

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/06/2013	30/06/2012	30/06/2013	30/06/2012
		RM'000	RM'000	RM'000	RM'000
Revenue		104,202	100,678	210,561	204,804
Cost of sales		(78,185)	(74,969)	(156,218)	(150,793)
Gross profit		26,017	25,709	54,343	54,011
Other income		150	1,610	1,179	1,941
Selling & marketing expenses		(11,944)	(11,831)	(24,350)	(23,745)
Administrative expenses		(4,363)	(4,014)	(8,788)	(8,356)
Other expenses		(299)	(106)	(500)	(119)
Finance cost		(7)	(35)	(17)	(72)
Share of results of jointly controlled entity net of tax		(280)	-	(396)	-
Profit before tax	A7	9,273	11,333	21,470	23,660
Income tax expense	B6	(2,440)	(2,959)	(5,503)	(8,949)
Net profit for the period		6,833	8,374	15,967	14,711
Other comprehensive income:					
Foreign currency translation, representing other comprehensive income net of tax		-	-	-	-
Total comprehensive income for the period		6,833	8,374	15,967	14,711
Net profit attributable to:					
Owners of the parent		6,812	8,362	15,925	14,682
Non-controlling interest		20	12	41	29
Net profit for the period		6,833	8,374	15,967	14,711
Total comprehensive income attributable to:					
Owners of the parent		6,812	8,362	15,925	14,682
Non-controlling interest		20	12	41	29
Total comprehensive income for the period		6,833	8,374	15,967	14,711
Earnings per share attributable to owners of the parent:		Sen	Sen	Sen	Sen
- Basic	B11	7.27	8.92	16.99	15.67
- Diluted	B11	7.27	8.92	16.99	15.67

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	As at 30/06/2013 RM'000	As at 31/12/2012 RM'000 <u>(Audited)</u>
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	76,264	76,442
Investment properties		3,447	3,483
Intangible assets		1,174	1,197
Investment in jointly-controlled entity		4,592	-
Deferred tax assets		764	680
Available-for-sale financial asset		3,928	3,928
		<u>90,169</u>	<u>85,730</u>
Current Assets			
Inventories		50,858	43,123
Trade and other receivables		107,333	96,097
Derivative financial instruments	A15 & B12	31	17
Investment securities		-	30,494
Deposits, bank and cash balances		57,870	34,674
		<u>216,092</u>	<u>204,405</u>
TOTAL ASSETS		<u>306,261</u>	<u>290,135</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Derivative financial instruments	A15	31	-
Trade and other payables		74,623	66,182
Current tax payable		2,970	1,740
		<u>77,624</u>	<u>67,922</u>
Non-Current Liability			
Deferred tax liabilities		5,824	5,761
		<u>5,824</u>	<u>5,761</u>
TOTAL LIABILITIES		<u>83,448</u>	<u>73,683</u>
NET ASSETS		<u>222,813</u>	<u>216,452</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		93,717	93,717
Reserves		1,364	1,364
Retained earnings	B14	127,548	121,229
		<u>222,629</u>	<u>216,310</u>
Non-controlling interest		183	142
TOTAL EQUITY		<u>222,813</u>	<u>216,452</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>2.38</u>	<u>2.31</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE CUMULATIVE PERIOD ENDED 30 JUNE 2013

	←	Non-Distributable		→	Distributable		Equity attributable to owners of the parent, total	Non-controlling Interest	Total Equity
		Share Capital	Share Premium		Other reserves	Retained Earnings			
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 30 JUNE 2013									
Balance at 1 January 2013		93,717	-	1,364	121,229	216,310	142	216,452	
Total comprehensive income		-	-	-	15,925	15,925	41	15,967	
Transaction with owners									
Dividends on ordinary shares	A8	-	-	-	(9,606)	(9,606)	-	(9,606)	
Total transaction with owners		-	-	-	(9,606)	(9,606)	-	(9,606)	
Balance as at 30 June 2013		93,717	-	1,364	127,548	222,629	183	222,813	
PERIOD ENDED 30 JUNE 2012									
Balance at 1 January 2012		93,717	-	460	105,121	199,298	13,336	212,634	
Total comprehensive income		-	-	-	14,682	14,682	29	14,711	
Transactions with owners									
Disposal of non-current asset held for sale by non-controlling interest		-	-	-	-	-	(13,242)	(13,242)	
Dividends on ordinary shares	A8	-	-	-	(8,200)	(8,200)	-	(8,200)	
Total transaction with owners		-	-	-	(8,200)	(8,200)	(13,242)	(21,442)	
Balance as at 30 June 2012		93,717	-	460	111,603	205,780	123	205,903	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE CUMULATIVE PERIOD ENDED 30 JUNE 2013

	PERIOD ENDED	
	30/06/2013	30/06/2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	21,470	23,660
Adjustments:		
Depreciation and amortisation	3,751	3,619
Net profit on disposal of property, plant and equipment	(2)	(475)
Share of results of jointly controlled entity net of tax	396	-
Dividends received from investment securities	(62)	-
Net profit from disposal of investment securities	(23)	-
Fair value changes of derivative financial instruments	16	(98)
Inventories written off and written down	68	100
Impairment loss on trade receivables	59	12
Interest expense	17	72
Interest income	(134)	(225)
Operating profit before working capital changes:	<u>25,557</u>	<u>26,665</u>
Inventories	(7,803)	(5,183)
Receivables	(11,294)	(10,686)
Payables	8,488	7,298
Cash generated from operations	<u>14,948</u>	<u>18,094</u>
Tax paid	(4,295)	(3,103)
Net cash generated from operating activities	<u>10,653</u>	<u>14,991</u>
Cash flows from investing activities		
Proceeds from the disposal of non-current assets held for sale	-	32,547
Investment in a jointly-controlled entity	(4,988)	-
Repayment of shareholders loans	(48)	(24)
Purchase of property, plant and equipment & intangible assets	(3,513)	(2,638)
Proceeds from disposal of property, plant and equipment	2	549
Dividends received from investment securities	62	-
Proceeds from disposal of investment securities	30,517	-
Interest received	134	225
Net cash generated from investing activities	<u>22,166</u>	<u>30,659</u>
Cash flows from financing activities:		
Term loans repaid	-	(1,134)
Dividends paid	(9,606)	(8,200)
Other financing activities paid	(17)	(72)
Net cash used in financing activities	<u>(9,623)</u>	<u>(9,406)</u>
Net increase in cash and cash equivalents	23,195	36,244
Cash and cash equivalents at 1 January	34,674	22,802
Currency translation difference	-	-
Cash and cash equivalents at the end of the financial period	<u>57,869</u>	<u>59,046</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2013

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 June 2013 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. It should be read in conjunction with the Group's most recent audited financial statements for the year ended 31 December 2012. These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the certain financial assets and liabilities classified as financial assets and liabilities at fair value through profit or loss and financial assets designated as available for sale.

A2 Significant accounting policies

The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following Malaysian Financial Reporting Standards ("MFRS") and Issues Committee ("IC") Interpretations wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 *Consolidated and Separate Financial Statements*, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

The Group and the Company do not anticipate significant impact to the financial statements upon adoption of MFRS 10.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2013 (continued)

A2 Significant accounting policies (continued)

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 *Financial Instruments: Recognition and Measurement*. The adoption of the first phase of MFRS 9 is not expected to have an impact on the Group and on the Company.

A3 Seasonality or cyclicity of interim operations

The Group's interim operations are not affected materially by any seasonal or cyclical factors.

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 June 2013.

A5 Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial year.

There were no changes in estimates of amounts reported in the prior interim periods of the current financial year or prior financial year.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the period ended 30 June 2013.

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Interest income	68	194	134	225
Other income including investment income	316	213	795	213
Interest expense	(7)	(35)	(17)	(72)
Depreciation and amortisation	(1,887)	(1,774)	(3,751)	(3,619)
Impairment loss on trade receivables	(74)	(36)	(59)	(12)
Inventories written off and written down	(21)	(49)	(68)	(100)
Net profit on disposal of property, plant and equipment	2	419	2	475
(Loss)/gain on disposal of investment securities	(334)	-	85	-
Fair value gain/(loss) of derivative financial instruments	6	67	(16)	98
Foreign exchange gains less losses	71	76	97	156
Exceptional items	-	-	-	-

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2013 (continued)

A8 Dividends paid and declared

The amount of dividends paid/payable during the current and previous interim periods are as follows:

	30/06/2013	30/06/2012
	RM'000	RM'000
<u>In respect of the financial year ended 31 December</u>		
2012: Final dividend comprising taxable 3.0 sen gross per share and a tax-exempt of 3.0 sen per share as well as a Special tax-exempt dividend of 5.0 sen per share paid on 31-May-13	9,606	-
2011: Final Dividend of 5.0 sen gross per share less tax and Special Tax-exempt Dividend of 5.0 sen per share paid on 22-Jun-12	-	8,200
	<u>9,606</u>	<u>8,200</u>

A9 Segment Information

The Group is organised into three main business units based on their activities, and has three reportable operating segments as follows:

- (i) Manufacturing and marketing of pharmaceutical products;
- (ii) Wholesale and distribution of pharmaceutical and healthcare products; and
- (iii) Corporate comprising investments in retail pharmacy business and properties and the provision of management services.

OPERATING SEGMENTS	Manufacturing & Marketing	Wholesale & Distribution	Corporate	Adjustments & eliminations	GROUP
	RM'000	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 30/06/2013					
External Revenue	10,639	196,450	3,472	-	210,561
Inter-segment revenue	35,303	339	1,940	(37,582)	-
Total Revenue	45,942	196,789	5,412	(37,582)	210,561
Segment Results (external)	15,421	9,005	(2,071)	(868)	21,487
Finance costs					(17)
Profit before tax					21,470
PERIOD ENDED 30/06/2012					
External Revenue	13,863	187,957	2,984	-	204,804
Inter-segment revenue	34,920	-	1,644	(36,564)	-
Total Revenue	48,783	187,957	4,628	(36,564)	204,804
Segment Results (external)	17,685	8,822	(1,985)	(790)	23,732
Finance costs					(72)
Profit before tax					23,660
Segment assets					
30-Jun-2013	80,718	165,069	59,618	856	306,261
31-Dec-2012	81,848	152,368	54,659	1,260	290,135

A10 Significant Events After the Reporting Date

There were no significant events that had arisen subsequent to the end of this current period.

A11 Changes in Group Composition

The Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the current quarter ended 30 June 2013.

A12 Property, plant and equipment

During the current quarter ended 30 June 2013, the Group acquired assets at a cost of RM 2,264,000 (30 June 2012: RM 2,299,000). Included in the total assets acquired in the current quarter was an amount of capital-in-progress of RM 421,000 (30 June 2012: RM 835,000) which represents expenditure incurred for the construction of new Administration Building which was completed in April 2013.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2013(continued)

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 June 2013 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	24,555
Authorised capital expenditure approved but not contracted for	7,099
	<u>31,654</u>

On 20th December 2012, the Group exercised an Option to Purchase a 3-storey 51,000 square feet detached factory building located at Loyang Way, Singapore for a purchase consideration of S\$ 10,600,000 approximating RM 26,500,000 from C & W Electronics Pte Ltd ("the vendor"). A 10% deposit of the consideration was paid to the vendor upon the exercise of the option with the balance of 90% payable upon completion on or before 30th August 2013.

A14 Related Party Transactions

	30/06/2013	30/06/2012
	RM'000	RM'000

Interest bearing term loan to jointly controlled entity	5,000	-
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Other than the above, the Group did not have any significant transactions with related parties during the period ended 30 June 2013 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2012.

A15 Fair value hierarchy

The Group uses the following level of fair value hierarchy for determining the fair value of its financial instruments carried at fair value.

	30/06/2013	31/12/2012
	RM'000	RM'000
Financial assets/(liabilities):		
	(Level 1)	
Investment securities	-	30,494
	(Level 2)	
Derivatives - Forward currency contracts	-	17

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the current interim period and financial year ended 2012.

A16 Changes in Contingent liabilities or Contingent assets.

There were no contingent liabilities or contingent assets of the Group since the end of the last annual reporting date.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)**

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

B1 Detailed Performance Analysis of Operating Segments of the Group

In the first six months of 2013, the Group achieved revenue of RM 210.6 million, a growth of 3%, while profit before tax at RM 21.5 million declined by 9% when compared to the same period in 2012. Year to date profit after tax is RM 16.0 million as compared to RM 14.7 million achieved in the same period previous year.

In 2012, a non-recurring capital gains tax charge of RM 2.54 million on completion of the divestment of the Group's investment in Xiamen Maidiken Science and Technology Co Ltd, China was recognised. After adjusting for this, profit after tax for the first half year declined by 7% over the same period previous year.

Manufacturing & Marketing

Revenue for Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('Xepa') group was affected by a decline in Government related sales and sluggish domestic demand. All other sectors performed to expectations with exports growing 15%. Late in the quarter, a new product ZYLOVAA (losartan), an angiotensin II receptor antagonist for the treatment of hypertension was launched with brisk sales recorded. The new administrative building in Cheng is now operational.

Wholesale & Distribution

For the first half year, Apex Pharmacy Marketing Sdn Bhd ('Apex') grew revenue by 5% over the same period in the previous year. A slowdown in the sales of third party distribution lines was compensated by continued strong sales of own brand products in the Pharma and Consumer divisions. Sales of AvoPharma products, led by Clavomax 625mg tablets, tripled. Agnesia branded products performed well domestically and in export markets, growing by 56%.

Corporate

Year to date, retail pharmacy sales grew 18% over the same period in 2012, with the outlet at City Square Mall, Johor Bahru recording strong sales. Factory renovations at its jointly controlled entity, ABio Orthopaedics Sdn Bhd, have been extended and the installation and commissioning of production machinery is expected to complete within the third quarter, with the start of commercial production delayed to the fourth quarter. The Group's share of pre-operating losses amounted to RM 396,000.

B2 Material changes in the profit before tax for the quarter

Profit before tax in the current quarter of RM 9.3 million is 24% lower than the RM 12.2 million recorded in the immediate preceding quarter. This is attributed to lower sales primarily from reduced contribution from Xepa as well as the Group's share of pre-operating losses from a jointly controlled entity. In the preceding quarter there was a recognition of non-recurring income relating to product development and fair value gain of investment securities amounted to a total of RM 0.7 million.

B3 Commentary

(a) Prospects

The prospects for manufacturing, marketing and distribution of pharmaceuticals and consumer healthcare products remain good in the markets we operate, albeit with stiffer competition.

The investment in the contract manufacturing of orthopaedic devices, components and instruments enables the Group to diversify within the healthcare space and develop a new focus for future growth. However, Group performance will be tempered by start-up losses at ABio Orthopaedics Sdn Bhd in the short term.

Upon these fundamentals and barring unforeseen circumstances, the Board is optimistic that the Group's performance in 2013 will be satisfactory.

(b) Progress to achieve forecast revenue or profit estimate

Not applicable.

B4 Statement by the Board of Directors' opinion on the achievability of forecast revenue or profit estimate

Not applicable.

B5 Profit Forecast /Profit Guarantee

Not applicable.

B6 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
income tax	2,439	2,916	5,525	6,266
deferred tax	1	-	(22)	103
capital gains tax from the disposal of an asset held for sale	-	-	-	2,537
	<u>2,440</u>	<u>2,916</u>	<u>5,503</u>	<u>8,906</u>
In respect of prior period:				
income tax	-	43	-	43
	<u>2,440</u>	<u>2,959</u>	<u>5,503</u>	<u>8,949</u>

The effective tax rate for the current quarter and cumulative period was comparable with the statutory tax rate.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)**

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 14th August 2013.

B8 Group Borrowings and Debt Securities

The Group did not have any current or non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 30 June 2013.

B9 Material Litigation

There is no pending material litigation at the date of this report.

B10 Dividend Payable

- a The Board of Directors is pleased to declare the payment of an interim single-tier dividend of 4.00 sen per share in respect of the financial year ending 31 December 2013, resulting in a total dividend to-date for the current financial year of 4.00 sen per share. (Year 2012: Interim taxable dividend of 6.00 sen gross per share).
- b The interim dividend will be paid on 30 September 2013 and the entitlement date for the payment is 13 September 2013.

B11 Earnings per share

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

		3 MONTHS ENDED		PERIOD ENDED	
		30/06/2013	30/06/2012	30/06/2013	30/06/2012
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	6,812	8,362	15,925	14,682
Weighted average number of ordinary shares in issue	'000	93,717	93,717	93,717	93,717
Basic earnings per share	sen	7.27	8.92	16.99	15.67
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	6,812	8,362	15,925	14,682
Weighted average number of ordinary shares in issue	'000	93,717	93,717	93,717	93,717
Diluted earnings per share	sen	7.27	8.92	16.99	15.67

B12 Derivative Financial Instruments

- (a) The Group's derivative financial instruments as at 30 June 2013 are as follows -

Type of Derivatives Forward Currency Contracts	Contract / Notional Amount RM'000	Changes in Fair Value	
		Assets RM'000	Liabilities RM'000
<u>Less than 1 year</u>			
Sale of goods	3,111	31	-
Purchase of goods	(1,416)	-	(31)
	1,695	31	(31)

- (b) The Group does not anticipate any market or credit risks arising from these derivatives.
- (c) The net cash requirements relating to these contracts was RM 1,695,000.
- (d) There have been no changes since the end of the previous financial year in respect of the following:
- (i) the types of derivative contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts; and
- (ii) the related accounting policies.

B13 Fair Value Changes of Financial Liabilities

As at 30 June 2013, the Group does not have any significant financial liabilities measured at fair value through profit or loss other than the disclosure in note A15.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)**

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B14 Realised and Unrealised Profits/Losses Disclosure

	30/06/2013	Year ended 31/12/2012
	RM'000	RM'000
Total retained earnings of the Group:		
Realised	148,489	141,236
Unrealised	(2,447)	(2,433)
	<u>146,042</u>	<u>138,803</u>
Total share of retained earnings from jointly-controlled entity		
Unrealised	(396)	-
	<u>145,646</u>	<u>138,803</u>
Less: Consolidation adjustments	(18,098)	(17,574)
Total Group's retained earnings as per consolidated accounts	<u><u>127,548</u></u>	<u><u>121,229</u></u>

B15 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2012 was not qualified.

Authorisation for issue

The interim financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 21 August 2013.