (S\$'000)	Balance as at 31 July 2022 (S\$'000)
To fund investments in the healthcare business and the e-commerce business	2,284	1,293	150 ⁽²⁾	841
For general working capital requirements	979	538	377 ⁽³⁾	64
Total Net Proceeds	3,263	1,831	527	905

Notes:

- (1) As announced under the Corporate Governance Report section in the Company's Annual Report for FY2021.
- (2) The amount was utilised to fund the Company's acquisition of PT Gaido Digital Medika, through its wholly-owned subsidiary, 5Digital Pte Ltd.
- (3) The breakdown of the use of the Net Proceeds for general working capital purposes of the Group is as follows:

	S\$'000
Employee benefit expenses	184
Professional, investor relations and listing fees	193
Total	377

The use of the Net Proceeds is in accordance with the intended uses as disclosed in the Company's announcement on the placement dated 18 November 2021. The Company will continue to provide periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially disbursed. The Company will also provide a status report on the use of the Net Proceeds in its annual report(s) and financial results announcement(s).

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 2022 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

12 August 2022