



# **LYC HEALTHCARE BERHAD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020**

# LYC HEALTHCARE BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020

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 AND YEAR ENDED 31 MARCH 2020

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
		Current Year Quarter	Preceding Year Corresponding Quarter	Change %	Current Year to Date	Preceding Year Corresponding Period	Change %
		31-Mar-20 RM'000	31-Mar-19 RM'000		31-Mar-20 RM'000	31-Mar-19 RM'000	
Revenue	A8	3,098	2,470	25.4%	12,434	7,603	63.5%
Cost of sales		(2,473)	(1,748)	41.5%	(9,452)	(5,924)	59.6%
Gross profit		625	722		2,982	1,679	
Operating expenses		(4,728)	(2,625)	80.1%	(12,642)	(9,115)	38.7%
Other operating income		292	67	335.8%	532	270	97.0%
Loss from operations	B5	(3,811)	(1,836)		(9,128)	(7,166)	
Interest income		10	104	-90.4%	81	222	-63.5%
Interest expense		(508)	(506)	0.4%	(1,114)	(581)	91.7%
Loss before tax		(4,309)	(2,238)	92.5%	(10,161)	(7,525)	35.0%
Taxation	B6	(115)	(62)	85.5%	(108)	(34)	217.6%
<b>Loss from continued operation for the period/year</b>		<b>(4,424)</b>	<b>(2,300)</b>	<b>92.3%</b>	<b>(10,269)</b>	<b>(7,559)</b>	<b>35.9%</b>
Profit for the period from a discontinued operations		-	-	0.0%	-	1,662	-100.0%
<b>Loss for the financial period/year</b>		<b>(4,424)</b>	<b>(2,300)</b>	<b>92.3%</b>	<b>(10,269)</b>	<b>(5,897)</b>	
<b>Other comprehensive income</b>							
Foreign currency translation		(3)	(3)	0.0%	2	(149)	-101.3%
Surplus on revaluation of property, plant and equipment		1	170	-99.6%	1	170	-99.6%
Total other comprehensive (loss)/income for the financial period/year, net of tax		(2)	167	-101.4%	3	21	-87.1%
<b>Total comprehensive loss for the financial period/year</b>		<b>(4,426)</b>	<b>(2,133)</b>	<b>107.5%</b>	<b>(10,266)</b>	<b>(5,876)</b>	<b>74.7%</b>
<b>Loss attributable to:</b>							
Owners of the Company		(4,050)	(2,253)	79.8%	(9,643)	(5,881)	64.0%
Non-controlling interest		(374)	(47)	695.7%	(626)	(16)	3812.5%
<b>Total Comprehensive (loss)/income attributable to:</b>		<b>(4,424)</b>	<b>(2,300)</b>		<b>(10,269)</b>	<b>(5,897)</b>	
Owners of the Company		(4,052)	(2,084)		(9,640)	(5,877)	
Non-controlling interest		(374)	(49)		(626)	1	
		<b>(4,426)</b>	<b>(2,133)</b>		<b>(10,266)</b>	<b>(5,876)</b>	
<b>Earnings /(Losses) per share attributable to Owners of the Company:</b>							
Basic earnings/(losses) per share (sen)	B11(a)	(1.19)	(0.69)		(2.91)	(1.97)	
Diluted earnings/(losses) per share (sen)	B11(b)	*	*		*	*	

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**INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	Note	AS AT 31-Mar-20 (UNAUDITED) RM'000	AS AT 31-Mar-19 (AUDITED) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		17,700	9,684
Right-of-use assets		23,866	13,461
Investment property		4,084	4,194
Investment in a joint venture *		-	-
		<u>45,650</u>	<u>27,339</u>
<b>Current assets</b>			
Inventories		352	214
Trade and other receivables		4,663	4,564
Current tax assets		72	53
Amount due from joint venture		3	-
Cash and bank balances		4,022	10,125
		<u>9,112</u>	<u>14,956</u>
<b>TOTAL ASSETS</b>		<u>54,762</u>	<u>42,295</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		67,371	59,215
Reserves		1,648	1,646
Accumulated lossess		(47,550)	(37,908)
		21,469	22,953
Non-controlling interest		(636)	(10)
<b>TOTAL EQUITY</b>		<u>20,833</u>	<u>22,943</u>
<b>Non-current liabilities</b>			
Loan and borrowings	B8	1,636	1,668
Lease liabilities		23,175	12,302
Provision for restroration cost		844	500
Deferred tax liabilities		393	321
		26,048	14,791
<b>Current liabilities</b>			
Trade and other payables		3,339	1,655
Contract liabilities		2,166	1,474
Amount due to a shareholder		86	-
Loan and borrowings		131	122
Lease liabilities		2,103	1,242
Deferred income		11	-
Current tax liabilities		45	68
		7,881	4,561
<b>TOTAL LIABILITIES</b>		<u>33,929</u>	<u>19,352</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>54,762</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 AND YEAR ENDED 31 MARCH 2020**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDING 31 MARCH 2020 (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			
<b>At 1 April 2019</b>		59,215	-	31	1,615	(37,908)	22,953	(10)	22,943
<b>Other comprehensive income, net of tax</b>									
Surplus on revaluation of property, plant and equipment		-	-	-	4	-	4	-	4
Deferred taxation liabilities on revaluation surplus of property, plant and equipment		-	-	-	(3)	-	(3)	-	(3)
Foreign currency translation gain/(loss) differences for foreign operations		-	-	2	-	-	2	-	2
		-	-	2	1	-	2	-	2
<b>Total other comprehensive loss , net of tax</b>		-	-	2	1	-	2	-	2
Net loss for the financial period		-	-	-	-	(9,642)	(9,642)	(626)	(10,268)
<b>Total comprehensive loss for the financial period</b>		-	-	2	1	(9,642)	(9,640)	(626)	(10,266)
<b>Transaction with owners:</b>									
Issuance of ordinary share pursuant to : - private placement shares		8,156	-	-	-	-	8,156	-	8,156
Non-controlling interests arising from acquisition of new subsidiary *		-	-	-	-	-	-	0	0
<b>Total transactions with owners</b>		8,156	-	-	-	-	8,156	0	8,156
<b>At 31 March 2020</b>		67,371	-	33	1,616	(47,550)	21,469	(636)	20,833

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

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**INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (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			
<b>At 1st April 2018</b>		46,552	4,109	199	1,445	(32,081)	20,224	(746)	19,478
<b>Other comprehensive income, net of tax</b>									
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
<b>Total other comprehensive loss, net of tax</b>		-	-	(168)	170	-	2	18	20
Net loss for the financial year		-	-	-	-	(5,928)	(5,928)	(18)	(5,946)
<b>Total comprehensive loss for the financial year</b>		-	-	(168)	170	(5,928)	(5,926)	-	(5,926)
<b>Transaction with owners:</b>									
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
<b>Total transactions with owners</b>		12,663	(4,109)	-	-	101	8,655	736	9,391
<b>At 31 March 2019</b>		59,215	-	31	1,615	(37,908)	22,953	(10)	22,943

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**INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	<b>AS AT 31-Mar-20 (UNAUDITED) RM'000</b>	<b>AS AT 31-Mar-19 (AUDITED) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax- Continuing operation	(10,161)	(7,570)
Profit before tax- Discontinued operation	-	1,662
	<u>(10,161)</u>	<u>(5,908)</u>
Adjustments for:		
Non-cash items	14,087	996
Interest income	(81)	(222)
Interest expense	1,114	570
	<u>4,959</u>	<u>(4,564)</u>
Operating Loss before Working Capital Changes	4,959	(4,564)
Changes In Working Capital:		
Net change in current assets	(9,473)	(2,104)
Net change in current liabilities	2,392	2,445
	<u>(2,122)</u>	<u>(4,223)</u>
Net Cash Outflow from Operations	(2,122)	(4,223)
Income tax paid	(81)	(58)
	<u>(2,203)</u>	<u>(4,281)</u>
Net Operating Cash Flows	(2,203)	(4,281)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	81	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	(9,651)	(3,077)
Disposal of a subsidiary, net of tax (Note 1)	-	(2,893)
Amount due from joint venture	(3)	-
Subscription of share in joint venture #	-	-
Purchase of other investment	-	(1)
	<u>(4,930)</u>	<u>(7,664)</u>
Net Investing Cash Flows	(4,930)	(7,664)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,114)	(570)
Repayment of bank borrowings	(126)	(116)
Proceeds from the exercise Warrants 2013/2018	-	8,655
Proceeds from the issuance of private placement shares	8,156	-
Subscription of shares by non-controlling interest *	-	60
Drawdown of hire purchase	102	-
Advances from a shareholder	86	-
Payment on lease liabilities	(1,432)	(731)
	<u>5,672</u>	<u>7,298</u>
Net Financing Cash Flows	5,672	7,298
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,461)</b>	<b>(4,647)</b>
Effects of foreign exchange rate changes	2	98
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD/ YEAR</b>	<b>5,481</b>	<b>10,030</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD / YEAR</b>	<b>4,022</b>	<b>5,481</b>

# 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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**INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020 (Cont'd)**

	<b>AS AT 31-Mar-20 (UNAUDITED) RM'000</b>	<b>AS AT 31-Mar-19 (AUDITED) RM'000</b>
<b>CASH AND BANK BALANCES</b>		
Cash on hand and at banks	4,022	2,439
Deposits placed with licensed banks	-	7,686
	<u>4,022</u>	<u>10,125</u>
Less: Non-short term deposit placed with licensed bank	-	(4,644)
Cash and bank balances	<u>4,022</u>	<u>5,481</u>

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)
	<u>-</u>	<u>(2,893)</u>

\* Not applicable

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### INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020

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#### **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
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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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**A4 – Items of Unusual Nature, Size or Incidence**

There were no other items of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows in the financial year 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 year 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 financial year.

Pursuant to the private placement of up to 32,486,400 of new ordinary shares, the company has issued total 30,500,000 new ordinary shares with total gross proceeds of RM8,156,000.00. 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	0.300	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
5th tranche	27-Mar-20	15,100,000	0.230	3,473,000
		<u>30,500,000</u>		<u>8,156,000</u>

**A7 – Dividends**

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

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### INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020

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#### A8 – Segmental Information

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

<b>Segments</b>	<b>Products and services</b>
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
iii Computing and Electronic Service:	- 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 AND YEAR ENDED 31 MARCH 2020****A8 – Segmental Information (Cont'd)****a) Period Ended 31 March 2020 (Unaudited)**

	<b>Healthcare Services</b>	<b>Computer Electronic Services</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	8,128	3,107	1,199	-	12,434
Inter-segment revenue	-	-	-	-	-
	<b>8,128</b>	<b>3,107</b>	<b>1,199</b>	<b>-</b>	<b>12,434</b>
<b>Result</b>					
Interest income	73	5	3	-	81
Interest expense	(1,024)	(90)	-	-	(1,114)
Depreciation & amortisation	(3,928)	(155)	(29)	-	(4,112)
Segment results before tax	(7,416)	122	(2,867)	-	(10,161)
Taxation	(16)	(52)	(39)	-	(108)
Segment results after tax	(7,432)	70	(2,906)	-	(10,269)

**b) Period Ended 31 March 2019 (Unaudited)**

	<b>Healthcare Services</b>	<b>Computer Electronic Services</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	2,474	4,711	418	-	7,603
Inter-segment revenue	-	-	-	-	-
	<b>2,474</b>	<b>4,711</b>	<b>418</b>	<b>-</b>	<b>7,603</b>
<b>Result</b>					
Interest income	219	-	3	-	222
Interest expense	(482)	(99)	-	-	(581)
Depreciation & amortisation	(1,952)	(149)	(24)	-	(2,125)
Segment results before tax	(5,357)	41	(2,209)	-	(7,525)
Taxation	(0)	(5)	(29)	-	(34)
Segment results after tax	(5,357)	36	(2,238)	-	(7,559)

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#### A9 – Valuation of Property, Plant and Equipment

There was revaluation gain before tax on the land and building recognised for RM3,688 during current financial year under review. The fair value has been determined by the valuation performed by a registered independent valuer having appropriate recognised professional qualification and recent experience in the location and category of properties being valued.

#### A10 – Changes in Composition of the Group

There was no other change to the composition of the Group during the current year 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**

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

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### INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020

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#### A11 – Material Subsequent Events

There were no material event subsequent to the end of the current financial year under review save for the followings:

##### **I. Mutual Termination of Consultancy and Project Management Agreement (“Agreement”)**

On 9 April 2020, LYC Living Sdn. Bhd. (“LYCL”), 70% owned subsidiary of company of the Group, had mutually agreed to terminate its consultancy and project management agreement with LYC Wellness Sdn. Bhd. (“LYCW”), which was formerly known as LYC Venture Sdn. Bhd., effective 1<sup>st</sup> April 2020.

Reference is made on the announcement dated 30 October 2018 where LYCL had entered into the Agreement with LYCW for the provision of general consultancy, advise and project management by LYCL to LYCW to facilitate the construction, sale and development of LYC Wellness Valley, an integrated health and wellness hub located at Genting Sempah.

Pursuant to the above and coupled with the current challenging market condition, LYCL and LYCW had mutually agreed in writing to terminate the Agreement.

##### **II. Incorporation of a New Subsidiary Company – LYC Medicare (Singapore) Pte. Ltd.**

On 28 April 2020, LYC Medicare Sdn. Bhd. (“LYCM”), a wholly owned subsidiary company of the Company, had subscribed to one thousand (1,000) ordinary shares in LYC Medicare Singapore Pte Ltd. (“LYCMS”) in Singapore for a cash consideration of Singapore Dollar One Thousand only (SGD1,000.00), representing 100% shareholding of LYCMS. Consequently, LYCMS became an indirect wholly owned foreign subsidiary of the Group.

The intended principal activity of LYCMS is to carry on the business of healthcare related services.

##### **III. Collaboration Agreement with Forwen Sdn. Bhd. (“Forwen”) to Market Covid-19 Tracking Application**

On 14 May 2020, LYC Medicare Sdn. Bhd. (“LYCM”), a wholly owned subsidiary company of the Company, entered into a Covid-19 Contact Tracing Collaboration Agreement with Forwen Sdn. Bhd. (“Forwen”) to market an application called the “Forwen Tracker” to centralise Big Data system with a simple and fast combination of web application as well as Android and iOS application for data collection in relation to the Covid-19 outbreak.

##### **IV. Collaboration Agreement with Biofresh Hygiene Services Sdn. Bhd. (“Biofresh”) to Market Cleanliness, Hygiene, and Sanitation Services.**

On 18 May 2020, LYC Medicare Sdn. Bhd. (“LYCM”), a wholly owned subsidiary company of the Company, entered into a Hygiene and Disinfection Services Collaboration Agreement with Biofresh Hygiene Services Sdn. Bhd. (“Biofresh”) to market a range of cleanliness, hygiene and sanitation services including manual and automatic hand sanitizer dispensers, hand soap dispenser, toilet seat sanitizer, lady bin as well as disinfection service, on behalf of Biofresh.

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**INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020****A11 – Material Subsequent Events (Cont’d)**

There were no material event subsequent to the end of the current financial year under review save for the followings: (Cont’d)

**V. Incorporation of a New Subsidiary Company – KLIMC Sdn. Bhd.**

On 19 May 2020, the Company had subscribed fifty-one (51) ordinary shares in KLIMC Sdn. Bhd. (“KLIMC”) for a cash consideration of Ringgit Malaysia Fifty-One only (RM51.00), representing 51% shareholding of KLIMC while Urban Masterpiece Sdn. Bhd. had subscribed forty-nine (49) shares for Ringgit Malaysia Forty-Nine only (RM49.00). Consequently, KLIMC became a direct 51% owned subsidiary of company of the Group.

The intended principal activities of KLIMC are to own and to carry on the business of running hospitals

**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.

**A13 –Capital Commitment**

	<b>As at 31-Mar-20 RM’000</b>	<b>As at 31-Mar-19 RM’000</b>
Capital expenditure in respect of purchase of property, plant and equipment		
- Authorised but not contracted for	-	610
- Contracted but not provided for	<u>2,308</u>	<u>1,585</u>

**A14 –Related Party Transaction**

	<b>As at 31-Mar-20 RM’000</b>	<b>As at 31-Mar-19 RM’000</b>
Project management fee receivable from a company in which a major shareholder has interest	<u>1,200</u>	<u>400</u>

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**INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020**

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

	Individual Period				Cumulative period			
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Changes		Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Changes	
	31-Mar-20	31-Mar-19	RM'000	%	31-Mar-20	31-Mar-19	RM'000	%
Revenue	3,098	2,470	628	25%	12,434	7,603	4,831	64%
Loss before tax (LBT)	(4,309)	(2,238)	(2,071)	93%	(10,161)	(7,525)	(2,636)	35%
Loss before tax (LAT)	(4,424)	(2,300)	(2,124)	92%	(10,269)	(7,559)	(2,710)	36%
Profit from Discontinued Operation	-	-	-	0%	-	1,662	(1,662)	-100%
Loss after Discontinued & Continued Operation, net of tax	(4,424)	(2,300)	(2,124)	92%	(10,269)	(5,897)	(4,372)	74%

**Individual Quarter**

During the current quarter, the Group recorded an increase in revenue by 25% or RM0.63 million to RM3.09 million against the corresponding quarter of RM2.47 million, mainly supported by the solid revenue growth from the Healthcare segment. The TTDI postpartum centre (opened in April 2018), Puchong postpartum centre (opened in July 2019), senior living homes (opened in Nov 2018 and July 2019 respectively), family clinic (opened in Dec 2018) and cosmetic & aesthetic centre in Bangsar South (opened in February 2020) had contributed to an increase in revenue by a total of RM0.90 million. However, the overall increase was offset by the reduction of revenue in the Computing and Electronic services by approximately RM0.27 million.

The improvement in revenue was accompanied by an increase in operating expenses. The increase in operating expenses is due to the Group's start-up costs for its new healthcare operations such as the cosmetic & aesthetic centre in Bangsar South, child care centre in TTDI and Bukit Jalil confinement centre with a view to achieve its objective of cross selling through various services which will ultimately benefit the Group's bottom line in the medium to long term.

The major movement of increased of operating expenses during the financial period under review were mainly due to the higher operating costs as our existing centres achieve better occupancy rates and the start-up costs for its new healthcare businesses as mentioned.

**Cumulative Quarter**

The Group's twelve months cumulative revenue climbed 64% or RM4.83 million against the corresponding period to RM7.60 million, underpinned by the solid growth in the Healthcare segment by RM5.65 million. In addition, the other segment was also a contributing factor to the increase in the revenue by RM0.78 million for the financial year under review. However, the overall increase was offset by the reduction of revenue in Computing and Electronic services by total of approximately RM1.60 million.



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### INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020

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

The higher revenue had translated into a higher gross profit of RM1.30 million in the cumulative current financial year under review.

However, the increase in gross profit had been softened by the increased of operating expenses and was adversely affected by the adoption of MFRS 16. The major movements were as follows,

1. Administrative expenses increased by approximately RM0.71 million mainly due to the full commencement of operations for the confinement centre in TTDI, senior living homes, and family clinic, commencement of new healthcare businesses (i.e. confinement centre in Puchong, and cosmetic & aesthetic in Bangsar), start-up costs for the confinement centre in Bukit Jalil and child care centre in TTDI, and salaries and staff related expenses;
2. Higher depreciation and finance costs on the impact of MFRS 16 increased by RM1.96 million on the leases which corresponds with the additional rental of premises for the new businesses of confinement centre in Bukit Jalil, cosmetic & aesthetic, and childcare centre.
3. Higher depreciation on the property, plant and equipment by RM0.58 million due the acquisition of new assets for new healthcare facilities as mentioned.
4. Impairment loss on the property, plant and equipment and right of use assets by RM0.65 million.

The Group recorded a higher loss after tax of RM10.26 million as compared to RM5.89 million in the preceding year corresponding quarter due to the absence of a disposal gain. On 7 September 2018, the Group completed the disposal of a subsidiary of company, Mexcomm Sdn. Bhd. 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	Preceding Quarter Ended	Changes	
	31-Mar-20	30-Dec-19	RM'000	%
	RM'000	RM'000	RM'000	%
<b>Continuing operations</b>				
Revenue	3,098	3,597	(499)	-14%
Loss before tax (LBT)	(4,309)	(2,207)	(2,102)	95%
Loss after tax (LAT)	<u>(4,424)</u>	<u>(2,204)</u>	<u>(2,220)</u>	101%

Quarter on quarter, the Group recorded revenue of RM3.09 million, representing a decrease of RM0.50 million or 14% as compared to its immediate preceding quarter of RM3.59 million. The overall decrease in revenue is mainly attributed to Healthcare segment and Computing and Electronic services which recorded a decrease by RM0.27 million and RM0.23 million respectively. Lower revenue recorded in the Healthcare segment in current quarter is mainly due to the Stay-at-Home Order implemented by the Government Malaysia during the period of Movement Control Order (“MCO”), which had adversely affected the number of prospective customers to visit our centres for booking.

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#### **B2 – Comparison with Preceding Quarter’s Results (Cont’d)**

Furthermore, the Government has implemented a Covid-19 lockdown by disallowing non-essential industries to operate which caused our Computing and Electronic services to shut down during MCO which directly affected its business and operation.

The reduction in revenue has translated into a higher loss before tax and loss after tax consequently. The profitability of the current individual quarter is also impacted by the adoption of MFRS 16 leases on the leasing of premises for new healthcare businesses and impairment loss on the property, plant and equipment and right of use assets as mentioned in Note B1.

#### **B3 – Current Year Prospects**

On 16 March 2020, the Malaysian government has announced nationwide to implement a Movement Control Order (MCO) and a Conditional Movement Control Order (CMCO) to stop the spread of Covid-19. During this period of MCO and CMCO, only essential services could remain in operations and the businesses and services deemed to be non-essential were shut down. The knock-on effect from the impacts of the MCO has postponed the renovation schedule of our third confinement centre in Bukit Jalil. However, the Group will soon be reaping the rewards when the large confinement centre in Bukit Jalil opens after the lifting of MCO and the renovation completes. The Group is still accepting pre-bookings for the centre and is targeting to open the centre by end-June 2020.

The Group has implemented stringent cost control by entering into discussions with key vendors and landlords on possible fee reduction/waiver to navigate through the pandemic period in order to ease the burden fixed overhead obligations. Additionally, the Group has adopted a prudent way on spending and will only prioritise on spending which will create economic value to the Group.

Over the years, the Group has been focusing on organic growth, nurturing its healthcare and healthcare related businesses. They include confinement centres, senior living homes, family clinic, an in-vitro fertilisation (IVF) centre, cosmetic and aesthetic centre. Following the proposed acquisition of 51% stake in the Singapore medical firm T&T Medical Group Pte. Ltd. and HC Orthopaedic Surgery Pte. Ltd. respectively, the Group believes that the acquisition will contribute positively to the earnings of the Group and will add a valuable new dimension in the provision of healthcare services to our older customer base.

Gearing up for the new financial year, the Group remains focused on its key strategic plans to ensure business sustainability and growth amidst all the challenges and uncertainties in the healthcare industry. The Group plans on consolidating its existing service offerings in the new and existing centres in order to achieve optimal operating leverage.

With the robust demand for healthcare service which we expect to happen post-MCO, the Group will continue with its initiatives and measures to further strengthen its financial performance as well as looking into other new business opportunities relating to the healthcare industry.

#### **B4 – Profit Forecast**

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

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**INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020****B5 – Loss from operations**

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

	Current Quarter		Cumulative Quarters	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Depreciation	(1,555)	(1,499)	(4,112)	(2,125)
Interest income	10	104	81	222
Interest expenses	(508)	(506)	(1,114)	(581)
Bad debt written off	(8)	-	(8)	-
Impairment loss on trade and other receivables	(2)	(60)	(2)	(60)
Impairment loss on property, plant and equipment	(263)	-	(263)	-
Impairment loss on right of use asset	(388)	-	(388)	-
Net reversal /(allowance) for slow moving inventories	1	(256)	(4)	(251)
Net unrealised foreign exchange (loss)/ gain	(3)	28	(5)	(7)
Unwinding up discount on provision for restoration cost	(7)	-	(32)	-
Gain on disposal of a discontinued operation	-	-	-	1,662

**B6 – Taxation**

	Current Quarter	Cumulative Quarters
	31-Mar-20	31-Mar-20
	RM'000	RM'000
Income tax:-		
- Current year	36	36
- Under /(over) provision in prior year	4	3
	<u>40</u>	<u>39</u>
Deferred taxation:		
- Current year	22	16
- Under /(over) provision in prior year	53	53
	<u>75</u>	<u>69</u>
	<u>115</u>	<u>108</u>

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**INTERIM FINANCIAL REPORT FOR THE PERIOD AND YEAR ENDED 31 MARCH 2020****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
5th tranche	27-Mar-20	15,100,000	0.230	3,473,000
6th tranche	29-May-20	1,986,400	0.380	754,832
		<u>32,486,400</u>		<u>8,910,832</u>

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

Purpose	Proposed Utilisation (RM)	Reallocation (RM)	Actual Utilisation (RM)	Remaining Balance (RM)	Intended Timeframe
a. Renovation cost for a new postpartum center	2,300,000	5,800,000	5,800,000	-	within 12 months
b. Renovation cost for a new postpartum center to be identified later	3,500,000	-	-	-	n.a.
c. Renovation works three (3) senior living centers	1,900,000	-	-	-	n.a.
d. Business expansion	500,000	500,000	255,000	245,000	within 18 months
e. Working capital	1,946,000	2,360,832	2,143,000	217,832	within 12 months
f. Estimated expenses in relation to private placement	250,000	250,000	250,000	-	upon completion
Total	<u>10,396,000</u>	<u>8,910,832</u>	<u>8,448,000</u>	<u>462,832</u>	

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#### **B7 – Corporate Proposals (Cont'd)**

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

#### **II. LYC & Chung Fertility Centre Sdn. Bhd. ("LYCCF")**

On 20 December 2019, the Company had subscribed fifty (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) share for Ringgit Malaysia Fifty only (RM50.00).

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.

#### **III. Proposed Acquisition by LYC Medicare Sdn. Bhd. of 51% Equity Interest in T&T Medical Group Pte. Ltd.**

On 4 May 2020, LYC Medicare Sdn. Bhd. ("LYCM"), a wholly owned subsidiary company of the Company, had entered into a agreement of acquisition of 51% equity interest in T&T Medical Group Pte. Ltd. ("T&T") for a purchase consideration of SGD 7,293,000.00 (equivalent to RM 22,272,822.00) to be satisfied via a combination of the following:-

- (a) cash amounting to SGD 5,304,000.00 (equivalent to RM 16,198,416.00) and;
- (b) issuance of 1,989,000 redeemable non-cumulative preference shares in LYC Medicare Sdn. Bhd. ("RPS") amounting to SGD 1,989,000.00 (equivalent to RM 6,074,406.00), on the terms and conditions contained in the Share Sale Agreement ("Proposed Acquisition").

#### **IV. Proposed Private Placement.**

On 4 May 2020, the Group had announced to undertake a proposed private placement of up to 30% of the total number of issued shares at an issue price to be determined and announced later ("Proposed Private Placement").

#### **V. Proposed Acquisition by LYC Medicare Sdn. Bhd. of 51% Equity Interest in T&T Medical Group Pte. Ltd.**

On 28 May 2020, LYC Medicare, a wholly-owned subsidiary of the Company, had entered into a conditional share sale agreement ("SSA") with Chan Ying Ho and Beyond Wellness Group Pte Ltd ("BWG") ("Vendors") for the proposed acquisition by LYC Medicare of 51% equity interest in HC Orthopaedic Surgery Pte Ltd ("HCOS") for a purchase consideration of SGD 6,936,000.00 (equivalent to RM 21,293,520.00) to be satisfied entirely in cash, on the terms and conditions contained in the SSA ("Proposed Acquisition").

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#### B8 – Borrowings

The Group borrowings as at the end of the current financial year were as follows: -

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
Hire purchase liabilities (Unsecured)	22	80
Term loan (Secured)	109	1,556

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

#### 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 RM784,674.00 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 had filed for 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 26.06.2020.

#### B10 – Dividends

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

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#### 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 and year.

	Current Quarter Ended		Cumulative Quarters Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Loss for the period attributable to owners of company (RM'000)	(4,050)	(2,253)	(9,643)	(5,881)
Weighted average number of ordinary shares in issue ('000)	340,272	324,864	331,438	298,390
Basic EPS (sen)	(1.19)	(0.69)	(2.91)	(1.97)

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 and year.

(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 and year under review.

#### B12 – Approval for the Release of Quarterly Results

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