



LYC HEALTHCARE BERHAD

Registration No: 200401009170 (647673-A)

Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020**

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
		Current Year Quarter	Preceding Year Corresponding Quarter	Change %	Current Year to Date	Preceding Year Corresponding Period	Change %
		30-Jun-20	30-Jun-19		30-Jun-20	30-Jun-19	
		RM'000	RM'000		RM'000	RM'000	
Revenue	A8	2,628	2,686	-2.2%	2,628	2,686	-2.2%
Cost of sales		(2,248)	(1,960)	14.7%	(2,248)	(1,960)	14.7%
Gross profit		380	726		380	726	
Operating expenses		(3,449)	(2,244)	53.7%	(3,449)	(2,244)	53.7%
Other operating income		717	74	868.9%	717	74	868.9%
Loss from operations	B5	(2,352)	(1,444)		(2,352)	(1,444)	
Interest income		1	46	-97.8%	1	46	-97.8%
Interest expense		(357)	(194)	84.0%	(357)	(194)	84.0%
Loss before tax		(2,708)	(1,592)	70.1%	(2,708)	(1,592)	70.1%
Taxation	B6	2	2	0.0%	2	2	0.0%
Loss for the financial period		(2,706)	(1,590)	70.2%	(2,706)	(1,590)	70.2%
Other comprehensive income							
Foreign currency translation		7	8	-12.5%	7	8	-12.5%
Total other comprehensive (loss)/income for the financial period/year, net of tax		7	8	-12.5%	7	8	-12.5%
Total comprehensive loss for the financial period		(2,699)	(1,582)	70.6%	(2,699)	(1,582)	70.6%
Loss attributable to:							
Owners of the Company		(2,576)	(1,543)	66.9%	(2,576)	(1,543)	66.9%
Non-controlling interest		(130)	(47)	176.6%	(130)	(47)	176.6%
Total Comprehensive (loss)/income attributable to:		(2,706)	(1,590)		(2,706)	(1,590)	
Owners of the Company		(2,569)	(1,535)		(2,569)	(1,535)	
Non-controlling interest		(130)	(47)		(130)	(47)	
		(2,699)	(1,582)		(2,699)	(1,582)	
Earnings /(Loss) per share attributable to Owners of the Company:							
Basic earnings/(loss) per share (sen)	B11(a)	(0.72)	(0.47)		(0.72)	(0.47)	
Diluted earnings/(loss) per share (sen)	B11(b)	*	*		*	*	

* N/A

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

Note	AS AT 30-Jun-20 (UNAUDITED) RM'000	AS AT 31-Mar-20 (AUDITED) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,231	18,413
Right-of-use assets	24,921	25,734
Investment property	4,057	4,084
Investment in a joint venture *	-	-
Trade receivables	781	781
	<u>48,990</u>	<u>49,012</u>
Current assets		
Inventories	463	352
Trade and other receivables	3,647	3,710
Current tax assets	91	35
Amount due from joint venture	3	3
Cash and bank balances	1,532	4,023
	<u>5,736</u>	<u>8,123</u>
TOTAL ASSETS	<u>54,726</u>	<u>57,135</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	68,126	67,371
Reserves	1,654	1,648
Accumulated lossess	(50,183)	(47,608)
	19,597	21,411
Non-controlling interest	(766)	(636)
TOTAL EQUITY	<u>18,831</u>	<u>20,775</u>
Non-current liabilities		
Loan and borrowings	1,613	1,534
Lease liabilities	24,062	24,685
Provision for restroration cost	896	888
Deferred tax liabilities	390	397
	<u>26,961</u>	<u>27,504</u>
Current liabilities		
Trade and other payables	4,226	4,457
Contract liabilities	2,018	1,817
Amount due to a shareholder	86	86
Loan and borrowings	74	131
Lease liabilities	2,427	2,357
Provision for restroration cost	-	4
Deferred income	59	-
Current tax liabilities	45	4
	<u>8,935</u>	<u>8,856</u>
TOTAL LIABILITIES	<u>35,896</u>	<u>36,360</u>
TOTAL EQUITY AND LIABILITIES	<u>54,726</u>	<u>57,135</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.05</u>	<u>0.07</u>

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

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDING 30 JUNE 2020 (UNAUDITED)**

Group	Note	← Attributable to owners of the Company →				→	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the Company RM'000		
At 1 April 2020		67,371	32	1,616	(47,608)	21,411	(636)	20,775
Other comprehensive income, net of tax								
Foreign currency translation gain/(loss) differences for foreign operations		-	7	-	-	7	-	7
		-	7	-	-	7	-	7
Total other comprehensive loss , net of tax		-	7	-	-	7	-	7
Net loss for the financial period		-	-	-	(2,576)	(2,576)	(130)	(2,706)
Total comprehensive loss for the financial period		-	7	-	(2,576)	(2,569)	(130)	(2,699)
Transaction with owners:								
Issuance of ordinary share pursuant to : - private placement shares		755	-	-	-	755	-	755
Non-controlling interests arising from acquisition of a new subsidiary *		-	-	-	-	-	0	0
Total transactions with owners		755	-	-	-	755	0	755
At 30 June 2020		68,126	39	1,616	(50,183)	19,597	(766)	18,831

* Less than hundred , representing subscription of shares by non-controlling interest of RM 49

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (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	Translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000			
At 1st April 2019		59,215	31	1,615	(37,908)	22,953	(10)	22,943
Other comprehensive income, net of tax								
Surplus on revaluation of property, plant and equipment		-	-	1	-	1	-	1
Foreign currency translation differences for foreign operations		-	1	-	-	1	-	1
		-	1	1	-	2	-	2
Total other comprehensive loss, net of tax		-	1	1	-	2	-	2
Net loss for the financial year		-	-	-	(9,700)	(9,700)	(626)	(10,326)
Total comprehensive loss for the financial year		-	1	1	(9,700)	(9,698)	(626)	(10,324)
Transaction with owners:								
Issuance of ordinary share pursuant to : - private placement shares		8,156	-	-	-	8,156	-	8,156
Total transactions with owners		8,156	-	-	-	8,156	-	8,156
At 31 March 2020		67,371	32	1,616	(47,608)	21,411	(636)	20,775

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020

	AS AT 30-Jun-20 (UNAUDITED) RM'000	AS AT 31-Mar-20 (AUDITED) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(2,708)	(10,218)
Adjustments for:		
Non-cash items	1,353	3,190
Interest income	(1)	(76)
Interest expense	357	1,081
Operating Loss before Working Capital Changes	(999)	(4,361)
Changes In Working Capital:		
Net change in current assets	(49)	(155)
Net change in current liabilities	47	3,130
Net Cash Outflow from Operations	(1,001)	(1,386)
Income tax refund	-	23
Income tax paid	(19)	(104)
Net Operating Cash Flows	(1,020)	(1,467)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1	76
Uplift /(placement) of deposits with licensed bank	-	4,644
Purchase of property, plant and equipment	(1,324)	(10,367)
Amount due from joint venture	(1)	-
Advances to a joint venture	-	(3)
Net Investing Cash Flows	(1,324)	(5,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(357)	(1,081)
Repayment of term loans	-	(125)
Proceeds from the issuance of private placement shares	755	8,156
Subscription of shares by non-controlling interest	*	-
Advances from a shareholder	-	86
Payment on lease liabilities	(552)	(1,378)
Net Financing Cash Flows	(154)	5,658
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,498)	(1,459)
Effects of foreign exchange rate changes	7	1
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD/ YEAR	4,023	5,481
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD / YEAR	1,532	4,023

* Less than hundred , representing subscription of shares by non-controlling interest of RM49

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020 (Cont'd)**

	AS AT 30-Jun-20 (UNAUDITED) RM'000	AS AT 31-Mar-20 (AUDITED) RM'000
CASH AND BANK BALANCES		
Cash on hand and at banks	1,532	4,023
Deposits placed with licensed banks	-	-
	<hr/> 1,532	<hr/> 4,023
Less: Non-short term deposit placed with licensed bank	-	-
Cash and bank balances	<hr/> 1,532	<hr/> 4,023

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

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 2020 except as discussed below.

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

New MFRSs/ Amendments

MFRS 3	Definition of a Business (Amendments to 3)
MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139, and MFRS 7)
MFRS 101 and MFRS 108	Definition of Material (Amendments to MFRS 101 and 1078)

1 June 2020 (earlier application effective 1 January 2020)

MFRS 16: Covid-19 - Related Rent Concessions (Amendments to MFRS 16)

The Group has elected the practical expedient to assess whether a COVID-19 related rent concession is a lease modification.

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 latest audited financial statements for the financial year ended 31 March 2020 was not subject to any qualification.

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.

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 period under review.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

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 financial period 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 period under review.

A7 – Dividends

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

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

A8 – Segmental Information

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

- | | | |
|-----|-----------------------------------|---|
| i | 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 |
| ii | 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. |
| iii | 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 30 JUNE 2020

A8 – Segmental Information (Cont’d)

a) Period Ended 30 June 2020 (Unaudited)

	Healthcare Services RM'000	Computer Electronic Services RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	1,979	647	2	-	2,628
Inter-segment revenue	-	-	-	-	-
	<u>1,979</u>	<u>647</u>	<u>2</u>	<u>-</u>	<u>2,628</u>
Result					
Interest income	-	-	1	-	1
Interest expense	(335)	(22)	-	-	(357)
Depreciation & amortisation	(1,302)	(36)	(6)	-	(1,344)
Segment results before tax	<u>(1,713)</u>	<u>(71)</u>	<u>(924)</u>	<u>-</u>	<u>(2,708)</u>
Taxation	-	2	-	-	2
Segment results after tax	<u>(1,713)</u>	<u>(69)</u>	<u>(924)</u>	<u>-</u>	<u>(2,706)</u>

b) Period Ended 30 June 2019 (Unaudited)

	Healthcare Services RM'000	Computer Electronic Services RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	1,519	860	307	-	2,686
Inter-segment revenue	-	-	-	-	-
	<u>1,519</u>	<u>860</u>	<u>307</u>	<u>-</u>	<u>2,686</u>
Result					
Interest income	45	-	1	-	46
Interest expense	(172)	(22)	-	-	(194)
Depreciation & amortisation	(712)	(37)	(7)	-	(756)
Segment results before tax	<u>(1,161)</u>	<u>(79)</u>	<u>(352)</u>	<u>-</u>	<u>(1,592)</u>
Taxation	-	2	-	-	2
Segment results after tax	<u>(1,161)</u>	<u>(77)</u>	<u>(352)</u>	<u>-</u>	<u>(1,590)</u>

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

A9 – Valuation of Property, Plant and Equipment

There was no revaluation on any property, plant and equipment of the Group during current financial period under review.

A10 – Changes in Composition of the Group

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

I. LYC Medicare (Singapore) Pte. Ltd. (“LYCMS”)

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.

II. KLIMC Sdn. Bhd. (“KLIMC”)

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.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

A11 – Material Subsequent Events

There were no material event subsequent to the end of the current financial period 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.

A13 –Capital Commitment

	As at 30-Jun-20 RM'000	As at 30-Jun-19 RM'000
Capital expenditure in respect of purchase of property, plant and equipment		
- Authorised but not contracted for	-	554
- Contracted but not provided for	1,398	610
	<hr/>	<hr/>

A14 –Related Party Transaction

	As at 30-Jun-20 RM'000	As at 30-Jun-19 RM'000
Project management fee receivable from a company in which a major shareholder has interest		
	-	300
	<hr/>	<hr/>

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

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

	Individual Period				Cumulative period			
	Current Quarter Ended 30-Jun-20	Preceding Year Corresponding Quarter Ended 30-Jun-19	Changes		Current Quarter Ended 30-Jun-20	Preceding Year Corresponding Quarter Ended 30-Jun-19	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	2,628	2,686	(58)	-2%	2,628	2,686	(58)	-2%
Loss before tax (LBT)	(2,708)	(1,592)	(1,116)	70%	(2,708)	(1,592)	(1,116)	70%
Loss before tax (LAT)	(2,706)	(1,590)	(1,116)	70%	(2,706)	(1,590)	(1,116)	70%

During the current quarter under review, the Group posted a lower revenue of RM2.62 million, which represents a marginal decrease of 2% or RM0.05 million from RM2.68 million recorded in the same period last financial year. The change in the revenue is mainly due to the the growth from the Healthcare segment of RM0.46 million but was offset by the decrease in Computer Electronic segment of RM0.21 million. Furthermore, the lower revenue was also due to the absence of revenue from the other segment, which was approximately of RM0.30 million.

The lower revenue generated had translated into a lower gross profit of RM0.34 million in the current financial period under review. The major movements in the increase of operating expenses was as a result of our business development and expansion which are as follows:-

1. Administrative and marketing expenses increased by approximately RM0.63 million mainly due to the commencement of operations for the new confinement centre in Bukit Jalil, start-up costs for the new healthcare businesses (i.e. childcare centre in TTDI and cosmetic & aesthetic centre in Bangsar South) , and salaries and staff related expenses;
2. Higher depreciation and finance costs on the impact of MFRS 16 increased by RM0.50 million on the leases which corresponds with the additional rental of premises for the new businesses of confinement centre in Bukit Jalil, cosmetic & aesthetic in Bangsar South, and childcare centre in TTDI.
3. Higher depreciation on the property, plant and equipment by RM0.25 million due the newly opened confinement centre in Bukit Jalil and other new healthcare facilities as mentioned.

Nevertheless, the increase on operating expenses were offset by the COVID-19-related rent concession income and Wage Subsidy Programme under the Prihatin package of approximately RM0.70 million.

As a result of the above, the Group's loss before tax increased by approximately 70% or RM1.11 million to RM2.70 million in the financial period ended 30 June 2020 as compared to loss before tax of RM1.59 million in the financial period ended 30 June 2019.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

B2 – Comparison with Preceding Quarter’s Results

	Current Quarter Ended 30-Jun-20	Preceding Quarter Ended 31-Mar-20	Changes	
	RM’000	RM’000	RM’000	%
Continuing operations				
Revenue	2,628	3,098	(470)	-15%
Loss before tax (LBT)	(2,708)	(4,309)	1,601	-37%
Loss after tax (LAT)	(2,706)	(4,424)	1,718	-39%

Quarter on quarter, the Group recorded revenue of RM2.62 million, representing a decrease of RM0.47 million or 15% as compared to its immediate preceding quarter of RM3.09 million. The overall decrease in revenue was mainly attributed to the Healthcare and other segment, which recorded a decrease by RM0.29 million and RM0.30 million respectively. Amidst the pandemic outbreak and Malaysia’s Movement Control Order, we have suspended our nurse-to home services under our senior living business and it also affected the commencement of new healthcare businesses.

Whereas for the Computer Electronic segment, it recorded higher a revenue of RM0.12 million as at 30 June 2020 as compared to the preceding quarter. Since mid-April 2020, the Computer Electronic segment started to operate with restrictions in terms of number of workers after it had been granted approval from the Ministry of International Trade and Industry (“MITI”). The Computer Electronic segment is operating under a strict Standard Operating Procedures as set out under the terms and conditions in the approval letter.

The overall reduction in revenue has translated into lower gross profit of RM0.25 million consequently.

The loss before tax in the current quarter under review of RM2.70 million reported was 37% lower in comparison to the loss before tax of RM4.30 million recorded in the preceding quarter. Other than the one-off income of COVID-19-related rent concession and Wage Subsidy Programme of RM0.43 million recorded in current quarter under review, the Group had recorded a total impairment loss on the property, and equipment and right of use assets of RM 0.65 million, and impairment loss on debtors of RM0.06 in the immediate preceding quarter.

B3 – Current Year Prospects

Since the Government eased the MCO restrictions from early May, the Group has seen gradual improvement in the booking and sales traction for both the Healthcare and Computer Electronic segment. The Malaysian economy had been severely impacted during MCO but is now slowly improving as businesses are now allowed to operate under the Recovery MCO period. Sales of the Group had started to stabilise since beginning of June 2020. The MCO did not result in major disruptions to our operations as we had implemented measures to safeguard the health and wellbeing of our workers and customers.

Currently, the Group expects our financial performance to improve due to the opening of our large confinement centre in Bukit Jalil after the lifting of MCO and the renovation completes. The Group is accepting bookings from customers for the new centre and is opening the centre on a level by level basis. We are targeting to open the whole centre by the end of October 2020.

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B3 – Current Year Prospects (Cont’d)

The Group had implemented stringent cost control by entering into discussions with our key vendors and landlords on a possible fee reduction/waiver to navigate through the pandemic period in order to ease the burden of our 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, in-vitro fertilisation (IVF) centre, cosmetic and aesthetic centre and childcare 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.

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	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
	RM'000	RM'000	RM'000	RM'000
Depreciation	(1,345)	(756)	(1,345)	(756)
Interest income	1	46	1	46
Interest expenses	(357)	(194)	(357)	(194)
Net reversal /(allowance) for slow moving inventories	-	7	-	7
Net unrealised foreign exchange (loss)/ gain	-	(4)	-	(4)
Unwinding up discount on provision for restoration cost	(8)	(5)	(8)	(5)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

B6 – Taxation

	Current Quarter 30-Jun-20 RM'000	Cumulative Quarters 30-Jun-20 RM'000
Income tax:-		
- Current year	-	-
-Over provision in prior year	-	-
	-	-
Deferred taxation:		
- Reversal of temporary differences	(2)	(2)
	(2)	(2)

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 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	25-Sep-19	4,000,000	0.300	1,200,000
2nd tranche	25-Sep-19	4,000,000	0.300	1,200,000
3rd tranche	20-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
		32,486,400		8,910,832

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 centre	2,300,000	5,800,000	5,800,000	-	within 12 months
b. Renovation cost for a new postpartum centre to be identified later	3,500,000	-	-	-	n.a.
c. Renovation works three (3) senior living centres	1,900,000	-	-	-	n.a.
d. Business expansion	500,000	500,000	500,000	-	within 18 months
e. Working capital	1,946,000	2,360,832	2,360,832	-	within 12 months
f. Estimated expenses in relation to private placement	250,000	250,000	250,000	-	upon completion
Total	10,396,000	8,910,832	8,910,832	-	

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

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. 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 1st 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.

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 conditional share sale agreement (“SSA”) with Ting Choon Meng (“Vendor”) for the acquisition by LYCM of 51% equity interest in T&T Medical Group Pte. Ltd. (“T&T”) for a purchase consideration of SGD 7,293,000.00 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”).

The Proposed Acquisition of T&T is subject to the approval from shareholders at an extraordinary general meeting to be convened.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

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)

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").

On 27 August 2020, the Group announced that Bursa Securities, vide its letter dated 27 August 2020, approved the listing and quotation of up to 107,205,222 Placement Shares to be issued pursuant to the Proposed Private Placement. The Proposed Private Placement is subject to the approval from shareholders at an extraordinary general meeting to be convened.

V. 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.

VI. 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.

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

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)

VII. Proposed Acquisition by LYC Medicare Sdn. Bhd. of 51% Equity Interest in HC Orthopaedic Surgery Pte. Ltd.

On 28 May 2020, LYC Medicare Sdn. Bhd. (“LYCM”), 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 LYCM of 51% equity interest in HC Orthopaedic Surgery Pte. Ltd. (“HCOS”) for a purchase consideration of SGD 6,936,000.00 to be satisfied entirely in cash, on the terms and conditions contained in the SSA (“Proposed Acquisition of HCOS”).

The Proposed Acquisition of HCOS is subject to the approval from shareholders at an extraordinary general meeting to be convened.

B8 – Borrowings

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

	Current	Non-current
	RM’000	RM’000
Term loan (Secured)	74	1,613

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 30 JUNE 2020

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 29.09.2020.

B10 – Dividends

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

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020

B11 –Earnings / (Loss) 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	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
Loss for the period attributable to owners of company (RM'000)	(2,576)	(1,543)	(2,576)	(1,543)
Weighted average number of ordinary shares in issue ('000)	355,725	324,864	356,085	324,864
Basic EPS (sen)	(0.72)	(0.47)	(0.72)	(0.47)

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.