



LYC HEALTHCARE BERHAD

(Company No: 647673-A)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

LYC HEALTHCARE BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

The Board of Directors of LYC Healthcare Berhad wishes to announce the following unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of LYC for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2019

| | Note | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTERS | | |
|---|--------|----------------------|--------------------------------------|---------------|----------------------|-------------------------------------|--------------|
| | | Current Year Quarter | Preceding Year Corresponding Quarter | Change % | Current Year to Date | Preceding Year Corresponding Period | Change % |
| | | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 | | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 | |
| Revenue | A8 | 3,597 | 1,807 | 99.1% | 9,336 | 5,133 | 81.9% |
| Cost of sales | | (2,705) | (1,515) | 78.5% | (6,978) | (4,176) | 67.1% |
| Gross profit | | 892 | 292 | | 2,358 | 957 | |
| Operating expenses | | (2,960) | (2,572) | 15.1% | (7,915) | (6,490) | 22.0% |
| Other operating income | | 75 | 61 | 23.0% | 240 | 203 | 18.2% |
| Loss from operations | B5 | (1,993) | (2,219) | | (5,317) | (5,330) | |
| Interest income | | 1 | 45 | -97.8% | 71 | 118 | -39.8% |
| Interest expense | | (215) | (26) | 726.9% | (606) | (75) | 708.0% |
| Loss before tax | | (2,207) | (2,200) | 0.3% | (5,852) | (5,287) | 10.7% |
| Taxation | B6 | 3 | 24 | -87.5% | 7 | 28 | -75.0% |
| Loss from continued operation for the period | | (2,204) | (2,176) | 1.3% | (5,845) | (5,259) | 11.1% |
| Profit for the period from a discontinued operations | | - | 1,662 | -100.0% | - | 1,662 | -100.0% |
| Loss for the financial period | | (2,204) | (514) | 328.8% | (5,845) | (3,597) | |
| Other comprehensive income | | | | | | | |
| Foreign currency translation | | 2 | (158) | -101.3% | 5 | (146) | -103.4% |
| Total other comprehensive income/ (loss) for the financial period, net of tax | | 2 | (158) | -101.3% | 5 | (146) | -103.4% |
| Total comprehensive loss for the financial period | | (2,202) | (672) | 227.7% | (5,840) | (3,743) | 56.0% |
| Loss attributable to: | | | | | | | |
| Owners of the Company | | (2,056) | (520) | 295.4% | (5,593) | (3,628) | 54.2% |
| Non-controlling interest | | (148) | 6 | -2566.7% | (252) | 31 | -912.9% |
| | | (2,204) | (514) | | (5,845) | (3,597) | |
| Total Comprehensive loss attributable to: | | | | | | | |
| Owners of the Company | | (2,054) | (672) | | (5,588) | (3,793) | |
| Non-controlling interest | | (148) | - | | (252) | 50 | |
| | | (2,202) | (672) | | (5,840) | (3,743) | |
| Earnings /(Losses) per share attributable to Owners of the Company: | | | | | | | |
| Basic earnings per share (sen) | B11(a) | (0.61) | (0.16) | | (1.70) | (1.22) | |
| Diluted earnings per share (sen) | B11(b) | * | * | | * | * | |

* N/A

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

| | Note | AS AT 31-Dec-19 (UNAUDITED) RM'000 | AS AT 31-Mar-19 (AUDITED) RM'000 |
|---|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 11,328 | 9,684 |
| Right-of-use assets | | 26,655 | 13,461 |
| Investment property | | 4,112 | 4,194 |
| Investment in a joint venture * | | - | - |
| | | <u>42,095</u> | <u>27,339</u> |
| Current assets | | | |
| Inventories | | 327 | 214 |
| Trade and other receivables | | 9,115 | 4,564 |
| Current tax assets | | 72 | 53 |
| Cash and bank balances | | 3,338 | 10,125 |
| | | <u>12,852</u> | <u>14,956</u> |
| TOTAL ASSETS | | <u>54,947</u> | <u>42,295</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 62,895 | 59,215 |
| Reserves | | 1,651 | 1,646 |
| Accumulated lossess | | (43,503) | (37,908) |
| | | 21,043 | 22,953 |
| Non-controlling interest | | (262) | (10) |
| TOTAL EQUITY | | <u>20,781</u> | <u>22,943</u> |
| Non-current liabilities | | | |
| Loan and borrowings | B8 | 1,570 | 1,668 |
| Lease liabilities | | 25,355 | 12,302 |
| Provision for restroration cost | | 824 | 500 |
| Deferred tax liabilities | | 314 | 321 |
| | | <u>28,063</u> | <u>14,791</u> |
| Current liabilities | | | |
| Trade and other payables | | 2,355 | 1,655 |
| Contract liabilities | | 1,989 | 1,474 |
| Loan and borrowings | | 128 | 122 |
| Lease liabilities | | 1,626 | 1,242 |
| Current tax liabilities | | 5 | 68 |
| | | <u>6,103</u> | <u>4,561</u> |
| TOTAL LIABILITIES | | <u>34,166</u> | <u>19,352</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>54,947</u> | <u>42,295</u> |
| Net assets per share attributable to owners of the Company (RM) | | <u>0.06</u> | <u>0.07</u> |

* Less than hundred , representing cost of investment in a joint venture of RM50

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2019 (UNAUDITED)**

| Group | Note | ← Attributable to owners of the Company → | | | | | Equity attributable to owners of the Company RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|---|------|---|----------------------------|-------------------------------|-------------------------------|------------------------------|--|-------------------------------------|------------------------|
| | | Share capital RM'000 | Warrants reserve RM'000 | Translation reserve RM'000 | Revaluation reserve RM'000 | Accumulated losses RM'000 | | | |
| At 1 April 2019 | | 59,215 | - | 31 | 1,615 | (37,908) | 22,953 | (10) | 22,943 |
| Other comprehensive income, net of tax | | | | | | | | | |
| Foreign currency translation gain/(loss) differences for foreign operations | | - | - | 5 | - | - | 5 | - | 5 |
| | | - | - | 5 | - | - | 5 | - | 5 |
| Total other comprehensive loss , net of tax | | - | - | 5 | - | - | 5 | - | 5 |
| Net loss for the financial period | | - | - | - | - | (5,595) | (5,595) | (252) | (5,847) |
| Total comprehensive loss for the financial period | | - | - | 5 | - | (5,595) | (5,590) | (252) | (5,843) |
| Transaction with owners: | | | | | | | | | |
| Issuance of ordinary share pursuant to : | | | | | | | | | |
| - private placement shares | | 3,680 | - | - | - | - | 3,680 | - | 3,680 |
| Non-controlling interests arising from acquisition of new subsidiary * | | - | - | - | - | - | - | 0 | 0 |
| Total transactions with owners | | 3,680 | - | - | - | - | 3,680 | 0 | 3,680 |
| At 31 December 2019 | | 62,895 | - | 36 | 1,615 | (43,503) | 21,043 | (262) | 20,781 |

* Less than hundred , representing subscription of shares by non-controlling interest of RM98

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (AUDITED)**

| Group | Note | ← Attributable to owners of the Company → | | | | | Equity attributable to owners of the Company RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
|--|------|---|-------------------------------|----------------------------------|----------------------------------|---------------------------------|---|--|---------------------------|
| | | Share capital RM'000 | Warrants reserve RM'000 | Translation reserve RM'000 | Revaluation reserve RM'000 | Accumulated losses RM'000 | | | |
| At 1st April 2018 | | 46,552 | 4,109 | 199 | 1,445 | (32,081) | 20,224 | (746) | 19,478 |
| Other comprehensive income, net of tax | | | | | | | | | |
| Surplus on revaluation of property, plant and equipment | | - | - | - | 170 | - | 170 | - | 170 |
| Foreign currency translation differences for foreign operations | | - | - | 80 | - | - | 80 | 18 | 98 |
| Reclassification of translation reserve upon disposal of a subsidiary | | | | (248) | | | (248) | - | (248) |
| | | - | - | (168) | 170 | - | 2 | 18 | 20 |
| Total other comprehensive loss, net of tax | | - | - | (168) | 170 | - | 2 | 18 | 20 |
| Net loss for the financial year | | - | - | - | - | (5,928) | (5,928) | (18) | (5,946) |
| Total comprehensive loss for the financial year | | - | - | (168) | 170 | (5,928) | (5,926) | - | (5,926) |
| Transaction with owners: | | | | | | | | | |
| Issuance of ordinary share: | | | | | | | | | |
| - Exercise of Warrants 2013/2018 | | 12,663 | (4,008) | - | - | - | 8,655 | - | 8,655 |
| Warrant lapsed | | - | (101) | - | - | 101 | - | - | - |
| Subscription of shares in subsidiaries by non-controlling interest | | - | - | - | - | - | - | 60 | 60 |
| Disposal of subsidiaries | | - | - | - | - | - | - | 676 | 676 |
| Total transactions with owners | | 12,663 | (4,109) | - | - | 101 | 8,655 | 736 | 9,391 |
| At 31 March 2019 | | 59,215 | - | 31 | 1,615 | (37,908) | 22,953 | (10) | 22,943 |

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019

| | AS AT 31-Dec-19 (UNAUDITED) RM'000 | AS AT 31-Mar-19 (AUDITED) RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax- Continuing operation | (5,852) | (7,570) |
| Profit before tax- Discontinued operation | - | 1,662 |
| | <u>(5,852)</u> | <u>(5,908)</u> |
| Adjustments for: | | |
| Non-cash items | 2,588 | 996 |
| Interest income | (71) | (222) |
| Interest expense | 606 | 570 |
| | <u>(2,729)</u> | <u>(4,564)</u> |
| Operating Loss before Working Capital Changes | (2,729) | (4,564) |
| Changes In Working Capital: | | |
| Net change in current assets | (4,664) | (2,104) |
| Net change in current liabilities | 1,212 | 2,445 |
| | <u>(6,181)</u> | <u>(4,223)</u> |
| Net Cash Outflow from Operations | (6,181) | (4,223) |
| Income tax paid | (83) | (58) |
| | <u>(6,264)</u> | <u>(4,281)</u> |
| Net Operating Cash Flows | (6,264) | (4,281) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 71 | 222 |
| Proceeds from disposal of other investment | - | 178 |
| Uplift /(placement) of deposits with licensed bank | 4,643 | (2,093) |
| Purchase of property, plant and equipment | (2,607) | (3,077) |
| Disposal of a subsidiary, net of tax (Note 1) | - | (2,893) |
| Amount due from a joint venture | (3) | - |
| Subscription of share in a joint venture # | - | - |
| Purchase of other investment | - | (1) |
| | <u>2,104</u> | <u>(7,664)</u> |
| Net Investing Cash Flows | 2,104 | (7,664) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (606) | (570) |
| Repayment of bank borrowings | (93) | (116) |
| Proceeds from the exercise Warrants 2013/2018 | - | 8,655 |
| Proceeds from the issuance of private placement shares | 3,680 | - |
| Subscription of shares by non-controlling interest * | - | 60 |
| Payment on lease liabilities | (969) | (731) |
| | <u>2,012</u> | <u>7,298</u> |
| Net Financing Cash Flows | 2,012 | 7,298 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (2,148) | (4,647) |
| Effects of foreign exchange rate changes | 5 | 98 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD/ YEAR | 5,481 | 10,030 |
| CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD / YEAR | 3,338 | 5,481 |

Less than hundred , representing cost of investment in a joint venture of RM50

* Less than hundred , representing subscription of shares by non-controlling interest of RM98

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019 (Cont'd)**

| | AS AT 31-Dec-19 (UNAUDITED) RM'000 | AS AT 31-Mar-19 (AUDITED) RM'000 |
|--|---|---|
| CASH AND BANK BALANCES | | |
| Cash on hand and at banks | 3,338 | 2,439 |
| Deposits placed with licensed banks | - | 7,686 |
| | 3,338 | 10,125 |
| Less: Non-short term deposit placed with licensed bank | - | (4,644) |
| Cash and bank balances | 3,338 | 5,481 |

Note 1: The cash flows attributable to the disposed subsidiaries are as follows:

Net cash cash outflow arising from disposal:

| | | |
|---------------------------------|------|---------|
| Cash consideration received | *n/a | 188 |
| Less: Cash and cash equivalents | - | (3,081) |
| | - | (2,893) |

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS

A1 – Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (“MFRS”) No. 134: Interim Financial Reporting and paragraph 9.22 of Bursa Malaysia Berhad (Bursa Securities”) ACE Market Listing Requirements (“ACE LR”).

The accounting policies and methods of computations adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2019 except as discussed below.

The Group has adopted the following amendments/improvements to MFRSs that are mandatory for the current financial period:

New MFRSs

| | |
|---------|---------------------------------------|
| MFRS 9 | Financial Instruments |
| MFRS 15 | Revenue from Contracts with Customers |
| MFRS 16 | Leases |

Amendments/Improvements to MFRSs

| | |
|----------|--|
| MFRS 1 | First-time adoption of MFRSs |
| MFRS 2 | Share-based payment |
| MFRS 128 | Investments in Associates and Joint Ventures |
| MFRS 140 | Investment Property |

New IC Interpretation (“IC Int”)

| | |
|-----------|---|
| IC Int 22 | Foreign Currency Transactions and Advance Consideration |
|-----------|---|

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

A2 – Declaration on Audit Qualification

The auditors’ report on the Group’s financial statements for the financial year ended 31 March 2019 was not qualified.

A3 – Seasonal or Cyclicity of Operations

In general, apart from the Group’s business in Healthcare services, the Group’s other businesses are primarily exposed to business cycles of the Electronic Manufacturing, Semiconductor and Automotive industries.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

A4 – Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A5 – Changes in Estimates

There were no materials changes in estimates of amounts reported in the prior financial year which may have had a material effect on the current quarter under review.

A6 – Debt and Equity Securities

Saved as disclosed below, there were no other issuances, cancellation, repurchases, resales and repayment of debts and equity securities during the current quarter.

Pursuant to the private placement of up to 32,486,400 of new ordinary shares, the company has issued total 12,000,000 new ordinary shares with total gross proceeds of RM3,680,000.00. The details of issuance were as follow,

| Tranches | Issuance Date | No of shares | Issue Price (RM) | Total Proceeds (RM) |
|-------------|---------------|-------------------|------------------|---------------------|
| 1st tranche | 18-Sep-19 | 4,000,000 | 0.30 | 1,200,000 |
| 2nd tranche | 19-Sep-19 | 4,000,000 | 0.30 | 1,200,000 |
| 3rd tranche | 11-Nov-19 | 4,000,000 | 0.32 | 1,280,000 |
| | | <u>12,000,000</u> | | <u>3,680,000</u> |

A7 – Dividends

No dividend has been declared or paid during the current quarter under review.

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A8 – Segmental Information

Segmental Information in respect of the Group's business segments are as follows: -

| Segments | Products and services |
|---|---|
| i. Mobile Services Division (Discounted operation) | - Provision of mobile messaging gateway solutions and services. (Further details explained in note A10) |
| ii Healthcare Division | - Provide mother and child care related services such as postnatal and postpartum care, post-delivery confinement care, and aesthetics, provide senior nursing home care and related services. |
| iii Computing and Electronic Services | - Performing research and development, and the provision of e-manufacturing solutions and IT outsourcing service, dealers of computers and other related products. |
| iv. Others | - Investment holding, provision of design, development, consulting, marketing supply, installation, testing and commissioning services for environmental friendly renewable energy products, trading of electronic and security products and building materials, provision of related engineering services, provision of management services , and dormant. |

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019**A8 – Segmental Information (Cont'd)***a) Period Ended 31 December 2019 (Unaudited)*

| | Healthcare Services | Computer Electronic Services | Others | Elimination | Total |
|---------------------------|--------------------------------|---|----------------|--------------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 5,846 | 2,578 | 912 | - | 9,336 |
| Inter-segment revenue | - | - | - | - | - |
| | 5,846 | 2,578 | 912 | - | 9,336 |
| Segment results | (3,816) | 441 | (1,942) | - | (5,317) |
| Interest Income | 68 | - | 3 | - | 71 |
| Interest Expense | (542) | (64) | - | - | (606) |
| (Loss)/ Profit before tax | (4,290) | 377 | (1,939) | - | (5,852) |

b) Period Ended 31 December 2018 (Unaudited)

| | Healthcare Services | Computer Electronic Services | Others | Elimination | Total |
|---------------------------|--------------------------------|---|----------------|--------------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 1,080 | 3,943 | 110 | - | 5,133 |
| Inter-segment revenue | - | - | - | - | - |
| | 1,080 | 3,943 | 110 | - | 5,133 |
| Segment results | (4,071) | 236 | (1,495) | - | (5,330) |
| Interest Income | 116 | - | 2 | - | 118 |
| Interest Expense | - | (75) | - | - | (75) |
| (Loss)/ Profit before tax | (3,955) | 161 | (1,493) | - | (5,287) |

A9 – Valuation of Property, Plant and Equipment

There was no valuation on any property, plant and equipment of the Group during current quarter under review.

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A10 – Changes in Composition of the Group

There was no other change to the composition of the Group during the current quarter under review save for the followings:

i. Disposal of Subsidiary of Company - Mexcomm

The Group had on 7 September 2018 entered into a sale and purchase of shares agreement (“SPA”) with Chan Wai Fong to dispose its entire 80,000 ordinary shares in Mexcomm (“MXSB”), representing 80% equity interest in Mexcomm for a cash consideration of RM187,727.20 (“Proposed Disposal”). The completion of the proposed disposal is upon the completion of all requisite security documents in accordance to the terms of the SPA.

On 30 October 2018, the Proposed Disposal has been completed upon the completion of all requisite security documents in accordance to the terms of the SPA. Following the disposal, the following companies have ceased to be subsidiaries of LYC:-

- (a) Mexcomm Sdn. Bhd.
- (b) Ezymobile International Sdn. Bhd.
- (c) Mobile Holding Ltd.
- (d) Ezy M Holding Ltd.
- (e) E-G6 Solution (Thailand) Co. Ltd.
- (f) PT Mexcomm

An analysis of the results of disposal of the subsidiaries are as follows:

Profit attributable to the discontinued operation :

Results of discontinued operation

| | RM'000 |
|--|---------------------|
| Revenue | 8,568 |
| Cost of sales | (6,839) |
| Gross profit | <u>1,729</u> |
| Other income | 34 |
| Expenses | (1,646) |
| Results from operating expenses before finance income | <u>117</u> |
| Finance income | 1 |
| Results from operating expenses | <u>118</u> |
| Taxation | - |
| Results from operating activities, net of tax | <u>118</u> |
| Gain on sale of discontinued operation | 1,544 |
| Profit for the financial period | <u><u>1,662</u></u> |

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A10 – Changes in Composition of the Group (Cont'd)

II. LYC Cosmetic & Aesthetic Sdn. Bhd. (“LYCCA”)

On 30 April 2019, the Company had subscribed fifty-one (51) ordinary share in LYC Cosmetic & Aesthetic Sdn. Bhd. (“LYCCA”) for cash consideration of Ringgit Malaysia Fifty-One only (RM51.00), representing 51% shareholding of LYCCA while Xing Dao International Pte. Ltd. had subscribed forty-nine (49) shares for Ringgit Malaysia Forty-Nine only (RM49.00). Consequently, LYCCA became a direct 51% owned subsidiary of company of the Group.

The intended principal activities of LYCCA are to carry on the business of cosmetics, personal care, wellness related products and services and medical aesthetic treatment.

III. LYC Child Care Centre Sdn. Bhd. (“LYCCC”)

On 6 December 2019, LYC Mother & Child Centre Sdn. Bhd. (“LYCMC”), a wholly-owned subsidiary company of the Company, had subscribed one hundred (100) ordinary share in LYC Child Care Centre Sdn. Bhd. (“LYCCC”) for cash consideration of Ringgit Malaysia One Hundred only (RM100.00), representing 100% shareholding of LYCCC. Consequently, LYCCC became an indirect wholly owned subsidiary of company of the Group.

The intended principal activity of LYCCC is to carry on the business of child day care activities.

IV. LYC Osteoporosis & Chronic Disease Sdn. Bhd. (“LYCOCD”)

On 27 December 2019, the Company had subscribed fifty-one (51) ordinary share in LYC Osteoporosis & Chronic Disease Sdn. Bhd. (“LYCOCD”) for cash consideration of Ringgit Malaysia Fifty-One only (RM51.00), representing 51% shareholding of LYCOCD while Dr Ting Choon Meng had subscribed forty-nine (49) shares for Ringgit Malaysia Forty-Nine only (RM49.00). Consequently, LYCOCD became a direct 51% owned subsidiary of company of the Group.

The intended principal activities of LYCOCD are to carry on the business of providing osteoporosis medical services, chronic medical services, specialist consultancy services and other medical and pharmaceutical services.

A11 – Material Subsequent Events

There was no material event subsequent to the end of the current quarter under review.

A12 –Contingent Liabilities or Contingent Assets

The Directors of the Group are not aware of any other material contingent liabilities or contingent assets that may impact the financial performance of the Group.

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A13 –Capital Commitment

| | As at 31-Dec-19 RM'000 | As at 31-Dec-18 RM'000 |
|---|---------------------------------------|---------------------------------------|
| Capital expenditure in respect of purchase of property, plant and equipment | | |
| - Contracted but not provided for | 3,979 | 2,558 |

A14 –Related Party Transaction

| | As at 31-Dec-19 RM'000 | As at 31-Dec-18 RM'000 |
|--|---------------------------------------|---------------------------------------|
| Project management fee receivable from a company in which a major shareholder has interest | 913 | - |

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

B1 – Financial Review for Current Quarter Compared with Preceding Year Corresponding Quarter

| | Individual Period / | | | | Cumulative period | | | |
|---|---------------------------------|--|---------|-------|---------------------------------|--|---------|-------|
| | Current Quarter Ended 31-Dec-19 | Preceding Year Corresponding Quarter Ended 31-Dec-18 | Changes | | Current Quarter Ended 31-Dec-19 | Preceding Year Corresponding Quarter Ended 31-Dec-18 | Changes | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 3,597 | 1,807 | 1,790 | 99% | 9,336 | 5,133 | 4,203 | 82% |
| Loss before tax (LBT) | (2,207) | (2,200) | (7) | 0% | (5,852) | (5,287) | (565) | 11% |
| Loss before tax (LAT) | (2,204) | (2,176) | (28) | 1% | (5,845) | (5,259) | (586) | 11% |
| Profit from Discontinued Operation | - | 1,662 | (1,662) | -100% | - | 1,662 | (1,662) | -100% |
| Loss after Discontinued & Continued Operation, net of tax | (2,204) | (514) | (1,690) | 329% | (5,845) | (3,597) | (2,248) | 62% |

Individual Quarter

During the current quarter, the Group recorded an increase in revenue by 99% or RM1.79 million to RM3.60 million against the corresponding quarter of RM1.81 million, mainly supported by the solid revenue growth from the Healthcare segment. The TTDI postpartum centre, senior living home (opened in Nov 2018) and family clinic (opened in Dec 2018) contributed to an increase in revenue by a total of RM1.77 million. The other segment had also contributed to the increase in revenue by a total of RM0.21 million. However, the overall increase was offset by the reduction of revenue in Computing and Electronic services by total of RM0.19 million.

As a result, the gross profit had improved by RM0.60 million in tandem with the higher revenue recorded. However, the improvement in gross profit was eroded by the depreciation of right-of-use assets with the effect of adoption of MFRS 16 since April 2019. Consequently, the Group recorded a marginally lower of LBT and LAT of RM2.21 million and RM2.20 million as compared to RM2.20 million and RM2.18 million respectively in the preceding year corresponding quarter.

Cumulative Quarter

The Group's nine months cumulative revenue climbed 82% or RM4.20 million against the corresponding period to RM 9.34 million, underpinned by the increase in number of customers for the postpartum centre. In addition, the family clinic and senior living were also contributing factors to the increase in the revenue for the financial period under review.

The higher revenue had translated into a higher gross profit of RM1.40 million in the current cumulative financial period under review. However, the increase in gross profit had been set-off by the MFRS 16 impact recognised during the quarter, largely contributed by the higher depreciation and finance costs amounting to RM1.92 million. Additionally, it incurred the start-up cost of the Puchong postpartum centre which opened in July 2019.

Hence, the Group recorded a higher LBT and LAT of RM5.85 million and RM5.84 million as compared to RM5.29 million and RM5.26 million respectively in the preceding year corresponding quarter.

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B1 – Financial Review for Current Quarter Compared with Preceding Year Corresponding Quarter (Cont'd)

The Group completed the disposal of a subsidiary company, Mexcomm Sdn. Bhd. on 7 September 2018 and recognised a gain of disposal of RM1.66 million which was accounted for in the preceding year of corresponding quarter. (refer Note A10).

B2 – Comparison with Preceding Quarter's Results

| | Current Quarter Ended 31-Dec-19 | Preceding Quarter Ended 30-Sep-19 | Changes | |
|------------------------------|---------------------------------|-----------------------------------|---------|-----|
| | RM'000 | RM'000 | RM'000 | % |
| Continuing operations | | | | |
| Revenue | 3,597 | 3,053 | 544 | 18% |
| Loss before tax (LBT) | (2,207) | (2,053) | (154) | 8% |
| Loss after tax (LAT) | (2,204) | (2,051) | (153) | 7% |

Quarter on quarter, the Group's revenue increased by 18% or RM0.54 million against the immediate preceding quarter due to stronger performance from the Healthcare segments results but was offset by the lower results from the Computer Electronic services due to the trade war between the United State and China on the IT industry. The higher revenue from the Healthcare segment was mainly driven by the continuous ramp up of sales from the postpartum centres located in TTDI and Puchong.

However, the Group's LBT and LAT of the current quarter were softened due to higher staff cost and other operating expenses to manage the increased operation of the Group, as well as the start up cost of the Puchong postpartum centre which opened in July 2019.

B3 – Current Year Prospects

The Gross Domestic Product (GDP) of Malaysia grew 4.4 per cent in the third quarter of 2019 after recording a growth of 4.9 per cent during the second quarter of 2019. Services, Manufacturing and Agriculture sectors were the main drivers of the economy growth for the third quarter 2019. (Source: Department of Statistics, Malaysia, 15 Nov 2019)

A total of RM17.3 billion revenue was generated for Health, Education and Arts, Entertainment & Recreation segment in third quarter 2019 with year on year percentage change of 7.0 percent. The growth was underpinned by Education (+8.2%), Health (+6.7%) and Arts, Entertainment & Recreation (+6.3%). This segment registered an increase of revenue 5.6 per cent on a quarterly basis. (Source: Department of Statistics, Malaysia, 12 Nov 2019)

Moving forward, the Group has diversified its business activities into healthcare services to enhance its prospects. By embarking initially into the mother and child and senior living related healthcare services, the Board is of the view that this would provide a platform for the Group to spearhead into other areas of the healthcare sector.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019**B3 – Current Year Prospects (Cont'd)**

The construction of our 3rd Confinement Centre in Bukit Jalil is progressing well and the Group would incur pre-operating costs such as staff recruitment and marketing costs in anticipation of the scheduled opening at the end of March 2020. The Group had grown rapidly in last few years through the opening of new centres. Moving onwards, the Group would focus on consolidating and enhancing its service offerings in new and existing centre in order to achieve optimal operating leverage.

The Group is also exploring various new healthcare related projects which are currently at various stages of business viability assessments. With the robust demand for healthcare service, it will continue to present growth opportunities for us to expand our footprints.

B4 – Profit Forecast

The Group did not publish any profit forecast in its Prospectus or in any public documents.

B5 – Loss from operations

Loss from operations has been arrived at after crediting/ (charging): -

| | Current Quarter | | Cumulative Quarters | |
|---|-----------------|-----------|---------------------|-----------|
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation | (942) | (309) | (2,557) | (626) |
| Interest income | 1 | 43 | 71 | 118 |
| Interest expenses | (215) | (26) | (606) | (75) |
| Net reversal /(allowance) for slow moving inventories | (1) | 16 | (5) | 5 |
| Net unrealised foreign exchange (loss)/ gain | 1 | 24 | (1) | (35) |
| Unwinding up discount on provision for restoration cost | (17) | - | (25) | - |
| Gain on disposal of discontinued operation | - | 1,662 | - | 1,662 |

B6 – Taxation

| | Current Quarter 31-Dec-19 RM'000 | Cumulative Quarters 31-Dec-19 RM'000 |
|-------------------------------------|--|--|
| Income tax:- | | |
| - Current year | - | - |
| -Over provision in prior year | (1) | (1) |
| | <u>(1)</u> | <u>(1)</u> |
| Deferred taxation: | | |
| - Reversal of temporary differences | (2) | (6) |
| | <u>(3)</u> | <u>(7)</u> |

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019**B7 – Corporate Proposals**

Save as disclosed below, there was no other corporate proposal announced or outstanding as at the date of this report.

I. Private Placement

On 5 August 2019, the Group had announced to undertake a proposed private placement of up to 10% of the total number of issued shares entailing 32,486,400 new shares in tranches. On 15 August 2019, the Group announced that Bursa Securities, vide its letter dated 15 August 2019, approved the listing and quotation to be issued pursuant to the Proposed Private Placement.

The details of issuance were as follow,

| Tranches | Issuance Date | No of shares | Issue Price (RM) | Total Proceeds (RM) |
|-------------|---------------|-------------------|------------------|---------------------|
| 1st tranche | 18-Sep-19 | 4,000,000 | 0.300 | 1,200,000 |
| 2nd tranche | 19-Sep-19 | 4,000,000 | 0.300 | 1,200,000 |
| 3rd tranche | 11-Nov-19 | 4,000,000 | 0.320 | 1,280,000 |
| 4th tranche | 23-Jan-20 | 3,400,000 | 0.295 | 1,003,000 |
| | | <u>15,400,000</u> | | <u>4,683,000</u> |

On 23 January 2020, the Company had applied for an extension of time to implement the above private placement. Bursa Malaysia Securities Berhad had vide its letter dated 10 February 2020 approved the said application.

The status of utilisation of proceeds arising from the issuance, as at LPD was as follow:-

| Purpose | Proposed Utilisation (RM) | Actual Utilisation (RM) | Remaining Balance (RM) | Intended Timeframe |
|--|---------------------------|-------------------------|------------------------|--------------------|
| Renovation cost for a new postpartum center | 2,300,000 | 2,300,000 | - | within 12 months |
| Renovation cost for a new postpartum center to be identified later | 3,500,000 | - | 3,500,000 | within 18 months |
| Renovation works three (3) senior living centers | 1,900,000 | - | 1,900,000 | within 18 months |
| Business expansion | 500,000 | - | 500,000 | within 18 months |
| Working capital | 1,946,000 | 1,133,000 | 813,000 | within 12 months |
| Estimated expenses in relation to private placement | 250,000 | 250,000 | - | upon completion |
| Total | <u>10,396,000</u> | <u>3,683,000</u> | <u>6,713,000</u> | |

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B7 – Corporate Proposals (Cont’d)

II. LYC & Chung Fertility Centre Sdn. Bhd. (“LYCCF”)

On 20 December 2019, the Company had subscribed fifty-one (50) ordinary share in LYC & Chung Fertility Centre Sdn. Bhd. (“LYCCF”) for cash consideration of Ringgit Malaysia Fifty only (RM50.00), representing 50% shareholding of LYCCF while Dr Chung Chow Cheang had subscribed fifty (50) shares for Ringgit Malaysia Fifty only (RM50.00).

Consequently, LYCCF became a joint venture of the Company and Dr Chung. LYCCF’s result and its net assets thereafter shall be accounted under the equity method of accounting.

The intended principal activities of LYCCF are to carry on the business of providing Assisted Reproductive Technology (“ART”) services, In Vitro Fertilisation (“IVF”), specialist consultancy services, obstetrics and gynecological services, and providing relevant laboratory services in connection with investigative procedures and other medical and pharmaceutical services.

B8 – Borrowings

The Group borrowings as at the end of the reporting quarter were as follows: -

| | Current | Non-current |
|---------------------|----------------|--------------------|
| | RM’000 | RM’000 |
| Term loan (Secured) | 128 | 1,570 |

The Group does not have any foreign borrowing as at the date of this announcement.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

B9 – Material Litigations

As at the date of this announcement, there are no other material litigations against or taken by the Group other than the following:

a) Claim by In & On Sdn. Bhd. (“IOSB”)

On 23 September 2019, LYC Mother & Child Centre Sdn. Bhd. (“LYCMC”), a wholly owned subsidiary of LYC Healthcare Bhd. (“LYCHB”), was served with a Writ of Summons filed by IOSB. This matter had been fixed for case management by the High Court of Kuala Lumpur on 26 September 2019.

IOSB is an interior decorating and a renovation company under registration of Malaysia’s Companies Act.

The claim submitted by IOSB is for:-

- i) Judgment for the balance due on contract of RM213,317.54;
- ii) Sum of RM786,674.00 and RM81,100 for additions and omissions and, variation works respectively,
- iii) Retention sum of RM255,800.00
- iv) Interest at the rate of 5% annum on the above sum (or any amount to be determined by the Court) from the date of this action until full payment
- v) Costs; and
- vi) Such further and/or other reliefs that the Court deems fit and proper.

The above claims are disputed by LYCMC. LYCMC will be filing a counter claim against IOSB on the Renovation Contract contain a Liquidated Ascertained Damages (“LAD”) amounting to RM900,000 which the IOSB is liable to pay LYCMC for in respect of the delays in the completion of renovation works.

Next Case Management for the suit is fixed on 2 March 2020.

B10 – Dividends

No dividend has been declared or paid during the current quarter under review.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

B11 – Earnings per Share

(a) *Basic earnings per share (“EPS”)*

Basic EPS of the Group is calculated by dividing the profit for the period attributable to ordinary equity holders of LYC by the weighted average number of ordinary shares in issue during the financial period.

| | Current Quarter Ended | | Cumulative Quarters Ended | |
|--|-----------------------|-----------|---------------------------|-----------|
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| Loss for the period attributable to owners of company (RM'000) | (2,056) | (520) | (5,593) | (3,628) |
| Weighted average number of ordinary shares in issue ('000) | 334,690 | 324,864 | 328,515 | 298,390 |
| Basic EPS (sen) | (0.61) | (0.16) | (1.70) | (1.22) |

The weighted average number of ordinary shares in issue is determined using the number of days that the specific shares are outstanding in proportion to the total number of days in the corresponding period.

(b) *Diluted EPS*

The diluted earnings per share of the Company is the same as the basic earnings per ordinary share of the Company during current quarter under review.

B12 – Approval for The Release of Quarterly Results

The quarterly financial results have been approved for release by the Board of Directors.