



# **LYC HEALTHCARE BERHAD**

Registration No: 200401009170 (647673-A)

Incorporated in Malaysia

## **UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021**

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2021**

	Note	INDIVIDUAL QUARTER		Change %	CUMULATIVE QUARTERS	
		Current Year Quarter	Preceding Year Corresponding Quarter		Current Year to Date	Preceding Year Corresponding Period
		30-Jun-21 RM'000	30-Jun-20 RM'000		30-Jun-21 RM'000	30-Jun-20 RM'000
Revenue	A8	11,703	2,628	345.3%	11,703	2,628
Cost of sales		(5,119)	(2,248)	127.7%	(5,119)	(2,248)
Gross profit		6,584	380		6,584	380
Operating expenses		(7,259)	(3,449)	110.5%	(7,259)	(3,449)
Other operating income		741	717	3.3%	741	717
Loss from operations	B5	66	(2,352)		66	(2,352)
Interest income		(48)	1	-4900.0%	(48)	1
Interest expense		(1,665)	(357)	366.4%	(1,665)	(357)
Loss before tax		(1,647)	(2,708)	-39.2%	(1,647)	(2,708)
Taxation	B6	(331)	2	-16650.0%	(331)	2
<b>Loss for the financial period</b>		<b>(1,978)</b>	<b>(2,706)</b>		<b>(1,978)</b>	<b>(2,706)</b>
<b>Other comprehensive income</b>						
Foreign currency translation		24	7	242.9%	24	7
Total other comprehensive (loss)/income for the financial period, net of tax		24	7	242.9%	24	7
<b>Total comprehensive loss for the financial period</b>		<b>(1,954)</b>	<b>(2,699)</b>	<b>-27.6%</b>	<b>(1,954)</b>	<b>(2,699)</b>
<b>Loss attributable to:</b>						
Owners of the Company		(3,025)	(2,576)		(3,025)	(2,576)
Non-controlling interest		1,048	(130)		1,048	(130)
		(1,978)	(2,706)		(1,978)	(2,706)
<b>Total Comprehensive (loss)/income attributable to:</b>						
Owners of the Company		(3,002)	(2,569)		(3,002)	(2,569)
Non-controlling interest		1,048	(130)		1,048	(130)
		(1,954)	(2,699)		(1,954)	(2,699)
<b>Earnings /(Loss) per share attributable to Owners of the Company:</b>						
Basic earnings/(loss) per share (sen)	B11(a)	(0.77)	(0.72)		(0.77)	(0.72)
Diluted earnings/(loss) per share (sen)	B11(b)	*	*		*	*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	Note	AS AT 30-Jun-21 (UNAUDITED) RM'000	AS AT 31-Mar-21 (AUDITED) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		19,486	19,736
Intangible assets	(a)	37,052	37,052
Right-of-use assets		38,633	39,421
Investment in associate and joint venture		300	300
Amount due from non-controlling shareholder		9,762	9,552
		105,233	106,061
<b>Current assets</b>			
Inventories		907	843
Trade and other receivables		13,481	9,473
Current tax assets		93	56
Amount due from associate		920	900
Amount due from joint venture		10	8
Cash and bank balances		22,082	15,362
		37,493	26,642
Assets classified as held for sale		-	3,974
		37,493	30,616
<b>TOTAL ASSETS</b>		142,726	136,677
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		87,301	77,661
Other Reserves		376	364
Reserves related to assets classified as held for sale		1,387	1,387
Accumulated losses		(64,145)	(59,889)
		24,919	19,523
Redeemable preference shares		6,069	6,072
Non-controlling interest		8,274	6,044
<b>TOTAL EQUITY</b>		39,262	31,639
<b>Non-current liabilities</b>			
Loan and borrowings	B8	44,215	44,436
Lease liabilities		37,348	38,145
Provision for restoration cost		948	1,272
Deferred tax liabilities		131	225
		82,642	84,078
<b>Current liabilities</b>			
Trade and other payables		7,501	9,571
Contract liabilities		1,781	1,762
Loan and borrowings		1,967	874
Lease liabilities		4,754	4,661
Provision for restoration cost		336	336
Deferred income		121	-
Current tax liabilities		2,453	1,815
		18,913	19,019
Liabilities classified as held for sale		1,909	1,941
<b>TOTAL LIABILITIES</b>		103,464	105,038
<b>TOTAL EQUITY AND LIABILITIES</b>		142,726	136,677
Net assets per share attributable to owners of the Company (RM)		0.06	0.05

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Group	Note	Share capital RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	classified as held for sale RM'000	to owners of the Company RM'000	Preference share RM'000	controlling interests RM'000	Total equity RM'000
<b>At 1 April 2021</b>		77,661	136	228	(59,889)	1,387	19,523	6,072	6,044	31,639
<b>Other comprehensive income, net of tax</b>										
Foreign currency translation gain/(loss) differences for foreign operations		-	12	-	-	-	12	-	12	24
Reclassification adjustments		-	12	-	-	-	12	-	12	24
<b>Total other comprehensive loss , net of tax</b>		-	12	-	-	-	12	-	12	24
Net loss for the financial period		-	-	-	(3,025)	-	(3,025)	-	1,048	(1,977)
<b>Total comprehensive loss for the financial period</b>		-	12	-	(3,025)	-	(3,013)	-	1,060	(1,953)
<b>Transaction with owners :</b>										
Issuance of ordinary share pursuant to :										
- private placement shares		9,640	-	-	-	-	9,640	-	-	9,640
- acquisition of subsidiary		-	-	-	-	-	-	-	-	-
Cost in relation to issuance of Redeemable preference shares		-	-	-	-	-	-	(3)	-	(3)
Acquisition of shares from non-controlling interests		-	-	-	(1,231)	-	(1,231)	-	-	(1,231)
Acquisition of shares from non-controlling interests		-	-	-	-	-	-	-	1,170	1,170
Share Capital Reduction		-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>		9,640	-	-	(1,231)	-	8,409	(3)	1,170	9,577
<b>At 30 June 2021</b>		87,301	148	228	(64,145)	1,387	24,919	6,070	8,274	39,262

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

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**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021(AUDITED)**

Group	Note	← Attributable to owners of the Company					→			
		Share capital RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Reserves related to assets classified as held for sale RM'000	Equity attributable to owners of the Company RM'000	Preference share RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1st April 2020</b>		67,371	33	1,615	(47,608)	-	21,411	-	(636)	20,775
<b>Other comprehensive income, net of tax</b>										
Surplus on revaluation of property, plant and equipment		-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations		-	103	-	-	-	103	-	96	199
		-	103	-	-	-	103	-	96	199
<b>Total other comprehensive loss, net of tax</b>		-	103	-	-	-	103	-	96	199
Net loss for the financial year		-	-	-	(12,051)	-	(12,051)	-	223	(11,828)
<b>Total comprehensive loss for the financial year</b>		-	103	-	(12,051)	-	(11,948)	-	319	(11,629)
<b>Transaction with owners:</b>										
Issuance of ordinary share pursuant to :										
- private placement shares		10,290	-	-	-	-	10,290	-	-	10,290
- redeemable preference shares		-	-	-	-	-	-	6,072	-	6,072
Acquisition of non-controlling interests		-	-	-	(230)	-	(230)	-	182	(48)
Non-controlling interests arising from acquisition of subsidiaries		-	-	-	-	-	-	-	6,179	6,179
Assets classified as held for sale		-	-	(1,387)	-	1,387	-	-	-	-
<b>Total transactions with owners</b>		10,290	-	(1,387)	(230)	1,387	10,060	6,072	6,361	22,493
<b>At 31 March 2021</b>		77,661	136	228	(59,889)	1,387	19,523	6,072	6,044	31,639

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021**

	AS AT 30-Jun-21 (UNAUDITED) RM'000	AS AT 31-Mar-21 (AUDITED) RM'000
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(1,647)	(11,501)
Adjustments for:		
Non-cash items	1,947	16,034
Interest income	48	(90)
Interest expense	1,660	3,853
Operating Loss before Working Capital Changes	2,008	119
Changes In Working Capital:		
Net change in current assets	(311)	(1,021)
Net change in current liabilities	(429)	(620)
Net Cash Outflow from Operations	1,268	(1,522)
Income tax paid	68	(279)
Net Operating Cash Flows	1,336	(1,801)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	(48)	47
Purchase of property, plant and equipment	(405)	(3,805)
Acquisition of equity interest from non-controlling interest	(60)	(48)
Advances to joint venture and associate	(2)	(905)
Subscription of shares in joint venture and associate	-	(300)
Acquisition of subsidiaries, net of cash acquired	-	(31,050)
Net Investing Cash Flows	(515)	(36,061)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,502)	(1,648)
Repayment of term loans	(50)	(336)
Proceed from the issuance of redeemable non-convertible preference share	-	45,000
Proceeds from the issuance of private placement shares	9,640	10,290
Subscription of shares by non-controlling interest *	-	-
Transactions costs paid for issuance of redeemable preference shares	-	(1,800)
Payment on lease liabilities	(1,198)	(2,300)
Net Financing Cash Flows	5,890	49,206
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>6,711</b>	<b>11,344</b>
Effects of foreign exchange rate changes	10	(5)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>	<b>15,362</b>	<b>4,023</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR</b>	<b>22,083</b>	<b>15,362</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2021 (Cont'd)**

	<b>AS AT 30-Jun-21 (UNAUDITED) RM'000</b>	<b>AS AT 31-Mar-21 (AUDITED) RM'000</b>
<b>CASH AND BANK BALANCES</b>		
Cash on hand and at banks	20,073	4,023
Deposits placed with licensed banks	2,010	-
	22,083	4,023
Less: Non-short term deposit placed with licensed bank	-	-
Cash and bank balances	22,083	4,023

**Note (a) – Acquisition of Two Subsidiaries**

**ACQUISITION OF T&T and HCOS**

Details of net asset and net cash outflow arising from acquisition of the subsidiaries are as follows:-

	T&T RM'000	HCOS RM'000	Total RM'000
Book value of net assets acquired	(8,591)	(3,973)	(12,565)
Non-controlling interest	4,231	1,948	6,179
Goodwill arising from acquisition	(17,905)	(19,150)	(37,055)
Less : Cash and cash equivalent of subsidiaries acquired	3,006	3,313	6,319
Less : Consideration via issuance of preference shares	6,072	-	6,072
Net cash outflow on acquisition	(13,187)	(17,862)	(31,049)

The acquisition relates to the Group's acquisitions of 51% equity interest in T&T and HCOS respectively as disclosed in Note A10 of this report. The purchase price allocations of the acquisitions are provisional and will be adjusted, if necessary, upon completion of the purchase price allocation within twelve months window period from the acquisition date as allowed under MFRS 3.

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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 2021 except for the adoption of the following:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

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 2021 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.

**A5 – Changes in Estimates**

There were no materials changes in estimates of amounts reported in the prior financial period 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 40,000,000 new shares with total gross proceeds of RM9,640,000 during the current financial period under review. The details of issuance were as follow,

a) Issuance of 40,000,000 new ordinary shares at RM0.241 per share arising from the private placement on 23 June 2021.

**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 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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**A8 – Segmental Information (Cont’d)**

**a) Period Ended 30 June 2021 (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	10,439	1,264	-	-	11,703
Inter-segment revenue	-	-	-	-	-
	<u>10,439</u>	<u>1,264</u>	<u>-</u>	<u>-</u>	<u>11,703</u>
Revenue					
<i>Malaysia</i>	2,697	1,264	-	-	3,961
<i>Singapore</i>	7,743	-	-	-	7,743
	<u>10,439</u>	<u>1,264</u>	<u>-</u>	<u>-</u>	<u>11,703</u>
Result					
Interest income	(62)	15	-	-	(48)
Interest expense	(1,639)	(26)	-	-	(1,665)
Depreciation & amortisation	(1,927)	(6)	(5)	-	(1,938)
Segment results before tax	(521)	173	(1,299)	-	(1,647)
Taxation	(305)	(26)	-	-	(331)
Segment results after tax	<u>(826)</u>	<u>147</u>	<u>(1,298)</u>	<u>-</u>	<u>(1,978)</u>
Segment results before tax					
<i>Malaysia</i>	(3,099)	175	(1,300)	-	(4,224)
<i>Singapore</i>	2,577	-	-	-	2,577
	<u>(522)</u>	<u>175</u>	<u>(1,300)</u>	<u>-</u>	<u>(1,647)</u>

**b) Period Ended 30 June 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>
<i>Malaysia</i>					
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	(1,713)	(71)	(924)	-	(2,708)
Taxation	-	2	-	-	2
Segment results after tax	<u>(1,713)</u>	<u>(69)</u>	<u>(924)</u>	<u>-</u>	<u>(2,706)</u>

### **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 SOG Mother & Child Centre Sdn. Bhd. (“LYCSOG”)**

On 13 April 2021, LYC Mother & Child Centre Sdn Bhd (“LYCMC”), a wholly owned subsidiary of the Company had incorporated a Fifty-One percent (51%) owned subsidiary known as LYC SOG Mother & Child Sdn Bhd (“LYCSOG”) for a cash consideration of Ringgit Malaysia Fifty One only (RM51.00). The remaining Forty-Nine percent (49%) shareholding is held by SOG Mummy & Baby Centre Pte. Ltd.

On 26 July 2021, LYCMC subscribed for additional Two Million Thirty-Nine Thousand Nine Hundred and Forty-Nine (2,039,949) new ordinary shares in the share capital of LYC SOG Mother & Child Sdn Bhd. for a total cash consideration of Ringgit Malaysia Two Million Thirty-Nine Thousand Nine Hundred and Forty-Nine (RM2,039,949.00) only.

The intended principal activities of LYCSOG are to operate confinement centres, mother and childcare centres and its related services.

#### **II. LYC Nutrihealth Sdn. Bhd. (“LYCN”)**

On 19 April 2021, LYC Medicare Sdn. Bhd. (“LYCM”), a wholly owned subsidiary company of the Company, had subscribed to one hundred (100) ordinary shares in LYC Nutrihealth Sdn. Bhd. (“LYCN”) for a cash consideration of Ringgit Malaysia One Hundred only (RM100.00), representing 100% shareholding of LYCN. Consequently, LYCN became an indirect wholly owned subsidiary of the Group.

The intended principal activity of LYCN is to supply functional ingredients for the pharmaceutical, nutraceutical, food and beverage, cosmetic, sugar and sweetener and feed industry in Malaysia.

### **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**

	<b>As at 30-Jun-21 RM'000</b>	<b>As at 30-Jun-20 RM'000</b>
Capital expenditure in respect of purchase of property, plant and equipment		
- Authorised but not contracted for	-	-
- Contracted but not provided for	-	1,398
	<hr/>	<hr/>

**A14 –Related Party Transaction**

	<b>As at 30-Jun-21 RM'000</b>	<b>As at 30-Jun-20 RM'000</b>
Project management fee receivable from a company in which a major shareholder has interest	-	-
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**B1 – Financial Review of Performance**

	Individual Period		Cumulative period					
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Changes		Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Changes	
	30-Jun-21	30-Jun-20	RM'000	%	30-Jun-21	30-Jun-20	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	11,703	2,628	9,075	345%	11,703	2,628	9,075	345%
Loss before tax (LBT)	(1,647)	(2,708)	1,061	-39%	(1,647)	(2,708)	1,061	-39%
Loss before tax (LAT)	(1,978)	(2,706)	728	-27%	(1,978)	(2,706)	728	-27%

**Individual Period / Cumulative Period**

The Group recorded revenue of RM11.70 million for the first quarter ended 30 June 2021, compared to RM2.62 million recorded in the preceding year's corresponding quarter. The Group loss before tax has decreased by RM1.06 million or 39%, to RM1.64 million from RM2.70 million. The overall uplift in the Group performance mainly due to improvement in sales for the Malaysia Operations. The acquisition of Singapore subsidiaries of company, namely T&T Medical Group Pte. Ltd. ("T&T") and HC Orthopaedic Surgery Pte. Ltd. ("HCOS") which was acquired in November 2020 and December 2020, also largely contributed to the increase in the Group's performance.

**Malaysia**

Malaysia business generated a revenue of RM3.96 million in the current quarter ended 30 June 2021, representing a 51% or RM1.33 million increase in comparison to RM2.62 million in the quarter ended 30 June 2020. The improvement in revenue was attributed to the sustained organic growth in our existing operations and contribution from the new confinement centre in Bukit Jalil (opened in June 2020) by a total of RM0.67 million. The Computer Electric Segment recorded a higher revenue of RM0.66 million which is mainly attributed to the higher spending and stronger demand from semiconductor equipment customers during the pandemic.

Meanwhile, the loss before tax for the period ended 30 June 2021 was RM4.22 million, which increased by RM1.52 million as compared to the RM2.70 million reported in period ended 30 June 2020. The increase in Malaysia segment's loss before tax was mainly due to the recognition of interest expense of RM1.01 million in relation to the issuance of RM45 million in redeemable preference shares to fund the 51% shareholding acquisition of T&T and HCOS. In addition, the Group had incurred a higher depreciation and finance cost due to the opening of the new Bukit Jalil premises on the back of adoption of MFRS16, and the pre-operating costs relating to the Bukit Jalil centre of RM0.43 million.

**Singapore**

Singapore businesses generated revenues of RM7.74 million and profit before tax of RM2.57 million. The Group started to consolidate the results of the Singapore subsidiaries upon the completion of the acquisitions of T&T and HCOS in the third quarter of the preceding year.

**B2 – Material Changes in the Quarterly Results**

	<b>Current Quarter Ended 30-Jun-21</b>	<b>Preceding Quarter Ended 31-Mar-21</b>	<b>Changes</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Continuing operations</b>				
Revenue	11,703	13,079	(1,376)	-11%
Loss before tax (LBT)	(1,647)	(973)	(674)	69%
Loss after tax (LAT)	(1,978)	(1,053)	(925)	88%

On a quarter-on-quarter basis, the Group revenues stood at RM11.70 million, representing an 11% decrease compared to its immediate preceding quarter of RM13.07 million. The overall decrease in revenue was mainly attributed to the Healthcare segment, which recorded a decrease of RM1.56 million, but was offset by the increase in Computer Electronic segment of RM0.19 million. The customer volume of the healthcare segment was softer as compared to its immediate preceding quarter due to the various and stringent travel restrictions implemented across the Malaysia as a result of Covid 19.

As a result, the loss before tax for the current quarter was RM1.64 million compared to RM0.97 million in the immediate preceding quarter, representing an increase of 69% or RM0.67 million. Other than the above, an audit adjustment of the reversal of marketing cost of RM1.80 million in relation to the issuance of the RM45 million in redeemable preference shares to fund the 51% shareholding acquisition of T&T Medical Group Pte. Ltd. and HC Orthopaedic Surgery Pte. Ltd. was recorded in the preceding quarter ended 31 March 2021.

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### **B3 – Current Year Prospects**

According to the Malaysian Finance Minister, Malaysia's gross domestic product ("GDP") growth is projected to be between 5.0%-6.5% in 2021, slightly lower than the 6% to 7.5% target forecast by Bank Negara Malaysia earlier in March 2021. The revision took into the consideration the ongoing mobility restrictions and expected protracted economic scarring caused by rising Covid-19 infections. (*Source: The Edge, 22 May 2021*)

The Group expects our financial performance to improve due to an increase in occupancy rates in our confinement centres at Bukit Jalil, TTDI and Puchong after the lifting of the MCO.

Following the acquisition of 51% stake in the Singapore medical firm T&T Medical Group Pte. Ltd. ("T&T") and HC Orthopaedic Surgery Pte. Ltd. ("HCOS") on November 2020 and December 2020 respectively, the Group believes that the acquisitions 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 across Malaysia and Singapore after travel restriction has been lifted.

On 13 April 2021, Singapore O&G Ltd had entered into a joint venture ("JV") agreement with LYC Mother & Child Centre Sdn Bhd, a wholly-owned subsidiary of the Group for the purpose of setting up a postpartum confinement centre of up to 130 beds in Johor, Malaysia. The proposed confinement centre will provide postpartum confinement care and related services catering to both Malaysian and Singaporean customers who wish to spend their post-childbirth confinement period in Johor.

On 21 June 2021, Malaysia is in talks with Singapore for the island nation to allow its fully vaccinated locals to travel there by recognising their individual inoculation status as logged by the MySejahtera application, said the National Covid-19 Immunisation Programme Coordinating Minister. (*Source: Malay Mail, 21 June 2021*). Singapore may become the first foreign country to recognise the MySejahtera application as Malaysia's "vaccination passport" to allow fully vaccinated Malaysians to enter the island state. Our talks with Singapore are almost finalised for the recognition of the vaccination passports, said National Covid-19 Immunisation Programme coordinating minister. (*Source: The Star, 21 June 2021*).

With the acceptance of MySejahtera as Vaccination Passport by Singapore, the Group believes Johor to be an attractive location for the Group's expansion plans with its population, total live births and median income trailing closely behind Selangor and Kuala Lumpur.

The Group remains cautiously optimistic that the Malaysian economy will find its optimum recovery pace soon, but risks remain ominous in the immediate term. However, we are still looking forward to further improve our positioning in the growing healthcare markets and we will continue to deliver good performance in coming years through dedication and commitment to the Group.

On 19 May 2021, LYC had via its indirectly owned subsidiary, LYC Nutrihealth Sdn Bhd entered into a share sale agreement to acquire 70% shareholding in Aqurate Ingredients Intl (M) Sdn Bhd ("Aqurate") and is seeking the approval of its shareholders to diversify LYC's principal business to include nutraceutical segment ("Proposed Acquisition and Diversification"). The Proposed Acquisition and Diversification have obtained shareholders' approval at an Extraordinary General Meeting ("EGM") held on 19 August 2021.



**B3 – Current Year Prospects (Cont'd)**

After taking into consideration the favourable outlook of the nutraceutical industry, which include amongst others, the growing appeal of the herbal industry (in which are closely related to nutraceutical products) as a substitute for conventional health treatments, and also the potential GDP contributions to Malaysia from nutraceutical products ranging from RM19 billion to RM28 billion by 2027, as well as the potential business synergy to be derived between the healthcare arm and the new nutraceutical segment, the Board views that diversification into the nutraceutical business may complement and enhance its growth objectives.

The proposed acquisition of Aqurate would complement and expand LYC Group's healthcare service offerings and network presence by leveraging on Aqurate's expertise and experience in the nutraceutical field. The Group expects to reap business synergy between its healthcare arm and the new nutraceutical segment, such as being able to complement one another's knowledge and resources to develop new pharmaceutical and/ or nutraceutical products (which may consist in-house brands and/ or external brands), as well as creating cross-selling opportunities through the introduction of nutraceutical product range to the Group's healthcare customers in the Group's various healthcare sub-segments.

**B4 – Profit Forecast**

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

**B5 – Loss from operations**

	<b>Current Quarter</b>		<b>Cumulative Quarters</b>	
	<b>30-Jun-21</b>	<b>30-Jun-20</b>	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation	(1,938)	(1,345)	(1,938)	(1,345)
Interest income	(48)	1	(48)	1
Interest expenses	(1,665)	(357)	(1,665)	(357)
Net reversal /(allowance) for slow moving inventories	3	-	3	-
Net unrealised foreign exchange (loss)/ gain	10	-	10	-
Unwinding up discount on provision for restoration cost	(6)	(8)	(6)	(8)

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**B6 – Taxation**

	<b>Current Quarter 30-Jun-21 RM'000</b>	<b>Cumulative Quarters 30-Jun-21 RM'000</b>
Income tax:-		
- Current year	305	305
-Over provision in prior year	-	-
	305	305
Deferred taxation:		
- Reversal of temporary differences	26	26
	331	331

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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. Private Placement of 30% 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.

On 3 August 2021, the Company had applied for an extension of time to implement the above private placement. Bursa Malaysia Securities Berhad had vide its letter dated 19 August 2021 to approve for a further extension of 6 months until 26 February 2022 to complete the implementation of the Proposed Private Placement.

The details of share issuance are as follows:-

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
3rd tranche	24-Dec-20	4,920,000	0.3050	1,500,600
4th tranche	18-Mar-21	21,300,000	0.2550	5,431,500
5th tranche	29-Mar-21	2,000,000	0.2650	530,000
6th tranche	23-Jun-21	40,000,000	0.2410	9,640,000
		<u>74,175,000</u>		<u>19,174,572</u>

On 19 June 2021, the proposed variation to the utilisation of proceeds from the private placement was duly passed by the shareholders at the EGM of the Company held on 19 June 2021.

The status of utilisation of proceeds arising from the issuance, as at LPD is as follows:-

Purpose	Proposed Utilisation (RM'000)	Reallocation (RM'000)	Proceed Rasied (RM'000)	Actual Utilisation (RM'000)	Remaining Balance (RM'000)	Intended Timeframe
a. Finance the proposed Acquisition and business expansion	32,297	22,000	4,500	2,050	2,450	within 24 months
b. Working capital	7,441	18,235	14,172	7,732	6,440	within 18 months
c. Estimated expenses in relation to acquisition and private placement, i.e professional fee	1,000	503	503	503	-	within 12 months
Total	<u>40,738</u>	<u>40,738</u>	<u>19,175</u>	<u>10,285</u>	<u>8,890</u>	

## **B7 – Corporate Proposals**

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

### **II. Proposed Share Capital Reduction**

On 19 April 2021, the Group proposed to undertake capital reduction pursuant to Section 116 of the Companies Act, 2016 (“Act”) (“Proposed Share Capital Reduction”).

The Proposed Capital Reduction entails the reduction and cancellation of RM37.41 million of the issued share capital of the Company pursuant to Section 116 of the Act which is lost and unrepresented by available assets. The corresponding credit of RM37.41 million arising from the Proposed Capital Reduction will be utilised to eliminate the accumulated losses of the Company while the balance, if any, will be credited to the retained earnings account of the Company which may be utilised in such manner as the Board deems fit, as permitted by the relevant and applicable laws, the Listing Requirements as well as the Company's Constitution.

The shareholders of the company had on 19 June 2021 approved the proposal of share capital reduction, which entails the reduction and cancellation of RM37.41 million of its issued share capital. The Proposed Capital Reduction has been filed at High Court of Malaysia in Kuala Lumpur.

### **III. Proposed Disposal of Two Units of Office Suites (the “Disposal”)**

On 19 April 2021, Company announced that Mexter (M) Sdn. Bhd., a wholly owned subsidiary of the company, had entered into two sale and purchase agreements (“SPA”) with Damac Capital Sdn. Bhd. to dispose two units of office suites with an address at No. L-05-01 and L-05-02, Solaris Mont Kiara, Jalan Solaris, 50480 Kuala Lumpur (“**Properties**”), together with a novation of tenancies on the Properties in favour of the Purchaser at a total sale consideration of Ringgit Malaysia Four Million One Hundred Thousand (RM4,100,000.00) only (“Purchase Price”) (the “Disposal”).

The Purchaser's solicitors stamped and indorsed the SPA on 12 April 2021 and delivered the duly and delivered the duly executed and stamped SPA to the Vendor on 19 April 2021.

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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. (Cont'd)

### **IV. Proposed Acquisition of Aqurate Ingredients Intl (M) Sdn. Bhd. and Proposed Diversification.**

On 19 May 2021, LYC Nutrihealth Sdn Bhd. (“LYCN”), an indirect wholly owned subsidiary company of the Company, had entered into a conditional share sale agreement (“SSA”) with Ong Kee Leong, Ong Say Kiong, Woo Keng Mun and Ong Kee Fong (collectively, the “Vendors”) for the proposed acquisition of a 70% equity interest in Aqurate Ingredients Intl (M) Sdn Bhd (“Aqurate”) for a purchase consideration of RM36,400,000 to be satisfied entirely in cash, on the terms and conditions contained in the SSA (“Proposed Acquisition”);

In conjunction with the Proposed Acquisition, the company intends to diversify its existing principal activities to include the Nutraceutical Business (“Proposed Diversification”).

The Proposed Acquisition of Aqurate and Proposed Diversification had been tabled and obtained approval from shareholders of the company at Extraordinary General Meeting on 19 August 2021. The Proposed Acquisition is currently pending the fulfilment of condition precedents to the SSA.

### **V. Distribution Agreement with YTB Healthcare Sdn. Bhd, for Covid-19 Inactivated Vaccine (the “Covid-19 Distribution Agreement”)**

On 21 June 2021, LYC Medicare Sdn. Bhd. (“LYCM”), a wholly owned subsidiary of the Company, had entered into Covid-19 Distribution Agreement with YTB Healthcare Sdn. Bhd. (“YTBH”), a 70% owned subsidiary company of Yong Tai Berhad.

Under this Covid-19 Distribution Agreement, LYCM is appointed by YTBH to be one of its distributors of the Vaccine and shall be allowed to market and distribute the said Vaccine in West Malaysia.

### **VI. Service & Collaboration Agreement with Jasper Life Sdn. Bhd. (“Service & Collaboration Agreement”)**

On 21 June 2021, LYC Senior Living Care Centre Sdn. Bhd. (“LYCSL”) a wholly-owned subsidiary of LYC, had entered into a Service & Collaboration Agreement with Jasper Life Sdn Bhd to manage and operate the business of LYCSL at 12 & 14, Jalan Gallagher, Taman Duta, 50480 Kuala Lumpur, namely “LYC Senior Living @ Kenny Hills” (“Bukit Tunku Centres”). The Bukit Tunku Centres consists of two (2) bungalows converted for the use of senior living centres and to cater up to sixty (60) beds.

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**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)	1,967	44,215

**B9 – Material Litigations**

There are no pending material litigations as at the date of this report.

**B10 – Dividends**

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

**B11 – Earnings / (Loss) per Share**

	<b>Current Quarter</b>		<b>Cumulative Quarters</b>	
	<b>Ended</b>		<b>Ended</b>	
	<b>30-Jun-21</b>	<b>30-Jun-20</b>	<b>30-Jun-21</b>	<b>30-Jun-20</b>
Loss for the period attributable to owners of company (RM'000)	(3,025)	(2,576)	(3,025)	(2,576)
Weighted average number of ordinary shares in issue ('000)	395,042	355,725	395,042	355,725
Basic EPS (sen)	(0.77)	(0.72)	(0.77)	(0.72)

(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.

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 period under review.

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

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