

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/09/2020	30/09/2019	30/09/2020	30/09/2019
		RM'000	RM'000	RM'000	RM'000
Revenue		169,116	180,653	537,152	518,152
Cost of sales		(133,947)	(140,735)	(420,630)	(402,226)
Gross profit		35,169	39,918	116,522	115,926
Other income		2,430	1,281	7,040	4,733
Selling & marketing expenses		(15,318)	(18,459)	(53,826)	(55,803)
Administrative expenses		(6,190)	(6,985)	(20,686)	(21,176)
Other expenses		(356)	(199)	(1,197)	(820)
Finance cost		(253)	(338)	(849)	(1,035)
Share of results of an associate		2,006	1,906	4,769	6,025
Profit before tax	A7	17,488	17,124	51,773	47,850
Income tax expense	B6	(3,142)	(3,002)	(10,135)	(9,084)
Net profit for the period		14,346	14,122	41,638	38,766
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(27)	(27)	(82)	189
Total comprehensive income for the period		14,319	14,095	41,556	38,955
Net profit attributable to:					
Owners of the parent		14,223	14,123	41,627	38,746
Non-controlling interest		123	(1)	11	20
Net profit for the period		14,346	14,122	41,638	38,766
Total comprehensive income attributable to:					
Owners of the parent		14,196	14,096	41,545	38,935
Non-controlling interest		123	(1)	11	20
Total comprehensive income for the period		14,319	14,095	41,556	38,955
Earnings per share attributable to owners of the parent:					
- Basic	B11	3.01	3.00	8.80	8.22
- Diluted	B11	3.00	2.98	8.77	8.19

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 30/09/2020 RM'000	As at 31/12/2019 RM'000 <u>(Audited)</u>
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	168,680	170,152
Investment properties		10,605	10,655
Intangible assets		1,446	1,670
Right-of-use assets		5,173	5,936
Investment in an associate		29,889	25,120
Deferred tax assets		1,027	685
		<u>216,820</u>	<u>214,218</u>
Current Assets			
Inventories		96,050	86,505
Receivables		135,361	159,362
Prepayments		737	833
Tax recoverable		24	1,834
Derivative financial instruments	A15 & B12	18	24
Deposits, bank and cash balances		162,095	120,390
		<u>394,285</u>	<u>368,948</u>
TOTAL ASSETS		<u>611,105</u>	<u>583,166</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		121,207	120,056
Borrowings	B8	5,857	5,857
Lease liabilities		572	962
Derivative financial instruments	A15 & B12	37	12
Current tax payable		3,664	1,400
		<u>131,337</u>	<u>128,287</u>
Non-Current Liabilities			
Borrowings	B8	16,333	18,286
Lease liabilities		4,822	5,130
Deferred tax liabilities		5,350	5,935
		<u>26,505</u>	<u>29,351</u>
TOTAL LIABILITIES		<u>157,842</u>	<u>157,638</u>
NET ASSETS		<u>453,263</u>	<u>425,528</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		125,044	120,835
Reserves		11,570	11,915
Retained earnings		316,413	292,313
		<u>453,027</u>	<u>425,063</u>
Non-controlling interest		236	465
TOTAL EQUITY		<u>453,263</u>	<u>425,528</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>0.96</u>	<u>0.90</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 30 SEPTEMBER 2020

	Note	← Non-Distributable →		Distributable	Equity	Non-controlling Interest	Total Equity	
		Share Capital	Foreign currency translation reserve	Share option reserve	Retained Earnings			attributable to owners of the parent, total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
PERIOD ENDED 30 SEPTEMBER 2020								
Balance at 1 January 2020		120,835	10,542	1,373	292,313	425,063	465	425,528
Total comprehensive income		-	(82)	-	41,627	41,545	11	41,556
Share options granted		-	-	553	-	553	-	553
Share options lapsed		-	-	(10)	10	-	-	-
Transfer to share capital for share options exercised		806	-	(806)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	(17,537)	(17,537)	-	(17,537)
Issuance of ordinary share pursuant to ESOS		3,403	-	-	-	3,403	-	3,403
Total transaction with owners		3,403	-	-	(17,537)	(14,134)	-	(14,134)
Dividend by a subsidiary to non-controlling interest		-	-	-	-	-	(240)	(240)
Balance as at 30 September 2020		125,044	10,460	1,110	316,413	453,027	236	453,263
PERIOD ENDED 30 SEPTEMBER 2019								
Balance at 1 January 2019		118,806	10,380	1,015	255,793	385,994	467	386,461
Total comprehensive income		-	189	-	38,746	38,935	20	38,955
Share options granted		-	-	648	-	648	-	648
Share options lapsed		-	-	(25)	25	-	-	-
Transfer to share capital for share options exercised		327	-	(327)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	(16,263)	(16,263)	-	(16,263)
Issuance of ordinary share pursuant to ESOS		1,358	-	-	-	1,358	-	1,358
Total transaction with owners		1,358	-	-	(16,263)	(14,905)	-	(14,905)
Dividend by a subsidiary to non-controlling interest		-	-	-	-	-	(24)	(24)
Balance as at 30 September 2019		120,491	10,569	1,311	278,301	410,672	463	411,135

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	PERIOD ENDED	
	30/09/2020	30/09/2019
	RM'000	RM'000
Operating activities		
Profit before tax	51,773	47,850
Adjustments for:		
Depreciation and amortisation	11,746	11,061
Net profit on disposal of property, plant and equipment	(183)	(369)
Property, plant and equipment written off	-	56
Share of results of an associate	(4,769)	(6,025)
Fair value changes of derivative financial instruments	30	61
Share options granted	553	648
Depreciation of right-of-use assets	739	358
Lease interest expense	273	130
Inventories written off	41	1,133
Impairment loss on receivables net of reversals	977	1,078
Interest expense	576	901
Interest income	(1,391)	(1,609)
Operating cash flows before changes in working capital	60,365	55,273
Inventories	(9,586)	(7,174)
Receivables	23,121	(3,233)
Payables	1,151	13,663
Cash generated from operations	75,051	58,529
Tax paid	(6,988)	(8,328)
Net cash flows generated from operating activities	68,063	50,201
Investing activities		
Purchase of property, plant and equipment & intangible assets	(10,192)	(10,914)
Proceeds from disposal of property, plant and equipment	293	420
Withdrawal in short term deposit	(4,063)	3,662
Dividends paid to non-controlling interest	(240)	(24)
Interest received	1,391	1,609
Net cash flows used in investing activities	(12,811)	(5,247)
Financing activities		
Proceed from issuance of shares under ESOS	3,403	1,358
Repayment of term loans	(1,952)	(4,286)
Dividends paid	(17,537)	(16,263)
Government grant received	-	6,771
Interest paid	(576)	(901)
Payment of lease liabilities	(947)	(442)
Net cash flows used in financing activities	(17,609)	(13,763)
Net increase in cash and cash equivalents	37,643	31,191
Cash and cash equivalents at 1 January	93,568	64,247
Effect of exchange rate changes on cash and cash equivalents	-	271
Cash and cash equivalents at the end of the financial period	131,211	95,709

Included in the deposits, bank and cash balances was RM 30,884,000 (30 September 2019 : RM 13,244,000) placed with money market fund held for investment purposes and does not form part of cash and cash equivalents.

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

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2020

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2020 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 2019.

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 2019 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
Definition of a Business (Amendments to MFRS 3)	1 January 2020
Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
Revised Conceptual Framework for Financial Reporting (the Conceptual Framework)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	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 nature 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 September 2020.

A5 Changes in estimates of amounts reported in prior interim periods of the current financial period 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 third quarter ended 30 September 2020 except for the issuance of 1,290,000 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	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Interest income	460	499	1,391	1,609
Other income including investment income	1,669	643	4,581	2,346
Interest expense	(164)	(279)	(576)	(901)
Depreciation and amortisation	(3,838)	(3,846)	(11,746)	(11,061)
Depreciation of right-of-use assets	(175)	(127)	(739)	(358)
Impairment loss on receivables net of reversals	(142)	(760)	(977)	(1,078)
Inventories written off	(27)	(1,019)	(41)	(1,133)
Net profit on disposal of property, plant and equipment	3	7	183	369
Property, plant and equipment written off	-	(1)	-	(56)
Fair value loss of derivative financial instruments	(74)	(60)	(30)	(61)
Foreign exchange gain/ (loss)	175	(37)	508	23

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2020 (continued)

A8 Dividends paid and declared

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

In respect of the financial period ended 30 September	30/09/2020 RM'000	30/09/2019 RM'000
2020: Interim single-tier dividend comprising 1.70 sen per share paid on 30-September-20	8,074	-
2019: Second interim single-tier dividend comprising 2.00 sen per share paid on 16-June-20	9,463	-
2019: Interim single-tier dividend comprising 1.70 sen per share paid on 30-September-19	-	8,019
2018: Final single-tier dividend comprising 1.75* sen per share paid on 14-June-19	-	8,244
	17,537	16,263

* The dividend per share for the corresponding financial period had been adjusted to reflect the effect of the issuance of 3 for 1 bonus issue on 25 June 2019.

A9 Segment Information

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

- (i) Manufacturing and marketing of pharmaceutical products ("M&M");
- (ii) Wholesale and distribution of pharmaceutical and healthcare products ("W&D"); and
- (iii) Corporate comprising investments, properties and others ("CORP").

OPERATING SEGMENTS

	M&M RM'000	W&D RM'000	CORP RM'000	Adjustments RM'000	GROUP RM'000
PERIOD ENDED 30/09/2020					
External Revenue	37,925	497,124	2,103	-	537,152
Inter-segment revenue	77,801	346	17,063	(95,210)	-
Total Revenue	115,726	497,470	19,166	(95,210)	537,152
Segment Results	26,070	27,304	353	(1,105)	52,622
Finance costs					(849)
Profit before tax					51,773
PERIOD ENDED 30/09/2019					
External Revenue	38,893	473,044	6,215	-	518,152
Inter-segment revenue	83,594	573	16,565	(100,732)	-
Total Revenue	122,487	473,617	22,780	(100,732)	518,152
Segment Results	27,458	19,916	2,608	(1,097)	48,885
Finance costs					(1,035)
Profit before tax					47,850
Segment assets					
30-Sep-2020	229,623	309,021	82,476	(10,015)	611,105
31-Dec-2019	210,526	304,320	76,878	(8,558)	583,166
Segment liabilities					
30-Sep-2020	(45,733)	(98,418)	(4,678)	(9,013)	(157,842)
31-Dec-2019	(48,643)	(96,596)	(5,064)	(7,335)	(157,638)

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 September 2020.

A12 Property, plant and equipment

During the current quarter ended 30 September 2020, prepaid capital expenditure paid by the Group was RM 3.6 million (30 September 2019: RM 3.5 million).

Assets with carrying amount of RM 109,000 were disposed of by the Group during the current quarter ended 30 September 2020 (30 September 2019: RM 46,000), resulting in a net gain on disposal of RM 3,000 (30 September 2019: RM 7,000) recognised and included in other income in the statement of comprehensive income.

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2020 (continued)

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 September 2020 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	22,422
Authorised capital expenditure approved but not contracted for	8,098
	<u>30,520</u>

A14 Related Party Transactions

The Group does not have any significant transactions with related parties during the period ended 30 September 2020 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2019.

A15 Fair value hierarchy

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

	30/09/2020	31/12/2019
	RM'000	RM'000
Financial (liabilities)/ asstes:		
	<u>(Level 2)</u>	
Derivatives - Forward currency contracts	<u>(19)</u>	<u>12</u>

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

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

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

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

There have been no transfers between the fair value hierarchy during the current interim period and the financial year ended 2019.

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 THIRD QUARTER ENDED 30 SEPTEMBER 2020
(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 Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-date	Preceding Year Corresponding Period	Changes
	30/09/2020	30/09/2019			30/09/2020	30/09/2019	
	RM'000	RM'000			(%)	RM'000	
Revenue	169,116	180,653	-6.4%	537,152	518,152	3.7%	
Operating Profit	15,735	15,556	1.2%	47,853	42,860	11.6%	
Profit Before Interest and Tax	17,741	17,462	1.6%	52,622	48,885	7.6%	
Profit Before Tax	17,488	17,124	2.1%	51,773	47,850	8.2%	
Profit After Tax	14,346	14,122	1.6%	41,638	38,766	7.4%	
Profit Attributable to Ordinary Equity Holders of the Parent	14,223	14,123	0.7%	41,627	38,746	7.4%	

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the third quarter of 2020, the Group achieved revenue of RM 169.1 million, 6% lower than the RM 180.7 million in the third quarter of 2019. The decline was the result of generally subdued market demand, especially from clinics, private hospitals and exports. Sales in the comparative quarter in 2019 was also the highest quarterly revenue for that year. Contribution from associate was RM 2.0 million, 5.2% better than 2019. Group profit before tax for the third quarter was RM 17.5 million, 2.1% better than the RM 17.1 million achieved in the corresponding period in 2019, helped by measures implemented to right size operating costs in the new business environment.

On 14th September, the Group's wholly owned manufacturing subsidiary Xepa-Soul Pattinson (M) Sdn Bhd secured renewal of its GMP status with the National Pharmaceutical Regulatory Authority ('NPRA') through a scheduled desktop audit. In the quarter, Apex Pharma Marketing Pte Ltd in Singapore increased its cold chain distribution capabilities with the expansion of its current 2-8 degrees C cold room and the acquisition of a -20 degrees C freezer room for pharmaceuticals, vaccines and biologics. Expansion of cold chain distribution capacity in Malaysia is scheduled for completion before the end of the current financial year.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first nine months of 2020, the Group achieved revenue of RM 537.2 million, a growth of 3.7% when compared to the RM 518.2 million in the same period in 2019. Year to date revenue growth was attributed to pandemic induced heightened market demand in the first half year, leading to increased purchases by customers in order to ensure uninterrupted supplies in the first quarter, and a surge in sales of pandemic related products in the second quarter. Year to date, the Group's portfolio of branded generics expanded with the successful launches of four new products: Recadin (aspirin/glycine), Altra 5mg (montelukast), Rovastin 10mg (rosuvastatin) and Zanaflox 0.5% Eye Drops (moxifloxacin).

Despite higher revenue, operating expenses are lower than the same period in 2019 because of active cost management measures. Finance costs incurred for this period is 17.9% lower compared to the corresponding period in 2019 as loans utilized for SPP NOVO continue to be paid down. Share of results from associated company was RM 4.8 million, 20% lower than the RM 6.02 million recognized in 2019 due to lower revenue and higher operating costs from the addition of the third manufacturing facility at Penang Science Park. Group profit before tax for the first nine months of 2020 was RM 51.8 million, 8.2% higher than the RM 47.9 million achieved in the corresponding period in 2019 due to higher revenue achieved and lower operating expenses.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/09/2020	30/06/2020	RM'000	(%)
Revenue	169,116	174,728	(5,612)	-3.2%
Operating Profit	15,735	14,944	791	5.3%
Profit Before Interest and Tax	17,741	16,613	1,128	6.8%
Profit Before Tax	17,488	16,341	1,147	7.0%
Profit After Tax	14,346	12,930	1,416	11.0%
Profit Attributable to Ordinary Equity Holders of the Parent	14,223	13,034	1,189	9.1%

Profit before tax for the current quarter at RM 17.5 million is 7.0% better than the RM 16.3 million achieved in the immediate preceding quarter. This is due to lower operating expenses as well as a greater percentage of higher margin products in the sales mix.

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

B3 Commentary

a Prospects

The third quarter saw a gradual recovery in sales across all business units, especially to private sector clinics and hospitals. However, the pace and sustainability of overall recovery in consumer spending and confidence continue to be uncertain, aggravated by the recent resurgence of COVID-19 infections in Malaysia and other countries worldwide. The reimposition of the Conditional Movement Control Order in Malaysia is expected to have a dampening effect on the nascent recovery. As such, the Group expects the business environment to continue to remain challenging for the rest of the current financial year and also into 2021.

While active cost management measures to align expenses with revenue during the pandemic are important, the Group is concurrently stepping up investments that will sustain and drive continued growth in the longer term. These are directed at the research and development of new pharmaceutical and consumer healthcare products, launching of digital initiatives to reach and engage customers, building stronger e-commerce capabilities and the opening of new international markets for the Group's products and contract manufacturing services.

Further unforeseen market changes and developments aside, the Group is confident that its longer-term 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	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
In respect of current period:				
Income tax	3,371	2,235	9,930	7,330
Deferred tax	(261)	557	(927)	840
Foreign tax	65	301	1,165	1,005
	<u>3,175</u>	<u>3,093</u>	<u>10,168</u>	<u>9,175</u>
In respect of prior period:				
Income tax	-	(91)	-	(91)
Foreign tax	(33)	-	(33)	-
	<u>3,142</u>	<u>3,002</u>	<u>10,135</u>	<u>9,084</u>

The effective tax rate for the current quarter and previous year corresponding quarter was 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 12 November 2020.

B8 Group Borrowings and Debt Securities

	As at 30/09/2020		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	16,333	5,857	22,190

	As at 31/12/2019		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	18,286	5,857	24,143

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

B8 Group Borrowings and Debt Securities (continued)

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 are 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 2019.

B9 Material Litigation

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

B10 Dividend Payable

a The interim single-tier dividend of 1.7 sen per share in respect of the financial year ending 31 December 2020 which was declared by the Board of Directors in the previous quarter was paid on 30 September 2020. (Year 2019: Interim single-tier dividend of 1.7 sen per share paid on 30 September 2019).

b The total dividend declared and paid to-date in the current financial year is 1.7 sen per share. (Year 2019: Single-tier dividend of 1.7 sen per share).

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	
		30/09/2020	30/09/2019	30/09/2020	30/09/2019
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	14,223	14,123	41,627	38,746
Weighted average number of ordinary shares in issue	'000	473,023	471,256	473,023	471,256
Basic earnings per share	sen	3.01	3.00	8.80	8.22
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	14,223	14,123	41,627	38,746
Weighted average number of ordinary shares in issue	'000	473,023	471,256	473,023	471,256
Effect of dilution-Share options	'000	1,663	2,042	1,663	2,042
Adjusted weighted average number of ordinary shares in issue	'000	474,686	473,298	474,686	473,298
Diluted earnings per share	sen	3.00	2.98	8.77	8.19

B12 Derivative Financial Instruments

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

Type of Derivatives	Contract/ Notional Value	Fair Value
	30/09/2020 RM'000	30/09/2020 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	5,862	(18)
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(1,129)	(12)
	4,733	(30)

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

B12 Derivative Financial Instruments (continued)

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

- 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 4,733,000.

B13 Fair Value Changes of Financial Liabilities

As at 30 September 2020, the Group does not have any significant financial liabilities measured at fair value through profit or loss other than the disclosure in note A15.

B14 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2019 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 19 November 2020.