



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 Second Half Year ("2H") and Full Year ("FY") Ended 31 December 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 Catalist.

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	The Group		Change
		2H2022	2H2021	%	FY2022	FY2021	%
		S\$'000 (Unaudited)	S\$'000 (Restated)		S\$'000 (Unaudited)	S\$'000 (Restated)	
Revenue	4	18,875	22,862	-17%	37,566	43,026	-13%
Other income		40	10,002	-100%	222	10,098	-98%
Raw materials and consumables used		(11,111)	(11,916)	-7%	(21,901)	(22,935)	-5%
Changes in inventories of finished goods and work in progress		(243)	(72)	>100%	99	448	-78%
Employee benefits expense		(4,944)	(6,921)	-29%	(11,249)	(12,569)	-11%
Depreciation of property, plant and equipment		(563)	(693)	-19%	(1,218)	(1,332)	-9%
Depreciation of right-of-use assets		(674)	(418)	61%	(1,409)	(1,472)	-4%
Impairment losses on trade and other receivables (made)/reversed		(760)	20	N.M.	(760)	20	N.M.
Other charges		(1,722)	(1,043)	65%	(1,823)	(1,125)	62%
Finance costs		(292)	(287)	2%	(529)	(505)	5%
Other operating expenses		(2,601)	(3,282)	-21%	(5,768)	(5,391)	7%
(Loss)/Profit before taxation	13	(3,995)	8,252	N.M.	(6,770)	8,263	N.M.
Taxation	5	(100)	1	N.M.	(100)	1	N.M.
(Loss)/Profit for the period/year		(4,095)	8,253	N.M.	(6,870)	8,264	N.M.
Other comprehensive (loss)/income after tax:							
Items that may be reclassified subsequently to profit or loss							
Currency translation differences		(232)	(9)	>100%	(492)	(83)	>100%
Fair value through OCI**		(2,070)	-	N.M.	(2,070)	-	N.M.
Cumulative translation differences derecognised relating to disposal of group classified as held for sale		-	(649)	-100%	-	(649)	-100%
Cumulative income derecognised relating to disposal of group classified as held for sale		-	(7,360)	-100%	-	(7,360)	-100%
Other comprehensive loss for the period/year, net of tax		(2,302)	(8,018)	-71%	(2,562)	(8,092)	-68%
Total comprehensive (loss)/profit for the period/year attributable to owners of the Company		(6,397)	235	N.M.	(9,432)	172	N.M.
(Loss)/Profit attributable to:							
Equity holders of the Company		(4,048)	8,198	N.M.	(6,816)	8,209	N.M.
Non-controlling interests		(47)	55	N.M.	(54)	55	N.M.
		(4,095)	8,253	N.M.	(6,870)	8,264	N.M.
Total comprehensive (loss)/profit attributable to:							
Equity holders of the Company		(6,350)	180	N.M.	(9,378)	174	N.M.
Non-controlling interests		(47)	55	N.M.	(54)	55	N.M.
		(6,397)	235	N.M.	(9,432)	172	N.M.
(Loss)/Earning per share attributable to owners of the Company (Singapore cent)							
- Basic ⁽¹⁾		(0.77)	1.99		(1.29)	1.99	
- Diluted ⁽²⁾		(0.76)	2.05		(1.28)	2.05	

Note:

* N.M. denotes not meaningful

**OCI denotes other comprehensive income

⁽¹⁾ The basic earnings per share was calculated based on weighted average number of shares on issue of 533,127,05 in 2H2022 and FY2022, respectively (2H2021 and FY2021: 414,426,924).

⁽²⁾ The diluted earnings per share was calculated based on weighted average number of shares on issue of 535,867,054 in 2H2022 and FY2022, respectively (2H2021 and FY2021: 402,173,690).

B. Condensed interim statements of financial position

Note	The Group			The Company		
	31-Dec-22 S\$'000 (Unaudited)	31-Dec-21 S\$'000 (Restated)	01-Jan-21 S\$'000 (Audited)	31-Dec-22 S\$'000 (Unaudited)	31-Dec-21 S\$'000 (Audited)	
ASSETS						
Non-Current Assets						
Property, plant and equipment	6	2,483	4,190	5,567	67	55
Right-of-use assets		4,119	5,774	5,064	5	65
Subsidiaries	8	-	-	-	18,280	22,629
Goodwill	7	6,330	7,048	-	-	-
Other investment	9	405	2,025	-	-	-
Deferred tax assets		64	172	138	-	-
		13,401	19,209	10,769	18,352	22,749
Current Assets						
Inventories		3,325	4,190	3,517	-	-
Trade and other receivables		9,880	12,835	10,944	6,223	10,732
Prepayments		1,370	559	1,184	59	124
Cash and bank balances	10	3,218	10,270	4,265	530	3,670
		17,793	27,854	19,910	6,812	14,526
Assets of disposal group classified as held for sale		-	-	12,414	-	-
		17,793	27,854	32,324	6,812	14,526
Total assets		31,194	47,063	43,093	25,164	37,275
EQUITY AND LIABILITIES						
Capital and Reserves						
Share capital	11	29,175	28,632	21,639	29,175	28,632
Reserves		(15,406)	(5,780)	(6,308)	(14,225)	(6,333)
Total equity attributable to owners of the Company		13,769	22,852	15,331	14,950	22,299
Non-controlling interests		(62)	67	-	-	-
		13,707	22,919	15,331	14,950	22,299
Non-Current Liabilities						
Borrowings	12	2,663	2,870	3,841	2,229	2,870
Lease liabilities		1,369	2,566	1,448	-	58
		4,032	5,436	5,289	2,229	2,928
Current Liabilities						
Borrowings	12	3,146	2,732	1,970	1,240	939
Lease liabilities		1,061	1,451	1,511	5	404
Trade and other payables		8,948	14,124	16,070	6,689	10,518
Provisions		123	127	135	-	-
Current tax payables		5	35	-	-	-
Contract liabilities		172	239	383	51	187
		13,455	18,708	20,069	7,985	12,048
Liabilities of disposal group classified as held for sale		-	-	2,404	-	-
		13,455	18,708	22,473	7,985	12,048
Total liabilities		17,487	24,144	27,762	10,214	14,976
Total equity and liabilities		31,194	47,063	43,093	25,164	37,275

C. Condensed interim statements of changes in equity

The Group	Share capital	Share option reserve	Revaluation reserve	Foreign currency translation reserve	Statutory reserve	Other reserve	Accumulated losses	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2022, as restated	28,632	521	-	(824)	556	-	(6,033)	67	22,919
Loss for the year	-	-	-	-	-	-	(6,816)	(54)	(6,870)
Other comprehensive loss for the year									
- Currency translation differences	-	-	-	(492)	-	-	-	-	(492)
- Fair value through OCI**	-	-	(2,070)	-	-	-	-	-	(2,070)
Total comprehensive loss for the year	-	-	(2,070)	(492)	-	-	(6,816)	(54)	(9,432)
Contributions by and distributions to owners									
- Share-based payment transactions	-	627	-	-	-	-	-	-	627
- Issuance of shares	543	-	-	-	-	-	-	-	543
- Expiry/Forfeiture of share options	-	(80)	-	-	-	-	80	-	-
Transactions with owners in their capacity as owners	543	547	-	-	-	-	80	-	1,170
Transfer to statutory reserve	-	-	-	-	10	-	-	-	10
Changes in interest in a subsidiary	-	-	-	-	-	(885)	-	(75)	(960)
Balance at 31 December 2022	29,175	1,068	(2,070)	(1,316)	566	(885)	(12,769)	(62)	13,707

Note:

**OCI denotes other comprehensive income

The Group	Share capital	Share option reserve	Revaluation reserve	Foreign currency translation reserve	Statutory reserve	Other reserve	Accumulated losses	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2021	21,639	115	-	(92)	556	7,360	(14,247)	-	15,331
Profit for the year, as restated	-	-	-	-	-	-	8,209	55	8,264
Other comprehensive income for the year									
- Currency translation differences	-	-	-	(83)	-	-	-	-	(83)
- Disposal of assets held-for-sale, as restated	-	-	-	-	-	(7,360)	-	-	(7,360)
Adjustment									
- Cumulative translation reserve transferred relating to disposal of group classified as asset held-for-sale, as restated	-	-	-	(649)	-	-	-	-	(649)
Total comprehensive (loss)/income for the year, as restated	-	-	-	(732)	-	(7,360)	8,209	55	172
Contributions by and distributions to owners									
- Share-based payment transactions	-	451	-	-	-	-	-	-	451
- Issuance of shares	6,818	-	-	-	-	-	-	-	6,818
- Issuance of shares upon exercise of share options	175	(40)	-	-	-	-	-	-	135
- Expiry/Forfeiture of share options	-	(5)	-	-	-	-	5	-	-
- Non-controlling interests arising from business combination	-	-	-	-	-	-	-	12	12
Transactions with owners in their capacity as owners	6,993	406	-	-	-	-	5	12	7,416
Balance at 31 December 2021, as restated	28,632	521	-	(824)	556	-	(6,033)	67	22,919

The Company	Share capital S\$'000	Share option reserve S\$'000	Other 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 year	-	-	-	(2,170)	(2,170)
Other comprehensive income for the year					
- Currency translation differences	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(2,170)	(2,170)
Contributions by and distributions to owners					
- Share-based payment transactions	-	627	-	-	627
- Issuance of shares	543	-	-	-	543
- Capital reserve in transaction with owner*	-	-	(6,349)	-	(6,349)
- Expiry/Forfeiture of share options	-	(80)	-	80	-
Transactions with owners in their capacity as owners	543	547	(6,349)	80	(5,179)
Balance at 31 December 2022	29,175	1,068	(6,349)	(8,944)	14,950

*This is related to the internal restructuring of 3 subsidiaries (MCE Technologies Sdn Bhd, MCT (Thailand) Co., Ltd and MCE Technologies (Suzhou) Co., Ltd) from Meta Health Limited to MCE Technologies Holding Pte. Ltd. This is a non-distributable reserve.

The Company	Share capital S\$'000	Share option reserve S\$'000	Other reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 January 2021	21,639	115	-	(10,983)	10,771
Profit for the year	-	-	-	4,124	4,124
Other comprehensive income for the year					
- Currency translation differences	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	4,124	4,124
Contributions by and distributions to owners					
- Share-based payment transactions	-	451	-	-	451
- Issuance of shares	6,818	-	-	-	6,818
- Issuance of shares upon exercise of share options	175	(40)	-	-	135
- Expiry/Forfeiture of share options	-	(5)	-	5	-
Transactions with owners in their capacity as owners	6,993	406	-	5	7,404
Balance at 31 December 2021	28,632	521	-	(6,854)	22,299

D. Condensed interim consolidated statement of cash flows

	The Group	
	2022	2021
	S\$'000	S\$'000
		(Restated)
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	(6,770)	8,263
Adjustments for:		
Depreciation of property, plant and equipment	1,218	1,332
Depreciation of right-of-use assets	1,409	1,472
Impairment of property, plant equipment	120	690
Impairment of goodwill	718	-
Gain on disposal of subsidiary	-	(9,814)
Gain on disposal of property, plant and equipment	(163)	(13)
Gain on disposal of right-of-use assets	(3)	-
Impairment losses on trade and other receivables made/(reversed)	760	(20)
Interest expense on borrowings	314	212
Interest expense on lease liabilities	215	237
Interest expense from contingent consideration payable	-	56
Interest income	(34)	(29)
Share base payment expenses	627	451
Write-down of inventories (reversed)/made	(11)	76
Operating (loss)/profit before working capital changes	(1,600)	2,913
Changes in inventories	876	(745)
Changes in trade and other receivables	2,006	(1,739)
Changes in prepayments	(811)	600
Changes in trade and other payables	(2,575)	(596)
Changes in contract liabilities	(67)	(144)
Net cash (used in)/generated from operations	(2,171)	289
Income taxes paid	(30)	-
Net cash (used in)/generated from operating activities	(2,201)	289

The Group	
2022	2021
S\$'000	S\$'000
	(Restated)

Cash Flows from Investing Activities

Acquisition of unquoted equity investment	(200)	(1,000)
Acquisition of a subsidiary, net of cash acquired	-	(3,761)
Acquisition of non-controlling interest	(400)	-
Contingent consideration paid	(2,622)	-
Deposit paid	-	(498)
Interest received	34	29
Net proceeds from disposal of subsidiary	-	8,707
Proceeds from disposal of property, plant and equipment	1,031	26
Purchase of property, plant and equipment	(494)	(315)
Net cash (used in)/generated from investing activities	(2,651)	3,188

Cash Flows from Financing Activities

Changes in bank deposit pledged	108	-
Interest paid	(529)	(449)
Proceeds from issuance of shares	-	4,827
Proceed from share option exercise	-	175
Net proceeds/(repayments) of borrowings	294	(209)
Repayment of lease liabilities	(1,829)	(1,867)
Net cash (used in)/generated from financing activities	(1,956)	2,477

Net (decrease)/increase in cash and cash equivalents	(6,808)	5,954
Cash and cash equivalents at beginning of year	10,162	4,193
Exchange differences on translation of cash and cash equivalents	(136)	15
Cash and cash equivalents at end of year (Note 10)	3,218	10,162

E. Notes to the Condensed Interim Financial Statements

1. Corporate information

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

These condensed interim financial statements as at and for the six months and twelve months ended 31 December 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 and full year ended 31 December 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 audited annual financial statements for the 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.

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

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 2022. The adoption of these new SFRS(I), amendments and interpretations of SFRS(I) are not expected to have a material impact on the Group’s unaudited condensed interim financial statements for current and prior 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 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 of non-financial assets
- Impairment of subsidiaries
- Allowance for inventory obsolescence
- Provision for expected credit losses of trade receivables
- Fair value of unquoted investments

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period/year 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

	2H2022							Note	Consolidated S\$'000
	Metal business					Healthcare			
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Elimination S\$'000	TOTAL S\$'000	business S\$'000		
External sales	3,993	3,556	1,201	6,623	-	15,373	3,502	18,875	
Inter-segment sales	1,469	27	3,053	295	(4,844)	-	-	-	
Total revenue	5,462	3,583	4,254	6,918	(4,844)	15,373	3,502	18,875	
Loss before interest and taxation	(863)	348	(151)	(395)	(649)	(1,710)	(1,481)	(3,191)	
Finance cost						(183)	(109)	(292)	
Unallocated expenses						(415)	(97)	(512)	
Loss before taxation						(2,308)	(1,687)	(3,995)	
Taxation						(100)	-	(100)	
Net loss after taxation						(2,408)	(1,687)	(4,095)	
Other segment information:									
Additions of property, plant and equipment	15	36	28	2	-	81	191	272	
Additions of right-of-use assets	-	54	47	-	-	101	179	280	
Depreciation of property, plant and equipment	8	145	186	205	3	547	16	563	
Depreciation of right-of-use assets	30	27	262	259	-	578	96	674	
(Gain)/ Loss on disposal of property, plant and equipment	(2)	(224)	(117)	79	-	(264)	-	(264)	
Gain on disposal of right of use assets	-	-	-	-	-	-	(3)	(3)	
Loss on impairment of property, plant & equipment	-	-	120	-	-	120	-	120	
Write-down on inventories made/(reversed)	-	(3)	15	7	-	19	-	19	
Share-based payment transactions	53	-	-	-	-	53	-	53	

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

2H2021 (Restated)									
	Metal Business					Total	Healthcare	Note	Consolidated
	Singapore	Thailand	Malaysia	China	Elimination		business		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
External sales	7,056	4,552	1,212	8,731	-	21,551	1,311		22,862
Inter-segment sales	3,154	5	5,513	571	(9,243)	-	-		-
Total revenue	10,210	4,557	6,725	9,302	(9,243)	21,551	1,311		22,862
Profit/(loss) before interest and taxation	5,326	(588)	388	151	4,326	9,603	245		9,848
Finance cost						(285)	(2)		(287)
Unallocated expenses						(679)	(630)	(i)	(1,309)
Profit/(loss) before taxation						8,639	(387)		8,252
Taxation						36	(35)		1
Net Profit/(loss) after taxation						8,675	(422)		8,253

Other segment information:

Additions of property, plant and equipment	13	70	58	34	-	175	6		181
Additions of right-of-use assets	-	(638)	1,802	55	-	1,219	95		1,314
Depreciation of property, plant and equipment	16	223	188	276	(11)	692	1		693
Depreciation of right-of-use assets	30	154	312	(124)	-	372	46		418
Gain on disposal of group	(9,814)	-	-	-	-	(9,814)	-		(9,814)
Gain on disposal of property, plant & equipment	-	(11)	(2)	-	-	(13)	-		(13)
Loss on impairment of property, plant & equipment	-	690	-	-	-	690	-		690
Write-down on inventories made/(reversed)	-	25	57	(6)	-	76	-		76

Note:

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

FY2022									
	<u>Metal business</u>					<u>Healthcare business</u>		Note	Consolidated
	Singapore	Thailand	Malaysia	China	Elimination	TOTAL			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
External sales	9,306	6,945	2,603	12,902	-	31,756	5,810	37,566	
Inter-segment sales	3,297	39	7,347	661	(11,344)	-	-	-	
Total revenue	<u>12,603</u>	<u>6,984</u>	<u>9,950</u>	<u>13,563</u>	<u>(11,344)</u>	<u>31,756</u>	<u>5,810</u>	<u>37,566</u>	
(Loss)/Profit before interest and taxation	(1,770)	(18)	(417)	(603)	(602)	(3,410)	(1,278)	(4,688)	
Finance cost						(400)	(129)	(529)	
Unallocated expenses						(831)	(722)	(1,553)	
(Loss)/Profit before taxation						<u>(4,641)</u>	<u>(2,129)</u>	<u>(6,770)</u>	
Taxation						<u>(100)</u>	-	<u>(100)</u>	
Net (loss)/profit after taxation						<u>(4,741)</u>	<u>(2,129)</u>	<u>(6,870)</u>	
Other segment information:									
Segment assets	33,866	4,491	6,842	13,964	(41,766)	17,397	13,797	31,194	
Segment liabilities	19,545	1,188	4,430	11,138	(27,239)	9,062	8,425	17,487	
Non-current assets:									
Property, plant and equipment	67	352	797	1,416	(378)	2,254	229	2,483	
Right-of-use assets	5	431	2,967	567	-	3,970	149	4,119	
Other segment information:									
Additions of property, plant and equipment	34	142	68	9	-	253	241	494	
Additions of right-of-use assets	-	54	47	-	-	101	440	541	
Depreciation of property, plant and equipment	20	329	371	473	8	1,201	17	1,218	
Depreciation of right-of-use assets	60	119	583	502	-	1,264	145	1,409	
Loss/(Gain) on disposal of property, plant and equipment	-	(127)	(117)	81	-	(163)	-	(163)	
Gain on disposal of right of use assets	-	-	-	-	-	-	(3)	(3)	
Loss on impairment of property, plant & equipment	-	-	120	-	-	120	-	120	
(Reversed) / Write-down on inventories	-	(3)	(15)	7	-	(11)	-	(11)	
Share-based payment transactions	627	-	-	-	-	627	-	627	

Note:

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

FY2021 (Restated)									
	Metal Business					Total	Healthcare	Note	Consolidated
	Singapore	Thailand	Malaysia	China	Elimination		business		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
External sales	12,802	9,197	2,850	16,866	-	41,715	1,311	43,026	
Inter-segment sales	5,977	7	10,066	944	(16,994)	-	-	-	
Total revenue	18,779	9,204	12,916	17,810	(16,994)	41,715	1,311	43,026	
Profit/(Loss) before interest and taxation	5,411	(565)	556	467	4,341	10,210	244	10,454	
Finance cost						(447)	(58)	(505)	
Unallocated expenses						(1,056)	(630)	(1,686)	
Profit before taxation						8,707	(444)	8,263	
Taxation						36	(35)	1	
Net profit/(loss) after taxation						8,743	(479)	8,264	
Other segment information:									
Segment assets	37,110	5,955	9,884	23,719	(42,685)	33,983	13,080	47,063	
Segment liabilities	14,975	2,456	6,615	15,818	(22,926)	16,938	7,206	24,144	
Non-current assets:									
Property, plant and equipment	55	893	1,410	2,197	(370)	4,185	5	4,190	
Right-of-use assets	66	517	3,997	1,145	-	5,725	49	5,774	
Other segment information:									
Additions of property, plant and equipment	21	158	78	54	-	309	6	315	
Additions of right-of-use assets	-	-	1,802	1,472	-	3,274	95	3,369	
Depreciation of property, plant and equipment	40	388	380	544	(21)	1,331	1	1,332	
Depreciation of right-of-use assets	60	378	666	322	-	1,426	46	1,472	
Gain on disposal of subsidiary	(9,814)	-	-	-	-	(9,814)	-	(9,814)	
Gain on disposal of property, plant & equipment	-	(11)	(2)	-	-	(13)	-	(13)	
Loss on impairment of property, plant & equipment	-	690	-	-	-	690	-	690	
Write-down on inventories made/(reversed)	-	25	57	(6)	-	76	-	76	

Note:

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

Breakdown of sales:

	GROUP		
	FY2022 S\$'000	FY2021 S\$'000	+ / - %
Sales reported for first half (1 January to 30 June)	18,691	20,164	-7%
Operating profit/(loss) after tax before deducting non-controlling interests reported for the first half	(2,775)	11	N.M.
Sales reported for second half (1 July to 31 December)	18,875	22,862	-17%
Operating profit/(loss) after tax before deducting non-controlling interests reported for the second half	(4,095)	8,253	N.M.

*N.M. denotes not meaningful

5. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group		The Group	
	2H2022 S\$'000	2H2021 S\$'000	FY2022 S\$000	FY2021 S\$000
Current tax expenses/(credit)				
Current year	-	(34)	-	(34)
Deferred tax				
- Origination and reversal of temporary differences	100	33	100	33
	100	(1)	100	(1)

6. Property, plant and equipment

During FY2022, the Group acquired property, plant and equipment with an aggregate cost of S\$494,000 (2021: S\$315,000) and disposed of assets with an aggregate carrying amount of S\$868,000 (2021: S\$95,000).

7. Goodwill

<u>The Group</u>	31-Dec-22 S\$'000	31-Dec-21 S\$'000 (Restated)	01-Jan-21 S\$'000
Goodwill arising on consolidation	6,330	7,048	-
<u>Cost</u>			
At beginning of year	7,048	-	-
Additions arising from acquisition of subsidiaries, as restated		7,048	-
At end of year	7,048	7,048	-
<u>Allowance for impairment losses</u>			
At beginning and end of year	-	-	-
Additions	718		
At end of year	718	-	-
Net book value	6,330	7,048	-

Impairment tests for goodwill

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

The recoverable amounts of the CGUs were determined based on value in use ("VIU") calculations and VIU of these CGUs were estimated to be higher than their carrying amounts. 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 with terminal value for Gainhealth Pte Ltd. Cash flows for the budgeted period were extrapolated using the estimated growth rates stated below.

Impairment loss amounting to S\$718,000 was recognised for goodwill as the recoverable amount of the CGU is lower than the carrying amount as at 31 December 2022.

Key assumptions used for value-in-use calculations:

	Gainhealth CGU	
	31 Dec 2022	31 Dec 2021
	%	%
Gross profit margin ⁽¹⁾	28.7	46.5
Growth rate ⁽²⁾	12.7	48.9
Terminal growth rate ⁽³⁾	1.9	1.7
Discount rate ⁽⁴⁾	18.5	20.0

Notes:

- (1) Budgeted gross profit margin
- (2) Compound annual growth rate
- (3) Long term growth rate
- (4) Pre-tax discount rate applied to the pre-tax cash flow projections based on the weighted average cost of capital

8. Subsidiaries

<u>The Company</u>	31-Dec-22 S\$'000	31-Dec-21 S\$'000
<u>Unquoted equity investments, at cost</u>		
At beginning of year	26,647	20,396
Increase in investment in a subsidiary	9,690	6,483
Disposal	(14,039)	(232)
At end of year	22,298	26,647
<u>Allowance for impairment losses</u>		
At beginning of year	4,018	4,250
Allowance reversed	-	(232)
At end of year	4,018	4,018
Carrying amount	18,280	22,629

During FY2022, the Company contributed additional capital of S\$2,000,000 (FY2021: S\$4,300,000) in its wholly-owned subsidiary in Singapore, 5Digital Pte Ltd. The amount of S\$7,690,000 is due to the internal restructuring of 3 subsidiaries (MCE Technologies Sdn Bhd, MCT (Thailand) Co., Ltd and MCE Technologies (Suzhou) Co., Ltd) from Meta Health Limited to MCE Technologies Holding Pte. Ltd.

Acquisition of subsidiary

On 12 July 2022, 5Digital Pte Ltd. further acquired 14.9% of the issued share capital in Gainhealth Pte Ltd (“Gainhealth”), at a consideration of S\$1,200,000. The consideration was satisfied with S\$600,000 in cash and allotment of 12,000,000 new shares in the capital of the Company, at an issue price of S\$0.05. This transaction was completed on 17 August 2022.

9. Other Investment

	The Group		The Company	
	31-Dec-22 S\$'000	31-Dec-21 S\$'000	31-Dec-22 S\$'000	31-Dec-21 S\$'000
<u>Unquoted equity instruments at FVOCI*</u>				
At beginning of the year	2,025	-	-	-
Addition	450	2,025	-	-
At end of the year	2,475	2,025	-	-
<u>Allowance for impairment losses</u>				
At beginning of the year	-	-	-	-
Allowance made	2,070	-	-	-
At end of the year	2,070	-	-	-
Carrying amount	405	2,025	-	-
<u>Purchase consideration:</u>				
Cash	450	1,000	-	-
Shares	-	1,025	-	-
	450	2,025	-	-

*FVOCI: Fair Value through Other Comprehensive Income

The investment in unquoted equities of:

- S\$2.0 million relates to the acquisition of 18.41% of the equity shareholdings in Adazal Private Limited.
- S\$450,000 relates to the acquisition of 8.04% of the equity shareholdings in Medtel Healthcare Private Limited.

10. Cash and bank balances

	The Group		The Company	
	31-Dec-22 S\$'000	31-Dec-21 S\$'000	31-Dec-22 S\$'000	31-Dec-21 S\$'000
Cash in banks	3,218	10,257	530	3,668
Cash on hand	-	13	-	2
	3,218	10,270	530	3,670

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

	The Group	
	31-Dec-22 S\$'000	31-Dec-21 S\$'000
Cash and bank balances	3,218	10,270
Less: Bank deposit pledged	-	(108)
	3,218	10,162

11. Share capital

	The Group and the Company			
	31-Dec-22		31-Dec-21	
	Number of Shares '000	Amount \$'000	Number of Shares '000	Amount \$'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	17,594	543	146,909	6,818
Exercise of share options	-	-	3,930	175
At 31 December	542,552	29,175	524,958	28,632

Following are the shares issued during FY2022:

- 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 2022, 31 December 2022, and 31 December 2021.

Share Options

The Company has the following unissued shares pursuant to the MCE Share Option Scheme:

	As at 31 December 2022	As at 31 December 2021
MCE Share Option Scheme 2003	2,220,000	3,020,000
MCE Share Option Scheme 2014	40,013,500	46,604,500

Save for the above, the Company does not have any other outstanding convertibles as at 31 December 2022 and 31 December 2021.

12. Loans and borrowings

	The Group		The Company	
	31-Dec-22 S\$'000	31-Dec-21 S\$'000	31-Dec-22 S\$'000	31-Dec-21 S\$'000
Amounts repayable within one year				
Secured ⁽¹⁾	3,146	2,732	1,240	939
Amounts repayable after one year				
Secured ⁽²⁾	2,663	2,870	2,229	2,870
	5,809	5,602	3,469	3,809

Notes:

⁽¹⁾ The Group's bills payable to banks of S\$2,214,000 as at 31 December 2022 (31 December 2021: S\$1,677,000) are secured through a corporate guarantee from the Company.

Short-term bank loans amounting to S\$371,000 (2021: S\$80,000) with interest rate 2.5% - 6.51% (2021: 2.5%) per annum are secured through a corporate guarantee from the Company and by personal guarantee of a Director of a subsidiary of the Company.

⁽²⁾ Long-term bank loans, comprising S\$3,224,000 as at 31 December 2022 (31 December 2021: S\$3,845,000) with an interest rate of 3% per annum repayable in 60 monthly instalments, secured by corporate guarantee from the Company.

13. (Loss)/Profit before taxation

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

	The Group		The Group	
	2H2022 S\$'000	2H2021 S\$'000 (Restated)	FY2022 S\$'000	FY2021 S\$'000 (Restated)
Other income				
Interest income	(4)	(24)	(34)	(29)
Government Grant	(13)	(109)	(108)	(187)
Gain on disposal of subsidiary	-	(9,814)	-	(9,814)
Miscellaneous income	(23)	(55)	(80)	(68)
Expenses				
Water & electricity	464	539	918	1,052
Chemical, lubricants and gas	174	277	423	479
Carriage outwards	128	164	269	334
Legal & professional fees	461	792	1,255	893
Tooling services	56	88	97	304
Factory expenses	104	145	273	285
Repair and maintenance	144	93	369	162
Foreign exchange loss	208	290	208	372
Custom duty and maintenance	62	-	248	-
Write-down of inventories made/(reversed)	19	76	(11)	76
Impairment of property, plant & equipment made	120	690	120	690
Impairment of goodwill	718	-	718	-

14. Financial assets and financial liabilities

	The Group		The Company	
	31-Dec-22 S\$'000	31-Dec-21 S\$'000 (Restated)	31-Dec-22 S\$'000	31-Dec-21 S\$'000
Financial assets				
Financial assets at amortised cost:				
- Trade and other receivables	9,880	12,835	6,223	10,732
- Cash and bank balances	3,218	10,270	530	3,670
	13,098	23,105	6,753	14,402
Financial assets of fair value through other comprehensive income statement				
- Other Investment	405	2,025	-	-
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	8,948	14,124	6,689	10,518
- Loans and borrowings	5,809	5,602	3,469	3,809
- Lease liabilities	2,430	4,017	5	462
	17,187	23,743	10,163	14,789

15. Financial instruments

Fair values

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:

	Carrying amounts	Related amounts not set off in the statement of financial position	Net amounts
	S\$'000	S\$'000	S\$'000
2022			
Trade receivables	2,092	(32)	2,060
Trade payables	32	(32)	-
2021			
Trade receivables	5,121	(41)	5,080
Trade payables	41	(41)	-

Transferred financial assets that are not derecognised in their entirety

	The Group		The Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000
Carrying amount of assets:				
Trade receivables	462	2,030	-	-
Carrying amount of associated liabilities:				
Bills payable to banks	(2,215)	(1,677)	-	-

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 *

The Group	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
2022				
Other investment	-	-	405	405
Long-term bank loans	-	3,435	-	3,435
2021				
Other investment	-	-	2,025	2,025
Long-term bank loans	-	4,274	-	4,274
The Company				
2022				
Long-term bank loan	-	2,896	-	2,896
2021				
Long-term bank loans	-	4,005	-	4,005

* 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.

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.

16. Net asset value

	The Group		The Company	
	31-Dec-22 S\$'000	31-Dec-21 S\$'000 (Restated)	31-Dec-22 S\$'000	31-Dec-21 S\$'000
Net asset value per ordinary share (Singapore cents)	2.54	4.35	2.76	4.25
Number of shares at the end of the year ('000)	542,552	524,958	542,552	524,958
Net assets	13,769	22,852	14,950	22,299

17. Restatement of comparative figures in Meta Health Limited's consolidated financial statements for FY2021

The Group performed a valuation of Gainhealth Pte Ltd to determine the contingent consideration pursuant to the sales and purchase agreement dated 7 June 2021. The valuation was completed on 5 May 2022 and resulted in a contingent consideration of S\$2,694,500 paid to the vendors. The fair value of the contingent consideration was S\$2,583,234 after discounting the amount to the date of acquisition.

The Group completed its sale of a foreign subsidiary, classified as group held for sale, during FY2021. The related foreign currency translation reserve of S\$648,734 is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

The restatement of the Group's comparative figures are as follows:

The Group	As reported S\$'000	Adjustment S\$'000 + / (-)	As restated S\$'000
Extract of statement of financial position as at 31 December 2021			
<u>Non-current assets</u>			
Goodwill	4,465	2,583 ^(a)	7,048
<u>Current liabilities</u>			
Trade and other payables	11,485	2,639 ^(b)	14,124
<u>Equity</u>			
Reserves	5,724	56	5,780
Included in reserves:			
Reserves – Accumulated losses	6,626	56 ^(c) (649) ^(d)	6,033
Reserves – Foreign currency translation reserve	175	649 ^(d)	824
Extract of consolidated statement of profit or loss for FY2021			
<u>Statement of profit or loss</u>			
Profit before taxation	7,670	593	8,263
Included in profit before taxation:			
Finance costs	449	56 ^(c)	505
Other income	9,449	649	10,098
Included in other income:			
Gain on disposal of group classified as held-for-sale	9,165	649 ^(d)	9,814
<u>Statement of other comprehensive income</u>			
Other comprehensive loss for the year	7,443	649	8,092
Included in other comprehensive loss for the year:			
Cumulative translation differences derecognised upon disposal	-	649 ^(d)	649
Extract of consolidated statement of cashflows for FY2021			
Profit before taxation	7,670	593	8,263
Unwinding of interest expense	-	56 ^(c)	56
Gain on disposal of group classified as asset held-for-sale	9,165	649 ^(d)	9,814

There is no effect to the Statement of Financial Position as at 1 January 2021.

Notes:

- (a) Additional goodwill recognised arising from the discounted contingent consideration payable
- (b) Discounted contingent consideration payable as at 31 December 2021
- (c) Unwinding of interest expense arising from discounting of the contingent consideration to the date of acquisition
- (d) Foreign currency translation reserve of foreign subsidiary transferred to accumulated losses upon completion of sale during FY2021

18. Subsequent events

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 31 December 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 and twelve-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 are 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

Statement of Comprehensive Income

FY2022 vs FY2021

Revenue

The Group recorded revenue of S\$37.6 million for the financial year ended 31 December 2022 (“**FY2022**”), a 13% decrease from S\$43.0 million for the financial year ended 31 December 2021 (“**FY2021**”). The decrease was mainly due to the COVID-19 lockdown in China that severely impacted the sales of the Metal business during FY2022 and increased economic uncertainty globally affecting the Group’s customers’ demands in the Metal business. The decrease was partially offset by a higher revenue in Healthcare business.

Other income

Other income decreased by S\$9.9 million, from S\$10.1 million in FY2021 to S\$0.2 million in FY2022. The decrease was mainly due to the absence of one-off gain from the disposal of MCE Industries (Shanghai) Co. Ltd (“**MCE Shanghai**”) of S\$9.8 million in FY2021.

Expenses

Cost of direct materials decreased by S\$1.0 million, from S\$22.9 million in FY2021 to S\$21.9 million in FY2022, in line with overall decreased in sales. The percentage of cost of direct materials to revenue increased from 53.3% in FY2021 to 58.3% in FY2022, mainly due to changes in sales mix and higher cost of materials of the Metal business.

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 year under review. In FY2021, the value of the closing inventories was higher than the value of the opening inventories by S\$0.4 million. In FY2022, the value of the closing inventories was higher by S\$0.1 million. This resulted in a decrease of S\$0.3 million in changes in inventories of finished goods and work in progress for FY2022. The decrease was mainly due to lower purchases and consumption of inventories, which is in line with the overall decrease in sales.

Employee benefits expense decreased by S\$1.3 million, from S\$12.6 million in FY2021 to S\$11.3 million in FY2022, mainly due to decrease in headcount, overtime costs and other optimisation measures in FY2022.

Depreciation of property, plant and equipment decreased by S\$0.1 million, from S\$1.3 million in FY2021 to S\$1.2 million in FY2022, mainly due to assets that had been fully depreciated during the year. Depreciation of right-of-use assets decreased by S\$0.1 million, from S\$1.5 million in FY2021 to S\$1.4 million in FY2021, mainly due to the expiry of factory lease.

Impairment losses on trade and other receivables of S\$0.8 million in FY2022 was due to long outstanding debtors yet to be collected as at year end (FY2021: Reversal of impairment losses on trade and other receivables of S\$20,000).

Other charges increased by S\$0.7 million from S\$1.1 million in FY2021 to S\$1.8 million in FY2022, mainly due to the provision for impairment of goodwill of S\$0.7 million, provision for share option expenses of S\$0.6 million, and partial payment of S\$0.3 million of GST penalties (“**Claims**”). The increase is partially offset by the reduction in impairment of property, plant and equipment and right of use assets of S\$0.6 million, increase in gain from disposal of property, plant and equipment by S\$0.2 million and foreign exchange gain increased by S\$0.1 million. Please refer to the Company’s announcements dated 10 and 13 January 2023, for information on the Claims.

Other operating expenses, which comprised mainly advertising and promotion, and rentals, as well as legal and professional fees, increased by net S\$0.4 million from S\$5.4 million in FY2021 to S\$5.8 million in FY2022. The increase was mainly due to higher import related expenses of S\$0.2 million and legal and professional fees of S\$0.3 million, partially offset by lower delivery costs and utilities costs of S\$0.1 million.

Profit after tax

As a result of the above, the Group recorded a loss after tax of S\$6.9 million in FY2022, as compared to a profit after tax of S\$8.3 million in FY2021.

2H2022 vs 2H2021

Revenue

Revenue decreased by S\$4.0 million or 17%, from S\$22.9 million in 2H2021 to S\$18.9 million in 2H2022. The decrease was mainly due to the COVID-19 measures in China that severely impacted the sales during 2H2022 and increased economic uncertainty globally affecting the Group’s customers’ demands in the Metal business. The decrease was partially offset by higher revenue in Healthcare business.

Other income

Other income decreased by S\$9.9 million, from S\$10.0 million in 2H2021 to S\$40,000 in 2H2022. The decrease was mainly due to the absence of one-off gain from the disposal of MCE Shanghai of S\$9.8 million in 2H2021.

Expenses

Cost of direct materials decreased by S\$0.8 million, from S\$11.9 million in 2H2021 to S\$11.1 million in 2H2022, in line with overall decrease in sales in 2H2022. Percentage of cost of direct materials to revenue increased from 52.1% in 2H2021 to 58.9% in 2H2022, mainly due to changes in sales mix.

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 2H2021, the value of the closing inventories was lower than the value of the opening inventories by S\$72,000. In 2H2022, the value of the closing inventories was lower by S\$0.2 million. This resulted in a decrease of S\$0.1 million in changes in inventories of finished goods and work in progress for 2H2022. The decrease was mainly due to lower purchases and consumption of inventories, which is in line with the overall decrease in sales.

Employee benefits expense decreased by S\$2.0 million, from S\$6.9 million in 2H2021 to S\$4.9 million in 2H2022, mainly due to decrease in headcount and overtime costs, and other optimisation measures in 2H2022.

Depreciation of property, plant and equipment decreased by S\$0.1 million, from S\$0.7 million in 2H2021 to S\$0.6 million in 2H2022, mainly due to certain assets that had been fully depreciated in 2H2022. Depreciation of right-of-use assets decreased by S\$0.3 million, from S\$0.4 million in 2H2021 to S\$0.7 million in 2H2022, mainly due to the expiry of factory lease.

Impairment losses on trade and other receivables of S\$0.8 million in 2H2022 was due to long outstanding debtors yet to be collected as at year end (2H2021: Reversal of impairment losses on trade and other receivables of S\$20,000).

Other charges increased by S\$0.7 million, from S\$1.0 million in 2H2021 to S\$1.7 million in 2H2022, mainly due to provision for impairment of goodwill of S\$0.7 million and provision of share option expenses of S\$0.6 million, and partial payment of S\$0.3 million of the Claims. The increase is partially offset by reduction in impairment of property, plant and equipment and right of use assets of S\$0.6 million and provision of stock obsolescence and foreign exchange loss of S\$0.3 million.

Other operating expenses, which comprised mainly advertising and promotion, and rentals, as well as legal and professional fees, decreased by S\$0.7 million, from S\$3.3 million in 2H2021 to S\$2.6 million in 2H2022. The decrease was mainly due to lower legal and professional fees of S\$0.2 million, lower delivery and computer related expense by S\$0.1 million, lower consumables and utilities charges of S\$0.2 million and lower warehouse rental of S\$0.2 million.

Profit after tax

As a result of the above, the Group has recorded a loss after tax of S\$4.1 million in 2H2022, as compared to a profit after tax of S\$8.3 million in 2H2021.

B) STATEMENT OF CASHFLOWS/WORKING CAPITAL AND BALANCE SHEET REVIEW

Statement of Financial Position

Balance Sheet

Property, plant and equipment decreased from S\$4.2 million as at 31 December 2021 to S\$2.5 million as at 31 December 2022, mainly due to depreciation charge for the year and disposal of plant and equipment in Malaysia and Thailand.

Right-of-use assets decreased from S\$5.8 million as at 31 December 2021 to S\$4.1 million as at 31 December 2022, mainly due to depreciation charge for the year.

Goodwill decreased from S\$7.0 million as at 31 December 2021 to S\$6.3 million as at 31 December 2022, mainly due to impairment charge during the year. Goodwill relates to the recognition of provisional goodwill arising from the acquisition of Gainhealth Pte Ltd in 2H2021. Please refer to Note 7 of Section E of this announcement for further information.

Other investment decreased from S\$2.0 million as at 31 December 2021 to S\$0.4 million as at 31 December 2022 due to fair value adjustment during the year. The other investment relates to the investment in Adazal Private Limited and Medtel Healthcare Private Limited. Please refer to Note 9 of Section E of this announcement for further information.

Inventories decreased from S\$4.2 million as at 31 December 2021 to S\$3.3 million as at 31 December 2022. The decrease is in line with the overall decrease in sales.

Trade and other receivables decreased from S\$12.8 million as at 31 December 2021 to S\$9.9 million as at 31 December 2022 mainly due to lower sales recorded in the year.

Prepayments increased from S\$0.6 million as at 31 December 2021 to S\$1.4 million as at 31 December 2022 mainly due to advance trade payment made to suppliers.

Total borrowings increased from S\$5.6 million as at 31 December 2021 to S\$5.8 million as at 31 December 2022, mainly due to additional short term bank borrowings.

Total lease liabilities decreased from S\$4.0 million as at 31 December 2021 to S\$2.4 million as at 31 December 2022, mainly due to lease repayment.

Trade and other payables decreased from S\$14.1 million as at 31 December 2021 to S\$8.9 million as at 31 December 2022, mainly due to payment of contingent consideration paid of S\$2.6 million and repayment made to payables in FY2022.

As a result of the above, the Group's net working capital decreased from S\$9.1 million as at 31 December 2021 to S\$4.3 million as at 31 December 2022.

Cash Flow

In FY2022, the Group recorded a net cash outflow of S\$6.8 million (FY2021: inflow of S\$6.0 million) due to net cash of S\$2.2 million used in operating activities, net cash of S\$2.0 million used in financing activities, and net cash of S\$2.7 million used in investing activities.

Net cash used in operating activities in FY2022 was S\$2.2 million, mainly due to operating loss before working capital changes of S\$1.6 million, and further increase in working capital changes of S\$0.6 million.

Net cash used in investing activities in FY2022 was S\$2.7 million, mainly due to (i) investment in unquoted investment of S\$0.2 million, (ii) payment for further acquisition of shares in Gainhealth Pte Ltd for S\$0.4 million, and (iii) contingent consideration paid of S\$2.6 million, and (iv) purchase of property, plant and equipment for S\$0.5 million, partially offset by proceeds from the disposal of property, plant and equipment of S\$1.0 million, and interest received of S\$34,000.

Net cash used in financing activities in FY2022 was S\$2.0 million, mainly due to interest paid of S\$0.5 million, and repayment of lease liabilities of S\$1.8 million, partially offset by net proceed from bank borrowings of S\$0.3 million, and release of fixed deposits pledged to the bank of \$0.1 million.

Correspondingly, the Group's cash and bank balances decreased by S\$7.1 million, from S\$10.3 million as at 31 December 2021 to S\$3.2 million as at 31 December 2022.

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

The unaudited condensed interim financial statements for FY2022 set out in this announcement are in line with the profit guidance announcement released by the Company on 31 January 2023.

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

The Group Metal business was affected by China's zero-Covid 19 policy and as a result, majority of the key customers had to shut down their operation, resulting in the short fall of sales in MCE Suzhou office. The shortages of micro-chips resulted in the top line assembly not able to deliver their finish goods on time, coupled with the surge of major commodities price, especially steel and aluminium, which resulted in higher material cost, and impacted the Group's business in Thailand and Malaysia in FY2022.

The Group expects to see more headwind in the first and second quarter of 2023 in its Metal business. Notwithstanding, the Group is expecting customer demands to stabilise from third quarter of 2023 onwards, with the opening of China's borders.

The Group has done a strategic review of its Metal business and are in discussion with interested parties for the divestment of its Metal business.

Healthcare business

On the Healthcare business, the Group sees a growth in demand for its primary care services with the launch of Healthier SG by Ministry of Health in Singapore, which increases subsidies for preventive health programs. Chronic disease burden post Covid-19 pandemic, while the nursing shortage is making managed care challenging. The Group's launch of chronic disease monitoring with Internet of Things ("IoT") ready medical devices bundled with monthly Software as a Service (SAAS) fee is being well received. This increased pool of data expected from these digital offerings is being worked on to improve patient engagement and homecare services is an area that is expected to grow with this. 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. The management will continue to review strategic options on improving the shareholder's value over the next few months.

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 by directors of the Company as the Group is loss making for FY2022.

7. Interested person transactions (“IPTs”)

The Group did not obtain a general mandate from its shareholders for IPTs. There was no interested person transaction entered into by the Group with value of S\$100,000 or more during FY2022.

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. Review of performance of the Group – turnover and earnings by operating segments

FY2022 vs FY2021 – Metal business

All operating segments in the Metal business registered decrease in revenue (comprising both external and inter-segment sales), with Singapore (decreased by 33%), Thailand (decreased by 24%), Malaysia (decreased by 23%) and China (decreased by 24%). The decrease in revenue derived from sales in Singapore (from S\$18.8 million in FY2021 to S\$12.6 million in FY2022), Thailand (from S\$9.2 million in FY2021 to S\$7.0 million in FY2022), Malaysia (from S\$12.9 million in FY2021 to S\$10.0 million in FY2022), and China (from S\$17.8 million in FY2021 to S\$13.6 million in FY2022), was largely due to the COVID-19 lockdown in China that severely impacted the sales during FY2022 and increased economic uncertainty globally affecting the Group’s customers’ demands in the Metal business.

FY2022 vs FY2021 – Healthcare business

Healthcare business commenced in July 2021 following the Company’s acquisition of Gainhealth Pte Ltd and contributed S\$1.3 million to the Group’s revenue in FY2021 and S\$5.8 million in FY2022. The Healthcare business segment recorded a loss in FY2022 mainly due to one off costs and professional fees incurred in conjunction with the Company’s new investments in the regional healthcare business, and investment in the team to sustain the growth trajectory expected in the coming year.

10. Disclosure pursuant to Catalist Rule 706(A)

Incorporation of MCE Technologies Holdings Pte. Ltd.

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.

Further acquisition of Gainhealth Pte Ltd

On 12 July 2022, the Company further acquired 14.9% of the issued share capital in Gainhealth Pte Ltd (“**Gainhealth**”), at a consideration of S\$1,200,000. The consideration was satisfied with S\$600,000 in cash, and allotment of 12,000,000 new shares in the capital of the Company, at an issue price of S\$0.05 per share. Following the completion of the acquisition in August 2022, Gainhealth became a wholly-owned subsidiary of the Company.

Please refer to the circular to shareholders dated 23 June 2021, the Company’s announcements dated 12 July 2022 and 17 August 2022 for further information on the acquisition of Gainhealth, including the factors taken into account in arriving at the value of the consideration, payment terms and the net asset value represented by such shares.

Increase in investment in Medtel Healthcare Private Limited

In FY2022, 5Digital Pte Ltd acquired 8.04% shareholding interest in Medtel Healthcare Private Limited ("**Medtel**") for a cash consideration of INR24.9 million (equivalent to approximately S\$0.5 million).

Please refer to the Company's announcements dated 27 July 2021, 20 October 2021 and 19 November 2021 for further information on the acquisition of Medtel, including the factors taken into account in arriving at the value of the consideration, payment terms and the net asset value represented by such shares.

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 FY2022.

11. 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 the date of this announcement, the net proceeds haven been partially utilised as follows:

Use of Net Proceeds	Amount allocated (S\$'000)	Amount utilised as announced on 12 August 2022⁽¹⁾ (S\$'000)	Amount utilised from 13 August 2022 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	1,443	450 ⁽²⁾	391
For general working capital requirements	979	915	64 ⁽³⁾	-
Total Net Proceeds	3,263	2,358	514	391

Notes:

- (1) As announced in the unaudited condensed interim consolidated financial statements as at and for half year ended 30 June 2022.
- (2) The amount was utilised to fund the Company's acquisition of Medtel Healthcare Private Limited, 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	11
Professional, investor relationship and listing fees	53
Total	<u>64</u>

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).

12. Disclosure of persons occupying managerial positions who are related to a Director, CEO or Substantial Shareholder of the Company

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

On order of the Board of Directors

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

Koh Gim Hoe
Lead Independent Director

28 February 2023