

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019

	Note	3 MONTHS ENDED		PERIOD ENDED	
		31/03/2019	31/03/2018	31/03/2019	31/03/2018
		RM'000	RM'000	RM'000	RM'000
Revenue		178,229	168,400	178,229	168,400
Cost of sales		(138,748)	(128,273)	(138,748)	(128,273)
Gross profit		39,481	40,127	39,481	40,127
Other income		1,585	1,631	1,585	1,631
Selling & marketing expenses		(19,680)	(19,795)	(19,680)	(19,795)
Administrative expenses		(6,855)	(6,447)	(6,855)	(6,447)
Other expenses		(465)	(625)	(465)	(625)
Finance cost		(323)	-	(323)	-
Share of results of an associate		800	1,635	800	1,635
Profit before tax	A7	14,543	16,526	14,543	16,526
Income tax expense	B6	(3,129)	(3,305)	(3,129)	(3,305)
Net profit for the period		11,414	13,221	11,414	13,221
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		271	(35)	271	(35)
Total comprehensive income for the period		11,685	13,186	11,685	13,186
Net profit attributable to:					
Owners of the parent		11,399	13,181	11,399	13,181
Non-controlling interest		15	40	15	40
Net profit for the period		11,414	13,221	11,414	13,221
Total comprehensive income attributable to:					
Owners of the parent		11,670	13,146	11,670	13,146
Non-controlling interest		15	40	15	40
Total comprehensive income for the period		11,685	13,186	11,685	13,186
Earnings per share attributable to owners of the parent:					
		Sen	Sen	Sen	Sen
- Basic	B11	9.71	11.25	9.71	11.25
- Diluted	B11	9.65	11.23	9.65	11.23

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

	Note	As at 31/03/2019 RM'000	As at 31/12/2018 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	168,924	177,211
Investment properties		10,706	9,809
Intangible assets		1,686	1,777
Investment in an associate		18,618	17,818
Deferred tax assets		751	537
Receivables		2,957	3,774
		<u>203,642</u>	<u>210,926</u>
Current Assets			
Inventories		85,998	83,106
Receivables		165,159	160,422
Prepayments		355	513
Tax recoverable		3,549	3,784
Derivative financial instruments	A15 & B12	13	61
Deposits, bank and cash balances		102,284	81,153
		<u>357,358</u>	<u>329,039</u>
TOTAL ASSETS		<u>561,000</u>	<u>539,965</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		127,148	117,652
Borrowings	B8	5,857	5,857
Derivative financial instruments	A15 & B12	12	-
Current tax payable		1,939	1,527
		<u>134,956</u>	<u>125,036</u>
Non-Current Liabilities			
Borrowings	B8	22,679	24,036
Deferred tax liabilities		4,650	4,432
		<u>27,329</u>	<u>28,468</u>
TOTAL LIABILITIES		<u>162,285</u>	<u>153,504</u>
NET ASSETS		<u>398,715</u>	<u>386,461</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		119,284	118,806
Reserves		11,755	11,395
Retained earnings		267,194	255,793
		<u>398,233</u>	<u>385,994</u>
Non-controlling interest		482	467
TOTAL EQUITY		<u>398,715</u>	<u>386,461</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>3.34</u>	<u>3.25</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019

	Note	← Non-Distributable →			Distributable	Equity	Non-controlling Interest	Total Equity
		Share Capital	Foreign currency translation reserve	Share option reserve	Retained Earnings	attributable to owners of the parent, total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
PERIOD ENDED 31 MARCH 2019								
Balance at 1 January 2019		118,806	10,380	1,015	255,793	385,994	467	386,461
Total comprehensive income		-	271	-	11,399	11,670	15	11,685
Share options granted		-	-	182	-	182	-	182
Share options lapsed		-	-	(2)	2	-	-	-
Transfer to share capital for share options exercised		91	-	(91)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	-	-	-	-
Issuance of ordinary share pursuant to ESOS		387	-	-	-	387	-	387
Total transaction with owners		387	-	-	-	387	-	387
Balance as at 31 March 2019		119,284	10,651	1,104	267,194	398,233	482	398,715
PERIOD ENDED 31 MARCH 2018								
Balance at 1 January 2018		117,146	13,147	509	212,432	343,234	421	343,655
Total comprehensive income		-	(35)	-	13,181	13,146	40	13,186
Share options granted		-	-	199	-	199	-	199
Share options lapsed		-	-	(12)	12	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	-	-	-	-
Total transaction with owners		-	-	-	-	-	-	-
Balance as at 31 March 2018		117,146	13,112	696	225,625	356,579	461	357,040

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2019

	PERIOD ENDED	
	31/03/2019	31/03/2018
	RM'000	RM'000
Operating activities		
Profit before tax	14,543	16,526
Adjustments for:		
Depreciation and amortisation	3,485	2,197
Net profit on disposal of property, plant and equipment	(276)	-
Share of results of an associate	(800)	(1,635)
Fair value changes of derivative financial instruments	60	78
Share options granted	182	199
Inventories written off	60	115
Impairment loss on trade receivables net of reversals	-	16
Interest expense	323	-
Interest income	(465)	(388)
Operating cash flows before changes in working capital	17,112	17,108
Inventories	(2,953)	(4,590)
Receivables	(3,760)	(8,321)
Payables	9,497	11,341
Cash generated from operations	19,896	15,538
Tax paid	(2,478)	(2,714)
Net cash flows generated from operating activities	17,418	12,824
Investing activities		
Purchase of property, plant and equipment & intangible assets	(2,776)	(8,250)
Proceeds from disposal of property, plant and equipment	276	-
Placement in short term deposit	(1,205)	(4,689)
Interest received	465	388
Net cash flows used in investing activities	(3,240)	(12,551)
Financing activities		
Finance lease repaid	-	(2)
Proceed from issuance of shares under ESOS	386	-
Repayment of term loans	(1,357)	-
Government grant received	6,771	-
Interest paid	(323)	-
Net cash flows generated from/ (used in) financing activities	5,477	(2)
Net increase in cash and cash equivalents	19,655	271
Cash and cash equivalents at 1 January	64,247	74,908
Effect of exchange rate changes on cash and cash equivalents	271	-
Cash and cash equivalents at the end of the financial period	84,173	75,179

Included in the deposits, bank and cash balances was RM 18,111,000 (31 March 2018 : RM 10,683,000) placed with money market fund held for investment purposes and does not form part of cash and cash equivalents.

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

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2019

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2019 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 2018.

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 2018 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

The initial application of the abovementioned standards and amendments do not have any material impacts to the current and prior periods financial statements upon their first adoption except as discussed below:

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group has applied modified retrospective approach and measured the right-of-use assets with no comparatives are restated. Based on the analysis of the Group's operating leases as at 31 March 2019, the Group has non-cancellable operating lease commitments exceeding 1 year of RM 570,405. The directors have assessed the effects of applying the new standard on the Group's financial statements and concluded that the application of MFRS 16 does not have a significant impact.

A3 Seasonality or cyclicity of interim operations

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

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2019 (continued)

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 31 March 2019.

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 first quarter ended 31 March 2019 except for the issuance of 115,000 new ordinary shares pursuant to exercise of options under the Executive Share Options Scheme ("ESOS") at the exercise price of RM 3.36 each.

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Interest income	465	388	465	388
Other income including investment income	743	740	743	740
Interest expense	(323)	-	(323)	-
Depreciation and amortisation	(3,485)	(2,197)	(3,485)	(2,197)
Impairment loss on trade receivables net of reversals	-	(16)	-	(16)
Written off of inventories	(60)	(115)	(60)	(115)
Net profit on disposal of property, plant and equipment	276	-	276	-
Fair value loss of derivative financial instruments	(60)	(78)	(60)	(78)
Foreign exchange (loss)/gain	(133)	188	(133)	188

A8 Dividends paid and declared

There were no dividends paid during the current period ended 31 March 2019.

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 ("M&M");
- (ii) Wholesale and distribution of pharmaceutical and healthcare products ("W&D"); and
- (iii) Corporate comprising investments in retail pharmacy business and properties and the provision of management services ("CORP").

OPERATING SEGMENTS

	M&M	W&D	CORP	Adjustments	GROUP
	RM'000	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 31/03/2019					
External Revenue	11,833	164,196	2,200	-	178,229
Inter-segment revenue	29,019	258	1,118	(30,395)	-
Total Revenue	40,852	164,454	3,318	(30,395)	178,229
Segment Results	9,178	7,347	(1,231)	(428)	14,866
Finance costs					(323)
Profit before tax					14,543
PERIOD ENDED 31/03/2018					
External Revenue	11,760	154,412	2,228	-	168,400
Inter-segment revenue	28,962	238	1,035	(30,235)	-
Total Revenue	40,722	154,650	3,263	(30,235)	168,400
Segment Results	12,611	5,480	(1,137)	(428)	16,526
Finance costs					-
Profit before tax					16,526

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2019 (continued)

A9 Segment Information (continued)

OPERATING SEGMENTS

	M&M RM'000	W&D RM'000	CORP RM'000	Adjustments RM'000	GROUP RM'000
Segment assets					
31-Mar-2019	198,427	301,177	67,229	(5,833)	561,000
31-Dec-2018	199,303	284,884	62,020	(6,242)	539,965
Segment liabilities					
31-Mar-2019	(56,843)	(92,246)	(6,607)	(6,589)	(162,285)
31-Dec-2018	(62,236)	(80,021)	(5,288)	(5,959)	(153,504)

A10 Significant Events After the Reporting Date

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

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 period ended 31 March 2019.

A12 Property, plant and equipment

During the current quarter ended 31 March 2019, prepaid capital expenditure paid by the Group was RM 1.9 million (31 March 2018: RM 8.2 million).

Assets with carrying amount of RM Nil were disposed of by the Group during the current quarter ended 31 March 2019, resulting in a net gain on disposal of RM 276,000 recognised and included in other income in the statement of comprehensive income. There was no disposal of assets and/or assets written off during the corresponding quarter ended 31 March 2018.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 March 2019 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	9,798
Authorised capital expenditure approved but not contracted for	14,881
	24,679

A14 Related Party Transactions

The Group does not have any significant transactions with related parties during the period ended 31 March 2019 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2018.

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.

Financial liabilities:	31/03/2019 RM'000	31/12/2018 RM'000
	(Level 2)	
Derivatives - Forward currency contracts	1	61

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 the financial year ended 2018.

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.

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

B1 Detailed Performance Analysis of Operating Segments of the Group

	Individual Period		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/03/2019	31/03/2018		31/03/2019	31/03/2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	178,229	168,400	5.8%	178,229	168,400	5.8%
Operating Profit	14,066	14,891	-5.5%	14,066	14,891	-5.5%
Profit Before Interest and Tax	14,866	16,526	-10.0%	14,866	16,526	-10.0%
Profit Before Tax	14,543	16,526	-12.0%	14,543	16,526	-12.0%
Profit After Tax	11,414	13,221	-13.7%	11,414	13,221	-13.7%
Profit Attributable to Ordinary Equity Holders of the Parent	11,399	13,181	-13.5%	11,399	13,181	-13.5%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the first quarter of 2019, the Group achieved revenue of RM 178 million, a growth of 5.8% when compared to RM 168 million recorded in the first quarter of 2018. Revenue growth was helped by strong contributions from private sector sale of Group branded pharmaceutical products in Malaysia, contract manufacturing services and distribution of pharmaceutical and consumer healthcare agencies. Operating expenses were in line with expectations. Profit before tax for the first quarter was RM 14.5 million, 12% lower than the RM 16.5 million achieved in the corresponding period in 2018, attributed mainly to increased operating costs arising from the startup of SPP NOVO, finance costs and a lower contribution from associate company Straits Apex Sdn Bhd.

Startup activities at SPP NOVO are progressing on schedule and regulatory approval was received on 16th May. Share of earnings from Straits Apex Sdn Bhd declined 50% to RM 0.8 million from the same period in the previous year due to lower sales. However, secured orders in hand for fulfilment in the next 2 quarters stand at good levels.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	31/03/2019	31/12/2018	RM'000	(%)
Revenue	178,229	163,061	15,168	9.3%
Operating Profit	14,066	14,467	(401)	-2.8%
Profit Before Interest and Tax	14,866	16,831	(1,965)	-11.7%
Profit Before Tax	14,543	16,739	(2,196)	-13.1%
Profit After Tax	11,414	16,803	(5,389)	-32.1%
Profit Attributable to Ordinary Equity Holders of the Parent	11,399	16,804	(5,405)	-32.2%

Profit before tax for the current quarter was RM 14.5 million, 13.1% lower than the RM 16.7 million reported for the fourth quarter of 2018. There was primarily due to increased operating costs from the startup of the Group's new Oral Solid Dosage plant, SPP NOVO, as well as a lower profit contribution from associate company.

B3 Commentary

a Prospects

The prospects for manufacturing, marketing and distribution of pharmaceuticals and consumer healthcare products remain unchanged from the outlook previously furnished with the Group's last quarterly report for 2018.

With uncertain global economic prospects, foreign exchange volatility and higher operating expenses from the start-up of our new Oral Solid Dosage plant, 2019 promises to be challenging. Further unforeseen circumstances aside, the Board expects the Group's fundamentals to support a satisfactory performance in 2019.

b Progress to achieve forecast revenue or profit estimate

Not applicable.

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

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	
	31/03/2019 RM'000	31/03/2018 RM'000	31/03/2019 RM'000	31/03/2018 RM'000
In respect of current period:				
Income tax	2,742	3,828	2,742	3,828
Deferred tax	5	(919)	5	(919)
Foreign tax	382	396	382	396
	3,129	3,305	3,129	3,305

The effective tax rate for the current quarter and previous year corresponding quarter was lower due to the net-of-tax profit contributed by the Group's associated company.

B7 Status of Corporate Proposals

On 28 February 2019, the Company announced the proposed bonus issue of up to 358,929,279 new ordinary shares in the Company on the basis of 3 bonus shares for every 1 existing share held on an entitlement date to be determined later ("Proposed Bonus Issue").

All requisite in principle approvals had been obtained from Bursa Malaysia Securities Berhad. The bonus issue is subject to the approval of the shareholders at the forthcoming general meeting of the Company. Other than the above, there were no corporate proposals announced but not completed as at 16 May 2019.

B8 Group Borrowings and Debt Securities

	As at 31/03/2019					
	Long Term		Short Term		Total Borrowings	
	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
Secured bank loans	-	22,679	-	5,857	-	28,536

	As at 31/12/2018					
	Long Term		Short Term		Total Borrowings	
	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
Secured bank loans	-	24,036	-	5,853	-	29,889
Finance lease	-	-	1	-	1	-

^ The finance lease was denominated in SGD at exchange rate of SGD 1: RM 3.00 (31 December 2018: SGD 1: RM 3.00), equivalent to Nil (31 December 2018: RM 4,000). There was no hedging for this SGD denominated finance lease, it was a hire purchase used for the operations of a subsidiary in Singapore.

The bank borrowings was to part finance the construction of the new oral solid dosage plant, SPP NOVO by Xepa-Soul Pattinson (Malaysia) Sdn Bhd, a wholly-owned subsidiary of the Company. The loans were denominated in Ringgit Malaysia and secured by a Corporate Guarantee provided by the Company. The weighted average interest rates were tagged to a percentage margin above one-month Effective Cost of Funds. There were no material changes of the borrowings amount as at the current quarter as compared to the year ended 31 December 2018.

B9 Material Litigation

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

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

B10 Dividend Payable

The Board of Directors does not recommend the payment of any interim dividend for the period ended 31 March 2019 (31 March 2018: Nil).

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		
		31/03/2019	31/03/2018	31/03/2019	31/03/2018	
<u>Basic Earnings per share</u>						
	Profit after tax	RM'000	11,399	13,181	11,399	13,181
	Weighted average number of ordinary shares in issue	'000	117,395	117,146	117,395	117,146
	Basic earnings per share	sen	9.71	11.25	9.71	11.25
<u>Diluted Earnings per share</u>						
	Profit after tax	RM'000	11,399	13,181	11,399	13,181
	Weighted average number of ordinary shares in issue	'000	117,395	117,146	117,395	117,146
	Effect of dilution-Share options	'000	712	210	712	210
	Adjusted weighted average number of ordinary shares in issue	'000	118,107	117,356	118,107	117,356
	Diluted earnings per share	sen	9.65	11.23	9.65	11.23

B12 Derivative Financial Instruments

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered into in currencies other than their functional currencies by the subsidiary companies. These companies enter into short-term forward foreign exchange contracts to manage their exposure to fluctuations in foreign currency exchange rates on specific transactions arising from trade receivables, payables and capital expenditure.

Type of Derivatives	Contract/ Notional Value	Fair Value
	31/03/2019 RM'000	31/03/2019 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	6,051	(12)
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(2,769)	13
	3,282	1

No derivative was entered into by the Company which has not been disclosed in the preceding financial year or any quarters in the current financial year. Since the end of the previous financial year or any quarters in the current financial year, there is a no change in any of the information disclosed in respect of the following:

- The credit risk, market risk and liquidity risks associated with the derivatives;
- The policies in place for mitigating or controlling the risks associated with these derivatives;
- The related accounting policies.

The net cash requirements relating to these contracts was RM 3,282,000.

B13 Fair Value Changes of Financial Liabilities

As at 31 March 2019, the Group does not have any significant financial liabilities measured at fair value through profit or loss other than the disclosure in note A15.

B14 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2018 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 23 May 2019.