



DC HEALTHCARE HOLDINGS BERHAD

Registration No. 202201014036 (1459733-P)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
31 MARCH 2024**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2024

	Note	3-MONTH ENDED		PERIOD TO DATE	
		31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Revenue	A9	9,454	16,811	9,454	16,811
Cost of sales		(8,235)	(7,042)	(8,235)	(7,042)
Gross profit		1,219	9,769	1,219	9,769
Other income		273	60	273	60
Staff costs		(3,044)	(2,570)	(3,044)	(2,570)
Administrative expenses		(6,067)	(3,699)	(6,067)	(3,699)
(Loss)/Profit from Operations		(7,619)	3,560	(7,619)	3,560
Interest expense		(290)	(375)	(290)	(375)
(Loss)/Profit before tax	B12	(7,909)	3,185	(7,909)	3,185
Taxation	B6	-	(828)	-	(828)
(Loss)/Profit for the financial period, representing total comprehensive income for the financial period		<u>(7,909)</u>	<u>2,357</u>	<u>(7,909)</u>	<u>2,357</u>
(Loss)/Profit for the financial period attributable to:					
Owners of the Company		<u>(7,909)</u>	<u>2,357</u>	<u>(7,909)</u>	<u>2,357</u>
		<u>(7,909)</u>	<u>2,357</u>	<u>(7,909)</u>	<u>2,357</u>
Total comprehensive (loss)/income for the financial period attributable to:					
Owners of the Company		<u>(7,909)</u>	<u>2,357</u>	<u>(7,909)</u>	<u>2,357</u>
		<u>(7,909)</u>	<u>2,357</u>	<u>(7,909)</u>	<u>2,357</u>
(Loss)/Earning per share attributable to Owners of the Company:					
Basic/Diluted (sen) ⁽¹⁾	B11	(0.79)	0.30	(0.79)	0.30

Note

(1) The basic/ diluted earnings per share (“EPS”) or loss per share (“LPS”) is calculated based on the weighted average number of ordinary shares referred to in Note B11.

The Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the consolidated interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.03.2024	31.12.2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	31,142	30,064
Right-of-use assets	25,730	22,938
Deferred tax assets	433	433
Total non-current assets	57,305	53,435
Current assets		
Inventories	3,920	3,782
Trade receivables	652	608
Other receivables, deposits and prepayments	13,390	10,712
Tax recoverable	655	285
Short-term funds	17,570	23,972
Fixed deposits with licensed banks	1,135	111
Cash and cash equivalents	5,982	6,260
Total current assets	43,304	45,730
TOTAL ASSETS	100,609	99,165
EQUITY AND LIABILITIES		
Equity		
Share capital	57,428	57,428
Retained earnings	7,811	15,720
Reorganization reserves	(8,764)	(8,764)
TOTAL EQUITY	56,475	64,384
Liabilities		
Non-current liabilities		
Lease liabilities	19,921	17,856
Provision	159	159
Deferred tax liabilities	1,004	455
Total non-current liabilities	21,084	18,470
Current liabilities		
Trade payables	1,883	1,207
Other payables and accruals	5,316	5,527
Contract liabilities	9,591	3,709
Lease liabilities	6,185	5,312
Tax Payable	75	556
Total current liabilities	23,050	16,311
TOTAL LIABILITIES	44,134	34,781
TOTAL EQUITY AND LIABILITIES	100,609	99,165

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONT'D)

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.03.2024	31.12.2023
	RM'000	RM'000
Weighted Average number of ordinary shares ('000)	996,300	996,300
NET ASSETS PER SHARE (RM)	<u>0.06</u>	<u>0.06</u>

The Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the consolidated interim financial report.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2024

	Note	Capital Contribution				Distributable	Total
		Share	Invested	from Former	of Reorganization		
		Capital	Equity	Holding Company	Reserves	Retained	Equity
		RM'000	RM'000	Subsidiaries	RM'000	Earnings	RM'000
				RM'000	RM'000	RM'000	RM'000
Unaudited							
As at 1 January 2024		57,428	-	-	(8,764)	15,720	64,384
Loss net of tax, representing total comprehensive income for the financial period		-	-	-	-	(7,909)	(7,909)
As at 31 March 2024		57,428	-	-	(8,764)	7,811	56,475
Audited							
As at 1 January 2023		1	801	1,030	-	13,216	15,048
Profit net of tax, representing total comprehensive income for the financial year		-	-	-	-	2,504	2,504
Transaction with owners:							
Effect of IPO reorganization		9,565	(801)	-	(8,764)	-	-
Repayment of capital contribution from holding company of subsidiaries		-	-	(1,030)	-	-	(1,030)
Issuance of ordinary shares		49,815	-	-	-	-	49,815
Share issuance expenses		(1,953)	-	-	-	-	(1,953)
		57,427	(801)	(1,030)	(8,764)	-	46,832
As at 31 December 2023		57,428	-	-	(8,764)	15,720	64,384

The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the consolidated interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2024

	Note	PERIOD TO DATE	
		31.03.2024	31.03.2023
		RM'000	RM'000
Cash Flows From Operating Activities			
Loss /(Profit) before tax		(7,909)	3,185
Adjustments for:			
Depreciation of plant and equipment		864	559
Depreciation of right-of-use assets		1,464	1,413
Gain on disposal of plant and equipment		(1)	(9)
Property, plant and equipment write-off		1	13
Waiver of lease liabilities		(26)	(29)
Interest expense		290	375
Interest income		(5)	(19)
Operating (loss) /profit before working capital changes		(5,322)	5,488
Changes In working capital:			
Inventories		(138)	(339)
Contract liabilities		5,882	68
Receivables		(2,722)	(2,024)
Payables		465	(314)
Cash (used in)/generated from operations		(1,835)	2,879
Interest paid		(290)	(375)
Interest received		5	19
Income tax paid		(301)	(1,342)
Net cash (used in)/from operating activities		(2,421)	1,181
Cash Flows From Investing Activities			
Purchase of plant and equipment		(3,063)	(985)
Proceeds from disposal of plant and equipment		56	-
Additional of right-of-use assets		1,168	151
Net cash used in investing activities		(1,839)	(834)
Cash Flows From Financing Activities			
Net repayment to related company		-	(1,190)
Net repayment of lease liabilities		(1,396)	(1,675)
Net repayment of term loans		-	(210)
Net cash used in financing activities		(1,396)	(3,075)
Net decrease in cash and cash equivalents		(5,656)	(2,728)
Cash and cash equivalents at the beginning of the financial period		30,343	7,674
Cash and cash equivalents at the end of the financial period		24,687	4,946

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)

The Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the consolidated interim financial report.

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of DC Healthcare and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) No. 134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

This interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 as disclosed in the Annual Report 2023 and the accompanying explanatory notes attached to the consolidated interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus, except for the adoption of the following MFRSs, Amendments to MFRSs and new Interpretations effective for the financial periods beginning on or after 1 January 2024.

	Effective dates for financial periods beginning on or after
● Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
● Amendments to MFRS 101 <i>Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current</i>	1 January 2024
● Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
● Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

Standards issued but not yet effective

	Effective dates for financial periods beginning on or after
● Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced

The Group will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group upon their initial applications.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A3. Auditors' report on preceding annual financial statements

There was no qualification on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal and cyclical effects during the current financial quarter and financial period-to-date.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

A6. Material changes in estimates

There were no material changes in the estimates that have a material effect to the Group in the current financial quarter and financial period-to-date.

A7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity during the current financial quarter under review.

A8. Dividends paid

There was no dividend paid during the current financial quarter under review.

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A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental information

The Group's segmental information as follows:

	3-MONTH ENDED		PERIOD TO DATE	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Aesthetic services	7,266	14,930	7,266	14,930
General medical services	1,622	1,379	1,622	1,379
Sale of skincare products	566	502	566	502
Total	9,454	16,811	9,454	16,811
Segment profit	1,219	9,769	1,219	9,769
Other income	273	60	273	60
Unallocated expenses	(9,111)	(6,269)	(9,111)	(6,269)
Finance costs	(290)	(375)	(290)	(375)
Taxation	-	(828)	-	(828)
(Loss)/Profit for the financial period	(7,909)	2,357	(7,909)	2,357

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A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at the date of this interim report.

A14. Material capital commitments

There is no material commitment for capital expenditure, which upon becoming enforceable, may have a material effect on the Group's financial position as at the date of this interim financial report.

A15. Significant related party transactions

There were no significant related party transactions during the current financial quarter under review.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Performance****(a) Results for current quarter**

	3-MONTH ENDED			%
	31.03.2024	31.03.2023	Changes	
	RM'000	RM'000	RM'000	
Revenue	9,454	16,811	(7,357)	-44%
(Loss)/Profit before tax	(7,909)	3,185	(11,094)	-348%

The Group recorded revenue of RM9.45 million for the current financial quarter ended 31 March 2024 which represented a decrease of RM7.36 million or 44% as compared to the recorded revenue of RM16.81 million for the preceding year corresponding quarter ended 31 March 2023.

The Group's revenue was principally derived from the aesthetic segment which contributed RM 7.27 million or 77% of the total revenue for the current financial quarter ended 31 March 2024. This represented a decrease in revenue from the aesthetic segment of 51% as compared to the preceding year corresponding quarter ended 31 March 2023 of RM 14.93 million, mainly due to the lower redemption rate in aesthetic services. Despite having lower redemption rate in the current financial quarter under review, the Group's cash sales collection remained healthy. The lower revenue had translated into a lower gross profit of RM1.22 million in the current financial quarter under review from RM9.77 million in the preceding year corresponding quarter ended 31 March 2023.

The Group recorded loss before tax of RM7.91 million for the current financial quarter ended 31 March 2024 compared to profit before tax of RM3.19 million for the preceding year corresponding quarter ended 31 March 2023 as a result of the decrease in gross profit in the current financial quarter under review. The loss before tax in the current financial quarter under review also attributed to higher administrative expenses of approximately RM6.07 million, mainly due to increase in marketing costs by RM1.67 million for the current financial quarter under review as compared to the preceding year corresponding quarter. The increased in marketing costs was aligned with the growth in the number of aesthetic outlets (10 outlets in Q1 2023: 16 outlets in Q1 2024), the establishment of new products under Ten Doctors, and the opening of three new outlets for slimming services.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED			
	Current Quarter 31.03.2024 RM'000	Preceding Quarter 31.12.2023 RM'000	Changes	
			RM'000	%
Revenue	9,454	17,573	(8,119)	-46%
(Loss)/ Profit before tax	(7,909)	(269)	(7,640)	2840%

The Group's revenue for the current financial quarter has decreased by RM8.12 million or 46% from RM17.57 million as compared to the immediate preceding quarter mainly due to the lower redemption rate in aesthetic services. Despite having lower redemption rate in the current financial quarter under review, the Group's cash sales collection remained healthy. The lower revenue had translated into a lower gross profit to RM1.22 million in the current cumulative financial quarter under review from RM7.93 million in the immediate preceding financial quarter ended 31 Dec 2023.

In line with the above, the Group recorded loss before tax of RM7.91 million in the current financial quarter ended 31 March 2024, representing a decrease of RM7.64 million as compared RM0.27 million in the immediate preceding financial quarter ended 31 Dec 2023.

Nevertheless, the Group will continue to implement rigorous cost control measures to safeguard the profit margin and remain competitive at all the same time.

B3. Prospects

The Group's strategies are to continue to focus on its core business in light of the growth in the medical aesthetic by implementing the following business strategies: -

- (i) To continue expanding our existing clinics by establishing new medical aesthetic clinics in the Southern & Northern regions.
- (ii) In order to support the expansion, we intend to strengthen our medical doctors, clinic consultants and other support staff by attracting and recruiting highly skilled and experienced personnel.
- (iii) Our group is to continuously upgrading the technology of our medical equipment to the latest in order to enhance our services offering and also in support of our expansion plans.

The Group believes that its prospects in the medical aesthetic service industry are favourable in view of our competitive strengths.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Status of corporate proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this interim report.

I. Multi Proposals

- i. Proposed Bonus Issue of Warrants,**
- ii. Proposed Acquisition,**
- iii. Proposed Variation, and**
- iv. Proposed Employee Share Option Scheme.**

On 2 May 2024, the Company announced to review of the structure of the Proposed Acquisition (and consequently the Proposed Variation).

In order to facilitate the said review, the parties to the share sale agreement (“SSA”) have mutually agreed to :-

(a) extend the Conditional Period (which shall expire on 19 May 2024) until 30 September 2024 to fulfil the conditions precedent; and

(b) allow the cash deposit of RM3.5 million that was paid by the Company pursuant to the terms of the SSA to be refunded back to the Company.

Save as disclosed above, there are no other material variations to the terms of the SSA.

B6. Income tax expenses

	3-MONTH ENDED		PERIOD TO DATE	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Taxation	-	828	-	828
Total Taxation	-	828	-	828

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Utilisation of Proceeds from the IPO

The gross proceeds arising from the public issue amounting to RM49.82 million is intended to be utilised in the following manner: -

Description of utilisation	Proposed Utilisation	Actual Utilisation	Balance Utilisation	Estimated timeframe for Utilisation upon Listing
	RM'000	RM'000	RM'000	
Establishing new aesthetic medical clinics	9,440	4,688	4,752	Within 18 months
Purchase of new medical machines and equipment	13,124	4,608	8,516	Within 18 months
Repayment of borrowings	6,238	5,946	292	Within 6 months
Working capital	17,013	3,791	13,222	Within 36 months
Listing expenses	4,000	4,000	-	Within 1 month
Total	49,815	23,033	26,782	

B8. Bank borrowings

The Group's bank borrowings were as follows:

	UNAUDITED	AUDITED
	31.03.2024	31.12.2023
	RM'000	RM'000
Current		
Hire purchase	934	408
Non Current		
Hire purchase	2,669	1,595
Total	3,603	2,003

All the Group's bank borrowings are denominated in Ringgit Malaysia.

B9. Material litigation

There was no material litigation involving the Group as at 31 March 2024.

B10. Dividend

No dividend has been declared or proposed for the current financial quarter under review.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. Earnings/Loss per share

The basic/ diluted loss per share (“LPS”) or earnings per share (“EPS”) is calculated by dividing the (loss)/profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	3-MONTH ENDED		PERIOD TO DATE	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit after tax attributable to Owners of the Company (RM'000)	(7,909)	2,357	(7,909)	2,357
Number of ordinary shares ('000) ⁽¹⁾⁽²⁾	996,300	797,040	996,300	797,040
Basic/Diluted (LPS)/EPS (sen)	(0.79)	0.30	(0.79)	0.30

Notes:

- 1) Based on the number of issued share capital of 996,300,000 ordinary shares after the completion of the IPO reorganisation and the Public Issue.
- 2) Based on the number of issued share capital of 797,039,707 ordinary shares after the completion of the IPO reorganisation but before the Public Issue.

B12. Disclosure on selected expense/income items as required by the Listing Requirements

(Loss)/Profit before tax is arrived after charging/(crediting):

	3-MONTH ENDED		PERIOD TO DATE	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of plant and equipment	864	559	864	559
Depreciation of right-of-use assets	1,464	1,413	1,464	1,413
Interest income	(5)	(19)	(5)	(19)
Interest expense	290	375	290	375
Gain on disposal of plant and equipment	(1)	(9)	-	(9)
	2,612	2,319	2,613	2,319

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.

B13. Approval of Interim Financial Report

The interim financial report as set out above was approved by the Board of Directors in accordance with a resolution dated 27 May 2024.