

Note	3 MONTHS ENDED		PERIOD ENDED	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	142,960	128,268	437,123	392,611
Cost of sales	(111,566)	(101,652)	(340,886)	(303,563)
Gross profit	31,394	26,616	96,237	89,048
Other income	1,281	1,862	3,699	3,965
Selling & marketing expenses	(16,207)	(15,104)	(49,009)	(45,650)
Administrative expenses	(5,222)	(5,006)	(16,182)	(14,976)
Other expenses	(530)	34	(1,235)	(959)
Finance cost	-	(10)	(20)	(11)
Share of results of an associate	820	(671)	2,725	(2,740)
Profit before tax	11,536	7,721	36,215	28,677
Income tax expense	(2,788)	(2,333)	(7,993)	(8,241)
Net profit for the period	8,748	5,388	28,222	20,436
Other comprehensive income:				
Exchange differences on translation of foreign operations, net of tax	(50)	7,050	(2,199)	7,048
Total comprehensive income for the period	8,698	12,438	26,023	27,484
Net profit attributable to:				
Owners of the parent	8,736	5,381	28,198	20,430
Non-controlling interest	12	7	24	6
Net profit for the period	8,748	5,388	28,222	20,436
Total comprehensive income attributable to:				
Owners of the parent	8,686	12,431	25,999	27,478
Non-controlling interest	12	7	24	6
Total comprehensive income for the period	8,698	12,438	26,023	27,484
Earnings per share attributable to owners of the parent:				
	Sen	Sen	Sen	Sen
- Basic	B11 7.46	4.59	24.07	17.44
- Diluted	B11 7.45	4.59	24.06	17.44

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

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000 <i>(Audited)</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	98,809	100,151
Investment properties		7,049	6,413
Intangible assets		1,628	1,737
Investment in an associate		8,040	5,315
Deferred tax assets		329	124
Receivables		10,000	10,000
Long term investment		5,520	5,520
		<u>131,375</u>	<u>129,260</u>
Current Assets			
Inventories		66,024	60,866
Receivables		136,850	129,920
Prepayments		733	494
Tax recoverable		240	269
Derivative financial instruments	A15 & B12	76	52
Deposits, bank and cash balances		77,387	69,353
		<u>281,310</u>	<u>260,954</u>
TOTAL ASSETS		<u>412,685</u>	<u>390,214</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Borrowings	B8	12	13
Derivative financial instruments	A15 & B12	-	-
Payables		105,221	95,082
Current tax payable		1,489	1,688
		<u>106,722</u>	<u>96,783</u>
Non-Current Liabilities			
Borrowings	B8	14	24
Deferred tax liabilities		4,638	4,722
		<u>4,652</u>	<u>4,746</u>
TOTAL LIABILITIES		<u>111,374</u>	<u>101,529</u>
NET ASSETS		<u>301,311</u>	<u>288,685</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		117,146	117,146
Reserves		9,074	11,198
Retained earnings	B14	174,684	159,958
		<u>300,904</u>	<u>288,302</u>
Non-controlling interest		407	383
TOTAL EQUITY		<u>301,311</u>	<u>288,685</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>2.57</u>	<u>2.46</u>

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

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
PERIOD ENDED 30 SEPTEMBER 2016							
Balance at 1 January 2016	117,146	11,198	-	159,958	288,302	383	288,685
Total comprehensive income	-	(2,199)	-	28,198	25,999	24	26,023
Executive share option scheme	-	-	75	-	75	-	75
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(13,472)	(13,472)	-	(13,472)
Total transaction with owners		-	-	(13,472)	(13,472)	-	(13,472)
Balance as at 30 September 2016	117,146	8,999	75	174,684	300,904	407	301,311
PERIOD ENDED 30 SEPTEMBER 2015							
Balance at 1 January 2015	117,146	4,181	-	138,608	259,935	356	260,291
Total comprehensive income	-	7,048	-	20,430	27,478	6	27,484
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(12,886)	(12,886)	-	(12,886)
Total transaction with owners		-	-	(12,886)	(12,886)	-	(12,886)
Balance as at 30 September 2015	117,146	11,229	-	146,152	274,527	362	274,889

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 2016

	PERIOD ENDED	
	30/09/2016	30/09/2015
	RM'000	RM'000
Operating activities		
Profit before tax	36,215	28,677
Adjustments for:		
Depreciation and amortisation	6,742	6,738
Net profit on disposal of property, plant and equipment	(191)	(225)
Property, plant and equipment written off	2	1
Share of results of an associate	(2,725)	2,740
Fair value changes of derivative financial instruments	(23)	(102)
Share based payment under ESOS	75	-
Inventories written off and written down	341	244
Impairment loss on trade receivables	91	137
Interest expense	20	11
Interest income	(1,188)	(911)
Operating cash flows before changes in working capital	39,359	37,310
Inventories	(5,499)	(12,790)
Receivables	(7,260)	(13,753)
Payables	10,139	13,677
Cash generated from operations	36,739	24,444
Tax paid	(8,451)	(8,813)
Net cash flows generated from operating activities	28,288	15,631
Investing activities		
Purchase of property, plant and equipment & intangible assets	(7,351)	(3,796)
Proceeds from disposal of property, plant and equipment	244	339
Withdrawal from short term deposit	8,835	7,098
Interest received	1,188	911
Net cash flows generated from investing activities	2,916	4,552
Financing activities		
Finance lease repaid	(10)	(4)
Dividends paid	(13,472)	(12,886)
Other financing activities paid	(20)	(11)
Net cash flows used in financing activities	(13,502)	(12,901)
Net increase in cash and cash equivalents	17,702	7,282
Cash and cash equivalents at 1 January	56,817	44,260
Effect of exchange rate changes on cash and cash equivalents	(833)	2,406
Cash and cash equivalents at the end of the financial period	73,686	53,948

Included in the deposits, bank and cash balances is RM 3,701,000 (30 September 2015 : RM 4,698,000) 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 2016

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2016

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2016 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 2015.

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 2015 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018

The initial application of the abovementioned standards, amendments and interpretations did 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 September 2016.

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 period ended 30 September 2016.

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (continued)

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Interest income	341	296	1,188	911
Other income including investment income	440	525	1,571	1,601
Interest expense	-	(10)	(20)	(11)
Depreciation and amortisation	(2,245)	(2,256)	(6,742)	(6,738)
Impairment loss on trade receivables net of reversals	(21)	(6)	(91)	(137)
Written off and written down of inventories	(177)	(47)	(341)	(244)
Net profit on disposal of property, plant and equipment	155	-	191	225
Property, plant and equipment written off	-	-	(2)	(1)
Fair value (loss)/gain of derivative financial instruments	(42)	154	23	102
Foreign exchange gain	21	833	49	714

A8 Dividends paid and declared

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

	30/09/2016 RM'000	30/09/2015 RM'000
<u>In respect of the financial year ended 31 December</u>		
2016: Interim single-tier dividend of 5.5 sen per share paid on 30-Sep-16	6,443	-
2015: Final dividend comprising 6.0 sen single tier per share paid on 17-June-16	7,029	-
2015: Interim single-tier dividend of 5.0 sen per share paid on 30-Sep-15	-	5,857
2014: Final dividend comprising 6.0 sen single tier per share paid on 17-June-15	-	7,029
	<u>13,472</u>	<u>12,886</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 and marketing of pharmaceutical products;
- (ii) Wholesale and distribution of pharmaceutical and healthcare products; and
- (iii) Corporate comprising investments in retail pharmacy business and properties and the provision of management services.

OPERATING SEGMENTS	Manufacturing and Marketing	Wholesale and Distribution	Corporate	Adjustments and eliminations	GROUP
	RM'000	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 30/09/2016					
External Revenue	18,482	412,288	6,353	-	437,123
Inter-segment revenue	64,999	534	18,315	(83,848)	-
Total Revenue	83,481	412,822	24,668	(83,848)	437,123
Segment Results (external)	22,942	14,727	583	(2,017)	36,235
Finance costs					(20)
Profit before tax					36,215
PERIOD ENDED 30/09/2015					
External Revenue	15,936	370,622	6,053	-	392,611
Inter-segment revenue	59,482	494	15,464	(75,440)	-
Total Revenue	75,418	371,116	21,517	(75,440)	392,611
Segment Results (external)	21,809	13,933	(5,448)	(1,606)	28,688
Finance costs					(11)
Profit before tax					28,677
Segment assets					
30-Sep-2016	110,519	265,466	43,226	(6,526)	412,685
31-Dec-2015	99,123	250,301	48,343	(7,553)	390,214
Segment liabilities					
30-Sep-2016	(12,974)	(88,043)	(4,231)	(6,126)	(111,374)
31-Dec-2015	(9,426)	(81,908)	(3,785)	(6,410)	(101,529)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (continued)

A10 Significant Events After the Reporting Date

There were no significant events that had arisen subsequent to the end of this current period.

A11 Changes in Group Composition

The Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the current quarter ended 30 September 2016.

A12 Property, plant and equipment

During the current quarter ended 30 September 2016, the Group acquired assets at a cost of RM 5,673,000 (30 September 2015: RM 1,377,000). Assets with carrying amount of RM 48,000 were disposed of by the Group during the current quarter ended 30 September 2016 (30 September 2015: NIL), resulting in a net gain on disposal of RM 155,000 (30 September 2015: NIL), 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 September 2016 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	18,803
Authorised capital expenditure approved but not contracted for	60,484
	<u>79,287</u>

Included in the capital commitments are the authorised capital expenditure approved for the construction of a new oral solid dosage manufacturing facility, totaling RM 68,000,000, and the balance contract price payable for the acquisition of office suites in the newly launched Pavilion Damansara Heights, totaling RM 8.2 million.

A14 Related Party Transactions

The Group does not have any significant transactions with related parties during the period ended 30 September 2016 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2015.

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 assets:	30/09/2016	31/12/2015
	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	<u>76</u>	<u>52</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 2015.

A16 Changes in Contingent liabilities or Contingent assets.

There were no contingent liabilities or contingent assets of the Group since the end of the last annual reporting date.

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

B1 Detailed Performance Analysis of Operating Segments of the Group

The Group achieved revenue of RM143.0 million for the third quarter and RM 437.1 million for the first nine months of the current financial year. Revenue in the third quarter improved by 11.5% over the same period in the previous year, while Year to date revenue also grew 11.3% over the same period in the previous year. Revenue from all business units performed in line with expectations, with consistent contributions from Group branded pharmaceutical and consumer products, distribution agencies and pharmaceutical wholesale in Malaysia and Singapore.

Profit before Tax is RM 11.5 million for the third quarter and RM 36.2 million year to date, representing growth of 49.4% and 26.3% respectively over equivalent periods in 2015. The improved performance is attributed to higher revenue and profit contribution from the Group's associate, Straits Apex Sdn Bhd, engaged in the contract manufacturing of orthopaedic devices. For the first nine months of 2016, the Group recognized RM 2.73 million as its share of profit from Straits Apex Sdn Bhd as compared to recognized losses of RM 2.74 million in the same period last year.

During the quarter, the Group announced plans to establish a RM 68 million new oral solid dosage manufacturing facility by its wholly owned subsidiary, Xepa-Soul Pattinson (M) Sdn Bhd, at Cheng Industrial Estate, Melaka. Preliminary ground clearing works have commenced and construction will commence in the fourth quarter of 2016.

B2 Material changes in the profit before tax for the quarter

Profit before tax for the current quarter is RM 11.5 million, which is 6.3% lower than the RM 12.3 million achieved in the immediate preceding quarter. This is mainly attributed to lower revenue and a greater proportion of lower margin products in the sales mix in the current quarter.

B3 Commentary

a Prospects

The prospects for the Group's core businesses of manufacturing, marketing and distribution of pharmaceuticals and consumer healthcare products remain positive in the markets we operate. Effort is consistently directed at research and development of new Group Brand products, penetration of new international markets and improving operational efficiencies in domestic markets. However, the expectations of subdued economic growth, increased competition and persistent weakness of the Malaysian Ringgit against major foreign currencies continue to contribute to a challenging business environment.

There are no new material changes to the business prospects previously furnished with the Group's quarterly report for the current year. Without further unforeseen circumstances, the Board expects the Group to perform satisfactorily in 2016.

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	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
In respect of current period:				
Income tax	2,289	2,270	7,836	8,358
Deferred tax	282	(172)	(288)	(478)
Foreign tax	209	95	437	221
	<u>2,780</u>	<u>2,193</u>	<u>7,985</u>	<u>8,101</u>
In respect of prior period:				
Income tax	28	140	28	140
Foreign tax	(20)	-	(20)	-
	<u>2,788</u>	<u>2,333</u>	<u>7,993</u>	<u>8,241</u>

The effective tax rate for the current quarter and cumulative period was lower than the statutory tax rate due to the net of tax profits 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

There were no corporate proposals announced but not completed as at 9th November 2016.

B8 Group Borrowings and Debt Securities

	30/09/2016	31/12/2015
	RM'000	RM'000
Current		
Secured obligations under finance lease	12	13
Non-current		
Secured obligations under finance lease	14	24
Total	<u>26</u>	<u>37</u>
Obligations under finance lease denominated in foreign currency as at 30 September 2016:	SGD'000	SGD'000
Singapore Dollars	<u>9</u>	<u>12</u>

The Group does not have any current or non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 30 September 2016.

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 5.5 sen per share in respect of the financial year ending 31 December 2016 which was declared by the Board of Directors in the previous quarter has been paid on 30th September 2016. (Year 2015: Interim single-tier dividend of 5.0 sen per share paid on 30th September 2015).

b The total dividend declared and paid to-date in the current financial year is 5.5 sen per share. (Year 2015: Single-tier dividend of 5.0 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	
		30/09/2016	30/09/2015	30/09/2016	30/09/2015
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	8,736	5,381	28,198	20,430
Weighted average number of ordinary shares in issue	'000	117,146	117,146	117,146	117,146
Basic earnings per share	sen	<u>7.46</u>	<u>4.59</u>	<u>24.07</u>	<u>17.44</u>
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	8,736	5,381	28,198	20,430
Weighted average number of ordinary shares in issue	'000	117,146	117,146	117,146	117,146
Effect of dilution-Share options	'000	54	-	54	-
Adjusted	'000	117,200	117,146	117,200	117,146
Diluted earnings per share	sen	<u>7.45</u>	<u>4.59</u>	<u>24.06</u>	<u>17.44</u>

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

B12 Derivative Financial Instruments

a The Group's derivative financial instruments as at 30 September 2016 are as follows -

Type of Derivatives Forward Currency Contracts	Contract / Fair Value		
	Notional Amount RM'000	Assets RM'000	Liabilities RM'000
<u>Less than 1 year</u>			
Sale of goods	4,760	76	-
Purchase of goods	(893)	-	-
	<u>3,867</u>	<u>76</u>	<u>-</u>

b The Group does not anticipate any market or credit risks arising from these derivatives.

c The net cash requirements relating to these contracts was RM 3,867,000.

d There have been no changes since the end of the previous financial year in respect of the following:

- (i) the types of derivative contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- (ii) the risk management policies in place for mitigating and controlling the risks joint venture / associate with these derivative contracts; and
- (iii) the related accounting policies.

B13 Fair Value Changes of Financial Liabilities

As at 30 September 2016, 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 Realised and Unrealised Profits/Losses Disclosure

	Year ended	
	30/09/2016 RM'000	31/12/2015 RM'000
Total retained earnings of the Group:		
Realised	197,029	184,856
Unrealised	(3,288)	(3,331)
	<u>193,741</u>	<u>181,525</u>
Total share of results of a joint venture prior to becoming an associate:		
Realised	(695)	(695)
Total share of results of an associate:		
Realised	1,759	(966)
	<u>194,805</u>	<u>179,864</u>
Less: Consolidation adjustments	(20,121)	(19,906)
Total Group's retained earnings as per consolidated accounts	<u>174,684</u>	<u>159,958</u>

B15 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2015 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 15th November 2016.