PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of financial performance

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

<u>Current financial quarter against corresponding financial quarter</u>

	Unaudited Individual quarter ended 31 December		
	2020 RM'000	**2019 RM'000**	**Variance %**
Revenue	17,211	16,806	2.41
Profit before tax ("PBT")	3,879	2,642	46.82

The Group reported revenue of RM17.21 million for the current financial quarter under review. This represents an increase in revenue of approximately 2.41% against the corresponding financial quarter where revenue amounted to approximately RM16.81 million.

With the easing and relaxation of certain restrictions under the Movement Control Order ("MCO") and its extension under the Conditional MCO ("CMCO") from 4 May 2020 to 9 June 2020 ("CMCO Period") and Recovery MCO ("RMCO") from 10 June 2020 to 31 December 2020 ("RMCO Period")(1), the Group has seen a gradual recovery in the number of patients, including patients for refractive surgeries and cataract surgeries who were earlier advised to postpone their procedures until after the MCO. Our Group also continued to offer on-going promotions through online platforms as part of our marketing efforts. These has resulted in the increase in revenue during the current financial quarter under review as compared to corresponding financial quarter.

Note:

(1) In November 2020, the Government announced that all but 3 states in the Peninsular Malaysia will be placed under the CMCO for four weeks from 9 November 2020 to 6 December 2020 which was then extended to 31 December 2020. As at 31 December 2020, all the eye specialist centres of the Group in Peninsular Malaysia are located in states which are under CMCO. The Group's eye specialist centre in Kuching, Sarawak is under RMCO as at 31 December 2020.

B1. Review of financial performance (continued)

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

Current financial quarter against corresponding financial quarter (continued)

In terms of geographical segmentation (as tabulated below), the Group's increase in revenue was evident across all geographical segments except for East Malaysia.

	Unaudited Individual quarter ended 31 December		
	2020 RM'000	2019 RM'000	Variance %
Revenue			
North Malaysia	3,013	2,894	4.11
Central Malaysia	10,067	9,859	2.11
South Malaysia	3,751	3,362	11.57
East Malaysia	380	691	(45.01)
	17,211	16,806	2.41

While the Group's revenue for current financial quarter under review increased by 2.41% as compared to corresponding financial quarter, the Group's PBT increased by 46.82% (from RM2.64 million to RM3.88 million). The increase in PBT was mainly due to:

(i) the increase in revenue as elaborated above; and

(ii) RM0.40 million of initial public offering expenses incurred in the corresponding financial quarter in which such expenses were not incurred during the current financial quarter under review.

Current financial year against corresponding financial year

	Cumulative quarter ended 31 December		
	Unaudited 2020 RM'000	Audited 2019 RM'000	Variance %
Revenue	58,020	62,619	(7.34)
PBT	9,670	12,572	(23.08)

The Group reported revenue of RM58.02 million for the current financial year, as compared to RM62.62 million in the corresponding financial year, representing a decrease of RM4.60 million or 7.34%.

B1. Review of financial performance (continued)

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

Current financial year against corresponding financial year (continued)

The decrease in revenue was mainly due to the imposition of the MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 in order to curb the spread of the COVID-19. The Group's revenue was unfavourably affected particularly for the three-month financial period ended 30 June 2020 as the Group had implemented measures and precautions to safeguard and protect its customers and employees.

In terms of geographical segmentation (as tabulated below), the Group's decrease in revenue was evident across all geographical segments except for South Malaysia.

	Cumulative quarter ended 31 December		
	Unaudited 2020 RM'000	Audited 2019 RM'000	Variance %
Revenue			
North Malaysia	9,304	10,342	(10.04)
Central Malaysia	35,009	37,423	(6.45)
South Malaysia	11,940	11,924	0.13
East Malaysia	1,767	2,930	(36.69)
	58,020	62,619	(7.34)

While the Group's revenue for current financial year decreased by 7.34% as compared to corresponding financial year, the Group's PBT decreased by 23.08%. The decrease in PBT was mainly due to:

(i) the decrease in revenue as elaborated above while a portion of the Group's costs continued to accrue. The major cost items which continue to be accrued include staff costs, depreciation expenses, finance costs and other expenses such as sales and marketing expenses, administration and office expenses, professional fees and insurance;

(ii) RM0.20 million worth of donation made to the Ministry of Health of Malaysia for the purchase of ventilators, protective gear, test kits and other necessities to combat the COVID-19 outbreak; and

(iii) the Group employed additional ophthalmologists and other healthcare professionals (including optometrists and nurses) in preparation for the expansion of the operation of Optimax Eye Specialist Centre (Seremban) Sdn. Bhd.

B2. Variation of results against immediate preceding financial quarter

	Unaudited Individual quarter ended 31 December 2020 RM'000	30 September 2020 RM'000	Variance %
Revenue	17,211	18,192	(5.39)
PBT	3,879	3,959	(2.02)

The Group's revenue decreased from RM18.19 million to RM17.21 million, which was a decrease of 5.39%.

With the easing and relaxation of certain restrictions under the MCO and its extension under the CMCO and RMCO, the Group has seen a gradual recovery in the number of patients, including patients for refractive surgeries and cataract surgeries who were earlier advised to postpone their procedures until after the MCO. This has resulted in an exceptional increase in revenue in the immediate preceding financial quarter (i.e. for the quarter ended 30 September 2020).

However, in November 2020, the Government announced that all but 3 states in the Peninsular Malaysia will be placed under the CMCO for four weeks from 9 November 2020 to 6 December 2020 which was then extended to 31 December 2020. As at 31 December 2020, all the eye specialist centres of the Group in Peninsular Malaysia are located in states which are under CMCO. The Group's eye specialist centre in Kuching, Sarawak is under RMCO as at 31 December 2020. This has resulted in the decrease in revenue during the current financial quarter under review.

The Group's PBT decreased marginally by RM0.08 million.

B3. Commentary on prospects

The Government of Malaysia had on 11 January 2021 announced the re-imposition of MCO 2.0 in an effort to contain the COVID-19 outbreak in Malaysia. The MCO 2.0 was imposed on 13 January 2021 and three subsequent 14-day extensions of the MCO were announced on 20 January 2021, 2 February 2021 and 16 February 2021 respectively to extend the effective date of the MCO from 22 January 2021 until 4 February 2021, 5 February 2021 to 18 February 2021 and thereafter from 19 February 2021 to 4 March 2021. The MCO 2.0 however was eased and relaxed from 10 February 2021 onwards.

During the MCO 2.0 period, all government and private premises except those involved in essential services (which include, amongst others, communications and internet, banking and finance and healthcare and medical) were required to be closed. As the restrictions imposed under MCO 2.0 are more relaxed compared to MCO 1.0 (which was introduced on 18 March 2020), barring any further imposition of MCOs or restrictions, we expect the impact of MCO 2.0 on our Group's business activities to be less severe as compared to the impact which the Group experienced under MCO 1.0.

B3. Commentary on prospects (continued)

As a provider of eye specialist services, the Group's business falls within essential services, and thus, the Group is able to continue operations during the MCO 2.0 period. The Group will continue to monitor the situation to assess and address the impact of the COVID-19 outbreak and MCO 2.0 on its business and financial condition.

While its financial performance continues to be affected during the MCO 2.0, the Group's Directors are of the opinion that the Group's prospects for the financial year ending 31 December 2021 remain favourable.

B4. Profit forecast

Not applicable as the Group does not publish any profit forecast.

B5. Tax expense

Tax expense comprises the following:

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	Unaudited		Unaudited	Audited
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised in profit or loss				
Current tax expense				
Current financial period/year	1,121	636	2,777	3,955
Deferred tax expense				
Current financial period/year	498	213	480	(122)
	1,619	849	3,257	3,833
Effective tax rate	41.74%	32.13%	33.68%	30.49%

Effective tax rates for the individual quarter and cumulative quarter ended 31 December 2020 were higher than the statutory tax rate of 24% due to the increase of non-deductible expenses incurred and under provision of deferred tax liabilities in prior year.

Income tax expense is recognised based on management's estimate.