

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/06/2022	30/06/2021	30/06/2022	30/06/2021
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>209,248</b>	<b>182,557</b>	<b>425,170</b>	<b>362,043</b>
Cost of sales		(161,914)	(145,244)	(331,856)	(286,963)
<b>Gross profit</b>		<b>47,334</b>	<b>37,313</b>	<b>93,314</b>	<b>75,080</b>
Other income		1,162	1,666	3,145	3,742
Selling & marketing expenses		(21,104)	(16,754)	(42,558)	(34,719)
Administrative expenses		(6,316)	(6,211)	(13,448)	(12,432)
Other expenses		(272)	(352)	(497)	(687)
Finance costs		(176)	(212)	(368)	(437)
Share of results of an associate		7,223	670	8,081	1,009
Profit before tax	A7	<b>27,851</b>	<b>16,120</b>	<b>47,669</b>	<b>31,556</b>
Income tax expense	B6	(4,365)	(3,297)	(8,413)	(6,857)
<b>Net profit for the period</b>		<b>23,486</b>	<b>12,823</b>	<b>39,256</b>	<b>24,699</b>
<b>Other comprehensive income:</b>					
Exchange differences on translation of foreign operations, net of tax		(2)	(1)	(4)	(3)
<b>Total comprehensive income for the period</b>		<b>23,484</b>	<b>12,822</b>	<b>39,252</b>	<b>24,696</b>
<b>Net profit attributable to:</b>					
Owners of the parent		23,489	12,825	39,259	24,704
Non-controlling interest		(3)	(2)	(3)	(5)
<b>Net profit for the period</b>		<b>23,486</b>	<b>12,823</b>	<b>39,256</b>	<b>24,699</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		23,487	12,824	39,255	24,701
Non-controlling interest		(3)	(2)	(3)	(5)
<b>Total comprehensive income for the period</b>		<b>23,484</b>	<b>12,822</b>	<b>39,252</b>	<b>24,696</b>
<b>Earnings per share attributable to owners of the parent:</b>					
		<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
- Basic	B11	<b>4.95</b>	<b>2.71</b>	<b>8.28</b>	<b>5.22</b>
- Diluted	B11	<b>4.95</b>	<b>2.70</b>	<b>8.27</b>	<b>5.21</b>

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

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

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	As at 30/06/2022 RM'000	As at 31/12/2021 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	A12	182,196	167,100
Investment properties		12,936	11,602
Intangible assets		2,693	2,561
Right-of-use assets		5,455	5,700
Investment in an associate		48,820	40,739
Other Investment		289	-
Deferred tax assets		1,577	1,005
		<u>253,966</u>	<u>228,707</u>
<b>Current Assets</b>			
Inventories		102,108	95,397
Receivables		170,090	158,817
Prepayments		2,155	2,159
Tax recoverable		203	977
Derivative financial instruments	A15 & B12	55	28
Deposits, bank and cash balances		148,334	194,059
		<u>422,945</u>	<u>451,437</u>
<b>TOTAL ASSETS</b>		<u><b>676,911</b></u>	<u><b>680,144</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables		143,509	143,265
Borrowings	B8	5,857	5,857
Lease liabilities		656	792
Current tax payable		2,432	1,985
		<u>152,454</u>	<u>151,899</u>
<b>Non-Current Liabilities</b>			
Borrowings	B8	6,571	9,500
Lease liabilities		5,164	5,273
Deferred tax liabilities		7,797	6,615
		<u>19,532</u>	<u>21,388</u>
<b>TOTAL LIABILITIES</b>		<u><b>171,986</b></u>	<u><b>173,287</b></u>
<b>NET ASSETS</b>		<u><b>504,925</b></u>	<u><b>506,857</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		128,934	127,191
Reserves		14,555	14,567
Retained earnings		361,358	365,018
		<u>504,847</u>	<u>506,776</u>
Non-controlling interest		78	81
<b>TOTAL EQUITY</b>		<u><b>504,925</b></u>	<u><b>506,857</b></u>
		<b>RM</b>	<b>RM</b>
<b>Net Assets per share attributable to owners of the parent</b>		<u><b>1.06</b></u>	<u><b>1.07</b></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 2022**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022**

Note	← Non-Distributable →		Distributable		Equity attributable to owners of the parent, total	Non-controlling Interest	Total Equity
	Share Capital	Foreign currency translation reserve	Share option reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>PERIOD ENDED 30 JUNE 2022</b>							
Balance at 1 January 2022	127,191	13,023	1,544	365,018	506,776	81	506,857
Total comprehensive income	-	(4)	-	39,259	39,255	(3)	39,252
Share options granted	-	-	329	-	329	-	329
Share options lapsed	-	-	(12)	12	-	-	-
Transfer to share capital for share options exercised	325	-	(325)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(42,931)	(42,931)	-	(42,931)
Issuance of ordinary share pursuant to ESOS		1,418	-	-	1,418	-	1,418
Total transaction with owners		1,418	-	(42,931)	(41,513)	-	(41,513)
<b>Balance as at 30 June 2022</b>	<b>128,934</b>	<b>13,019</b>	<b>1,536</b>	<b>361,358</b>	<b>504,847</b>	<b>78</b>	<b>504,925</b>
<b>PERIOD ENDED 30 JUNE 2021</b>							
Balance at 1 January 2021	125,255	10,536	1,232	330,807	467,830	135	467,965
Total comprehensive income	-	(3)	-	24,704	24,701	(5)	24,696
Share options granted	-	-	302	-	302	-	302
Share options lapsed	-	-	(4)	4	-	-	-
Transfer to share capital for share options exercised	164	-	(164)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(13,316)	(13,316)	-	(13,316)
Issuance of ordinary share pursuant to ESOS		751	-	-	751	-	751
Total transaction with owners		751	-	(13,316)	(12,565)	-	(12,565)
<b>Balance as at 30 June 2021</b>	<b>126,170</b>	<b>10,533</b>	<b>1,366</b>	<b>342,199</b>	<b>480,268</b>	<b>130</b>	<b>480,398</b>

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 2022**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2022**

	PERIOD ENDED	
	30/06/2022	30/06/2021
	RM'000	RM'000
<b>Operating activities</b>		
Profit before tax	47,669	31,556
Adjustments for:		
Depreciation and amortisation	7,453	7,763
Net profit on disposal of property, plant and equipment	(574)	(3)
Share of results of an associate	(8,081)	(1,009)
Fair value changes of derivative financial instruments	(26)	44
Share options granted	329	302
Depreciation of right-of-use assets	419	411
Lease interest expense	151	167
Inventories written off/ (written back)	165	(67)
Impairment on receivables net of reversals	(245)	-
Interest expense	217	270
Interest income	(769)	(857)
Operating cash flows before changes in working capital	46,708	38,577
Inventories	(6,877)	5,158
Receivables	(11,023)	(19,175)
Payables	244	(2,130)
Cash generated from operations	29,052	22,430
Tax paid	(6,584)	(5,835)
<b>Net cash flows generated from operating activities</b>	<b>22,468</b>	<b>16,595</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment & intangible assets	(24,105)	(5,497)
Proceeds from disposal of property, plant and equipment	660	3
Withdrawal in short term deposit	70,156	259
Investment in trust fund	(289)	-
Dividend from associated company	-	140
Interest received	769	857
<b>Net cash flows generated from/(used in) investing activities</b>	<b>47,191</b>	<b>(4,238)</b>
<b>Financing activities</b>		
Proceed from issuance of shares under ESOS	1,418	751
Repayment of term loans	(2,929)	(2,929)
Dividends paid	(42,931)	(13,316)
Interest paid	(217)	(270)
Payment of lease liabilities	(568)	(544)
<b>Net cash flows used in financing activities</b>	<b>(45,227)</b>	<b>(16,308)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>24,432</b>	<b>(3,951)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>103,860</b>	<b>86,632</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>128,292</b>	<b>82,681</b>

Included in the deposits, bank and cash balances was RM 20,042,000 (30 June 2021: RM 86,038,000) 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 SECOND QUARTER ENDED 30 JUNE 2022**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**
**A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2022**
**A1 Basis of preparation**

These unaudited condensed consolidated interim financial statements for the period ended 30 June 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 30 June 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 second quarter ended 30 June 2022 except for the issuance of 891,000 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	
	30/06/2022 RM'000	30/06/2021 RM'000	30/06/2022 RM'000	30/06/2021 RM'000
Interest income	377	435	769	857
Other income including investment income	658	1,026	1,639	2,307
Interest expense	(101)	(131)	(217)	(270)
Depreciation and amortisation	(3,783)	(3,896)	(7,453)	(7,763)
Depreciation of right-of-use assets	(209)	(204)	(419)	(411)
Impairment on receivables net of reversals	6	-	245	-
Inventories (written off)/ written back	(152)	59	(165)	67
Net profit on disposal of property, plant and equipment	61	3	574	3
Fair value changes of derivative financial instruments	36	(75)	26	(44)
Foreign exchange (loss)/gain	(92)	73	(7)	225

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**
**(THE FIGURES HAVE NOT BEEN AUDITED)**
**A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2022 (continued)**
**A8 Dividends paid and declared**

The amount of dividends paid during the current and previous years were as follows:

In respect of the financial year ended 31 December	30/06/2022 RM'000	30/06/2021 RM'000
2021: Final single-tier dividend comprising 3.00 sen per share paid on 16-June-22	14,310	-
2021: Special dividend comprising 6.00 sen per share paid on 16-June-22	28,621	-
2020: Final single-tier dividend comprising 2.80 sen per share paid on 16-June-21	-	13,316
	<u>42,931</u>	<u>13,316</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 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
<b>PERIOD ENDED 30/06/2022</b>					
External Revenue	39,224	385,925	21	-	425,170
Inter-segment revenue	69,379	21	6,607	(76,007)	-
Total Revenue	<u>108,603</u>	<u>385,946</u>	<u>6,628</u>	<u>(76,007)</u>	<u>425,170</u>
Segment Results	28,008	17,639	4,073	(1,683)	48,037
Finance costs					(368)
Profit before tax					<u>47,669</u>
<b>PERIOD ENDED 30/06/2021</b>					
External Revenue	26,750	334,991	302	-	362,043
Inter-segment revenue	53,693	145	6,434	(60,272)	-
Total Revenue	<u>80,443</u>	<u>335,136</u>	<u>6,736</u>	<u>(60,272)</u>	<u>362,043</u>
Segment Results	18,087	14,997	(390)	(701)	31,993
Finance costs					(437)
Profit before tax					<u>31,556</u>
<b>Segment assets</b>					
30-Jun-2022	233,581	329,458	119,456	(5,584)	<b>676,911</b>
31-Dec-2021	213,505	325,808	146,190	(5,359)	<b>680,144</b>
<b>Segment liabilities</b>					
30-Jun-2022	(46,934)	(109,739)	(5,084)	(10,229)	<b>(171,986)</b>
31-Dec-2021	(46,000)	(114,709)	(3,977)	(8,601)	<b>(173,287)</b>

**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 30 June 2022.

**A12 Property, plant and equipment**

During the current quarter ended 30 June 2022, prepaid capital expenditure paid by the Group was RM 7.8 million (30 June 2021: RM 3.7 million).

Assets with carrying amount of RM Nil were disposed by the Group during the current quarter ended 30 June 2022 (30 June 2021: RM Nil), resulting in a net disposal gain of RM 61,000 (30 June 2021: RM 3,000) recognised and included in other income in the statement of comprehensive income.

**A13 Capital Commitments**

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 June 2022 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	4,520
Authorised capital expenditure approved but not contracted for	8,538
	<u>13,058</u>

**A14 Related Party Transactions**

The Group did not have any significant transactions with related parties during the period ended 30 June 2022 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2021.

**A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 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:	30/06/2022	31/12/2021
	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	55	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 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 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 SECOND QUARTER ENDED 30 JUNE 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		Changes
	Current Year	Preceding Year		Current Year	Preceding Year	
	Quarter	Corresponding		To-date	Year To-date	
	30/06/2022	30/06/2021		30/06/2022	30/06/2021	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	209,248	182,557	14.6%	425,170	362,043	17.4%
Operating Profit	20,804	15,662	32.8%	39,956	30,984	29.0%
Share of results of an associate	7,223	670	978.1%	8,081	1,009	700.9%
Finance Cost	(176)	(212)	-17.0%	(368)	(437)	-15.8%
Profit Before Tax	27,851	16,120	72.8%	47,669	31,556	51.1%
Profit After Tax	23,486	12,823	83.2%	39,256	24,699	58.9%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the second quarter of 2022, Group subsidiary companies achieved consolidated revenue of RM 209.2 million, 14.6% better than the RM 182.6 million in the same period in 2021, in line with rising business optimism and strong private sector sales in Malaysia and Singapore. Demand for pharmaceuticals and consumer healthcare products remained elevated because of the continued prevalence of Covid-19 infections manifesting largely as a community respiratory illness. To address shortages in the market, the Group brought forward to the second quarter the launch of two paracetamol products, Palavo 650mg and Palavo Suspension 120mg/5ml, as well as the commissioning of another blister packaging line in SPP NOVO, raising total installed annual production capacity for tablets and capsules by 36%.

Operating profit for the quarter rose to RM 20.8 million, 32.8% better than the same period in 2021.

Share of results from associate company Straits Apex Group Sdn Bhd ('SAG') for the quarter is RM 7.2 million, a significant increase over the RM 0.7 million in the same period last year as order backlogs were rapidly cleared with the normalization of production output.

Group profit before tax at RM 27.9 million for the current quarter is a new high, and 72.8% better than the RM 16.1 million achieved for the same quarter in the previous year. Group profit after tax rose 83.2% to RM 23.5 million. This is attributed to improved operating profit from the subsidiaries as well as a significantly stronger share of net-of-tax earnings from the Group's associated company.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first six months of 2022, Group subsidiary companies achieved consolidated revenue of RM 425.2 million, 17.4% higher than the RM 362.0 million recorded for the same period in 2021. Revenue growth this year is the result of growing consumer activity and confidence from ongoing economic recovery, as well as the continued presence of Covid-19 infections manifesting largely as a community respiratory illness. This generated strong demand for respiratory medications in our key markets, especially for the Group's cough and cold products.

Group operating profit for the first half year rose 29% to RM 40.0 million.

Share of results from associate company SAG is RM 8.1 million, significantly better than the RM 1.0 million recognized in 2021 as order backlogs were progressively cleared with the normalization of production output, especially in the second quarter.

Group profit before tax for the first half year is RM 47.7 million, 51.1% higher than the RM 31.6 million achieved in the corresponding period in 2021. Group profit after tax for the first half year is RM 39.3 million, a growth of 58.9% over the previous year. This is due to the improved operating profit from Group subsidiaries as well as an increased net-of-tax contribution from associated company Straits Apex Group Sdn Bhd for reasons highlighted.

**B2 Material changes in the profit before tax for the quarter**

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/06/2022	31/03/2022	RM'000	(%)
Revenue	209,248	215,922	(6,674)	-3.1%
Operating Profit	20,804	19,152	1,652	8.6%
Share of results of an associate	7,223	858	6,365	741.8%
Finance Cost	(176)	(192)	16	-8.3%
Profit Before Tax	27,851	19,818	8,033	40.5%
Profit After Tax	23,486	15,770	7,716	48.9%

Profit before tax for the current quarter is RM 27.9 million, an increase of 40.5% when compared to RM 19.8 million achieved in the immediate preceding quarter. This is due to the improved operating profit from the Group's subsidiaries arising from a greater proportion of manufacturing segment revenue in the sales mix, as well as an increased contribution from associate company, Straits Apex Group Sdn Bhd, in the current quarter.



**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

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

**B3 Commentary**

**a Prospects**

The Malaysian economy is expected to maintain its recovery momentum for the rest of 2022, supported by the transition to the endemic phase, the reopening of international borders as well as strong external demand from major trading partners.

Growing private consumption, as well as the possible emergence of further waves of infections from new Covid-19 variants in the transition to endemicity, are expected to support continued demand for pharmaceuticals and consumer healthcare products from all operating subsidiaries in the second half of 2022. A planned high-capacity liquid production line is scheduled to commence commercial production in the third quarter, essentially doubling the Group's total installed annual production capacity for liquids such as cough and cold syrups.

Associate company Straits Apex Group Sdn Bhd continues to see growth in orders from new and existing customers, both to meet increased demand and also to diversify their global supply base. Total secured orders in hand for export in the second half of 2022 currently exceed executed orders in the first half year. To meet forecast orders from customers for fulfilment in 2023 and beyond, plans are already underway to expand production space by an additional 30% by the fourth quarter of 2022.

However, the risks of a global economic slowdown and recession have risen because of the impact of the protracted war between Ukraine and Russia on food and energy prices, rising interest rates, record inflation in many countries as well as efforts to contain recurring Covid-19 outbreaks in China. In addition to rising cost of imported raw material and finished goods, the Group faces logistical challenges with its supply chains in the form of intermittent supply disruptions as well as longer and changing lead and freight times. A tight labor market and susceptibility of the workforce to new waves of Covid-19 infections will weigh on productivity, especially at the associate company.

The Group has and will continue to step up efforts to mitigate all risks, stay focused on its proven fundamentals and be agile to seize new growth opportunities when presented. Further unforeseen market changes and developments aside, the Group aims to deliver another satisfactory performance in 2022 amidst the challenging circumstances and is confident that its growth prospects are 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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	3,408	2,803	6,818	5,600
Deferred tax	443	160	610	170
Foreign tax	514	334	985	1,087
	<u>4,365</u>	<u>3,297</u>	<u>8,413</u>	<u>6,857</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 9 August 2022.

**B8 Group Borrowings and Debt Securities**

	As at 30/06/2022		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
<b>Secured</b>			
Secured bank loans	6,571	5,857	12,428
	As at 31/12/2021		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
<b>Secured</b>			
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. 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 2021.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022  
(THAT FIGURES HAVE NOT BEEN AUDITED)**
**B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)**
**B9 Material Litigation**

There was 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 3.0 sen per share in respect of the financial year ending 31 December 2022, resulting in a total dividend to-date of 3.0 sen per share. (Year 2021: Interim single-tier dividend of 2.5 sen per share).
- b The interim dividend will be paid on 15 September 2022 and the entitlement date is 6 September 2022.

**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	
		30/06/2022	30/06/2021	30/06/2022	30/06/2021
<b><u>Basic Earnings per share</u></b>					
Profit after tax	RM'000	23,489	12,825	39,259	24,704
Weighted average number of ordinary shares in issue	'000	474,158	473,444	474,158	473,444
Basic earnings per share	sen	<b>4.95</b>	<b>2.71</b>	<b>8.28</b>	<b>5.22</b>
<b><u>Diluted Earnings per share</u></b>					
Profit after tax	RM'000	23,489	12,825	39,259	24,704
Weighted average number of ordinary shares in issue	'000	474,158	473,444	474,158	473,444
Effect of dilution-Share options	'000	360	1,067	360	1,067
Adjusted weighted average number of ordinary shares in issue	'000	474,518	474,511	474,518	474,511
Diluted earnings per share	sen	<b>4.95</b>	<b>2.70</b>	<b>8.27</b>	<b>5.21</b>

**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
	30/06/2022 RM'000	30/06/2022 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	6,764	6,816
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(1,301)	(1,298)
	5,463	5,518

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:

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

The net cash requirements relating to these contracts was RM 5,463,000.

**B13 Fair Value Changes of Financial Liabilities**

As at 30 June 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 16 August 2022.