

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/09/2023	30/09/2022	30/09/2023	30/09/2022
		RM'000	RM'000	RM'000	RM'000
Revenue		235,344	232,079	696,173	657,249
Cost of sales		(179,846)	(178,865)	(532,943)	(510,721)
Gross profit		55,498	53,214	163,230	146,528
Other income		4,972	1,714	9,226	4,859
Selling & marketing expenses		(25,420)	(22,197)	(74,492)	(64,755)
Administrative expenses		(7,709)	(6,866)	(20,988)	(20,314)
Other expenses		(367)	(287)	(972)	(784)
Finance costs		(134)	(181)	(441)	(549)
Share of results of associated companies		3,637	6,998	319,110	15,079
Profit before tax	A7	30,477	32,395	394,673	80,064
Income tax expense	B6	(6,314)	(5,515)	(16,745)	(13,928)
Net profit for the period		24,163	26,880	377,928	66,136
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		2,770	(2)	2,765	(6)
Net change in fair value of equity instrument designated at fair value through other comprehensive income		-	-	-	-
Total comprehensive income for the period		26,933	26,878	380,693	66,130
Net profit attributable to:					
Owners of the parent		24,163	26,881	377,928	66,140
Non-controlling interest		-	(1)	-	(4)
Net profit for the period		24,163	26,880	377,928	66,136
Total comprehensive income attributable to:					
Owners of the parent		26,933	26,879	380,693	66,134
Non-controlling interest		-	(1)	-	(4)
Total comprehensive income for the period		26,933	26,878	380,693	66,130
Earnings per share attributable to owners of the parent:		Sen	Sen*	Sen	Sen*
- Basic	B11	3.38	3.78	52.91	9.30
- Diluted	B11	3.38	3.77	52.84	9.27

*For comparative purposes, the earnings per share for the corresponding quarter and period ended 30 September 2022 had been adjusted retrospectively to reflect the effect of the bonus issue.

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 30/09/2023 RM'000	As at 31/12/2022 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	190,991	189,333
Investment properties		8,881	8,675
Intangible assets		4,496	3,955
Right-of-use assets		5,778	6,071
Investments in associated companies		176,499	70,308
Other Investment		490	334
Deferred tax assets		2,186	1,806
		<u>389,321</u>	<u>280,482</u>
Current Assets			
Inventories		134,724	110,529
Receivables		192,409	178,161
Prepayments		1,296	1,294
Tax recoverable		284	238
Derivative financial instruments	A15 & B12	1	82
Deposits, bank and cash balances		380,455	174,471
		<u>709,169</u>	<u>464,775</u>
TOTAL ASSETS		<u>1,098,490</u>	<u>745,257</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		174,165	160,429
Borrowings	B8	5,107	5,857
Lease liabilities		681	745
Current tax payable		7,504	3,567
		<u>187,457</u>	<u>170,598</u>
Non-Current Liabilities			
Borrowings	B8	-	3,643
Lease liabilities		5,578	5,754
Deferred tax liabilities		7,854	6,834
		<u>13,432</u>	<u>16,231</u>
TOTAL LIABILITIES		<u>200,889</u>	<u>186,829</u>
NET ASSETS		<u>897,601</u>	<u>558,428</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		132,707	129,834
Reserves		22,475	19,842
Retained earnings		742,419	408,752
		<u>897,601</u>	<u>558,428</u>
Non-controlling interest		-	-
TOTAL EQUITY		<u>897,601</u>	<u>558,428</u>
		RM	RM*
Net Assets per share attributable to owners of the parent		<u>1.26</u>	<u>0.78</u>

*For comparative purposes, the Net Assets per share for the corresponding year to date ended 31 December 2022 had been adjusted retrospectively to reflect the effect of the bonus issue.

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 2023

	Note	← Non-Distributable →			Distributable	Equity	Non-controlling Interest	Total Equity	
		Share Capital	Foreign currency translation reserve	Fair value 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	RM'000	
PERIOD ENDED 30 SEPTEMBER 2023									
Balance at 1 January 2023		129,834	18,205	-	1,637	408,752	558,428	-	558,428
Total comprehensive income		-	2,765	-	-	377,928	380,693	-	380,693
Share options granted		-	-	-	566	-	566	-	566
Share options lapsed		-	-	-	(20)	20	-	-	-
Transfer to share capital for share options exercised		678	-	-	(678)	-	-	-	-
Transaction with owners									
Dividends on ordinary shares	A8	-	-	-	-	(44,281)	(44,281)	-	(44,281)
Issuance of ordinary share pursuant to ESOS		2,195	-	-	-	-	2,195	-	2,195
Total transaction with owners		2,195	-	-	-	(44,281)	(42,086)	-	(42,086)
Balance as at 30 September 2023		132,707	20,970	-	1,505	742,419	897,601	-	897,601
PERIOD ENDED 30 SEPTEMBER 2022									
Balance at 1 January 2022		127,191	13,023	-	1,544	365,018	506,776	81	506,857
Total comprehensive income		-	(6)	-	-	66,140	66,134	(4)	66,130
Liquidation in Subsidiary		-	-	-	-	-	-	(77)	(77)
Share options granted		-	-	-	469	-	469	-	469
Share options lapsed		-	-	-	(16)	16	-	-	-
Transfer to share capital for share options exercised		504	-	-	(504)	-	-	-	-
Transaction with owners									
Dividends on ordinary shares	A8	-	-	-	-	(57,258)	(57,258)	-	(57,258)
Issuance of ordinary share pursuant to ESOS		2,015	-	-	-	-	2,015	-	2,015
Total transaction with owners		2,015	-	-	-	(57,258)	(55,243)	-	(55,243)
Balance as at 30 September 2022		129,710	13,017	-	1,493	373,916	518,136	-	518,136

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 THIRD QUARTER ENDED 30 SEPTEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	PERIOD ENDED	
	30/09/2023	30/09/2022
	RM'000	RM'000
Operating activities		
Profit before tax	394,673	80,064
Adjustments for:		
Depreciation and amortisation	12,716	11,449
Net profit on disposal of property, plant and equipment	(281)	(712)
Property, plant and equipment written off	1	2
Share of results of associated companies	(319,110)	(15,079)
Fair value changes of derivative financial instruments	81	(88)
Share options granted	566	469
Depreciation of right-of-use assets	636	628
Lease interest expense	229	230
Inventories written off/ written down	76	185
Impairment on receivables net of reversals	1,082	(220)
Interest expense	212	314
Interest income	(3,842)	(1,134)
Operating cash flows before changes in working capital	87,039	76,108
Inventories	(24,271)	(10,096)
Receivables	(15,333)	(25,759)
Payables	13,736	17,945
Cash generated from operations	61,171	58,198
Tax paid	(12,214)	(12,496)
Net cash flows generated from operating activities	48,957	45,702
Investing activities		
Investment in an associated company	(3,960)	-
Investment in trust fund	(142)	(313)
Purchase of property, plant and equipment & intangible assets	(14,095)	(27,759)
Proceeds from disposal of property, plant and equipment	352	798
Withdrawal from short term deposit	4,867	81,890
Dividend from associated company	217,000	-
Dividends paid to non-controlling interest	-	(78)
Interest received	3,842	1,134
Net cash flows generated from investing activities	207,864	55,672
Financing activities		
Proceed from issuance of shares under ESOS	2,195	2,015
Repayment of term loans	(4,393)	(4,393)
Dividends paid	(44,281)	(57,258)
Interest paid	(212)	(314)
Payment of lease liabilities	(812)	(841)
Net cash flows used in financing activities	(47,503)	(60,791)
Net increase in cash and cash equivalents	209,318	40,583
Cash and cash equivalents at 1 January	164,513	103,860
Effect of exchange rate changes on cash and cash equivalents	1,533	-
Cash and cash equivalents at the end of the financial period	375,364	144,443

Included in the deposits, bank and cash balances was RM 5,091,000 (30 September 2022: RM 8,309,000) placed with money market fund held for investment purposes and deposits with licensed banks with tenure more than 3 months. Both of these do 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 2023
(THE FIGURES HAVE NOT BEEN AUDITED)
A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2023
A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2023 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. It should be read in conjunction with the Group's most recent audited financial statements for the year ended 31 December 2022.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities classified as financial assets and liabilities at fair value through profit or loss, other comprehensive income and financial assets designated as available for sale.

A2 Significant accounting policies

The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2022 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial application of the abovementioned standards and amendments do not have any material impacts to the current and prior periods financial statements upon their first adoption.

A3 Seasonality or cyclical 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 2023 except for the non-recurring gain of RM 304.4 million recorded by the Group's associated company, SAG as mentioned in the preceding quarter.

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 in prior financial year.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

239,342,674 new ordinary shares were issued on the basis of 1 bonus share for every 2 existing shares on 12 June 2023. Other than those reported in the previous quarterly announcement, 109,000 new ordinary shares were issued pursuant to the exercise of options under the Executive Share Options Scheme ("ESOS") in the third quarter ended 30 September 2023. Post bonus issue, the exercise price of the ESOS was adjusted accordingly in accordance to the ESOS Bylaws.

Other than the above, 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 2023.

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Interest income	2,665	365	3,842	1,134
Other income including investment income	1,855	974	4,498	2,613
Interest expense	(59)	(97)	(212)	(314)
Depreciation and amortisation	(4,299)	(3,996)	(12,716)	(11,449)
Depreciation of right-of-use assets	(204)	(209)	(636)	(628)
Impairment on receivables net of reversals	(32)	(25)	(1,082)	220
Inventories written off/ written down	(63)	(20)	(76)	(185)
Net profit on disposal of property, plant and equipment	44	138	281	712
Property, plant and equipment written off	(1)	(2)	(1)	(2)
Fair value changes of derivative financial instruments	-	62	(81)	88
Foreign exchange gain	326	138	440	131

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)
A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (continued)
A8 Dividends paid and declared

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

	30/09/2023	30/09/2022
	RM'000	RM'000
<u>In respect of the financial year ended 31 December</u>		
2023: Interim single-tier dividend comprising 2.50 sen per share paid on 19-September-23	17,954	-
2022: Final single-tier dividend comprising 2.33 sen* per share paid on 16-June-23	16,754	-
2022: Special dividend comprising 1.33 sen* per share paid on 16-June-23	9,573	-
2022: Interim single-tier dividend comprising 2.00 sen* per share paid on 15-September-22	-	14,326
2021: Final single-tier dividend comprising 2.00 sen* per share paid on 16-June-22	-	14,310
2021: Special dividend comprising 4.00 sen* per share paid on 16-June-22	-	28,622
	<u>44,281</u>	<u>57,258</u>

*The dividend per share for the corresponding financial periods had been adjusted retrospectively to reflect the effect of the issuance of 1 for 2 bonus issue on 12 June 2023.

A9 Segment Information

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

- (i) Manufacturing of pharmaceutical products ("Manufacturing");
- (ii) Distribution of pharmaceutical and healthcare products ("Distribution"); and
- (iii) Corporate comprising investments, properties and others ("Corporate").

OPERATING SEGMENTS

	Manufacturing RM'000	Distribution RM'000	Corporate RM'000	Adjustments RM'000	GROUP RM'000
PERIOD ENDED 30/09/2023					
External Revenue	68,595	627,548	30	-	696,173
Inter-segment revenue	134,160	30	55,302	(189,492)	-
Total Revenue	<u>202,755</u>	<u>627,578</u>	<u>55,332</u>	<u>(189,492)</u>	<u>696,173</u>
Segment Results	57,616	26,412	313,621	(2,535)	395,114
Finance costs					(441)
Profit before tax					<u>394,673</u>
PERIOD ENDED 30/09/2022					
External Revenue	61,715	595,502	32	-	657,249
Inter-segment revenue	109,668	27	17,616	(127,311)	-
Total Revenue	<u>171,383</u>	<u>595,529</u>	<u>17,648</u>	<u>(127,311)</u>	<u>657,249</u>
Segment Results	45,700	27,743	9,655	(2,485)	80,613
Finance costs					(549)
Profit before tax					<u>80,064</u>
Segment assets					
30-Sep-2023	288,859	365,848	450,974	(7,191)	1,098,490
31-Dec-2022	241,313	351,052	160,039	(7,147)	745,257
Segment liabilities					
30-Sep-2023	(53,508)	(123,428)	(8,595)	(15,358)	(200,889)
31-Dec-2022	(49,159)	(121,409)	(5,860)	(10,401)	(186,829)

A10 Significant Events After the Reporting Date

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

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 2023.

A12 Property, plant and equipment

During the current quarter ended 30 September 2023, the Group made an advance payment of capital expenditure of RM 3.0 million (30 September 2022: RM 3.5 million).

Assets with zero carrying amount were disposed by the Group during the current quarter ended 30 September 2023 and 30 September 2022, resulting in a net disposal gain of RM 44,000 (30 September 2022: RM 138,000).

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



APEX HEALTHCARE BERHAD [199801016979 (473108-T)]

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (continued)

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 September 2023 are as follows:

	<u>RM'000</u>
Authorised capital expenditure approved and contracted for	4,737
Authorised capital expenditure approved but not contracted for	11,447
	<u>16,184</u>

A14 Related Party Transactions

The Group did not have any significant transactions with related parties during the period ended 30 September 2023 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2022.

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:	30/09/2023 31/12/2022	
	RM'000	RM'000
	(Level 2)	
Other investment	490	334
Derivatives - Forward currency contracts	1	82

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

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

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

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

There have been no transfers between the fair value hierarchy during the current interim period and financial year ended 2023 and 2022.

A16 Changes in Contingent liabilities or Contingent assets

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

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
(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 Quarter		To-date	To-date	
	30/09/2023	30/09/2022		30/09/2023	30/09/2022	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	235,344	232,079	1.4%	696,173	657,249	5.9%
Share of results of associated companies	3,637	6,998	-48.0%	319,110	15,079	2016.3%
Finance Cost	(134)	(181)	(26.0%)	(441)	(549)	(19.7%)
Profit Before Tax	30,477	32,395	-5.9%	394,673	80,064	392.9%
Profit After Tax	24,163	26,880	-10.1%	377,928	66,136	471.4%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the third quarter of 2023, consolidated quarterly revenue of Group operating subsidiaries reached RM 235.3 million, 9.4% better than the preceding quarter. This is due to stepped up sales and marketing initiatives in the face of slowing market demand, especially for consumer healthcare. Q3 2023 revenue is 1.4% higher than that reported for the same quarter in 2022, which saw high market demand fueled by strong post-pandemic economic recovery. Operating profit for the quarter is RM 26.9 million, 5.5% better than the same period in 2022.

Share of results from associate company Straits Apex Group Sdn Bhd ('SAG') for the quarter is RM 3.6 million, 48% lower than the RM 7.0 million recorded in the same period last year. This is because of the Group's lower effective interest in Straits Apex Sdn Bhd ('SA') resulting from completion of the divestment of SAG's entire equity interest in SA to Quadria Capital, and the reinvestment by SAG in the SA Group of companies by way of subscription and rollover for 40% equity in the new holding company of SA (the 'Transactions') on 11 May 2023. Construction of the 237,147 sq ft new production campus at Batu Kawan for lease to SA is on schedule and SAG expects rental income to commence from Q1 2024 after internal fitting out works are progressively completed from Q4 2023.

Group profit before tax ('PBT') reached RM 30.5 million for the third quarter, 5.9% lower than the RM 32.4 million achieved for the same quarter in the previous year. This is due mainly to a lower share of earnings from associate SAG. For the same reason, Group profit after tax ('PAT') is RM 24.2 million for the quarter, 10.1% lower than the RM 26.9 million achieved in Q3 2022.

In the quarter, the Group's wholly owned subsidiary, Xepa-Soul Pattinson (M) Sdn Bhd received the Certificate of Practical Completion for the two additional buildings at its campus in Cheng, Melaka, constructed to house expanded Quality Control laboratories as well as staff service areas to support revenue growth. Operations have commenced in these new spaces.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first nine months of 2023, Group revenue reached RM 696.2 million, a growth of 5.9% when compared to the RM 657.2 million in the same period in 2022. This is due mainly to the strong sales performance of operating subsidiaries in the first half year, where demand for pharmaceuticals, consumer healthcare products and medical devices, particularly for respiratory illnesses, remained strong in all key markets. Year to date operating profit reached RM 76 million, 16% higher than the RM 65.6 million achieved in the same period last year. This is because of a higher proportion of manufacturing segment revenue, which carries better margins, in the sales mix compared to the first nine months of 2022.

Share of results from associated company is RM 319.1 million, considerably higher than the RM 15.1 million recognized for the same period in 2022. This is due to the completion of the Transactions on 11 May 2023 as outlined above.

Group PBT for the first nine months of 2023 reached a new high of RM 394.7 million, 4.9 times higher than the RM 80.1 million achieved in the corresponding period in 2022. This is due to the stronger year to date performance of the operating subsidiaries and a significantly higher share of earnings from associate SAG arising from the completion of the Transactions. For the same reasons, Group PAT is at a new high of RM 377.9 million, helped by strong net of tax earnings from the associate.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/09/2023	30/06/2023	RM'000	(%)
	RM'000	RM'000	RM'000	(%)
Revenue	235,344	215,031	20,313	9.4%
Share of results of associated companies	3,637	310,859	(307,222)	-98.8%
Finance Cost	(134)	(147)	13	-8.8%
Profit Before Tax	30,477	334,524	(304,047)	-90.9%
Profit After Tax	24,163	329,483	(305,320)	-92.7%

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

(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 (cont'd)

Group profit before tax for Q3 2023 is RM 30.5 million, a decrease of 91% compared to the RM 334.5 million reported for Q2 2023. This is due to the estimated large non-recurring gain of RM 304.4 million recognized by the Group arising from the completion of the Transactions in the preceding quarter.

B3 Commentary

a Prospects

The Group's core manufacturing and distribution businesses performed better in the third quarter of 2023, reversing the 12.5% dip in Q2 2023 revenue from the first quarter of the year. This is the result of concerted sales and marketing initiatives to drive sales in the face of slowing economic growth and weakening consumer sentiment, which are expected to persist.

For the Group's associate company engaged in the contract manufacturing of orthopedic devices, secured orders for delivery in the final quarter of 2023 is lower than the same period last year with key customers right sizing their inventories after strong orders in the immediate post pandemic period. Orders are expected to normalize in the first half of 2024.

In Q2 2023, the Group recognized an estimated non-recurring gain of RM 304.4 million arising from the completion of the Transactions on 11 May 2023. This sum may vary given that it is subject to year-end audit verification of the accounting treatment of features of the shareholders' agreement that relate to future exit mechanisms, fair value assessments and finalization of all transaction costs.

For the final quarter of 2023, the Group expects the business environment to remain challenging because of slowing economic growth in our key markets, fading consumer sentiments and higher business operating costs.

Nevertheless, the Group is cautiously confident that its proven fundamentals, business strategies and cost efficiency measures will help mitigate the impact of slower economic growth. The Group continues to evaluate new opportunities for growth and plans to expand warehousing and pharmaceutical liquid production capability and capacity to meet future demand are currently under review. Barring further unforeseen circumstances, the Board expects the Group's performance to be satisfactory for 2023.

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

In respect of current period:

Income tax
Deferred tax
Foreign tax

3 MONTHS ENDED		PERIOD ENDED	
30/09/2023	30/09/2022	30/09/2023	30/09/2022
RM'000	RM'000	RM'000	RM'000
5,057	4,631	13,934	11,449
260	(50)	639	560
997	934	2,172	1,919
<u>6,314</u>	<u>5,515</u>	<u>16,745</u>	<u>13,928</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

In Q2 2023, the Group recognized an estimated non-recurring gain of RM 304.4 million arising from the completion of the Transactions on 11 May 2023. This sum may vary given that it is subject to year-end audit verification of the accounting treatment of features of the shareholders' agreement that relate to future exit mechanisms, fair value assessments and finalization of all transaction costs.

Save as disclosed above, there were no corporate proposals announced but not completed as at 21 November 2023.

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)
B8 Group Borrowings and Debt Securities

	As at 30/09/2023		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	-	5,107	5,107

	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

The bank borrowings is to part finance the construction of the new oral solid dosage plant, SPP NOVO by Xepa-Soul Pattinson (Malaysia) Sdn Bhd, a wholly-owned subsidiary of the Company. The loans are denominated in Ringgit Malaysia and secured by a Corporate Guarantee provided by the Company. The weighted average interest rates are tagged to a percentage margin above one-month Effective Cost of Funds. Other than the principal repayments, there were no material changes in the amount of borrowings at the end of the current quarter compared to the end of the previous financial year ended 31 December 2022.

B9 Material Litigation

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

B10 Dividend Payable

a The interim single-tier dividend of 2.50 sen per share in respect of the financial year ending 31 December 2023 which was declared by the Board of Directors in the previous quarter was paid on 19 September 2023. (Year 2022: Interim single-tier dividend of 2.0 sen* per share paid on 15 September 2022).

b The total dividend declared and paid to-date in the current financial year is 2.5 sen per share based on the enlarged 714 million number of ordinary shares post bonus issue. (Year 2022: Single-tier dividend of 2.0 sen* per share).

*The dividend per share for the corresponding financial periods had been adjusted retrospectively to reflect the effect of the issuance of 1 for 2 bonus issue on 12 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		PERIOD ENDED	
		30/09/2023	30/09/2022	30/09/2023	30/09/2022
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	24,163	26,881	377,928	66,140
Weighted average number of ordinary shares in issue as presented prior to bonus	'000	474,982	474,266	474,982	474,266
Effect of bonus issue	'000	239,343	237,133	239,343	237,133
	'000	714,325	711,399	714,325	711,399
Basic earnings per share	sen	3.38	3.78	52.91	9.30
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	24,163	26,881	377,928	66,140
Weighted average number of ordinary shares in issue	'000	714,325	711,399	714,325	711,399
Effect of dilution-Share options	'000	861	2,013	861	2,013
Adjusted weighted average number of ordinary shares in issue	'000	715,186	713,412	715,186	713,412
Diluted earnings per share	sen	3.38	3.77	52.84	9.27

Pursuant to MFRS 133 Earnings Per Share, the Earnings Per Share for the corresponding quarter and period to date ended 30 September 2023 had been adjusted retrospectively to reflect the effect of the bonus issue.

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.

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

B12 Derivative Financial Instruments (cont'd)

Type of Derivatives	Contract/ Notional Value	Fair Value
	30/09/2023 RM'000	30/09/2023 RM'000
i) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(414)	(413)
	(414)	(413)

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:

- 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 414,000.

B13 Fair Value Changes of Financial Assets

As at 30 September 2023, the Group did not have any significant financial assets measured at fair value through profit or loss and other comprehensive income other than the disclosure in note A15.

B14 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2022 was not qualified.

Authorisation for issue

The interim financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 29 November 2023.