

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/06/2021	30/06/2020	30/06/2021	30/06/2020
		RM'000	RM'000	RM'000	RM'000
Revenue		182,557	174,728	362,043	368,036
Cost of sales		(145,244)	(137,079)	(286,963)	(286,683)
Gross profit		37,313	37,649	75,080	81,353
Other income		1,666	2,994	3,742	4,610
Selling & marketing expenses		(16,754)	(18,029)	(34,719)	(38,508)
Administrative expenses		(6,211)	(7,188)	(12,432)	(14,496)
Other expenses		(352)	(482)	(687)	(841)
Finance costs		(212)	(272)	(437)	(596)
Share of results of an associate		670	1,669	1,009	2,763
Profit before tax	A7	16,120	16,341	31,556	34,285
Income tax expense	B6	(3,297)	(3,411)	(6,857)	(6,993)
Net profit for the period		12,823	12,930	24,699	27,292
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(1)	(28)	(3)	(55)
Total comprehensive income for the period		12,822	12,902	24,696	27,237
Net profit attributable to:					
Owners of the parent		12,825	13,034	24,704	27,404
Non-controlling interest		(2)	(104)	(5)	(112)
Net profit for the period		12,823	12,930	24,699	27,292
Total comprehensive income attributable to:					
Owners of the parent		12,824	13,006	24,701	27,349
Non-controlling interest		(2)	(104)	(5)	(112)
Total comprehensive income for the period		12,822	12,902	24,696	27,237
Earnings per share attributable to owners of the parent:					
		Sen	Sen	Sen	Sen
- Basic	B11	2.71	2.76	5.22	5.80
- Diluted	B11	2.70	2.75	5.21	5.78

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 SECOND QUARTER ENDED 30 JUNE 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000 <i>(Audited)</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	166,771	170,657
Investment properties		11,467	10,589
Intangible assets		2,125	1,386
Right-of-use assets		5,926	6,265
Investment in an associate		34,651	33,782
Deferred tax assets		1,111	845
		<u>222,051</u>	<u>223,524</u>
Current Assets			
Inventories		86,974	92,065
Receivables		147,972	129,343
Prepayments		1,488	942
Tax recoverable		1,325	2,070
Derivative financial instruments	A15 & B12	-	42
Deposits, bank and cash balances		168,719	172,929
		<u>406,478</u>	<u>397,391</u>
TOTAL ASSETS		<u>628,529</u>	<u>620,915</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		115,530	117,660
Borrowings	B8	18,286	21,214
Lease liabilities		713	737
Derivative financial instruments	A15 & B12	1	-
Current tax payable		1,610	1,504
		<u>136,140</u>	<u>141,115</u>
Non-Current Liabilities			
Borrowings	B8	-	-
Lease liabilities		5,528	5,808
Deferred tax liabilities		6,463	6,027
		<u>11,991</u>	<u>11,835</u>
TOTAL LIABILITIES		<u>148,131</u>	<u>152,950</u>
NET ASSETS		<u>480,398</u>	<u>467,965</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		126,170	125,255
Reserves		11,899	11,768
Retained earnings		342,199	330,807
		<u>480,268</u>	<u>467,830</u>
Non-controlling interest		130	135
TOTAL EQUITY		<u>480,398</u>	<u>467,965</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>1.01</u>	<u>0.99</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 JUNE 2021

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	RM'000
PERIOD ENDED 30 JUNE 2021							
Balance at 1 January 2021	125,255	10,536	1,232	330,807	467,830	135	467,965
Total comprehensive income	-	(3)	-	24,704	24,701	(5)	24,696
Share options granted	-	-	302	-	302	-	302
Share options lapsed	-	-	(4)	4	-	-	-
Transfer to share capital for share options exercised	164	-	(164)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(13,316)	(13,316)	-	(13,316)
Issuance of ordinary share pursuant to ESOS		751	-	-	751	-	751
Total transaction with owners		751	-	(13,316)	(12,565)	-	(12,565)
Balance as at 30 June 2021		126,170	10,533	1,366	342,199	130	480,398
PERIOD ENDED 30 JUNE 2020							
Balance at 1 January 2020		120,835	10,542	1,373	292,313	465	425,528
Total comprehensive income		-	(55)	-	27,404	(112)	27,237
Share options granted		-	-	392	-	392	392
Share options lapsed		-	-	(10)	10	-	-
Transfer to share capital for share options exercised		468	-	(468)	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	-	(9,463)	-	(9,463)
Issuance of ordinary share pursuant to ESOS		1,905	-	-	-	1,905	1,905
Total transaction with owners		1,905	-	-	(9,463)	-	(7,558)
Balance as at 30 June 2020		123,208	10,487	1,287	310,264	353	445,599

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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2021

	PERIOD ENDED	
	30/06/2021	30/06/2020
	RM'000	RM'000
Operating activities		
Profit before tax	31,556	34,285
Adjustments for:		
Depreciation and amortisation	7,763	7,908
Net profit on disposal of property, plant and equipment	(3)	(180)
Share of results of an associate	(1,009)	(2,763)
Fair value changes of derivative financial instruments	44	(44)
Share options granted	302	392
Depreciation of right-of-use assets	411	564
Lease interest expense	167	184
Inventories (write back)/ written off	(67)	14
Impairment on receivables net of reversals	-	835
Interest expense	270	412
Interest income	(857)	(931)
Operating cash flows before changes in working capital	38,577	40,676
Inventories	5,158	(17,463)
Receivables	(19,175)	24,350
Payables	(2,130)	(1,676)
Cash generated from operations	22,430	45,887
Tax paid	(5,835)	(4,450)
Net cash flows generated from operating activities	16,595	41,437
Investing activities		
Purchase of property, plant and equipment & intangible assets	(5,497)	(6,574)
Proceeds from disposal of property, plant and equipment	3	181
Withdrawal in short term deposit	259	24,916
Dividend from associated company	140	-
Interest received	857	931
Net cash flows (used in)/ generated from investing activities	(4,238)	19,454
Financing activities		
Proceed from issuance of shares under ESOS	751	1,905
Repayment of term loans	(2,929)	(2,928)
Dividends paid	(13,316)	(9,463)
Interest paid	(270)	(412)
Payment of lease liabilities	(544)	(697)
Net cash flows used in financing activities	(16,308)	(11,595)
Net (decrease)/ increase in cash and cash equivalents	(3,951)	49,296
Cash and cash equivalents at 1 January	86,632	93,568
Cash and cash equivalents at the end of the financial period	82,681	142,864

Included in the deposits, bank and cash balances was RM 86,038,000 (30 June 2020: RM 1,904,000) placed with money market fund held for investment purposes and deposits with licensed banks with tenure more than 3 months. Both of these does not form part of cash and cash equivalents.

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

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2021

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 June 2021 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 2020.

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 2020 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	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
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
Annual Improvement to MFRS Standards 2018 - 2020 Cycle	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFR 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

A3 Seasonality or cyclicity of interim operations

The Group's interim operations are not affected materially by any seasonal or cyclical factors.

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 June 2021.

A5 Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial year

There were no changes in estimates of amounts reported in the prior interim periods of the current financial year or prior financial year.

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

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the second quarter ended 30 June 2021 except for the issuance of 370,000 new ordinary shares pursuant to exercise of options under the Executive Share Options Scheme ("ESOS").

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Interest income	435	398	857	931
Other income including investment income	1,026	2,144	2,307	2,912
Interest expense	(131)	(179)	(270)	(412)
Depreciation and amortisation	(3,896)	(3,939)	(7,763)	(7,908)
Depreciation of right-of-use assets	(204)	(282)	(411)	(564)
Impairment on receivables net of reversals	-	(710)	-	(835)
Inventories write back/ (written off)	59	(1)	67	(14)
Net profit on disposal of property, plant and equipment	3	118	3	180
Fair value changes of derivative financial instruments	(75)	37	(44)	44
Foreign exchange gain	73	220	225	333

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2021 (continued)

A8 Dividends paid and declared

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

In respect of the financial year ended 31 December	30/06/2021 RM'000	30/06/2020 RM'000
2020: Final single-tier dividend comprising 2.80 sen per share paid on 16-June-21	13,316	-
2019: Second interim single-tier dividend comprising 2.00 sen per share paid on 16-June-20	-	9,463
	13,316	9,463

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 30/06/2021					
External Revenue	26,750	334,991	302	-	362,043
Inter-segment revenue	53,693	145	6,434	(60,272)	-
Total Revenue	80,443	335,136	6,736	(60,272)	362,043
Segment Results	18,087	14,997	(390)	(701)	31,993
Finance costs					(437)
Profit before tax					31,556
PERIOD ENDED 30/06/2020					
External Revenue	25,586	340,485	1,965	-	368,036
Inter-segment revenue	56,737	298	6,268	(63,303)	-
Total Revenue	82,323	340,783	8,233	(63,303)	368,036
Segment Results	17,671	18,873	(905)	(758)	34,881
Finance costs					(596)
Profit before tax					34,285
Segment assets					
30-Jun-2021	214,076	302,407	116,703	(4,657)	628,529
31-Dec-2020	208,420	295,077	121,574	(4,156)	620,915
Segment liabilities					
30-Jun-2021	(41,021)	(97,202)	(1,835)	(8,073)	(148,131)
31-Dec-2020	(42,626)	(98,931)	(3,862)	(7,531)	(152,950)

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

During the current quarter, both the Company and November Union Sdn Bhd swapped their direct equity interests in Straits Apex Sdn Bhd ("SA") of 40% and 60% respectively with direct equity interest in similar proportions in Straits Apex Group Sdn Bhd ("SAG") (formerly known as Straits Surgical Drills Sdn Bhd) to create a more efficient joint venture structure. SAG now owns 100% of Straits Apex Sdn Bhd, which in turn has two wholly-owned subsidiary companies, Straits Orthopaedics (Mfg) Sdn Bhd and ABio Orthopaedics Sdn Bhd. This change does not have any material impact on the Group's carrying value, recognition of earnings and effective equity interest in SAG and SA.

Other than the above, the Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the current period ended 30 June 2021.

A12 Property, plant and equipment

During the current quarter ended 30 June 2021, prepaid capital expenditure paid by the Group was RM 3.7 million (30 June 2020: RM 4.7 million).

Assets with carrying amount of RM Nil were disposed of by the Group during the current quarter ended 30 June 2021 (30 June 2020: RM Nil), resulting in a net gain on disposal of RM 3,000 (30 June 2020: RM 118,000) recognised and included in other income in the statement of comprehensive income.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 June 2021 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	22,835
Authorised capital expenditure approved but not contracted for	4,755
	27,590

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2021 (continued)

A14 Related Party Transactions

The Group did not have any significant transactions with related parties during the period ended 30 June 2021 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2020.

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 (liabilities)/ asstes:	30/06/2021	31/12/2020
	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	(1)	42

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 end 2020.

A16 Changes in Contingent liabilities or Contingent assets

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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021
(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 Quarter	Year Corresponding Quarter		Current Year To-date	Year Corresponding Period	
	30/06/2021	30/06/2020		30/06/2021	30/06/2020	
	RM'000	RM'000		(%)	RM'000	
Revenue	182,557	174,728	4.5%	362,043	368,036	-1.6%
Operating Profit	15,662	14,944	4.8%	30,984	32,118	-3.5%
Profit Before Tax	16,120	16,341	-1.4%	31,556	34,285	-8.0%
Profit After Tax	12,823	12,930	-0.8%	24,699	27,292	-9.5%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the second quarter of 2021, Group subsidiary companies achieved consolidated revenue of RM 182.5 million, better than the RM 179.5 million in the first quarter of 2021 due to improved demand from private sector clinics and hospitals, especially in June which saw revenue growth of 23% compared to the same month last year. Current quarter revenue is also 4.5% better than revenue of RM 174.7 million secured in the same period in 2020 which was boosted then by non-recurring sales of pandemic related products caused by acute market shortages.

Share of results from associated company Straits Apex Group Sdn Bhd ('SAG') for the quarter is RM 0.67 million, a decrease of 60% compared to the RM 1.7 million in same period last year. Revenue is on par with the same quarter last year as production output in the current quarter was slowed by compliance with Standard Operating Procedures required by the MCO. Further, the new production capacity committed before the pandemic and progressively installed in the second half of 2020 also added to higher fixed and operating costs.

Group profit before tax at RM 16.1 million for the current quarter is 1.4% lower than the RM 16.3 million achieved for the same quarter in the previous year. This is attributed to the lower earnings contribution from the Group's associated company.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first six months of 2021, Group subsidiary companies achieved consolidated revenue of RM 362 million. This compares well with the RM 368 million recorded for the same period in 2020 which saw heightened market demand at the start of the COVID-19 pandemic, leading to increased purchases by our customers to ensure uninterrupted supplies in the first quarter, as well as a surge in non-recurring sales of pandemic related products in the second quarter.

Group operating expenses are lower than the corresponding period last year as costs continue to be optimized for business operations in the pandemic. Share of results from associated company is RM 1.0 million, 63.5% lower than the RM 2.8 million recognized in 2020 for the same period for reasons explained above. Secured orders in hand for fulfilment in the second half of 2021 should enable SAG to exceed 2020 revenue, provided production output can soon normalize with progressive lifting of MCO related restrictions.

Group profit before tax for the first half year is RM 31.6 million, 8% lower than the RM 34.3 million achieved in the corresponding period in 2020. This is due mainly to a reduced contribution from associated company Straits Apex Group Sdn Bhd.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/06/2021	31/03/2021	RM'000	(%)
	RM'000	RM'000	RM'000	(%)
Revenue	182,557	179,486	3,071	1.7%
Operating Profit	15,662	15,322	340	2.2%
Profit Before Tax	16,120	15,436	684	4.4%
Profit After Tax	12,823	11,876	947	8.0%

Profit before tax for the current quarter is RM 16.1 million, an increase of 4.4% when compared to RM 15.4 million achieved in the immediate preceding quarter. There is no material change in Profit before Taxation compared with the preceding quarter.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

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

B3 Commentary

a Prospects

Malaysia's economy is now projected to grow at a lower 4.0% in 2021 because of the resurgence in COVID-19 infections necessitating the implementation of a nation-wide Movement Control Order 3.0 since 1st June. This will impact the continued recovery in consumer confidence and activity, particularly affecting the Group's sales to private sector clinics and hospitals. Compliance with required pandemic related workforce restrictions will affect the cost efficiency and output of both production and distribution. The Group therefore expects the business environment to stay challenging for the second half of 2021. This will remain until widespread vaccination is achieved, proven effective and economic restrictions lessened or lifted altogether.

Short term challenges aside, the Group continues to position itself for longer term growth, by stepping up emphasis and investment in the research and development of new pharmaceutical and consumer healthcare products, staff training and upskilling, the launching of digitalization projects to improve internal operational efficiencies and building stronger e-commerce capabilities. As part of the Group's sustainability efforts, the Solar Renewable Energy Project at XEPA's manufacturing site at Melaka has been completed, with full operations commencing in June 2021. Rated at 729 kWp, the system will supply an estimated 7-8% of the total electricity consumption at the site.

Further unforeseen market changes and developments aside, the Group aims to deliver a satisfactory performance under challenging circumstances in 2021 and remains 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

In respect of current period:

	3 MONTHS ENDED		PERIOD ENDED	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Income tax	2,803	2,841	5,600	6,494
Deferred tax	160	(133)	170	(666)
Foreign tax	334	703	1,087	1,165
	3,297	3,411	6,857	6,993

The effective tax rate for the current quarter and previous year corresponding quarter were lower than the statutory rate of 24% due to the net-of-tax profit contributed by the Group's associated company.

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 12 August 2021.

B8 Group Borrowings and Debt Securities

	As at 30/06/2021		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	-	18,286	18,286

	As at 31/12/2020		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	-	21,214	21,214

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 2020.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

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

B9 Material Litigation

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

B10 Dividend Payable

a The Board of Directors is pleased to declare the payment of an interim single-tier dividend of 2.5 sen per share in respect of the financial year ending 31 December 2021, resulting in a total dividend to-date of 2.5 sen per share. (Year 2020: Interim single-tier dividend of 1.7 sen per share).

b The interim dividend will be paid on 15 September 2021 and the entitlement date is 6 September 2021.

B11 Earnings per share

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

		3 MONTHS ENDED		PERIOD ENDED	
		30/06/2021	30/06/2020	30/06/2021	30/06/2020
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	12,825	13,034	24,704	27,404
Weighted average number of ordinary shares in issue	'000	473,444	472,495	473,444	472,495
Basic earnings per share	sen	2.71	2.76	5.22	5.80
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	12,825	13,034	24,704	27,404
Weighted average number of ordinary shares in issue	'000	473,444	472,495	473,444	472,495
Effect of dilution-Share options	'000	1,067	1,951	1,067	1,951
Adjusted weighted average number of ordinary shares in issue	'000	474,511	474,446	474,511	474,446
Diluted earnings per share	sen	2.70	2.75	5.21	5.78

B12 Derivative Financial Instruments

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

Type of Derivatives	Contract/ Notional Value	Fair Value
	30/06/2021 RM'000	30/06/2021 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	6,730	6,730
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(358)	(359)
	6,372	6,371

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

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

The net cash requirements relating to these contracts was RM 6,372,000.

B13 Fair Value Changes of Financial Liabilities

As at 30 June 2021, 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 2020 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 August 2021.