



# **LYC HEALTHCARE BERHAD**

Registration No: 200401009170 (647673-A)

Incorporated in Malaysia

## **UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 SEPTEMBER 2020**

	Note	INDIVIDUAL QUARTER		Change %	CUMULATIVE QUARTERS	
		Current Year Quarter	Preceding Year Corresponding Quarter		Current Year to Date	Preceding Year Corresponding Period
		30-Sep-20 RM'000	30-Sep-19 RM'000		30-Sep-20 RM'000	30-Sep-19 RM'000
Revenue	A8	3,876	3,053	27.0%	6,504	5,739
Cost of sales		(2,841)	(2,313)	22.8%	(5,089)	(4,273)
Gross profit		1,035	740		1,415	1,466
Operating expenses		(4,061)	(2,711)	49.8%	(7,510)	(4,955)
Other operating income		328	91	260.4%	1,045	165
Loss from operations	B5	(2,698)	(1,880)		(5,050)	(3,324)
Interest income		23	24	-4.2%	24	70
Interest expense		(342)	(197)	73.6%	(699)	(391)
Loss before tax		(3,017)	(2,053)	47.0%	(5,725)	(3,645)
Taxation	B6	2	2	0.0%	4	4
<b>Loss for the financial period</b>		<b>(3,015)</b>	<b>(2,051)</b>	<b>47.0%</b>	<b>(5,721)</b>	<b>(3,641)</b>
<b>Other comprehensive income</b>						
Foreign currency translation		(5)	(5)	0.0%	2	3
Total other comprehensive (loss)/income for the financial period/year, net of tax		(5)	(5)	0.0%	2	3
<b>Total comprehensive loss for the financial period</b>		<b>(3,020)</b>	<b>(2,056)</b>	<b>46.9%</b>	<b>(5,719)</b>	<b>(3,638)</b>
<b>Loss attributable to:</b>						
Owners of the Company		(2,863)	(1,994)	43.6%	(5,439)	(3,537)
Non-controlling interest		(152)	(57)	166.7%	(282)	(104)
		(3,015)	(2,051)		(5,721)	(3,641)
<b>Total Comprehensive (loss)/income attributable to:</b>						
Owners of the Company		(2,868)	(1,999)		(5,437)	(3,534)
Non-controlling interest		(152)	(57)		(282)	(104)
		(3,020)	(2,056)		(5,719)	(3,638)
<b>Earnings /(Loss) per share attributable to Owners of the Company:</b>						
Basic earnings/(loss) per share (sen)	B11(a)	(0.80)	(0.61)		(1.53)	(1.09)
Diluted earnings/(loss) per share (sen)	B11(b)	*	*		*	*

\* N/A

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

	AS AT 30-Sep-20 (UNAUDITED)	AS AT 31-Mar-20 (AUDITED)
	RM'000	RM'000
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	19,233	18,413
Right-of-use assets	24,202	25,734
Investment property	4,029	4,084
Investment in a joint venture *	-	-
Trade receivables	781	781
	<u>48,245</u>	<u>49,012</u>
<b>Current assets</b>		
Inventories	381	352
Trade and other receivables	3,782	3,710
Current tax assets	91	35
Amount due from joint venture	3	3
Cash and bank balances	2,274	4,023
	<u>6,531</u>	<u>8,123</u>
<b>TOTAL ASSETS</b>	<u>54,776</u>	<u>57,135</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	69,199	67,371
Reserves	1,650	1,648
Accumulated lossess	(53,047)	(47,608)
	17,802	21,411
Non-controlling interest	(918)	(636)
<b>TOTAL EQUITY</b>	<u>16,884</u>	<u>20,775</u>
<b>Non-current liabilities</b>		
Loan and borrowings	2,364	1,534
Lease liabilities	23,469	24,685
Provision for restroration cost	904	888
Deferred tax liabilities	388	397
	<u>27,125</u>	<u>27,504</u>
<b>Current liabilities</b>		
Trade and other payables	5,195	4,457
Contract liabilities	2,556	1,817
Amount due to a shareholder	86	86
Loan and borrowings	335	131
Lease liabilities	2,524	2,357
Provision for restroration cost	-	4
Deferred income	26	-
Current tax liabilities	45	4
	<u>10,767</u>	<u>8,856</u>
<b>TOTAL LIABILITIES</b>	<u>37,892</u>	<u>36,360</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>54,776</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 SEPTEMBER 2020**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDING 30 SEPTEMBER 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	Translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000			
<b>At 1 April 2020</b>		67,371	32	1,616	(47,608)	21,411	(636)	20,775
<b>Other comprehensive income, net of tax</b>								
Foreign currency translation gain/(loss) differences for foreign operations		-	2	-	-	2	-	2
		-	2	-	-	2	-	2
<b>Total other comprehensive loss , net of tax</b>		-	2	-	-	2	-	2
Net loss for the financial period		-	-	-	(5,439)	(5,439)	(282)	(5,721)
<b>Total comprehensive loss for the financial period</b>		-	2	-	(5,439)	(5,437)	(282)	(5,719)
<b>Transaction with owners:</b>								
Issuance of ordinary share pursuant to : - private placement shares		1,828	-	-	-	1,828	-	1,828
Non-controlling interests arising from acquisition of a new subsidiary *		-	-	-	-	-	0	0
<b>Total transactions with owners</b>		1,828	-	-	-	1,828	0	1,828
		-						
<b>At 30 September 2020</b>		69,199	34	1,616	(53,047)	17,802	(918)	16,884

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

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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			
<b>At 1st 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		-	-	1	-	1	-	1
Foreign currency translation differences for foreign operations		-	1	-	-	1	-	1
		-	1	1	-	2	-	2
<b>Total other comprehensive loss, net of tax</b>		-	1	1	-	2	-	2
Net loss for the financial year		-	-	-	(9,700)	(9,700)	(626)	(10,326)
<b>Total comprehensive loss for the financial year</b>		-	1	1	(9,700)	(9,698)	(626)	(10,324)
<b>Transaction with owners:</b>								
Issuance of ordinary share pursuant to : - private placement shares		8,156	-	-	-	8,156	-	8,156
<b>Total transactions with owners</b>		8,156	-	-	-	8,156	-	8,156
<b>At 31 March 2020</b>		67,371	32	1,616	(47,608)	21,411	(636)	20,775

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

	<b>AS AT 30-Sep-20 (UNAUDITED) RM'000</b>	<b>AS AT 31-Mar-20 (AUDITED) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(5,725)	(10,218)
Adjustments for:		
Non-cash items	3,033	3,190
Interest income	(24)	(76)
Interest expense	699	1,081
Operating Loss before Working Capital Changes	(2,017)	(4,361)
Changes In Working Capital:		
Net change in current assets	(103)	(155)
Net change in current liabilities	1,499	3,130
Net Cash Outflow from Operations	(621)	(1,386)
Income tax refund	-	23
Income tax paid	(19)	(104)
Net Operating Cash Flows	(640)	(1,467)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	24	76
Uplift of deposits with licensed bank	-	4,644
Purchase of property, plant and equipment	(2,144)	(10,367)
Advances to a joint venture	(1)	(3)
Net Investing Cash Flows	(2,121)	(5,650)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(699)	(1,081)
Repayment of term loans	-	(125)
Proceeds from the issuance of private placement shares	1,827	8,156
Subscription of shares by non-controlling interest *	-	-
Drawdown of bank borrowings	1,034	-
Advances from a shareholder	-	86
Payment on lease liabilities	(1,152)	(1,378)
Net Financing Cash Flows	1,010	5,658
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,751)	(1,459)
Effects of foreign exchange rate changes	2	1
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD/ YEAR</b>	4,023	5,481
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD / YEAR</b>	2,274	4,023

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

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

	<b>AS AT 30-Sep-20 (UNAUDITED) RM'000</b>	<b>AS AT 31-Mar-20 (AUDITED) RM'000</b>
<b>CASH AND BANK BALANCES</b>		
Cash on hand and at banks	2,274	4,023
Deposits placed with licensed banks	-	-
	<u>2,274</u>	<u>4,023</u>
Less: Non-short term deposit placed with licensed bank	-	-
Cash and bank balances	<u>2,274</u>	<u>4,023</u>

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 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.



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**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.

The company has issued total 4,986,400 new shares with total gross proceeds of RM1,827,332 during the current financial period under review. The details of issuance were as follow,

a) Issuance of 1,986,400 new ordinary shares at RM0.38 per share to several places arising from the private placement on 29 May 2020.

b) Issuance of 3,000,000 new ordinary shares at RM0.3575 per share to several places arising from the private placement on 29 Sept 2020.

**A7 – Dividends**

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

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**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 services.
ii	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.
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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**A8 – Segmental Information (Cont’d)**

**a) Period Ended 30 September 2020 (Unaudited)**

	Healthcare Services RM'000	Computer Electronic Services RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	5,057	1,444	3	-	6,504
Inter-segment revenue	-	-	-	-	-
	<u>5,057</u>	<u>1,444</u>	<u>3</u>	<u>-</u>	<u>6,504</u>
Result					
Interest income	0	-	24	-	24
Interest expense	(664)	(35)	-	-	(699)
Depreciation & amortisation	(2,929)	(73)	(11)	-	(3,012)
Segment results before tax	(3,582)	(113)	(2,030)	-	(5,725)
Taxation	-	4	-	-	4
Segment results after tax	<u>(3,582)</u>	<u>(109)</u>	<u>(2,030)</u>	<u>-</u>	<u>(5,721)</u>

**b) Period Ended 30 September 2019 (Unaudited)**

	Healthcare Services RM'000	Computer Electronic Services RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	3,324	1,817	598	-	5,739
Inter-segment revenue	-	-	-	-	-
	<u>3,324</u>	<u>1,817</u>	<u>598</u>	<u>-</u>	<u>5,739</u>
Result					
Interest income	68	-	2	-	70
Interest expense	(345)	(46)	-	-	(391)
Depreciation & amortisation	(1,528)	(74)	(14)	-	(1,615)
Segment results before tax	(2,707)	(27)	(911)	-	(3,645)
Taxation	-	4	-	-	4
Segment results after tax	<u>(2,707)</u>	<u>(23)</u>	<u>(911)</u>	<u>-</u>	<u>(3,641)</u>

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**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 to 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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**A11 – Material Subsequent Events**

Except as stated in note B7, there were no material event subsequent to the end of the current financial period under review.

**A12 –Contingent Liabilities or Contingent Assets**

The Group is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results and financial position of the Group of companies.

**A13 –Capital Commitment**

	As at 30-Sep-20 RM'000	As at 30-Sep-19 RM'000
Capital expenditure in respect of purchase of property, plant and equipment - Contracted but not provided for	1,153	5,263

**A14 –Related Party Transaction**

	As at 30-Sep-20 RM'000	As at 30-Sep-19 RM'000
Project management fee receivable from a company in which a major shareholder has interest	-	600

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

	Individual Period		Cumulative period					
	Current Quarter Ended 30-Sep-20	Preceding Year Corresponding Quarter Ended 30-Sep-19	Changes		Current Quarter Ended 30-Sep-20	Preceding Year Corresponding Quarter Ended 30-Sep-19	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	3,876	3,053	823	27%	6,504	5,739	765	13%
Loss before tax (LBT)	(3,017)	(2,053)	(964)	47%	(5,725)	(3,645)	(2,080)	57%
Loss before tax (LAT)	(3,015)	(2,051)	(964)	47%	(5,721)	(3,641)	(2,080)	57%

**Individual Period**

During the current quarter under review, the Group posted a revenue of RM3.87 million, which represents an increase of 27% or RM0.82 million from RM3.05 million recorded in the same period last financial year. The increase in the revenue is mainly due to the revenue from the Healthcare segment, which was mainly derived from the new stream of revenue from the confinement centre in Bukit Jalil, increase of occupancy rate in confinement centre in Puchong, increase admission in senior living homes in Kenny Hills, the newly opened childcare centre in TTDI and cosmetic & aesthetic in Bangsar South by a total of RM1.27 million. However, this was offset by the decrease in the Computer Electronic segment by RM0.15 million and the absence of revenue from the other segment, which was approximately by RM0.30 million.

The Group recorded a loss before tax of RM3.01 million in the period of 30 Sept 2020, which represents an increase of 47% as compared to loss before tax of RM2.05 million in the period of 30 Sept 2019. The higher loss was attributable to the increase in administrative overheads, professional fees for corporate exercises, pre-opening costs leading up to the phased bed opening of Bukit Jalil confinement centre, start-up cost of childcare centre and cosmetic & aesthetic of RM0.54 million. In addition, the Group had for the 30 Sept 2020 quarter incurred a higher depreciation and finance cost for the new premises on the back of adoption of MFRS16, which increased by RM0.43 million and incurred a higher depreciation cost on property and equipment due to the acquisition of new assets for new healthcare facilities by total RM0.53 million.

**Cumulative Period**

The Group registered an increase of 13% in revenue from RM5.73 million to RM 6.50 million in the current quarter ended 30 Sept 2020. The increase in revenue is as a result of sustained organic growth from existing healthcare operations, as well as the continuous ramp up in occupancy rate in Puchong confinement centre and senior living homes. The newly opened confinement centre in Bukit Jalil also contributed to the increase in the Group's revenue. However, the increase of revenue in healthcare segment by RM 1.73 million was adversely affected by the reduction of revenue in the Computer Electronic and other segments by RM0.97 million.

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

**Cumulative Period (Cont’d)**

The Group’s loss before tax registered an increase of 57% from RM3.64 million to RM5.72 million in the current quarter ended 30 Sept 2020. The higher loss was attributable to the administrative overheads, professional fees for corporate exercises, personal protection equipment and sanitizers, pre-opening cost leading up to the phased bed opening of Bukit Jalil confinement centre, start-up cost of childcare centre and cosmetic & aesthetic by RM1.16 million as well as advertisement cost to promote the brand awareness of the existing and new healthcare facilities.

Furthermore, the Group incurred higher finance cost and depreciation on the right of use assets, property and equipment for new healthcare facilities by RM1.71 million.

Nevertheless, the overall increase in expenses were offset by the Covid-19 related rental concession income and wages subsidy under Prihatin Package of approximately RM0.88 million.

**B2 – Comparison with Preceding Quarter’s Results**

	<b>Current Quarter Ended 30-Sep-20</b>	<b>Preceding Quarter Ended 30-Jun-20</b>	<b>Changes</b>	
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>%</b>
<b>Continuing operations</b>				
Revenue	3,876	2,628	1,248	47%
Loss before tax (LBT)	(3,017)	(2,708)	(309)	11%
Loss after tax (LAT)	(3,015)	(2,706)	(309)	11%

Quarter on quarter, the Group revenue stood at RM3.87 million, 47% higher than as compared to its immediate preceding quarter of RM2.62 million. The increase in revenue is as a result of the sustained organic growth from existing healthcare business and the new stream of revenue from confinement centre in Bukit Jalil by approximately RM1.10 million. The Computer Electronic segment also contributed to the increase by RM0.14 million.

The loss before tax in the current quarter under review of RM3.01 million reported was 11% higher in comparison to the loss before tax of RM2.70 million recorded in the immediate preceding quarter. The higher loss before tax is mainly due to the professional fees incurred for corporate exercises, other incidental expenses such as printing and advertising costs, and higher depreciation cost on property and equipment due to the acquisition of new assets for new healthcare facilities by total RM0.66 million.

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### **B3 – Current Year Prospects**

Since the Government eased the MCO restrictions from early May, the Group has seen a 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 the 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.

On 12th October 2020, Bursa Malaysia Berhad (Bursa Malaysia) has approved the classification of sector for the Group from Technology to Healthcare, as the healthcare business activity has become the major revenue contributor to Group's financial results. The re-classification of our company to the healthcare sector will improve our brand value and market positioning to prospective customers.

Over the year, 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.



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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**B5 – Loss from operations**

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

	<b>Current Quarter</b>		<b>Cumulative Quarters</b>	
	<b>30-Sep-20</b>	<b>30-Sep-19</b>	<b>30-Sep-20</b>	<b>30-Sep-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation	(1,667)	(859)	(3,012)	(1,615)
Interest income	23	24	24	70
Interest expenses	(342)	(197)	(699)	(391)
Net reversal /(allowance) for slow moving inventories	5	(12)	5	(5)
Net unrealised foreign exchange (loss)/ gain	-	2	-	(2)
Unwinding up discount on provision for restoration cost	(8)	(4)	(16)	(9)

**B6 – Taxation**

	<b>Current Quarter 30-Sep-20 RM'000</b>	<b>Cumulative Quarters 30-Sep-20 RM'000</b>
Income tax:-		
- Current year	-	-
-Over provision in prior year	-	-
	-	-
Deferred taxation:		
- Reversal of temporary differences	(2)	(4)
	(2)	(4)

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**B7 – Corporate Proposals**

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

**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. 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 had been tabled and obtained approval from shareholders of the company at Extraordinary General Meeting on 23rd September 2020.

On 13 November 2020, all the conditions precedent under the SSA T&T have been fulfilled, and with the full settlement of the purchase consideration.

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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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)

**III. Private Placement of 10% the Total Number of Issued Shares**

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 details of issuance were as follow,

Tranches	Issuance Date	No of shares	Issue Price (RM)	Total Proceeds (RM)
1st tranche	29-Sep-20	3,000,000	0.3575	1,072,500
2nd tranche	15-Oct-20	2,955,000	0.3384	999,972
		<u>5,955,000</u>		<u>2,072,472</u>

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

Purpose	Proposed Utilisation (RM)	Proceed Rased (RM)	Actual Utilisation (RM)	Remaining Balance (RM)	Intended Timeframe
a. Finance the propsoed Acquisition and business expansion	32,297,000	-	-	-	within 24 months
b. Working capital	7,441,000	1,072,472	234,000	838,472	within 12 months
c. Estimated expenses in relation to acquisition and private placement, i.e professional fee	1,000,000	1,000,000	241,000	759,000	within 12 months
Total	<u>40,738,000</u>	<u>2,072,472</u>	<u>475,000</u>	<u>1,597,472</u>	

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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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)

**IV. 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.

**V. 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.

**VI. 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 had been tabled and obtained approval from shareholders of the company at Extraordinary General Meeting on 23<sup>rd</sup> September 2020. The Proposed Acquisition is currently pending the fulfilment of condition precedents to the SSA.

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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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)

**VII. Investment by LYC Medicare Sdn. Bhd. of 30% Equity Interest in Sel Stem Sdn. Bhd.**

On 1 October 2020, LYC Medicare Sdn. Bhd. (“LYCM”), a wholly-owned subsidiary of the Company, had entered into a shareholder agreement with All Life Advance Immunology Sdn Bhd (“ALAI”), Life Capital Sdn Bhd (“LIEF”) and Khoo Toh Hock (“KTH”) to regulate their rights and obligations as shareholders of Sel Stem Sdn. Bhd. (“Sel Stem”) and in respect of the management and business affairs of Sel Stem.

LYCM had subscribed for three hundred thousand (300,000) shares in Sel Stem, representing 30% equity interest in Sel Stem, for a cash consideration of total RM300,000.

The business of Sel Stem shall be the making of a proposed investment in the ordinary shares of Advanced Neuroscience & Orthopaedic Clinic Sdn Bhd (“ANOC”), which is principally involved in the provision of consultancy services in medical and healthcare related fields including the sale of pharmaceutical products.

**VIII. Proposed Issuance of 45,000,000 New Redeemable Preference Share (“RPS”)**

On 19 October 2020, LYC Medicare Sdn. Bhd. (“LYCM”), a wholly owned subsidiary of the Company, had issued 45,000,000 new RPS at a subscription price of RM1.00 each RPS to RHB Trustees Berhad, for and on behalf of Kenanga Investors Berhad. The Company had notified the Companies Commission of Malaysia and registered the allotment of new RPS in the Register of Members on 21 October 2020.

**IX. Acquisition of 49% Shareholding in 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”), representing 51% shareholding of LYCCA.

On 5 November 2020, the company had acquired forty nine (49) ordinary shares in the share capital of LYCCA, which representing forty nine percent (49%) of LYCCA’s ordinary shares from Xing Dao International Pte. Ltd. for a cash consideration of Ringgit Malaysia Forty-Seven Thousand Five Hundred Thirty-Five and Sixty-Seven Cents (RM47,535.67) only.

Consequently, LYCCA became a direct wholly owned subsidiary of company of the Group.

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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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)

**X. Incorporation of 65% Owned Subsidiary Company, Mexter DC Sdn. Bhd. (“MDC”)**

On 12 November 2020, Mexter (M) Sdn. Bhd. (“MM”), a wholly owned subsidiary company of the Company, had subscribed Six Hundred Fifty (650) ordinary shares in Mexter DC Sdn. Bhd. (“MDC”) for a cash consideration of Ringgit Malaysia Six Hundred Fifty only (RM650.00), representing 65% shareholding of MDC. While Cloud Asia holds Three Hundred Fifty (350) shares for Ringgit Malaysia Three Hundred Fifty only (RM350.00), representing 35% shareholding of Mexter DC.

The intended principal activities of Mexter DC are to carry on the activities of providing infrastructure for hosting, data processing services and related activities, data processing activities and research and development on Information Communication Technology (ICT).

**B8 – Borrowings**

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

	<b>Current</b>	<b>Non-current</b>
	<b>RM’000</b>	<b>RM’000</b>
Term loan (Secured)	335	2,364

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 SEPTEMBER 2020**

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**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.

On 3 November 2020, the Court has recorded a consent judgment wherein it is agreed that LYCMC shall pay a sum of compensation amounting to RM415,000.00 only to IOSB. The Consent Judgement provides as follows:

- a) LYCMC shall pay a sum of compensation amounting to RM415,000 to the IOSB by way of cheque in the following manner as full and final settlement,
  - RM155,000 dated 10 November 2020
  - RM130,000 dated 10 December 2020
  - RM130,000 dated 10 January 2021
- b) In the event the LYCMC unable to pay the abovementioned settlement, the amended Statement of Claim dated 5 March 2020 total amounting to RM1,334,891.54 will be accrued and LYCMC will need to settle it immediately after deduction of any expenses.

The settlement of the suit is not expected to have any material financial or operational impact on the Company for the financial year ending 31 March 2021.

**B10 – 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 SEPTEMBER 2020**

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**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-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
Loss for the period attributable to owners of company (RM'000)	(2,863)	(1,994)	(5,439)	(3,537)
Weighted average number of ordinary shares in issue ('000)	357,416	324,864	356,754	324,864
Basic EPS (sen)	(0.80)	(0.61)	(1.52)	(1.09)

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.