

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023
(THE FIGURES HAVE NOT BEEN AUDITED)**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023

	Note	3 MONTHS ENDED		PERIOD ENDED	
		31/03/2023	31/03/2022	31/03/2023	31/03/2022
		RM'000	RM'000	RM'000	RM'000
Revenue		245,798	215,922	245,798	215,922
Cost of sales		(190,230)	(169,942)	(190,230)	(169,942)
Gross profit		55,568	45,980	55,568	45,980
Other income		2,254	1,983	2,254	1,983
Selling & marketing expenses		(26,401)	(21,454)	(26,401)	(21,454)
Administrative expenses		(5,936)	(7,132)	(5,936)	(7,132)
Other expenses		(267)	(225)	(267)	(225)
Finance costs		(160)	(192)	(160)	(192)
Share of results of associated companies		4,614	858	4,614	858
Profit before tax	A7	29,672	19,818	29,672	19,818
Income tax expense	B6	(5,390)	(4,048)	(5,390)	(4,048)
Net profit for the period		24,282	15,770	24,282	15,770
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of		(3)	(2)	(3)	(2)
Total comprehensive income for the period		24,279	15,768	24,279	15,768
Net profit attributable to:					
Owners of the parent		24,282	15,770	24,282	15,770
Non-controlling interest		-	-	-	-
Net profit for the period		24,282	15,770	24,282	15,770
Total comprehensive income attributable to:					
Owners of the parent		24,279	15,768	24,279	15,768
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		24,279	15,768	24,279	15,768
Earnings per share attributable to owners of the parent:		Sen	Sen	Sen	Sen
- Basic	B11	5.12	3.33	5.12	3.33
- Diluted	B11	5.11	3.33	5.11	3.33

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 31/03/2023 RM'000	As at 31/12/2022 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	188,823	189,333
Investment properties		8,670	8,675
Intangible assets		3,958	3,955
Right-of-use assets		5,850	6,071
Investments in associated companies		78,882	70,308
Other Investment		334	334
Deferred tax assets		2,085	1,806
		<u>288,602</u>	<u>280,482</u>
Current Assets			
Inventories		114,680	110,529
Receivables		206,081	178,161
Prepayments		812	1,294
Tax recoverable		204	238
Derivative financial instruments	A15 & B12	114	82
Deposits, bank and cash balances		170,158	174,471
		<u>492,049</u>	<u>464,775</u>
TOTAL ASSETS		<u>780,651</u>	<u>745,257</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		169,873	160,429
Borrowings	B8	5,857	5,857
Lease liabilities		684	745
Current tax payable		6,176	3,567
		<u>182,590</u>	<u>170,598</u>
Non-Current Liabilities			
Borrowings	B8	2,178	3,643
Lease liabilities		5,605	5,754
Deferred tax liabilities		7,253	6,834
		<u>15,036</u>	<u>16,231</u>
TOTAL LIABILITIES		<u>197,626</u>	<u>186,829</u>
NET ASSETS		<u>583,025</u>	<u>558,428</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		130,064	129,834
Reserves		19,919	19,842
Retained earnings		433,042	408,752
		<u>583,025</u>	<u>558,428</u>
Non-controlling interest		-	-
TOTAL EQUITY		<u>583,025</u>	<u>558,428</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>1.23</u>	<u>1.18</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 2023

Note	← Non-Distributable →		Distributable		Equity attributable to owners of the parent, total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Retained Earnings RM'000			
PERIOD ENDED 31 MARCH 2023							
Balance at 1 January 2023	129,834	18,205	1,637	408,752	558,428	-	558,428
Total comprehensive income	-	(3)	-	24,282	24,279	-	24,279
Share options granted	-	-	140	-	140	-	140
Share options lapsed	-	-	(8)	8	-	-	-
Transfer to share capital for share options exercised	52	-	(52)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	-	-	-	-
Issuance of ordinary share pursuant to ESOS		178	-	-	178	-	178
Total transaction with owners		178	-	-	178	-	178
Balance as at 31 March 2023	130,064	18,202	1,717	433,042	583,025	-	583,025
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

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

	PERIOD ENDED	
	31/03/2023	31/03/2022
	RM'000	RM'000
Operating activities		
Profit before tax	29,672	19,818
Adjustments for:		
Depreciation and amortisation	4,188	3,670
Net profit on disposal of property, plant and equipment	(78)	(513)
Share of results of associated companies	(4,614)	(858)
Fair value changes of derivative financial instruments	(32)	10
Share options granted	140	185
Depreciation of right-of-use assets	221	210
Lease interest expense	77	76
Inventories written off/ written down net of reversals	16	13
Impairment on receivables net of reversals	1,000	(239)
Interest expense	82	116
Interest income	(505)	(392)
Operating cash flows before changes in working capital	30,167	22,096
Inventories	(4,166)	(3,607)
Receivables	(28,438)	(3,144)
Payables	9,443	(4,770)
Cash generated from operations	7,006	10,575
Tax paid	(2,607)	(3,380)
Net cash flows generated from operating activities	4,399	7,195
Investing activities		
Investment in an associated company	(3,960)	-
Purchase of property, plant and equipment & intangible assets	(3,745)	(16,107)
Proceeds from disposal of property, plant and equipment	144	599
Placement in short term deposit	(53)	(14,168)
Interest received	505	392
Net cash flows used in investing activities	(7,109)	(29,284)
Financing activities		
Proceed from issuance of shares under ESOS	178	45
Repayment of term loans	(1,464)	(1,464)
Interest paid	(82)	(116)
Payment of lease liabilities	(288)	(273)
Net cash flows used in financing activities	(1,656)	(1,808)
Net decrease in cash and cash equivalents	(4,366)	(23,897)
Cash and cash equivalents at 1 January	164,512	103,860
Cash and cash equivalents at the end of the financial period	160,146	79,963

Included in the deposits, bank and cash balances was RM 10,012,000 (31 March 2022: RM 104,366,000) 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 2023
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2023

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2023 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 2022.

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 2022 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 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 16: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current liabilities with Covenants	1 January 2024
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 cyclical 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 2023.

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 2023 except for the issuance of 92,000 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	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Interest income	505	392	505	392
Other income including investment income	1,495	981	1,495	981
Interest expense	(82)	(116)	(82)	(116)
Depreciation and amortisation	(4,188)	(3,670)	(4,188)	(3,670)
Depreciation of right-of-use assets	(221)	(210)	(221)	(210)
Impairment on receivables net of reversals	(1,000)	239	(1,000)	239
Inventories written off/ written down net of reversals	(16)	(13)	(16)	(13)
Net profit on disposal of property, plant and equipment	78	513	78	513
Fair value changes of derivative financial instruments	32	(10)	32	(10)
Foreign exchange gain	69	85	69	85

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2023 (continued)

A8 Dividends paid and declared

There were no dividends paid during the current period ended 31 March 2023.

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 31/03/2023					
External Revenue	25,000	220,788	10	-	245,798
Inter-segment revenue	42,779	17	1,431	(44,227)	-
Total Revenue	<u>67,779</u>	<u>220,805</u>	<u>1,441</u>	<u>(44,227)</u>	245,798
Segment Results	18,802	9,970	1,866	(806)	29,832
Finance costs					(160)
Profit before tax					<u>29,672</u>
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>	215,922
Segment Results	12,963	9,218	(1,464)	(707)	20,010
Finance costs					(192)
Profit before tax					<u>19,818</u>
Segment assets					
31-Mar-2023	254,146	366,372	167,323	(7,190)	780,651
31-Dec-2022	<u>241,313</u>	<u>351,052</u>	<u>160,039</u>	<u>(7,147)</u>	745,257
Segment liabilities					
31-Mar-2023	(46,692)	(132,263)	(5,242)	(13,429)	(197,626)
31-Dec-2022	<u>(49,159)</u>	<u>(121,409)</u>	<u>(5,860)</u>	<u>(10,401)</u>	(186,829)

A10 Significant Events After the Reporting Date

There were no significant events that had arisen subsequent to the end of this current period, except for Proposed Divestment by Straits Apex Group Sdn Bhd, a 40% owned associate company of the Company. The details of the Proposed Divestment are reported in Note B7.

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 31 March 2023. Save as disclosed in Note B7 below.

A12 Property, plant and equipment

During the current quarter ended 31 March 2023, prepaid capital expenditure paid by the Group was RM 3.6 million (31 March 2022: RM 16.0 million).

Asset with carrying amount of RM 66,000 was disposed by the Group during the current quarter ended 31 March 2023 (31 March 2022: RM 86,000) and resulting in a net disposal gain of RM 78,000 (31 March 2022: RM 513,000).

There was no material 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 2023 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	<u>9,995</u>
Authorised capital expenditure approved but not contracted for	<u>14,929</u>
	<u>24,924</u>

A14 Related Party Transactions

The Group did not have any significant transactions with related parties during the period ended 31 March 2023 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2022.

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 31 MARCH 2023 (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:	31/03/2023	31/12/2022
	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	114	82

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 2023 and 2022.

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	Preceding Year		Current Year	Preceding Year	
	Quarter	Corresponding Quarter		To-date	Year To-date	
	31/03/2023	31/03/2022		31/03/2023	31/03/2022	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	245,798	215,922	13.8%	245,798	215,922	13.8%
Operating Profit	25,218	19,152	31.7%	25,218	19,152	31.7%
Share of results of associated companies	4,614	858	437.8%	4,614	858	437.8%
Finance Cost	(160)	(192)	(16.7%)	(160)	(192)	(16.7%)
Profit Before Tax	29,672	19,818	49.7%	29,672	19,818	49.7%
Profit After Tax	24,282	15,770	54.0%	24,282	15,770	54.0%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

For Q1 2023, the Group registered record high consolidated revenue of RM 245.8 million, 13.8% higher than the RM 215.9 million achieved in Q1 2022. Market demand for pharmaceuticals, consumer healthcare products and medical devices, particularly for respiratory illnesses, remained strong in all key markets of the Group. Operating profit for Q1 2023 of RM 25.2 million represents an improvement of 31.7% over Q1 2022.

Share of earnings from Penang based associate Straits Apex Group Sdn Bhd for the quarter of RM 4.6 million, is significantly higher than the RM 0.9 million contribution in Q1 2022 when production was dampened by Covid-19 infections of its workforce for most of the quarter and further exacerbated by persistent supply chain disruptions for certain key components and services.

Group profit before tax for the first quarter rose to RM 29.7 million, 49.7% better than the RM 19.8 million achieved in the corresponding period in 2022. Group profit after tax for the quarter grew 54.0% to RM 24.3 million, up from RM 15.8 million in the same period last year.

In Q1 2023, Xepa-Soul Pattinson (Malaysia) Sdn Bhd ('XEPA') obtained a Halal Certificate of Authentication for the first batch of twelve pharmaceutical products. These XEPA manufactured products have been certified in accordance with MS 2424:2019 to be in compliance with Islamic Law and the Malaysian Halal Standard and approved by the Halal Certification Panel of Jabatan Kemajuan Islam Malaysia (JAKIM). Construction work for the two buildings at XEPA's Cheng campus to house expanded Quality Control laboratories and staff service areas is progressing as scheduled. A Singapore subsidiary, Apex Pharma Marketing Pte Ltd ('APS'), has successfully secured ISO 9001:2015 for the Wholesales and Distribution for Pharmaceutical Products and Medical Devices.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate	Changes	
	31/03/2023	Preceding Quarter	RM'000	(%)
	RM'000	31/12/2022	RM'000	(%)
Revenue	245,798	220,493	25,305	11.5%
Operating Profit	25,218	26,014	(796)	-3.1%
Share of results of associated companies	4,614	14,491	(9,877)	-68.2%
Finance Cost	(160)	(214)	54	-25.2%
Profit Before Tax	29,672	40,291	(10,619)	-26.4%
Profit After Tax	24,282	34,835	(10,553)	-30.3%

Group profit before tax for Q1 2023 is RM 29.7 million, a decrease of 26.4% when compared to RM 40.3 million achieved in Q4 2022. This is mainly due to the significant drop in contribution from associate company, Straits Apex Group Sdn Bhd ('SAG') share of earnings of RM 4.6 million in the current quarter as compared to Q4 2022's share of earnings of RM 14.5 million which was helped by the fulfilment of backlog orders and the reversal of a RM 4.16 million impairment loss recorded by the Group in 2016 with respect to its investment in the said associate.

B3 Commentary
a Prospects

Q1 2023 saw the continuation of the growth momentum from the second half of 2022, as consumer confidence improves in the post-pandemic economic recovery, rising prevalence of chronic illnesses as well as the continued presence of acute respiratory illnesses in the community which has generated significant demand for the Group's products.

However, the prospects of sustaining this strong demand for the rest of 2023 have been dampened by the expectations of slowing economic growth in our key markets amid global concerns over high inflationary pressures, financial instability and on-going geopolitical tensions.

The Group consistently invests in new initiatives to sustain and drive growth through economic cycles. The halal certification secured by XEPA is anticipated to facilitate penetration into new markets. The ISO 9001:2015 certification secured by APS signals to our customers and business partners of our strong commitment to service and product quality. To improve operating efficiencies and to consolidate manufacturing sites, associate company SAG has commenced the construction of a 237,147 square feet campus comprising four buildings on a parcel of land it acquired at Batu Kawan Industrial Park, Penang, for its impending lease to Straits Orthopaedics (Mfg) Sdn Bhd ('SO'), a wholly owned subsidiary of Straits Apex Sdn Bhd ('SA'), which in turn is a wholly owned subsidiary of SAG. The site is expected to be fully operational by Q1 2024.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023
(THE FIGURES HAVE NOT BEEN AUDITED)
B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)
B3 Commentary (Con't)
a Prospects (Con't)

On 28 April 2023, the Group announced that its 40% associate SAG had entered into agreements to divest its entire equity interest in SA to Quadria Capital, and the reinvestment by SAG in the SA Group of companies by way of equity subscription and rollover in the new holding company of SA (the 'Proposed Transactions'). The disposal consideration of USD 240 million is subject to net debt and working capital adjustments to be finalized after closing and satisfied via a combination of payment of cash and issuance of 40% equity in the new holding company of SA. On 11 May 2023, the Proposed transactions were completed.

This will result in a non-recurring gain on disposal by SAG and the Group will recognize its 40% share of this gain in Q2 2023. The completion of the Transaction will reduce the Group's effective interest in SA to 16%, which will give rise to a reduction in the Group's share of future earnings in SAG going forward. This reduction will however be mitigated by rental income to be generated from the lease of the Batu Kawan production facilities by SAG to SO, as well as the continued long-term growth of SA's business.

Barring unforeseen circumstances, the Group expects to deliver a satisfactory performance in 2023 and is confident that its longer-term growth prospects remain positive.

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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	4,640	3,410	4,640	3,410
Deferred tax	140	167	140	167
Foreign tax	610	471	610	471
	<u>5,390</u>	<u>4,048</u>	<u>5,390</u>	<u>4,048</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

On 22 February 2023, the Company announced a bonus issue of up to 240,499,686 new ordinary shares in the Company on the basis of 1 bonus share for every 2 existing shares held on an entitlement date to be determined later ("Bonus Issue"). The Company had obtained its shareholders' approval for the Bonus Issue at the 24th Annual General Meeting held on 17 May 2023. On 24 May 2023, the Company had fixed the entitlement date for the Bonus Shares as 9 June 2023.

On 21 September 2022, the Company through its wholly-owned Singapore subsidiary, First SGC Pte Ltd entered into a Subscription and Shareholder Agreement with Shanghai Pharmaceutical Import & Export Co., Ltd., a wholly-owned subsidiary of Shanghai Pharmaceuticals Holding Co. Ltd., a Fortune Global 500 company incorporated in Shanghai, China to subscribe S\$1.2million (RM 3.9 million) for 40% equity in a Singapore joint venture (JV) company to be incorporated. The JV company, namely Zynexis Healthcare Pte. Ltd. was duly incorporated on 20 December 2022. The share capital was fully paid on 10 March 2023 and updated with the Accounting and Corporate Regulatory Authority ('ACRA') in Singapore on 21 March 2023.

On 28 April 2023, Straits Apex Group Sdn Bhd ('SAG'), a 40% owned associate company of the Company entered into a sale and purchase agreement for the divestment of its entire equity interest in Straits Apex Sdn Bhd ('SA') to Quadria Capital, and the reinvestment by SAG in SA group of companies by way of equity subscription and rollover in the new holding company of SA (the 'Proposed Transactions'). The disposal consideration of USD 240 million is subject to net debt and working capital adjustments to be finalized after closing and is to be satisfied via a combination of payment of cash and issuance of 40% equity in the new holding company of SA. The Proposed Transactions were completed on 11 May 2023.

Save as disclosed above, there were no corporate proposals announced but not completed as at 17 May 2023.

B8 Group Borrowings and Debt Securities

	As at 31/03/2023		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	2,178	5,857	8,035
	As at 31/12/2022		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	3,643	5,857	9,500

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

B8 Group Borrowings and Debt Securities (Con't)

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. Other than the principal repayments, 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 2022.

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 2023 (31 March 2022: 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	
		31/03/2023	31/03/2022	31/03/2023	31/03/2022
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	24,282	15,770	24,282	15,770
Weighted average number of ordinary shares in issue	'000	474,346	473,646	474,346	473,646
Basic earnings per share	sen	5.12	3.33	5.12	3.33
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	24,282	15,770	24,282	15,770
Weighted average number of ordinary shares in issue	'000	474,346	473,646	474,346	473,646
Effect of dilution-Share options	'000	768	621	768	621
Adjusted weighted average number of ordinary shares in issue	'000	475,114	474,267	475,114	474,267
Diluted earnings per share	sen	5.11	3.33	5.11	3.33

B12 Derivative Financial Instruments

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered into 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
	31/03/2023 RM'000	31/03/2023 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	4,863	4,977
	4,863	4,977

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 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 4,863,000.

B13 Fair Value Changes of Financial Assets

As at 31 March 2023, the Group did not have any significant financial assets 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 2022 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 24 May 2023.