



LYC HEALTHCARE BERHAD

Registration No: 200401009170 (647673-A)

Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
30 SEPTEMBER 2021**

LYC HEALTHCARE BERHAD
Registration No: 200401009170 (647673-A)
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The Board of Directors of LYC Healthcare Berhad wishes to announce the following unaudited Condensed Consolidated Statement of Comprehensive Income which 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 SEPTEMBER 2021**

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS		
		Current Year Quarter	Preceding Year Corresponding Quarter	Change %	Current Year to Date	Preceding Year Corresponding Period	Change %
		30-Sep-21 RM'000	30-Sep-20 RM'000		30-Sep-21 RM'000	30-Sep-20 RM'000	
Revenue	A8	12,147	3,876	213.4%	23,850	6,504	266.7%
Cost of sales		(5,754)	(2,841)	102.5%	(10,874)	(5,089)	113.7%
Gross profit		6,393	1,035		12,976	1,415	
Operating expenses		(7,060)	(4,061)	73.8%	(14,319)	(7,510)	90.7%
Other operating income		917	328	179.6%	1,658	1,045	58.7%
Profit/(Loss) from operations	B5	250	(2,698)		315	(5,050)	
Interest income		32	23	39.1%	(16)	24	-166.7%
Interest expense		(1,771)	(342)	417.8%	(3,436)	(699)	391.6%
Loss before tax		(1,489)	(3,017)	-50.6%	(3,137)	(5,725)	-45.2%
Taxation	B6	(213)	2	-10750.0%	(544)	4	-13700.0%
Loss for the financial period		(1,702)	(3,015)		(3,681)	(5,721)	
Other comprehensive income							
Foreign currency translation		(31)	(5)	516.1%	(31)	2	-1640.2%
Total other comprehensive (loss)/income for the financial period, net of tax		(31)	(5)	516.1%	(31)	2	-1640.2%
Total comprehensive loss for the financial period		(1,733)	(3,020)	-42.6%	(3,712)	(5,719)	-35.1%
Loss attributable to:							
Owners of the Company		(2,976)	(2,863)		(6,003)	(5,439)	
Non-controlling interest		1,274	(152)		2,322	(282)	
		(1,702)	(3,015)		(3,681)	(5,721)	
Total Comprehensive (loss)/income attributable to:							
Owners of the Company		(2,993)	(2,868)		(6,020)	(5,437)	
Non-controlling interest		1,260	(152)		2,308	(282)	
		(1,733)	(3,020)		(3,712)	(5,719)	
Earnings/(Loss) per share attributable to Owners of the Company:							
Basic earnings/(loss) per share (sen)	B11(a)	(0.69)	(0.80)		(1.45)	(1.53)	
Diluted earnings/(loss) per share (sen)	B11(b)	*	*		*	*	

* N/A

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

	Note	AS AT 30-Sep-21 (UNAUDITED) RM'000	AS AT 31-Mar-21 (AUDITED) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		25,156	19,736
Intangible assets	(a)	58,430	37,052
Right-of-use assets		38,107	39,421
Investment in associate and joint venture		300	300
Amount due from shareholder		9,730	9,552
		<u>131,723</u>	<u>106,061</u>
Current assets			
Inventories		5,812	843
Trade and other receivables		15,129	9,473
Current tax assets		74	56
Amount due from shareholder		900	-
Amount due from joint venture & associate		11	908
Cash and bank balances		29,178	15,362
		<u>51,104</u>	<u>26,642</u>
Assets classified as held for sale		-	3,974
		<u>182,827</u>	<u>136,677</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		87,301	77,661
Other Reserves		504	364
Reserves related to assets classified as held for sale		-	1,387
Accumulated losses		(63,825)	(59,889)
		<u>23,980</u>	<u>19,523</u>
Redeemable preference shares		-	6,072
Non-controlling interest		14,816	6,044
TOTAL EQUITY		<u>38,796</u>	<u>31,639</u>
Non-current liabilities			
Loan and borrowings	B8	86,553	44,436
Lease liabilities		36,853	38,145
Provision for restoration cost		957	1,272
Deferred tax liabilities		289	225
		<u>124,652</u>	<u>84,078</u>
Current liabilities			
Trade and other payables		7,410	9,571
Contract liabilities		1,535	1,762
Loan and borrowings		3,073	874
Lease liabilities		4,553	4,661
Provision for restoration cost		336	336
Deferred income		121	-
Current tax liabilities		2,351	1,815
		<u>19,379</u>	<u>19,019</u>
Liabilities classified as held for sale		-	1,941
TOTAL LIABILITIES		<u>144,031</u>	<u>105,038</u>
TOTAL EQUITY AND LIABILITIES		<u>182,827</u>	<u>136,677</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.06</u>	<u>0.05</u>

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDING 30 SEPTEMBER 2021 (UNAUDITED)**

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
At 1 April 2021		77,661	136	228	(59,889)	1,387	19,523	6,072	6,044	31,639
Other comprehensive income, net of tax										
Foreign currency translation gain/(loss) differences for foreign operations		-	(17)	-	-	-	(17)		(14)	(31)
		-	(17)	-	-	-	(17)		(14)	(31)
Total other comprehensive loss, net of tax		-	(17)	-	-	-	(17)		(14)	(31)
Net loss for the financial period		-	-	-	(6,003)	-	(6,003)		2,322	(3,680)
Total comprehensive loss for the financial period		-	(17)	-	(6,003)	-	(6,019)	-	2,308	(3,711)
Transaction with owners:										
Issuance of ordinary share pursuant to : - private placement shares		9,640	-	-	-	-	9,640	-	-	9,640
Acquisition of shares from non-controlling interests		-	-	-	(1,231)	-	(1,231)	-	1,171	(60)
Share Capital Reduction		-	-	-	-	-	-	-	-	-
Redemption of redeemable preference shares		-	-	-	6,069	-	6,069	(6,072)	-	(3)
Finalization of PPA for a subsidiary company		-	-	-	(4,001)	-	(4,001)	-	-	(4,001)
Dividend issued to non-controlling interest		-	-	-	-	-	-	-	(1,509)	(1,509)
Disposal of revalued assets		-	-	157	1,230	(1,387)	-	-	-	-
Subscription of shares in subsidiary by non-controlling interest		-	-	-	-	-	-	-	1,960	1,960
Non controlling interest arising from acquisition of subsidiaries		-	-	-	-	-	-	-	4,843	4,843
Total transactions with owners		9,640	-	157	2,067	(1,387)	10,477	(6,072)	6,465	10,870
At 30 September 2021		87,301	119	385	(63,825)	-	23,980	(0)	14,816	38,796

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (AUDITED)**

Group	Note	← Attributable to owners of the Company					→ Equity				Total equity RM'000
		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	attributable to owners of the Company RM'000	Preference share RM'000	Non-controlling interests RM'000		
At 1st April 2020		67,371	33	1,615	(47,608)	-	21,411	-	(636)	20,775	
Other comprehensive income, net of tax											
Surplus on revaluation of property, plant and equipment		-	-	-	-	-	-	-	-	-	
Foreign currency translation differences for foreign operations		-	103	-	-	-	103	-	96	199	
		-	103	-	-	-	103	-	96	199	
Total other comprehensive loss, net of tax		-	103	-	-	-	103	-	96	199	
Net loss for the financial year		-	-	-	(12,051)	-	(12,051)	-	223	(11,828)	
Total comprehensive loss for the financial year		-	103	-	(12,051)	-	(11,948)	-	319	(11,629)	
Transaction with owners:											
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	-	-	-	-	
Total transactions with owners		10,290	-	(1,387)	(230)	1,387	10,060	6,072	6,361	22,493	
At 31 March 2021		77,661	136	228	(59,889)	1,387	19,523	6,072	6,044	31,639	

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

Note	AS AT 30-Sep-21 (UNAUDITED) RM'000	AS AT 31-Mar-21 (AUDITED) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(3,137)	(11,501)
Adjustments for:		
Non-cash items	3,761	16,034
Interest income	16	(90)
Interest expense	1,172	3,853
Operating Loss before Working Capital Changes	1,812	119
Changes In Working Capital:		
Net change in current assets	(440)	(1,021)
Net change in current liabilities	(1,520)	(620)
Net Cash Outflow from Operations	(148)	(1,522)
Income tax refund	-	-
Income tax paid	(4)	(279)
Net Operating Cash Flows	(152)	(1,801)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	(16)	47
Remeasurement of lease liabilities	(805)	-
Dividend paid to non-controlling interest	(1,509)	-
Purchase of property, plant and equipment	(1,166)	(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	(31,635)	(31,050)
	(a)	
Net Investing Cash Flows	(35,193)	(36,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(549)	(1,648)
Repayment of term loans	(578)	(336)
Proceed from the issuance of redeemable non-convertible preference share	42,000	45,000
Proceeds from the issuance of private placement shares	9,640	10,290
Subscription of shares by non-controlling interest	1,960	-
Transactions costs paid for issuance of redeemable preference shares	(3)	(1,800)
Payment on lease liabilities	(3,289)	(2,300)
Net Financing Cash Flows	49,181	49,206
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Effects of foreign exchange rate changes	(20)	(5)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD /YEAR	15,362	4,023
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD/ YEAR	29,178	15,362

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

	AS AT 30-Sep-21 (UNAUDITED) RM'000	AS AT 31-Mar-21 (AUDITED) RM'000
CASH AND BANK BALANCES		
Cash on hand and at banks	29,178	4,023
Deposits placed with licensed banks	-	-
	29,178	4,023
Less: Non-short term deposit placed with licensed bank	-	-
Cash and bank balances	29,178	4,023

Note (a) – Acquisition of Subsidiary Companies

(i) Completion of Purchase Price Allocation

During the current financial period, the Group has completed the Purchase Price Allocation ("PPA") exercise to determine the fair value of the net assets of T&T & HCOS, an indirect 51% owned subsidiary companies, within the stipulated period, twelve months from the respective acquisition date, in accordance with MFRS 3, Business Combinations.

Based on fair value of net assets of T&T and HCOS, the intangible assets have reduced from RM37.05 million to RM33.05 million after determining the fair value of the consideration of the redeemable preference shares to SGD 0.678 million from SGD 1.98 million.

	As previously stated RM'000	Adjustment RM'000	After Adjustment RM'000
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Intangible assets	37,052	(4,001)	33,051
<u>Shareholder equity</u>			
Accumulated losses	59,889	4,001	63,890

Note (a) – Acquisition of Subsidiary Companies (Cont’d)

- (ii) Acquisition of Aqurate Ingredients Intl (M) Sdn. Bhd. (“Aqurate”) and Microbiome Intl Sdn. Bhd. (“Microbiome”)

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

	Aqurate RM'000	MicroBiome RM'000	Total RM'000
Book value of net assets acquired	(15,975)	(170)	(16,144)
Non-controlling interest	4,792	51	4,843
Goodwill arising from acquisition	(25,218)	(161)	(25,379)
Less : Cash and cash equivalent of subsidiaries acquired	4,930	114	5,045
Net cash outflow on acquisition	<u>(31,470)</u>	<u>(166)</u>	<u>(31,635)</u>

The acquisition relates to the Group’s acquisitions of 70% equity interest in Aqurate and Microbiome 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 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 a total of 40,000,000 new shares with total gross proceeds of RM9,640,000 during the current financial period under review. This involves the issuance of 40,000,000 new ordinary shares at RM0.241 per share to several places 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.

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, nutraceutical products 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 electronics 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 2021 (Unaudited)

	Healthcare Services	Computer Electronic Services	Others	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue	21,535	2,315	0	-	23,850
Inter-segment revenue	-	-	-	-	-
	<u>21,535</u>	<u>2,315</u>	<u>0</u>	<u>-</u>	<u>23,850</u>
Revenue					
<i>Malaysia</i>	4,940	2,315	0	-	7,255
<i>Singapore</i>	16,595	-	-	-	16,595
	<u>21,535</u>	<u>2,315</u>	<u>0</u>	<u>-</u>	<u>23,850</u>
Result					
Interest income	(31)	15	-	-	(16)
Interest expense	(3,390)	(46)	-	-	(3,436)
Depreciation & amortisation	(3,814)	(13)	(9)	-	(3,836)
Segment results before tax	997	(1,311)	(2,823)	-	(3,137)
Taxation	(866)	322	-	-	(544)
Segment results after tax	<u>131</u>	<u>(988)</u>	<u>(2,823)</u>	<u>-</u>	<u>(3,681)</u>
Segment results before tax					
<i>Malaysia</i>	(4,793)	(1,310)	(2,823)	-	(8,926)
<i>Singapore</i>	5,789	-	-	-	5,789
	<u>997</u>	<u>(1,310)</u>	<u>(2,823)</u>	<u>-</u>	<u>(3,137)</u>

b) Period ended 30 September 2020 (Unaudited)

	Healthcare Services	Computer Electronic Services	Others	Elimination	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
<i>Malaysia</i>					
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	-	-	24	-	24
Interest expense	(664)	(35)	-	-	(699)
Depreciation & amortisation	(2,929)	(73)	(11)	-	(3,013)
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>

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.

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

III. Juniper DC Sdn. Bhd. (“JDC”)

On 10 September 2021, Mexter (M) Sdn Bhd (“MM”), a wholly owned subsidiary company of the Company, through its Sixty-Five percent (65%) owned subsidiary, Mexter DC Sdn Bhd (“MDC”) had incorporated a wholly-owned subsidiary known as Juniper DC Sdn Bhd (“JDC”). The remaining Thirty-Five percent (35%) shareholding in MDC is held by Cloud Asia Sdn. Bhd. (“CA”).

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

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-21 RM’000	As at 30-Sep-20 RM’000
Capital expenditure in respect of purchase of property, plant and equipment		
- Contracted but not provided for	-	1,153
	-	1,153

A14 –Related Party Transaction

There were no related party transactions to the end of the current financial period under review.

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-Sep-21	30-Sep-20	RM'000	%	30-Sep-21	30-Sep-20	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	12,147	3,876	8,271	213%	23,850	6,504	17,346	267%
Loss before tax (LBT)	(1,489)	(3,017)	1,528	-51%	(3,137)	(5,725)	2,588	-45%
Loss before tax (LAT)	(1,702)	(3,015)	1,313	-44%	(3,681)	(5,721)	2,040	-36%

Individual Period

The Group recorded revenue of RM12.14 million for the second quarter ended 30 September 2021, compared to RM3.88 million recorded in the preceding year's corresponding quarter. The Group loss before tax has decreased by RM1.53 million or 51%, to RM1.49 million from RM3.02 million. The acquisition of the Singapore subsidiaries of the Company, namely T&T Medical Group Pte. Ltd. ("T&T") and HC Orthopaedic Surgery Pte. Ltd. ("HCOS") which were completed in November 2020 and December 2020 respectively contributed to the improvement in the Group's performance.

Malaysia

Malaysia's business generated a revenue of RM3.29 million in the current quarter ended 30 September 2021, representing a 15% or RM0.58 million decrease in comparison to RM3.87 million in the quarter ended 30 September 2020. The decrease in revenue was primarily due to the temporary closure to facilitate the upgrading and refurbishment of the TTDI confinement centre in the month of July 2021. The upgrading of facilities in TTDI was completed within one month and the centre is re-opened on 1 August 2021.

Meanwhile, the loss before tax for the period ended 30 September 2021 was RM4.70 million, which increased by RM1.69 million as compared to the RM3.01 million reported in period ended 30 September 2020. The increase in Malaysia segment's loss before tax was mainly due to the interest expenses of RM1.12 million in relation to the issuance of the RM45 million in redeemable preference shares to fund the 51% shareholding acquisition of T&T and HCOS. In addition, the Group incurred professional fees of RM0.29 million in relation to the proposed listing of our healthcare business on the Catalist board of the Singapore Stock Exchange.

Singapore

Singapore's businesses generated a revenue of RM8.85 million and a profit before tax of RM3.22 million. The Group has 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 preceding year.

B1 – Financial Review of Performance (Cont’d)

Cumulative Period

The Group recorded a revenue of RM23.85 million for the 6 months ended 30 September 2021, compared to RM6.50 million recorded in the preceding year’s corresponding period. The Group loss before tax has decreased by RM2.58 million or 45%, to RM3.13 million from RM5.72 million. The overall uplift in the Group performance is due to the improvement in sales for the Malaysia Computer Electronic segments. The acquisition of Singapore subsidiaries of company, namely T&T Medical Group Pte. Ltd. (“T&T”) and HC Orthopaedic Surgery Pte. Ltd. (“HCOS”) which were completed in November 2020 and December 2020 respectively, also largely contributed to the increase in the Group’s performance.

Malaysia

Malaysia’s business generated a revenue of RM7.26 million in the first 6 months ended 30 September 2021, representing a 12% or RM0.76 million increase in comparison to RM6.50 million in the corresponding period ended 30 September 2020. The Computer Electronic segment recorded a higher revenue of RM0.87 due to higher spending and stronger demand from the semiconductor equipment customers during the pandemic.

Meanwhile, the loss before tax for the period ended 30 September 2021 was RM8.92 million, which increased by RM3.20 million as compared to the RM5.72 million reported in period ended 30 September 2020. The increase in Malaysia segment’s loss before tax was mainly due to the interest expense of RM2.24 million in relation to the issuance of RM45 million in redeemable preference shares to fund the 51% shareholding acquisitions of T&T and HCOS. In addition, the Group incurred professional fee of RM0.96 million in relation to the proposed listing of its healthcare business on the Catalist board of the Singapore Stock Exchange and the acquisition of 70% equity interest in Aqurate and Microbiome.

Singapore

Singapore’s businesses generated a revenue of RM16.59 million and a profit before tax of RM5.79 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 preceding year.

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B2 – Financial Review of Performance

	Current Quarter Ended 30-Sep-21	Preceding Quarter Ended 30-Jun-21	Changes	
	RM'000	RM'000	RM'000	%
Continuing operations				
Revenue	12,147	11,703	444	4%
Loss before tax (LBT)	(1,489)	(1,647)	158	-10%
Loss after tax (LAT)	(1,702)	(1,978)	276	-14%

On a quarter-on-quarter basis, the Group's revenue stood at RM12.14 million, which is 4% higher when compared to its immediate preceding quarter of RM11.70 million. The overall increase in revenue was mainly attributed to the Healthcare segment in Singapore, which recorded an increase by RM1.10 million, but was offset by the decrease in Healthcare segment and Computer Electronic segment in Malaysia of RM0.67 million.

The increase in revenue has translated into higher gross margin. As a result, the loss before tax for the current quarter declined to RM1.48 million from RM1.64 million, representing an improvement of 10% or RM0.15 million.

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B3 – Current Year Prospects

The acquisitions of 51% stake in the Singapore medical firm T&T Medical Group Pte. Ltd. (“T&T”) and HC Orthopaedic Surgery Pte. Ltd. (“HCOS”) were completed on November 2020 and December 2020 respectively. These acquisitions have contributed 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 once the Covid 19 travel restrictions have 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. The renovation for the confinement centre in Johor is currently ongoing and is expected to be completed in March 2022 with an indicative capacity of 68 beds for the first phase operations.

The Group believes Johor is 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 proposed Johor confinement centre’s close proximity to Singapore would tap into Singapore’s market with live births of 39,115 (as at 2019) per annum based on the Singapore Demographic Bulletin under Singapore’s Immigration & Checkpoints Authority.

The Group has also completed the acquisitions of 70% stake in Aqurate Ingredients Intl (M) Sdn. Bhd. (“Aqurate”) and Microbiome Intl Sdn. Bhd. (“Microbiome”) on 28 September 2021, with all the conditions precedent under the SSA have been fulfilled, and full settlement of the purchase consideration.

The 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.

On 26 August 2021, the Company had announced it is exploring the possibility of the listing of its healthcare business on the Catalist board of the SGX-ST and it is undergoing the process of due diligence with the appointment of the relevant advisors. The Company believes the proposed listing will enable the healthcare business of LYC Group to gain access to the capital market in Singapore for capital raising and to provide the Group with financial flexibility for future expansion and growth.

The Group remains cautiously optimistic that the Malaysian economy is on a recovery phase, 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 look to deliver good performance in coming years.

B4 – Profit Forecast

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

B5 – Loss from operations

	Current Quarter		Cumulative Quarters	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Depreciation	(1,898)	(1,667)	(3,836)	(3,012)
Interest income	32	23	(16)	24
Interest expenses	(1,771)	(342)	(3,436)	(699)
Bad debt written off		-		-
(Gain)/ Loss on disposal revalued assets property	(125)	-	(125)	-
Net reversal /(allowance) for slow moving inventories	8	5	11	5
Net unrealized foreign exchange (loss)/ gain	(31)	-	(31)	-
Unwinding up discount on provision for restoration cost	(6)	(8)	(6)	(16)

B6 – Taxation

	Current Quarter	Cumulative Quarters
	30-Sep-21	30-Sep-21
	RM'000	RM'000
Income tax:-		
- Current year	669	974
-Over provision in prior year	(20)	(20)
	<u>649</u>	<u>954</u>
Deferred taxation:		
- Reversal of temporary differences	(436)	(410)
	<u>213</u>	<u>544</u>

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 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.

On 3 August 2021, the Company submitted the application to Bursa Malaysia Securities Berhad to seek its approval for an extension of time for the Company to implement and complete the Proposed Private Placement. On 19 August 2021, Bursa Malaysia Securities Berhad had granted the Company a further extension of time of 6 months from 27 August 2021 until 26 February 2022 to complete the implementation of the Proposed Private Placement.

The details of share issuance are 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
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
7th tranche	5-Nov-21	33,000,000	0.2470	8,151,000
		107,175,000		27,325,572

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.

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)

I. Private Placement of 10% the Total Number of Issued Shares (Cont’d)

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	22,323	8,340	13,983	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	40,738	40,738	27,326	10,893	16,433	

II. Proposed Share Capital Reduction

On 19 April 2021, the Group announced the proposal 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, which entails the reduction and cancellation of RM37.41 million of its issued share capital.

On 21 October 2021, an office copy of the sealed order of the High Court confirming the Capital Reduction has been lodged with the Registrar of Companies on 21 October 2021. Pursuant thereto, the Capital Reduction shall therefore take effect and be deemed completed on 21 October 2021.

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. 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 for 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 had stamped and indorsed the SPA on 12 April 2021 and delivered the duly executed and stamped SPA to the Vendor on 19 April 2021.

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 and Proposed Diversification are collectively referred to as the “Proposals”.

On 28 September 2021, all the conditions precedent under the SSA have been fulfilled, and with the full settlement of the purchase consideration.

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.

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)

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 the company, 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.

VII. Proposed Listing of LYC Healthcare Berhad on Catalist Board of Singapore Exchange Securities Trading Limited (“SGX-ST”)

On 26 August 2021, the Company announced that it is considering the listing of its healthcare business on the Catalist board of the SGX-ST. The Company is still undergoing due diligence process and have appointed the relevant advisors to perform the relevant assessments.

VIII. Development of In-house Health and Food Based Supplements under LYC Healthcare Brand

On 10 September 2021, LYC Nutrihealth Sdn Bhd, an indirect wholly owned subsidiary of the Company had announce its intention to develop its own range of in-house food and health-based supplements to cater to consumers, retailers or wholesalers. LYC Nutrihealth Sdn Bhd is currently preparing the relevant documentations to submit to the authorities for the approval of the said products and expect to launch them within the next twelve (12) months.

IX. Proposed Issuance of 42,000,000 New Redeemable Preference Share (“RPS”)

On 23 September 2021, LYC Medicare Sdn. Bhd. (“LYCM”), a wholly owned subsidiary of the Company, had issued 42,000,000 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 23 September 2021.

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 LYC SOG Marketing Pte. Ltd. (“LYCSOGM”)

On 15 October 2021, LYC SOG Mother & Child Sdn Bhd (“LYCSOG”), a fifty-one percent (51%) owned sub-subsidiary of the Company had incorporated a wholly owned-subsubsidiary in Singapore known as LYC SOG Marketing Pte. Ltd. (“LYCSOGM”).

The share capital of LYCSOGM is Singapore Dollar One Thousand Only (RM1,000.00) comprising One Thousand (1,000) ordinary shares. LYCSOG holds One Thousand (1,000) shares for Singapore Dollar One Thousand only (SGD 1,000.00), representing One Hundred percent (100%) shareholding of LYC SOG Marketing.

The intended principal activity of LYC SOG Marketing is provision of marketing and promotional services related to the confinement centres and mother and child care centres.

B8 – Borrowings

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

	<table border="1"><tr><td>Current</td></tr><tr><td>RM’000</td></tr></table>	Current	RM’000	<table border="1"><tr><td>Non-current</td></tr><tr><td>RM’000</td></tr></table>	Non-current	RM’000
Current						
RM’000						
Non-current						
RM’000						
Term loan (Secured)	<u>3,073</u>	<u>86,553</u>				

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

	Current Quarter Ended		Cumulative Quarters Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
Loss for the period attributable to owners of company (RM'000)	(2,976)	(2,863)	(6,003)	(5,439)
Weighted average number of ordinary shares in issue ('000)	431,526	340,272	413,384	331,438
Basic EPS (sen)	(0.69)	(0.80)	(1.45)	(1.53)

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.