

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

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

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Revenue		211,058	169,116	573,101	537,152
Cost of sales		(166,712)	(133,947)	(453,675)	(420,630)
Gross profit		44,346	35,169	119,426	116,522
Other income		2,305	2,430	6,047	7,040
Selling & marketing expenses		(20,801)	(15,318)	(55,520)	(53,826)
Administrative expenses		(7,221)	(6,190)	(19,653)	(20,686)
Other expenses		(344)	(356)	(1,031)	(1,197)
Finance costs		(206)	(253)	(643)	(849)
Share of results of an associate		472	2,006	1,481	4,769
Profit before tax	A7	18,551	17,488	50,107	51,773
Income tax expense	B6	(4,547)	(3,142)	(11,404)	(10,135)
Net profit for the period		14,004	14,346	38,703	41,638
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		2,492	(27)	2,489	(82)
Total comprehensive income for the period		16,496	14,319	41,192	41,556
Net profit attributable to:					
Owners of the parent		14,010	14,223	38,714	41,627
Non-controlling interest		(6)	123	(11)	11
Net profit for the period		14,004	14,346	38,703	41,638
Total comprehensive income attributable to:					
Owners of the parent		16,502	14,196	41,203	41,545
Non-controlling interest		(6)	123	(11)	11
Total comprehensive income for the period		16,496	14,319	41,192	41,556
Earnings per share attributable to owners of the parent:					
- Basic	B11	2.96	3.01	8.17	8.80
- Diluted	B11	2.95	3.00	8.16	8.77

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 2021
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000 <i>(Audited)</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	167,328	170,657
Investment properties		11,619	10,589
Intangible assets		2,036	1,386
Right-of-use assets		5,912	6,265
Investment in an associate		35,123	33,782
Deferred tax assets		1,364	845
		<u>223,382</u>	<u>223,524</u>
Current Assets			
Inventories		92,007	92,065
Receivables		165,056	129,343
Prepayments		1,522	942
Tax recoverable		191	2,070
Derivative financial instruments	A15 & B12	2	42
Deposits, bank and cash balances		174,731	172,929
		<u>433,509</u>	<u>397,391</u>
TOTAL ASSETS		<u>656,891</u>	<u>620,915</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		139,200	117,660
Borrowings	B8	16,821	21,214
Lease liabilities		712	737
Derivative financial instruments	A15 & B12	51	-
Current tax payable		2,318	1,504
		<u>159,102</u>	<u>141,115</u>
Non-Current Liabilities			
Borrowings	B8	-	-
Lease liabilities		5,537	5,808
Deferred tax liabilities		6,347	6,027
		<u>11,884</u>	<u>11,835</u>
TOTAL LIABILITIES		<u>170,986</u>	<u>152,950</u>
NET ASSETS		<u>485,905</u>	<u>467,965</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		127,060	125,255
Reserves		14,416	11,768
Retained earnings		344,305	330,807
		<u>485,781</u>	<u>467,830</u>
Non-controlling interest		124	135
TOTAL EQUITY		<u>485,905</u>	<u>467,965</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>1.03</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 SEPTEMBER 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 SEPTEMBER 2021							
Balance at 1 January 2021	125,255	10,536	1,232	330,807	467,830	135	467,965
Total comprehensive income	-	2,489	-	38,714	41,203	(11)	41,192
Share options granted	-	-	485	-	485	-	485
Share options lapsed	-	-	(4)	4	-	-	-
Transfer to share capital for share options exercised	322	-	(322)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(25,220)	(25,220)	-	(25,220)
Issuance of ordinary share pursuant to ESOS		1,483	-	-	1,483	-	1,483
Total transaction with owners		1,483	-	(25,220)	(23,737)	-	(23,737)
Balance as at 30 September 2021	127,060	13,025	1,391	344,305	485,781	124	485,905
PERIOD ENDED 30 SEPTEMBER 2020							
Balance at 1 January 2020	120,835	10,542	1,373	292,313	425,063	465	425,528
Total comprehensive income	-	(82)	-	41,627	41,545	11	41,556
Share options granted	-	-	553	-	553	-	553
Share options lapsed	-	-	(10)	10	-	-	-
Transfer to share capital for share options exercised	806	-	(806)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(17,537)	(17,537)	-	(17,537)
Issuance of ordinary share pursuant to ESOS		3,403	-	-	3,403	-	3,403
Total transaction with owners		3,403	-	(17,537)	(14,134)	-	(14,134)
Dividend by a subsidiary to non-controlling interest		-	-	-	-	(240)	(240)
Balance as at 30 September 2020	125,044	10,460	1,110	316,413	453,027	236	453,263

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 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	PERIOD ENDED	
	30/09/2021	30/09/2020
	RM'000	RM'000
Operating activities		
Profit before tax	50,107	51,773
Adjustments for:		
Depreciation and amortisation	11,676	11,746
Net profit on disposal of property, plant and equipment	(85)	(183)
Property, plant and equipment written off	7	-
Share of results of an associate	(1,481)	(4,769)
Fair value changes of derivative financial instruments	91	30
Share options granted	485	553
Depreciation of right-of-use assets	621	739
Lease interest expense	248	273
Inventories (write back)/ written off	(31)	41
Impairment on receivables net of reversals	197	977
Interest expense	395	576
Interest income	(1,219)	(1,391)
Operating cash flows before changes in working capital	61,011	60,365
Inventories	89	(9,586)
Receivables	(36,491)	23,121
Payables	21,541	1,151
Cash generated from operations	46,150	75,051
Tax paid	(8,911)	(6,988)
Net cash flows generated from operating activities	37,239	68,063
Investing activities		
Purchase of property, plant and equipment & intangible assets	(8,885)	(10,192)
Proceeds from disposal of property, plant and equipment	85	293
Withdrawal/(placement in) short term deposit	6,128	(4,063)
Dividend from associated company	140	-
Dividends paid to non-controlling interest	-	(240)
Interest received	1,219	1,391
Net cash flows used in investing activities	(1,313)	(12,811)
Financing activities		
Proceed from issuance of shares under ESOS	1,483	3,403
Repayment of term loans	(4,393)	(1,952)
Dividends paid	(25,220)	(17,537)
Interest paid	(395)	(576)
Payment of lease liabilities	(811)	(947)
Net cash flows used in financing activities	(29,336)	(17,609)
Net increase in cash and cash equivalents	6,590	37,643
Cash and cash equivalents at 1 January	86,632	93,568
Effect of exchange rate changes on cash and cash equivalents	1,341	-
Cash and cash equivalents at the end of the financial period	94,563	131,211

Included in the deposits, bank and cash balances was RM 80,168,000 (30 September 2020: RM 30,884,000) 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 THIRD QUARTER ENDED 30 SEPTEMBER 2021
(THE FIGURES HAVE NOT BEEN AUDITED)**

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

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 September 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 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 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 third quarter ended 30 September 2021 except for the issuance of 500,000 new ordinary shares pursuant to exercise of options under the Executive Share Options Scheme ("ESOS").

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Interest income	362	460	1,219	1,391
Other income including investment income	1,472	1,669	3,779	4,581
Interest expense	(125)	(164)	(395)	(576)
Depreciation and amortisation	(3,913)	(3,838)	(11,676)	(11,746)
Depreciation of right-of-use assets	(210)	(175)	(621)	(739)
Impairment on receivables net of reversals	(197)	(142)	(197)	(977)
Inventories (written off)/ write back	(36)	(27)	31	(41)
Net profit on disposal of property, plant and equipment	82	3	85	183
Fair value changes of derivative financial instruments	(47)	(74)	(91)	(30)
Foreign exchange gain	296	175	521	508

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 SEPTEMBER 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	30/09/2021 RM'000	30/09/2020 RM'000
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	-
2020: Interim single-tier dividend comprising 1.70 sen per share paid on 30-September-20	-	8,074
2019: Second interim single-tier dividend comprising 2.00 sen per share paid on 16-June-20	-	9,463
	25,220	17,537

A9 Segment Information

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

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

OPERATING SEGMENTS

	M&M RM'000	W&D RM'000	CORP RM'000	Adjustments RM'000	GROUP RM'000
PERIOD ENDED 30/09/2021					
External Revenue	43,371	529,218	512	-	573,101
Inter-segment revenue	82,648	249	17,357	(100,254)	-
Total Revenue	126,019	529,467	17,869	(100,254)	573,101
Segment Results	29,636	24,774	(1,603)	(2,057)	50,750
Finance costs					(643)
Profit before tax					50,107
PERIOD ENDED 30/09/2020					
External Revenue	37,925	497,124	2,103	-	537,152
Inter-segment revenue	77,801	346	17,063	(95,210)	-
Total Revenue	115,726	497,470	19,166	(95,210)	537,152
Segment Results	26,070	27,304	353	(1,105)	52,622
Finance costs					(849)
Profit before tax					51,773
Segment assets					
30-Sep-2021	224,776	323,199	114,689	(5,773)	656,891
31-Dec-2020	208,420	295,077	121,574	(4,156)	620,915
Segment liabilities					
30-Sep-2021	(43,956)	(114,083)	(4,283)	(8,664)	(170,986)
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

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

A12 Property, plant and equipment

During the current quarter ended 30 September 2021, prepaid capital expenditure paid by the Group was RM 3.4 million (30 September 2020: RM 3.6 million).

Assets with carrying amount of RM Nil were disposed of by the Group during the current quarter ended 30 September 2021 (30 September 2020: RM 109,000), resulting in a net gain on disposal of RM 82,000 (30 September 2020: RM 3,000) 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 September 2021 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	24,579
Authorised capital expenditure approved but not contracted for	7,194
	31,773

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

A14 Related Party Transactions

The Group did not have any significant transactions with related parties during the period ended 30 September 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:	30/09/2021	31/12/2020
	RM'000	RM'000
	<u>(Level 2)</u>	
Derivatives - Forward currency contracts	<u>(49)</u>	<u>42</u>

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

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

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

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

There have been no transfers between the fair value hierarchy during the current interim period and the financial year 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 THIRD QUARTER ENDED 30 SEPTEMBER 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	
	30/09/2021	30/09/2020			30/09/2021	30/09/2020	
	RM'000	RM'000			(%)	RM'000	
Revenue	211,058	169,116	24.8%	573,101	537,152	6.7%	
Operating Profit	18,285	15,735	16.2%	49,269	47,853	3.0%	
Share of results of an associate	472	2,006	-76.5%	1,481	4,769	-68.9%	
Finance Cost	(206)	(253)	-18.6%	(643)	(849)	-24.3%	
Profit Before Tax	18,551	17,488	6.1%	50,107	51,773	-3.2%	
Profit After Tax	14,004	14,346	-2.4%	38,703	41,638	-7.0%	
Profit Attributable to Ordinary Equity Holders of the Parent	14,010	14,223	-1.5%	38,714	41,627	-7.0%	

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the third quarter of 2021, the operating subsidiaries of the Group achieved its highest consolidated quarterly revenue of RM 211.1 million, 24.8% higher than the RM 169.1 million in the third quarter of 2020. Strong revenue growth is the result of significantly increased market demand for pharmaceuticals, diagnostics and consumer healthcare products, especially from private sector clinics and pharmacies, due to continued improvement in consumer confidence and activity as vaccination rates rise and the number of COVID-19 cases decline in Malaysia. Revenue growth was also helped by robust market demand for pulse oximeters, surgical masks, COVID-19 self-test kits in Malaysia and SinoPharm and SinoVac COVID-19 vaccines in Singapore.

Expenses remain well controlled despite increased sales activity. Operating profit for the quarter is RM 18.3 million, an improvement of 16.2% over the same period last year.

Share of earnings from Penang based associate Straits Apex Group Sdn Bhd ('SAG') for the quarter is RM 0.5 million, 76.5% lower than the RM 2.0 million achieved in 2020 as production output and costs were severely impacted by COVID-19 infections and the resultant quarantine of production staff. Vaccination of SAG's workforce reached 98% on 30th September 2021. This coupled with a strong order book, will enable SAG to deliver an improved performance in the fourth quarter.

Despite a low earnings contribution from the associate, Group profit before tax for the third quarter reached RM 18.6 million, 6.1% better than the RM 17.5 million achieved in the corresponding period in 2020. This is due to stronger third quarter sales achieved by the operating subsidiaries as well as continued careful control of operating expenses.

During the quarter, the Group's wholly owned manufacturing subsidiary Xepa-Soul Pattinson (M) Sdn Bhd ('Xepa') secured renewal of its European Union Good Manufacturing Practice ('EU-GMP') status after an audit. Xepa also completed the shipment to Australia of a second contract manufactured drug for treatment of Central Nervous System disorders. Singapore based Apex Pharma Marketing Pte Ltd ('APS') secured contracts to provide pharmaceutical logistics services to healthcare professionals for both SinoPharm and SinoVac COVID-19 vaccines under the Ministry of Health's Special Access Route.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first nine months of 2021, Group revenue reached RM 573.1 million, a growth of 6.7% when compared to the RM 537.2 million in the same period in 2020 which saw heightened market demand at the start of the COVID-19 pandemic and a surge in non-recurring sales of pandemic related products in the second quarter of 2020. Year to date revenue growth over last year has been achieved because of a strong performance from operating subsidiaries in the third quarter that is fueled by recovering market sentiments and other reasons outlined above.

Despite higher revenue, most expense categories are lower than the same period in 2020 because of active cost management measures. Other income decreased 14.1% mainly because of reduced pandemic support grants from the Singapore Government. Finance costs incurred for this period is 24.3% lower compared to the corresponding period in 2020 as loans utilized for SPP NOVO continue to be paid down. Accordingly, year to date operating profit reached RM 49.3 million, 3.0% higher than the same period last year.

Share of results from associated company is RM 1.5 million, 68.9% lower than the RM 4.8 million recognized in 2020 due to weaker revenue caused by lower production output for reasons explained above. Higher fixed and operating costs from new production capacity committed before the pandemic and progressively installed in the second half of 2020 as well as rising freight costs for raw materials are also significant contributory factors.

Group profit before tax for the first nine months of 2021 is RM 50.1 million, 3.2% lower than the RM 51.8 million achieved in the corresponding period in 2020. This is because of the significantly lower share of earnings from associate recognized in the current year.

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021
(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 30/09/2021	Immediate Preceding Quarter 30/06/2021	Changes	
	RM'000	RM'000	RM'000	(%)
Revenue	211,058	182,557	28,501	15.6%
Operating Profit	18,285	15,662	2,623	16.7%
Share of results of an associate	472	670	(198)	-29.6%
Finance Cost	(206)	(212)	6	-2.8%
Profit Before Tax	18,551	16,120	2,431	15.1%
Profit After Tax	14,004	12,823	1,181	9.2%

Profit before tax for the current quarter is RM 18.6 million, an increase of 15.1% when compared to RM 16.1 million achieved in the immediate preceding quarter. This is due to a 15.6% rise in revenue in the third quarter when compared with the preceding quarter.

B3 Commentary
a Prospects

With rising vaccination rates and declining COVID-19 cases in Malaysia, the third quarter saw a good recovery in sales in all operating subsidiaries, especially to private sector clinics and pharmacies. Growth was also buoyed by the concerted actions of the Group's distribution subsidiaries to supply new in-demand healthcare products in an evolving pandemic. Together, this enabled the Group to achieve its highest quarterly revenue on record.

However, the performance of the Group's Penang based associate was severely impaired by COVID-19 infections and quarantine of the production staff in the third quarter. Actions taken to secure vaccination for the workforce have resulted in a 98% vaccination rate at 30th September. Orders in hand remain firm, and both order backlog and financial performance are expected to improve in the fourth quarter.

Overall, the recovery in consumer spending and confidence remains vulnerable to setbacks, as evidenced by the return of tightening measures in Singapore, triggered by a new wave of COVID-19 cases despite a high vaccination rate in the population. The developing global energy crisis and supply chain disruptions will impact the cost and availability of imported raw materials and finished goods, and initiatives are underway to strengthen supply chain resilience. The Group therefore continues to maintain its cautious stance and expects the business environment to stay challenging for the rest of the current financial year and into 2022.

Beyond immediate concerns and to ensure sustainable medium to long term earnings growth, the Group continues to step up investments in the research and development of new pharmaceutical and consumer healthcare products, identify and source products to meet anticipated market demands, launch digital initiatives to reach and engage customers, build stronger e-commerce capabilities, and open 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 for the current financial year.

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	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
In respect of current period:				
Income tax	4,380	3,436	9,980	9,930
Deferred tax	(370)	(261)	(200)	(927)
Foreign tax	537	-	1,624	1,165
	<u>4,547</u>	<u>3,175</u>	<u>11,404</u>	<u>10,168</u>
In respect of prior period:				
Foreign tax	-	(33)	-	(33)
	<u>4,547</u>	<u>3,142</u>	<u>11,404</u>	<u>10,135</u>

The effective tax rate for the current quarter at 25% was close to the statutory rate of 24%. Previous year corresponding quarter was lower than the statutory rate 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

There were no corporate proposals announced but not completed as at 10 November 2021.

B8 Group Borrowings and Debt Securities

	As at 30/09/2021		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	-	16,821	16,821

	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.

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 2.5 sen per share in respect of the financial year ending 31 December 2021 which was declared by the Board of Directors in the previous quarter was paid on 15 September 2021. (Year 2020: Interim single-tier dividend of 1.7 sen per share paid on 30 September 2020).

b The total dividend declared and paid to-date in the current financial year is 2.5 sen per share. (Year 2020: Single-tier dividend of 1.7 sen per share).

B11 Earnings per share

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

		3 MONTHS ENDED		PERIOD ENDED	
		30/09/2021	30/09/2020	30/09/2021	30/09/2020
Basic Earnings per share					
Profit after tax	RM'000	14,010	14,223	38,714	41,627
Weighted average number of ordinary shares in issue	'000	473,603	473,023	473,603	473,023
Basic earnings per share	sen	2.96	3.01	8.17	8.80
Diluted Earnings per share					
Profit after tax	RM'000	14,010	14,223	38,714	41,627
Weighted average number of ordinary shares in issue	'000	473,603	473,023	473,603	473,023
Effect of dilution-Share options	'000	829	1,663	829	1,663
Adjusted weighted average number of ordinary shares in issue	'000	474,432	474,686	474,432	474,686
Diluted earnings per share	sen	2.95	3.00	8.16	8.77

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.

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

B12 Derivative Financial Instruments (continued)

Type of Derivatives	Contract/ Notional Value	Fair Value
	30/09/2021 RM'000	30/09/2021 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	7,705	7,654
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(2,142)	(2,140)
	5,563	5,514

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 5,563,000.

B13 Fair Value Changes of Financial Liabilities

As at 30 September 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 17 November 2021.