

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022

| | Note | 3 MONTHS ENDED | | PERIOD ENDED | |
|---|------|----------------|----------------|----------------|----------------|
| | | 31/03/2022 | 31/03/2021 | 31/03/2022 | 31/03/2021 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 215,922 | 179,486 | 215,922 | 179,486 |
| Cost of sales | | (169,942) | (141,719) | (169,942) | (141,719) |
| Gross profit | | 45,980 | 37,767 | 45,980 | 37,767 |
| Other income | | 1,983 | 2,076 | 1,983 | 2,076 |
| Selling & marketing expenses | | (21,454) | (17,965) | (21,454) | (17,965) |
| Administrative expenses | | (7,132) | (6,221) | (7,132) | (6,221) |
| Other expenses | | (225) | (335) | (225) | (335) |
| Finance costs | | (192) | (225) | (192) | (225) |
| Share of results of an associate | | 858 | 339 | 858 | 339 |
| Profit before tax | A7 | 19,818 | 15,436 | 19,818 | 15,436 |
| Income tax expense | B6 | (4,048) | (3,560) | (4,048) | (3,560) |
| Net profit for the period | | 15,770 | 11,876 | 15,770 | 11,876 |
| Other comprehensive income: | | | | | |
| Exchange differences on translation of foreign operations, net of tax | | (2) | (2) | (2) | (2) |
| Total comprehensive income for the period | | 15,768 | 11,874 | 15,768 | 11,874 |
| Net profit attributable to: | | | | | |
| Owners of the parent | | 15,770 | 11,879 | 15,770 | 11,879 |
| Non-controlling interest | | - | (3) | - | (3) |
| Net profit for the period | | 15,770 | 11,876 | 15,770 | 11,876 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 15,768 | 11,877 | 15,768 | 11,877 |
| Non-controlling interest | | - | (3) | - | (3) |
| Total comprehensive income for the period | | 15,768 | 11,874 | 15,768 | 11,874 |
| Earnings per share attributable to owners of the parent: | | | | | |
| - Basic | B11 | 3.33 | 2.51 | 3.33 | 2.51 |
| - Diluted | B11 | 3.33 | 2.50 | 3.33 | 2.50 |

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 FIRST QUARTER ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

| | Note | As at 31/03/2022 RM'000 | As at 31/12/2021 RM'000 (Audited) |
|--|-----------|-------------------------------|--|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | A12 | 179,438 | 167,100 |
| Investment properties | | 11,585 | 11,602 |
| Intangible assets | | 2,589 | 2,561 |
| Right-of-use assets | | 5,491 | 5,700 |
| Investment in an associate | | 41,597 | 40,739 |
| Deferred tax assets | | 1,440 | 1,005 |
| | | <u>242,140</u> | <u>228,707</u> |
| Current Assets | | | |
| Inventories | | 98,990 | 95,397 |
| Receivables | | 162,881 | 158,817 |
| Prepayments | | 1,479 | 2,159 |
| Tax recoverable | | 846 | 977 |
| Derivative financial instruments | A15 & B12 | 18 | 28 |
| Deposits, bank and cash balances | | 184,329 | 194,059 |
| | | <u>448,543</u> | <u>451,437</u> |
| TOTAL ASSETS | | <u>690,683</u> | <u>680,144</u> |
| EQUITY AND LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | | 138,494 | 143,265 |
| Borrowings | B8 | 5,857 | 5,857 |
| Lease liabilities | | 719 | 792 |
| Current tax payable | | 2,356 | 1,985 |
| | | <u>147,426</u> | <u>151,899</u> |
| Non-Current Liabilities | | | |
| Borrowings | B8 | 8,036 | 9,500 |
| Lease liabilities | | 5,149 | 5,273 |
| Deferred tax liabilities | | 7,217 | 6,615 |
| | | <u>20,402</u> | <u>21,388</u> |
| TOTAL LIABILITIES | | <u>167,828</u> | <u>173,287</u> |
| NET ASSETS | | <u>522,855</u> | <u>506,857</u> |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | 127,246 | 127,191 |
| Reserves | | 14,740 | 14,567 |
| Retained earnings | | 380,788 | 365,018 |
| | | <u>522,774</u> | <u>506,776</u> |
| Non-controlling interest | | 81 | 81 |
| TOTAL EQUITY | | <u>522,855</u> | <u>506,857</u> |
| | | RM | RM |
| Net Assets per share attributable to owners of the parent | | <u>1.10</u> | <u>1.07</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 FIRST QUARTER ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

| Note | ← Non-Distributable → | | Share option reserve | Distributable | Equity attributable to owners of the parent, total | Non-controlling Interest | Total Equity |
|---|-----------------------|--------------------------------------|----------------------|-------------------|--|--------------------------|----------------|
| | Share Capital | Foreign currency translation reserve | | Retained Earnings | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| PERIOD ENDED 31 MARCH 2022 | | | | | | | |
| Balance at 1 January 2022 | 127,191 | 13,023 | 1,544 | 365,018 | 506,776 | 81 | 506,857 |
| Total comprehensive income | - | (2) | - | 15,770 | 15,768 | - | 15,768 |
| Share options granted | - | - | 185 | - | 185 | - | 185 |
| Transfer to share capital for share options exercised | 10 | - | (10) | - | - | - | - |
| Transaction with owners | | | | | | | |
| Dividends on ordinary shares | A8 | - | - | - | - | - | - |
| Issuance of ordinary share pursuant to ESOS | | 45 | - | - | 45 | - | 45 |
| Total transaction with owners | | 45 | - | - | 45 | - | 45 |
| Balance as at 31 March 2022 | 127,246 | 13,021 | 1,719 | 380,788 | 522,774 | 81 | 522,855 |
| PERIOD ENDED 31 MARCH 2021 | | | | | | | |
| Balance at 1 January 2021 | 125,255 | 10,536 | 1,232 | 330,807 | 467,830 | 135 | 467,965 |
| Total comprehensive income | - | (2) | - | 11,879 | 11,877 | (3) | 11,874 |
| Share options granted | - | - | 163 | - | 163 | - | 163 |
| Transfer to share capital for share options exercised | 57 | - | (57) | - | - | - | - |
| Transaction with owners | | | | | | | |
| Dividends on ordinary shares | A8 | - | - | - | - | - | - |
| Issuance of ordinary share pursuant to ESOS | | 259 | - | - | 259 | - | 259 |
| Total transaction with owners | | 259 | - | - | 259 | - | 259 |
| Balance as at 31 March 2021 | 125,571 | 10,534 | 1,338 | 342,686 | 480,129 | 132 | 480,261 |

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 FIRST QUARTER ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2022

| | PERIOD ENDED | |
|---|-----------------|----------------|
| | 31/03/2022 | 31/03/2021 |
| | RM'000 | RM'000 |
| Operating activities | | |
| Profit before tax | 19,818 | 15,436 |
| Adjustments for: | | |
| Depreciation and amortisation | 3,670 | 3,867 |
| Net profit on disposal of property, plant and equipment | (513) | - |
| Share of results of an associate | (858) | (339) |
| Fair value changes of derivative financial instruments | 10 | (31) |
| Share options granted | 185 | 163 |
| Depreciation of right-of-use assets | 210 | 207 |
| Lease interest expense | 76 | 86 |
| Inventories written off/ (written back) | 13 | (8) |
| Impairment on receivables net of reversals | (239) | - |
| Interest expense | 116 | 139 |
| Interest income | (392) | (422) |
| Operating cash flows before changes in working capital | 22,096 | 19,098 |
| Inventories | (3,607) | (2,437) |
| Receivables | (3,144) | (8,769) |
| Payables | (4,770) | (414) |
| Cash generated from operations | 10,575 | 7,478 |
| Tax paid | (3,380) | (2,694) |
| Net cash flows generated from operating activities | 7,195 | 4,784 |
| Investing activities | | |
| Purchase of property, plant and equipment & intangible assets | (16,107) | (1,380) |
| Proceeds from disposal of property, plant and equipment | 599 | - |
| Placement in short term deposit | (14,168) | (2,659) |
| Dividend from associated company | - | 140 |
| Interest received | 392 | 422 |
| Net cash flows used in investing activities | (29,284) | (3,477) |
| Financing activities | | |
| Proceed from issuance of shares under ESOS | 45 | 259 |
| Repayment of term loans | (1,464) | (1,465) |
| Interest paid | (116) | (139) |
| Payment of lease liabilities | (273) | (270) |
| Net cash flows used in financing activities | (1,808) | (1,615) |
| Net decrease in cash and cash equivalents | (23,897) | (308) |
| Cash and cash equivalents at 1 January | 103,860 | 86,632 |
| Cash and cash equivalents at the end of the financial period | 79,963 | 86,324 |

Included in the deposits, bank and cash balances was RM 104,366,000 (31 March 2021: RM 88,955,000) placed with money market fund held for investment purposes and deposits with licensed banks with tenure more than 3 months. Both of these 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.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2022

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2022 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 2021.

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 2021 except for the adoption of the following standards, wherever applicable to the Group and Company:

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| Annual Improvement to MFRS Standards 2018 - 2020 Cycle | 1 January 2022 |
| Amendments to MFRS 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116: Property, Plant and Equipment: Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137: Onerous Contracts - Costs of Fulfilling a Contract | 1 January 2022 |
| MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information | 1 January 2023 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

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.

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 31 March 2022.

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 2022 except for the issuance of 32,000 new ordinary shares pursuant to exercise of options under the Executive Share Options Scheme ("ESOS").

A7 Profit before tax

Included in profit before tax are the following items:

| | 3 MONTHS ENDED | | PERIOD ENDED | |
|---|----------------|------------|--------------|------------|
| | 31/03/2022 | 31/03/2021 | 31/03/2022 | 31/03/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 392 | 422 | 392 | 422 |
| Other income including investment income | 981 | 1,281 | 981 | 1,281 |
| Interest expense | (116) | (139) | (116) | (139) |
| Depreciation and amortisation | (3,670) | (3,867) | (3,670) | (3,867) |
| Depreciation of right-of-use assets | (210) | (207) | (210) | (207) |
| Impairment on receivables net of reversals | 239 | - | 239 | - |
| Inventories (written off)/ written back | (13) | 8 | (13) | 8 |
| Net profit on disposal of property, plant and equipment | 513 | - | 513 | - |
| Fair value changes of derivative financial instruments | (10) | 31 | (10) | 31 |
| Foreign exchange gain | 85 | 152 | 85 | 152 |

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2022 (continued)

A8 Dividends paid and declared

There were no dividends paid during the current period ended 31 March 2022.

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 of pharmaceutical products ("Manufacturing");
- (ii) Distribution of pharmaceutical and healthcare products ("Distribution"); and
- (iii) Corporate comprising investments, properties and others ("Corporate").

OPERATING SEGMENTS

| | Manufacturing RM'000 | Distribution RM'000 | Corporate RM'000 | Adjustments RM'000 | GROUP RM'000 |
|--------------------------------|-------------------------|------------------------|---------------------|-----------------------|------------------|
| PERIOD ENDED 31/03/2022 | | | | | |
| External Revenue | 18,433 | 197,479 | 10 | - | 215,922 |
| Inter-segment revenue | 32,410 | 11 | 1,309 | (33,730) | - |
| Total Revenue | <u>50,843</u> | <u>197,490</u> | <u>1,319</u> | <u>(33,730)</u> | <u>215,922</u> |
| Segment Results | 12,963 | 9,218 | (1,464) | (707) | 20,010 |
| Finance costs | | | | | (192) |
| Profit before tax | | | | | <u>19,818</u> |
| PERIOD ENDED 31/03/2021 | | | | | |
| External Revenue | 15,087 | 164,264 | 135 | - | 179,486 |
| Inter-segment revenue | 25,908 | 77 | 1,301 | (27,286) | - |
| Total Revenue | <u>40,995</u> | <u>164,341</u> | <u>1,436</u> | <u>(27,286)</u> | <u>179,486</u> |
| Segment Results | 9,058 | 7,456 | (542) | (311) | 15,661 |
| Finance costs | | | | | (225) |
| Profit before tax | | | | | <u>15,436</u> |
| Segment assets | | | | | |
| 31-Mar-2022 | 219,838 | 326,145 | 149,766 | (5,066) | 690,683 |
| 31-Dec-2021 | <u>213,505</u> | <u>325,808</u> | <u>146,190</u> | <u>(5,359)</u> | <u>680,144</u> |
| Segment liabilities | | | | | |
| 31-Mar-2022 | (42,786) | (111,543) | (3,926) | (9,573) | (167,828) |
| 31-Dec-2021 | <u>(46,000)</u> | <u>(114,709)</u> | <u>(3,977)</u> | <u>(8,601)</u> | <u>(173,287)</u> |

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 2022.

A12 Property, plant and equipment

During the current quarter ended 31 March 2022, prepaid capital expenditure paid by the Group was RM 16.0 million (31 March 2021: RM 0.8 million).

Asset with carrying amount of RM 86,000 was disposed by the Group during the current quarter ended 31 March 2022 and resulting in a net disposal gain of RM 513,000. There was no disposal of asset in the corresponding quarter ended 31 March 2021.

There was no asset written off in the current quarter and the corresponding quarter in the previous year.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 March 2022 are as follows:

| | RM'000 |
|--|---------------|
| Authorised capital expenditure approved and contracted for | 10,345 |
| Authorised capital expenditure approved but not contracted for | 8,201 |
| | <u>18,546</u> |

A14 Related Party Transactions

The Group did not have any significant transactions with related parties during the period ended 31 March 2022 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2021.



APEX HEALTHCARE BERHAD [199801016979 (473108-T)]
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2022 (continued)

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 asstes: | 31/03/2022 | 31/12/2021 |
|--|------------|------------|
| | RM'000 | RM'000 |
| | (Level 2) | |
| Derivatives - Forward currency contracts | 18 | 28 |

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 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 2021.

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 FIRST QUARTER ENDED 31 MARCH 2022
(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

| | Individual Period | | | Changes | Cumulative Period | | |
|----------------------------------|-------------------|----------------|---------|---------|-------------------|----------------|---------|
| | Current Year | Preceding Year | Changes | | Current Year | Preceding Year | Changes |
| | Quarter | Corresponding | | | To-date | Year To-date | |
| | 31/03/2022 | 31/03/2021 | | | 31/03/2022 | 31/03/2021 | |
| | RM'000 | RM'000 | (%) | RM'000 | RM'000 | (%) | |
| Revenue | 215,922 | 179,486 | 20.3% | 215,922 | 179,486 | 20.3% | |
| Operating Profit | 19,152 | 15,322 | 25.0% | 19,152 | 15,322 | 25.0% | |
| Share of results of an associate | 858 | 339 | 153.1% | 858 | 339 | 153.1% | |
| Finance Cost | (192) | (225) | -14.7% | (192) | (225) | -14.7% | |
| Profit Before Tax | 19,818 | 15,436 | 28.4% | 19,818 | 15,436 | 28.4% | |
| Profit After Tax | 15,770 | 11,876 | 32.8% | 15,770 | 11,876 | 32.8% | |

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the first quarter of 2022, the Group achieved record quarterly revenue of RM 215.9 million, a growth of 20.3% when compared to the first quarter of 2021. This is also 9.2% better than the revenue of RM 197.6 million secured in the last quarter of 2021, as the recovery momentum from 2021 continued into the current year for all operating subsidiaries. With the Omicron variant manifesting itself largely as a community respiratory illness, private sector demand for cough and cold products were notably strong in all major markets.

In the current quarter, the manufacturing group exported contract manufactured Eye-Mo eye drops to Mexico for the first time, marking its entry into Latin America. A third contract manufactured drug for the Australian market, used for the treatment of dementia related to Alzheimer's disease, was also delivered in the first quarter. The purchase of 18.75 acres of freehold industrial land at HICOM-Pegoh Industrial Park was completed in the quarter. The distribution group commenced sales and distribution of products from Galderma S.A., a Swiss pharmaceutical company specializing in dermatology, to GP clinics in the Singapore private sector. Operating profit reached RM 19.2 million, 25.0% higher than the first quarter in the previous year.

Share of results from associated company Straits Apex Group Sdn Bhd ('SAG') is RM 0.86 million, an increase of 153.1% compared to the same period last year on higher revenue. In January and February, production output was again dampened by workforce Covid-19 infections and exacerbated by persistent supply chain disruptions for certain components and services. Production output has since improved.

Group profit before tax at RM 19.8 million for the current quarter is 28.4% better than the RM 15.4 million achieved for the same quarter in the previous year. Profit after tax rose 32.8% to reach RM 15.8 million. The improved performance is attributed to higher sales revenue achieved by the operating subsidiaries as well as a better contribution from SAG.

B2 Material changes in the profit before tax for the quarter

| | Current Quarter | Immediate Preceding Quarter | Changes | |
|----------------------------------|-----------------|-----------------------------|---------|--------|
| | 31/03/2022 | 31/12/2021 | RM'000 | (%) |
| | RM'000 | RM'000 | RM'000 | (%) |
| Revenue | 215,922 | 197,655 | 18,267 | 9.2% |
| Operating Profit | 19,152 | 19,907 | (755) | -3.8% |
| Share of results of an associate | 858 | 5,616 | (4,758) | -84.7% |
| Finance Cost | (192) | (219) | 27 | -12.3% |
| Profit Before Tax | 19,818 | 25,304 | (5,486) | -21.7% |
| Profit After Tax | 15,770 | 20,733 | (4,963) | -23.9% |

Profit before tax for the current quarter is RM 19.8 million, a decrease of 21.7% when compared to RM 25.3 million achieved in the immediate preceding quarter. This is due to a lower contribution from the associate company, Straits Apex Group Sdn Bhd, in the current quarter.

B3 Commentary
a Prospects

The start of 2022 saw the continuation of the recovery momentum that took root in the second half of 2021. Rising consumer confidence and economic activities were not dampened by a new wave of infections caused by the Omicron variant as most cases presented with mild symptoms. However, the Omicron wave caused a concomitant rise in the number of workforce infections, leading again to production disruptions, particularly affecting the manufacturing operations of the Group. With infection numbers subsiding from mid-March, manufacturing order backlogs are expected to be steadily fulfilled in the coming quarters.

However, the prospects of sustaining this recovery are now dampened by the repercussions of a protracted war between Ukraine and Russia. This is expected to worsen supply disruptions, and add further inflationary pressures to already elevated freight, energy and raw material prices. The risks of slowing global economic growth have risen considerably and the business environment is likely to present greater challenges than in 2021.

The Group will continue to step up efforts to mitigate these risks, stay focused on its proven fundamentals and be positioned to seize new growth opportunities when presented. Further unforeseen market changes and developments aside, the Group aims to deliver a satisfactory performance in 2022 amidst the circumstances and remains confident that its longer-term growth prospects remain positive.

b Progress to achieve forecast revenue or profit estimate

Not applicable.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

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

In respect of current period:

Income tax
Deferred tax
Foreign tax

| | 3 MONTHS ENDED | | PERIOD ENDED | |
|--------------|----------------|--------------|--------------|--------------|
| | 31/03/2022 | 31/03/2021 | 31/03/2022 | 31/03/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax | 3,410 | 2,797 | 3,410 | 2,797 |
| Deferred tax | 167 | 10 | 167 | 10 |
| Foreign tax | 471 | 753 | 471 | 753 |
| | <u>4,048</u> | <u>3,560</u> | <u>4,048</u> | <u>3,560</u> |

The effective tax rate for the current quarter and previous year corresponding quarter were lower than the statutory rate of 24% due to the net-of-tax profit contributed by the Group's associated company.

B7 Status of Corporate Proposals
There were no corporate proposals announced but not completed as at 11 May 2022.

B8 Group Borrowings and Debt Securities

| | As at 31/03/2022 | | |
|--------------------|------------------|------------|------------------|
| | Long Term | Short Term | Total Borrowings |
| | RM'000 | RM'000 | RM'000 |
| Secured | | | |
| Secured bank loans | 8,036 | 5,857 | 13,893 |

| | As at 31/12/2021 | | |
|--------------------|------------------|------------|------------------|
| | Long Term | Short Term | Total Borrowings |
| | RM'000 | RM'000 | RM'000 |
| Secured | | | |
| Secured bank loans | 9,500 | 5,857 | 15,357 |

The bank borrowings is 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 are denominated in Ringgit Malaysia and secured by a Corporate Guarantee provided by the Company. The weighted average interest rates are tagged to a percentage margin above one-month Effective Cost of Funds. On 5 December 2021, the loans were extended based on the same terms and conditions for another 3 years. Other than the above, there were no material changes in the amount of borrowings at the end of the current quarter compared to the end of the previous financial year ended 31 December 2021.

B9 Material Litigation
There was no pending material litigation at the date of this report.

B10 Dividend Payable
The Board of Directors does not recommend the payment of any interim dividend for the period ended 31 March 2022 (31 March 2021: 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 | |
|--|--------|----------------|-------------|--------------|-------------|
| | | 31/03/2022 | 31/03/2021 | 31/03/2022 | 31/03/2021 |
| Basic Earnings per share | | | | | |
| Profit after tax | RM'000 | 15,770 | 11,879 | 15,770 | 11,879 |
| Weighted average number of ordinary shares in issue | '000 | 473,646 | 473,236 | 473,646 | 473,236 |
| Basic earnings per share | sen | <u>3.33</u> | <u>2.51</u> | <u>3.33</u> | <u>2.51</u> |
| Diluted Earnings per share | | | | | |
| Profit after tax | RM'000 | 15,770 | 11,879 | 15,770 | 11,879 |
| Weighted average number of ordinary shares in issue | '000 | 473,646 | 473,236 | 473,646 | 473,236 |
| Effect of dilution-Share options | '000 | 621 | 1,268 | 621 | 1,268 |
| Adjusted weighted average number of ordinary shares in issue | '000 | 474,267 | 474,504 | 474,267 | 474,504 |
| Diluted earnings per share | sen | <u>3.33</u> | <u>2.50</u> | <u>3.33</u> | <u>2.50</u> |

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

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 and payables.

| Type of Derivatives | Contract/ Notional Value | Fair Value |
|---|-----------------------------|----------------------|
| | 31/03/2022 RM'000 | 31/03/2022 RM'000 |
| i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year | 6,706 | 6,724 |
| ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year | (1,730) | (1,730) |
| | 4,976 | 4,994 |

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 was 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 4,976,000.

B13 Fair Value Changes of Financial Liabilities

As at 31 March 2022, the Group did 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 2021 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 18 May 2022.