

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	3 MONTHS ENDED		YEAR ENDED	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		RM'000	RM'000	RM'000	RM'000
Revenue		220,493	197,655	877,742	770,756
Cost of sales		(169,428)	(156,109)	(680,149)	(609,784)
Gross profit		51,065	41,546	197,593	160,972
Other income		2,511	1,660	7,370	7,707
Selling & marketing expenses		(19,199)	(15,826)	(83,954)	(71,346)
Administrative expenses		(7,737)	(7,086)	(28,051)	(26,739)
Other expenses		(626)	(387)	(1,410)	(1,418)
Finance costs		(214)	(219)	(763)	(862)
Share of results of an associate		14,491	5,616	29,570	7,097
Profit before tax	A7	40,291	25,304	120,355	75,411
Income tax expense	B6	(5,456)	(4,571)	(19,384)	(15,975)
Net profit for the year		34,835	20,733	100,971	59,436
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		5,189	(2)	5,183	2,487
Total comprehensive income for the year		40,024	20,731	106,154	61,923
Net profit attributable to:					
Owners of the parent		34,835	20,704	100,975	59,418
Non-controlling interest		-	29	(4)	18
Net profit for the year		34,835	20,733	100,971	59,436
Total comprehensive income attributable to:					
Owners of the parent		40,024	20,702	106,158	61,905
Non-controlling interest		-	29	(4)	18
Total comprehensive income for the year		40,024	20,731	106,154	61,923
Earnings per share attributable to owners of the parent:					
- Basic	B11	Sen 7.34	Sen 4.37	Sen 21.29	Sen 12.55
- Diluted	B11	Sen 7.34	Sen 4.37	Sen 21.27	Sen 12.53

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 31/12/2022 RM'000	As at 31/12/2021 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	189,333	167,100
Investment properties		8,675	11,602
Intangible assets		3,955	2,561
Right-of-use assets		6,071	5,700
Investment in an associate		70,308	40,738
Other Investment		334	-
Deferred tax assets		1,806	1,005
		<u>280,482</u>	<u>228,706</u>
Current Assets			
Inventories		110,529	95,397
Receivables		178,161	158,817
Prepayments		1,294	2,159
Tax recoverable		238	977
Derivative financial instruments	A15 & B12	82	29
Deposits, bank and cash balances		174,471	194,059
		<u>464,775</u>	<u>451,438</u>
TOTAL ASSETS		<u>745,257</u>	<u>680,144</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		160,429	143,265
Borrowings	B8	5,857	5,857
Lease liabilities		745	792
Derivative financial instruments	A15 & B12	-	-
Current tax payable		3,567	1,985
		<u>170,598</u>	<u>151,899</u>
Non-Current Liabilities			
Borrowings	B8	3,643	9,500
Lease liabilities		5,754	5,273
Deferred tax liabilities		6,834	6,615
		<u>16,231</u>	<u>21,388</u>
TOTAL LIABILITIES		<u>186,829</u>	<u>173,287</u>
NET ASSETS		<u>558,428</u>	<u>506,857</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		129,833	127,191
Reserves		19,843	14,567
Retained earnings		408,752	365,018
		<u>558,428</u>	<u>506,776</u>
Non-controlling interest		-	81
TOTAL EQUITY		<u>558,428</u>	<u>506,857</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>1.18</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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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
<u>YEAR ENDED 31 DECEMBER 2022</u>								
Balance at 1 January 2022		127,191	13,023	1,544	365,018	506,776	81	506,857
Total comprehensive income		-	5,183	-	100,975	106,158	(4)	106,154
Liquidation in Subsidiary		-	-	-	-	-	(77)	(77)
Share options granted		-	-	641	-	641	-	641
Share options lapsed		-	-	(17)	17	-	-	-
Transfer to share capital for share options exercised		531	-	(531)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	(57,258)	(57,258)	-	(57,258)
Issuance of ordinary share pursuant to ESOS		2,111	-	-	-	2,111	-	2,111
Total transaction with owners		2,111	-	-	(57,258)	(55,147)	-	(55,147)
Balance as at 31 December 2022		129,833	18,206	1,637	408,752	558,428	-	558,428
<u>YEAR ENDED 31 DECEMBER 2021</u>								
Balance at 1 January 2021		125,255	10,536	1,232	330,807	467,830	135	467,965
Total comprehensive income		-	2,487	-	59,418	61,905	18	61,923
Share options granted		-	-	671	-	671	-	671
Share options lapsed		-	-	(13)	13	-	-	-
Transfer to share capital for share options exercised		346	-	(346)	-	-	-	-
Transaction with owners								
Dividends on ordinary shares	A8	-	-	-	(25,220)	(25,220)	-	(25,220)
Issuance of ordinary share pursuant to ESOS		1,590	-	-	-	1,590	-	1,590
Total transaction with owners		1,590	-	-	(25,220)	(23,630)	-	(23,630)
Dividend by a subsidiary to non-controlling interest		-	-	-	-	-	(72)	(72)
Balance as at 31 December 2021		127,191	13,023	1,544	365,018	506,776	81	506,857

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 FOURTH QUARTER ENDED 31 DECEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2022

	YEAR ENDED	
	31/12/2022	31/12/2021
	RM'000	RM'000
Operating activities		
Profit before tax	120,355	75,411
Adjustments for:		
Depreciation and amortisation	15,615	15,503
Net profit on disposal of property, plant and equipment	(713)	(183)
Property, plant and equipment written off	2	71
Share of results of an associate	(29,570)	(7,096)
Fair value changes of derivative financial instruments	(53)	14
Share options granted	641	671
Depreciation of right-of-use assets	845	832
Lease interest expense	319	337
Inventories written off/ written down net of reversals	858	1,439
Impairment on receivables net of reversals	919	(42)
Interest expense	439	525
Interest income	(1,617)	(1,825)
Operating cash flows before changes in working capital	108,040	85,657
Inventories	(15,991)	(4,771)
Receivables	(19,396)	(30,593)
Payables	17,164	25,540
Cash generated from operations	89,817	75,833
Tax paid	(17,648)	(13,972)
Net cash flows generated from operating activities	72,169	61,861
Investing activities		
Purchase of property, plant and equipment & intangible assets	(34,218)	(13,058)
Proceeds from disposal of property, plant and equipment	799	183
Placement in short term deposit	-	(3,902)
Withdrawal in short term deposit	81,847	-
Investment in trust fund	(334)	-
Dividend from associated company	-	140
Dividends paid to non-controlling interest	(78)	(72)
Interest received	1,617	1,825
Net cash flows generated from/(used in) investing activities	49,633	(14,884)
Financing activities		
Proceed from issuance of shares under ESOS	2,111	1,590
Repayment of term loans	(5,857)	(5,857)
Dividends paid	(57,258)	(25,220)
Interest paid	(439)	(526)
Payment of lease liabilities	(1,099)	(1,085)
Net cash flows used in financing activities	(62,542)	(31,098)
Net increase in cash and cash equivalents	59,260	15,879
Cash and cash equivalents at 1 January	103,860	86,632
Effect of exchange rate changes on cash and cash equivalents	3,000	1,349
Cash and cash equivalents at the end of the financial year	166,120	103,860

Included in the deposits, bank and cash balances was RM 8,351,000 (31 December 2021: RM 90,199,000) 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 FOURTH QUARTER ENDED 31 DECEMBER 2022

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2022

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the year ended 31 December 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 year ended 31 December 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 fourth quarter ended 31 December 2022 except for the issuance of 50,000 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		YEAR ENDED	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Interest income	483	606	1,617	1,825
Other income including investment income	864	658	3,477	4,437
Reversal of impairment of investment in an associate	4,164	-	4,164	-
Interest expense	(125)	(130)	(439)	(525)
Depreciation and amortisation	(4,166)	(3,827)	(15,615)	(15,503)
Depreciation of right-of-use assets	(217)	(211)	(845)	(832)
Impairment on receivables net of reversals	(1,139)	239	(919)	42
Inventories written off/ written down net of reversals	(673)	(1,470)	(858)	(1,439)
Net profit on disposal of property, plant and equipment	1	98	713	183
Property, plant and equipment written off	-	(64)	(2)	(71)
Fair value changes of derivative financial instruments	(35)	77	53	(14)
Foreign exchange gain	1,022	110	1,153	631

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

A8 Dividends paid and declared

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

	31/12/2022 RM'000	31/12/2021 RM'000
<u>In respect of the financial year ended 31 December</u>		
2022: Interim single-tier dividend comprising 3.00 sen per share paid on 15-September-22	14,326	-
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	28,622	-
2021: Interim single-tier dividend comprising 2.50 sen per share paid on 15-September-21	-	11,904
2020: Final single-tier dividend comprising 2.80 sen per share paid on 16-June-21	-	13,316
	<u>57,258</u>	<u>25,220</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
YEAR ENDED 31/12/2022					
External Revenue	84,058	793,642	42	-	877,742
Inter-segment revenue	148,956	41	29,254	(178,251)	-
Total Revenue	<u>233,014</u>	<u>793,683</u>	<u>29,296</u>	<u>(178,251)</u>	<u>877,742</u>
Segment Results	63,920	36,242	24,933	(3,977)	121,118
Finance costs					(763)
Profit before tax					<u>120,355</u>
YEAR ENDED 31/12/2021					
External Revenue	58,600	711,497	659	-	770,756
Inter-segment revenue	113,943	369	28,910	(143,222)	-
Total Revenue	<u>172,543</u>	<u>711,866</u>	<u>29,569</u>	<u>(143,222)</u>	<u>770,756</u>
Segment Results	41,566	33,148	4,286	(2,727)	76,273
Finance costs					(862)
Profit before tax					<u>75,411</u>
Segment assets					
31-Dec-2022	241,313	351,384	160,039	(7,479)	745,257
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-Dec-2022	(49,159)	(121,409)	(5,860)	(10,401)	(186,829)
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

On 22 February 2023, the Company announced plans to undertake a bonus issue of new ordinary shares on the basis of 1 bonus share for every 2 existing shares held on an entitlement date to be determined later. The Bonus Shares in respect of the Proposed Bonus Issue will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves. The bonus issue is subject to the approvals of the regulators and the shareholders at a general meeting of the Company to be convened. Other than the above, there were no significant events that had arisen subsequent to the end of this current year.

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 year ended 31 December 2022 save for the announcement on the voluntary winding-up of CS Health Store Sdn Bhd, an indirect 60%-owned subsidiary of the Company on 21 September 2022, same as disclosed in the previous quarter.

A12 Property, plant and equipment

During the current quarter ended 31 December 2022, prepaid capital expenditure paid by the Group was RM 5.2 million (31 December 2021: RM 3.6 million).

Assets with zero carrying amount were disposed of by the Group during the current quarter ended 31 December 2022 and 31 December 2021, resulting in a net gain on disposal of RM 1,000 (31 December 2021: RM 98,000) recognised and included in other income in the statement of comprehensive income.

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

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)**

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

A13 Capital Commitments

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

	RM'000
Authorised capital expenditure approved and contracted for	9,992
Authorised capital expenditure approved but not contracted for	5,632
	<u>15,624</u>

A14 Related Party Transactions

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

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:	31/12/2022	31/12/2021
	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	<u>82</u>	<u>29</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 financial year ended 2022 and 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 FOURTH QUARTER ENDED 31 DECEMBER 2022
(THAT 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 Quarter			To-date	Year To-date	
	31/12/2022	31/12/2021	31/12/2022		31/12/2021		
	RM'000	RM'000	(%)	RM'000	RM'000	(%)	
Revenue	220,493	197,655	11.6%	877,742	770,756	13.9%	
Operating Profit	26,014	19,907	30.7%	91,548	69,176	32.3%	
Share of results of an associate	14,491	5,616	158.0%	29,570	7,097	316.7%	
Finance Cost	(214)	(219)	(2.3%)	(763)	(862)	(11.5%)	
Profit Before Tax	40,291	25,304	59.2%	120,355	75,411	59.6%	
Profit After Tax	34,835	20,733	68.0%	100,971	59,436	69.9%	

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the fourth quarter of 2022, Group operating subsidiaries recorded consolidated quarterly revenue of RM 220.4 million, 11.6% higher than the RM 197.6 million in the fourth quarter of 2021. Market demand for pharmaceuticals, consumer healthcare products and medical devices, particularly for respiratory illnesses, continued to remain strong in Malaysia and Singapore as well as international markets. Operating profit for the quarter is RM 26.0 million, an improvement of 30.7% over the same period last year.

Share of earnings from Penang based associate Straits Apex Group Sdn Bhd ('SAG') for the quarter is RM 14.5 million, 158.0% better than the RM 5.6 million contribution in Q4 2021, because uninterrupted production allowed SAG to clear order backlogs and fulfil new orders from customers. Earnings were also helped by the reversal of a RM 4.2 million impairment made in 2016 for the Group's investment in the associate.

With strong earnings from both subsidiaries and the associate, Group profit before tax for the fourth quarter rose to a record RM 40.3 million, 59.2% better than the RM 25.3 million achieved in the corresponding period in 2021. Group profit after tax for the quarter grew 68.0% to RM 34.8 million, up from RM 20.7 million in the same period last year.

In the fourth quarter, Xepa-Soul Pattinson (M) Sdn Bhd commenced a RM 5.4 million project to add two buildings at its campus in Cheng, Melaka, to house expanded Quality Control laboratories as well as staff service areas to support revenue growth. L'oreal Malaysia Sdn Bhd appointed Apex Pharmacy Marketing Sdn Bhd ('APM') to sell and distribute its La Roche Posay brand of dermo-cosmetic products exclusively to private sector pharmacies, hospitals, and clinics in Malaysia from 1st December 2022. Singapore subsidiary, Apex Pharma Marketing Pte Ltd, successfully migrated its enterprise software to SAP, in line with the Group's Information Technology Master Plan.

Review of Year To Date Performance versus Corresponding Last Year

For 2022, Group operating subsidiaries achieved record consolidated revenue of RM 877.7 million, a growth of 13.9% when compared to the RM 770.7 million achieved in 2021. Strong revenue growth was achieved because of sustained economic recovery, improved consumer confidence, timely expansion of production capacity and the rapid sourcing and supply of changing in-demand healthcare products in an evolving pandemic. In particular, sales of respiratory medicines, including the Group's cough and cold products, were strong due to the prevalence of Covid-19 and other viral respiratory illnesses in the community, especially in the second half of the year.

Expenses were in line with higher revenue and remained well controlled. Finance costs incurred for 2022 is 11.5% lower compared to the corresponding period in 2021 as loans utilized for SPP NOVO continue to be paid down. Accordingly, year to date operating profit reached RM 91.5 million, 32.3% higher than the RM 69.2 million in the same period last year.

Share of earnings from associated company SAG for the full year is RM 29.6 million, 4.1 times higher than the RM 7.1 million recognized in 2021 as uninterrupted production throughout most of the year enabled SAG to clear order backlogs and fulfil growing new orders from customers. Firm orders in hand for delivery to customers in 2023 continue to be secured and is significantly higher when compared to the same point last year. Earnings were also helped by the reversal of a RM 4.2 million impairment made in 2016 for the Group's investment in the associate.

Group profit before tax for 2022 rose to a record high of RM 120.4 million, 59.6% higher than the RM 75.4 million achieved in the corresponding period in 2021. Similarly, Group profit after tax improved to RM 101.0 million, 69.9% better than 2021. Effective tax rate for 2022 is lower at 21.4% when compared to 2021, because of the recognition of substantially higher net-of-tax earnings from the associate.

In the light of the strong performance, the Board of Directors is recommending an increased final single-tier dividend of 3.5 sen per share (2021: 3.0 sen per share) in respect of financial year ended 31st December 2022 for shareholders' approval at the forthcoming Annual General Meeting. The Board of Directors is also proposing a special single-tier dividend of 2.0 sen per share for shareholders' approval at the same Annual General Meeting. Together with the interim dividend of 3.0 sen per share paid on 15 September 2022, total dividends paid and declared in respect of financial year 2022 is 8.5 sen per share.

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)
B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)
B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate	Changes	
	31/12/2022	Preceding Quarter		
	RM'000	30/09/2022	RM'000	(%)
Revenue	220,493	232,079	(11,586)	(5.0%)
Operating Profit	26,014	25,578	436	1.7%
Share of results of an associate	14,491	6,998	7,493	107.1%
Finance Cost	(214)	(181)	(33)	18.2%
Profit Before Tax	40,291	32,395	7,896	24.4%
Profit After Tax	34,835	26,880	7,955	29.6%

Group profit before tax for the current quarter is RM 40.3 million, an increase of 24.4% when compared to RM 32.4 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 fourth quarter.

B3 Commentary
a Prospects

In the last three financial years marked by the global COVID-19 pandemic, the Group was able to strengthen supply chain resilience, increase production capacity and respond quickly to meet changing market demands as the pandemic evolved. This enabled the Group to deliver good year-on-year growth in both revenue and profit over the three-year period.

For 2023, the outlook is for slower economic growth in our major markets because of gathering global economic headwinds in the form of high interest rates and record inflation. In Malaysia, both recovery momentum and domestic consumption are expected to slow, lowering forecasted growth for 2023 to between 4.0% to 5.0%.

This notwithstanding, the pharmaceutical industry is less likely to be affected by slowing economic growth as the demand for medicines is generally non-cyclical. Total healthcare expenditure is expected to grow in 2023 in line with rising affluence, higher public spending, increased incidence of chronic illnesses, ageing populations, and advancing consumer expectations and sophistication in healthcare.

The Group's associated company and contract manufacturer of orthopedic devices Straits Apex Group Sdn Bhd continues to see growth in orders from new and existing multinational customers, both to meet increased global demand and from customers seeking to diversify their global supply base. To meet forecast volume from customers for fulfilment in 2023 and beyond, production space was increased by 30% in the fourth quarter of 2022. Commercial production in the expanded facility will commence in the first quarter of 2023 after validation of production equipment is completed.

Moving into 2023, the Group will stay anchored on its proven fundamentals. Emphasis continues to be placed on securing commercially relevant and globally recognized manufacturing and distribution certifications, accelerating the research and development of new pharmaceutical and consumer healthcare products, identification and sourcing of new in-demand products to meet anticipated market demands, harmonizing and deepening the digitalization of Group business processes, building stronger social media presence and e-commerce capabilities, and opening new international markets for the Group's products and contract manufacturing services.

Further unforeseen market changes and developments aside, the Group expects to deliver a satisfactory performance in 2023 and is confident of its longer-term growth prospects.

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		YEAR ENDED	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	6,155	4,191	17,604	14,171
Deferred tax	(1,145)	627	(585)	427
Foreign tax	495	376	2,414	2,000
	<u>5,505</u>	<u>5,194</u>	<u>19,433</u>	<u>16,598</u>
In respect of prior period:				
Income tax	103	(897)	103	(897)
Foreign tax	(152)	274	(152)	274
	<u>5,456</u>	<u>4,571</u>	<u>19,384</u>	<u>15,975</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.

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

B7 Status of Corporate Proposals

On 21 September 2022, the Company through its wholly-owned Singapore subsidiary, First SGC Pte Ltd ("FSGC") entered into a Subscription and Shareholder Agreement ("SSA") with Shanghai Pharmaceutical Import & Export Co., Ltd. ("SHPIEC"), a wholly-owned subsidiary of Shanghai Pharmaceuticals Holding Co. Ltd., ("SPH") a Fortune Global 500 company incorporated in Shanghai, China to subscribe S\$ 1.2 million (Ringgit Malaysia 3.9 million) for 40% equity in a Singapore joint venture company to be incorporated. As at the date of this announcement, the proposed subscription is still in progress.

There were no corporate proposals announced but not completed as at 15 February 2023 other than as disclosed above.

B8 Group Borrowings and Debt Securities

	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

	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. 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.

B9 Material Litigation

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

B10 Dividend Payable

- The Board of Directors is recommending a final single-tier dividend of 3.5 sen (Year 2021: 3.0 sen) and a special dividend of 2.0 sen (Year 2021: 6.0 sen) per share in respect of the financial year ended 31 December 2022 for shareholders' approval at the forthcoming Annual General Meeting.
- The total dividend paid to-date in the current financial year is 12.0 sen per share. (Year 2021: Single-tier dividend of 5.3 sen per share).
- Subject to the approval of shareholders at the forth coming Annual General Meeting of the Company, the final dividend and the special dividend will be paid on 16 June 2023 and the entitlement date is 2 June 2023.

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		YEAR ENDED	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	34,835	20,704	100,975	59,418
Weighted average number of ordinary shares in issue	'000	474,273	473,617	474,273	473,617
Basic earnings per share	sen	7.34	4.37	21.29	12.55
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	34,835	20,704	100,975	59,418
Weighted average number of ordinary shares in issue	'000	474,273	473,617	474,273	473,617
Effect of dilution-Share options	'000	377	574	377	574
Adjusted weighted average number of ordinary shares in issue	'000	474,650	474,191	474,650	474,191
Diluted earnings per share	sen	7.34	4.37	21.27	12.53

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 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
	31/12/2022 RM'000	31/12/2022 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	9,519	9,581
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(3,687)	(3,667)
	5,832	5,914

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 5,832,000.

B13 Fair Value Changes of Financial Liabilities

As at 31 December 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 22 February 2023.