

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN 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

Current financial quarter against corresponding financial quarter

	Unaudited Individual quarter ended 30 June		Variance %
	2023 RM'000	2022 RM'000	
Revenue	27,898	27,654	0.88
Profit before tax ("PBT")	<u>5,500</u>	<u>6,996</u>	(21.38)

The Group reported revenue of RM27.90 million for the current financial quarter under review. This represents a slight increase in revenue of approximately 0.88% against the corresponding financial quarter where revenue amounted to approximately RM27.65 million.

In April 2023, due to multiple ad-hoc public holidays and festive season, the growth momentum was affected during that period. The growth momentum gradually increased in May 2023 and June 2023. Additionally, during the quarter, the Penang and Ipoh operating theater room were closed for 2 weeks for upgrading works.

The decrease in profit before tax comparing to previous quarter is mainly due to increase in operating cost where additional staffs (ie doctors, nurse, optometrist and supporting staff) hired in advance for the upcoming expansion of new ambulatory care centres and satellite clinics/centres at the new location. Hence, staffs will be well trained in our existing centres before transferring them to the upcoming new ambulatory care centres and satellite clinics/centres.

Furthermore, the increase in depreciation expenses (related to property, plant, equipment, and right-of-use assets) also be attributed to the decrease in profit before tax in the current quarter as compared to the corresponding quarter. This increase in depreciation is primarily a result of the additional satellite clinic, with associated rental costs beginning to take effect during the current period.

In addition, during this quarter, the Group has incurred pre-operation costs (such as consultancy and professional expenses) related to the Cambodia ambulatory care centre.

All the above costs are expected to be normalised once the new ambulatory care centres/satellite clinics commence in Q3 and Q4 of FY2023.

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 recorded increase in revenue for Central region and recorded decrease in revenue for North region, South region and East region.

	Unaudited Individual quarter ended 30 June		Variance %
	2023 RM'000	2022 RM'000	
Revenue			
North Malaysia	4,510	4,904	(8.03)
Central Malaysia	16,723	15,483	8.01
South Malaysia	5,779	6,362	(9.16)
East Malaysia	886	905	(2.10)
	<u>27,898</u>	<u>27,654</u>	0.88

The decrease in the North Region is mainly due to the reasons explained in Section B1(a). Meanwhile, the decreases in South Malaysia and East Malaysia are mainly due to ad-hoc Public Holidays and festive season, which affected the number of business working days.

B1. Review of financial performance (continued)**(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)****Current financial period against corresponding financial period**

	Unaudited		Variance
	Cumulative quarter		
	ended 30 June		
	2023	2022	%
	RM'000	RM'000	
Revenue	53,989	50,911	6.05
PBT	10,149	11,338	(10.49)

The Group reported revenue of RM53.99 million for the current financial period, as compared to RM50.91 million in the corresponding financial period, representing an increase of RM3.08 million or 6.05%.

The decrease in PBT is mainly due to the below reasons:

- a. An increase in operating cost where additional staffs (ie doctors, nurse, optometrist and supporting staff) hired in advance for the upcoming expansion of new ambulatory care centres and satellite clinics/centres at the new location. Hence, staffs will be well trained in the existing centres before transferring them to the upcoming new ambulatory care centres and satellite clinics/centres.
- b. An increase in depreciation expenses (related to property, plant, equipment, and right-of-use assets) also be attributed to the decrease in profit before tax in the current quarter as compared to the corresponding quarter. This increase in depreciation is primarily a result of the additional satellite clinic, with associated rental costs beginning to take effect during the current period.
- c. Pre-operation costs (i.e., consultancy and professional costs) were incurred at the Cambodia ambulatory care centre.

All the above costs are expected to be normalised once the new ambulatory care centres/satellite clinics commence in Q3 and Q4 of FY2023.

B1. Review of financial performance (continued)**(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)****Current financial period against corresponding financial period (continued)**

In terms of geographical segmentation (as tabulated below), the Group recorded increase in revenue for all geographical segments except North Malaysia:

	Unaudited		Variance
	Cumulative quarter		
	ended 30 June		
	2023	2022	
	RM'000	RM'000	%
Revenue			
North Malaysia	9,135	9,250	(1.24)
Central Malaysia	31,868	29,143	9.35
South Malaysia	11,207	11,065	1.28
East Malaysia	1,779	1,453	22.44
	<u>53,989</u>	<u>50,911</u>	

The decrease in the North Malaysia segment is mainly due to the closure of the Penang and Ipoh operating theater room for 2 weeks for upgrading work to comply with plastic surgery requirements.