



**CARING PHARMACY GROUP BERHAD**

(Company No.1011859-D)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED  
31 May 2019**

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**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 31 May 2019**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31 May 2019 RM000	Preceding Year Quarter 31 May 2018 RM000	Current Year To Date 31 May 2019 RM000	Preceding Year To Date 31 May 2018 RM000
REVENUE		153,128	129,347	599,234	508,270
COST OF SALES		(117,694)	(103,505)	(454,105)	(400,464)
GROSS PROFIT		35,434	25,842	145,129	107,806
OTHER OPERATING INCOME		1,045	7,021	4,128	28,270
		36,479	32,863	149,257	136,076
SELLING AND DISTRIBUTION EXPENSES		(21,972)	(19,343)	(87,197)	(80,323)
ADMINISTRATIVE EXPENSES		(5,398)	(5,143)	(22,710)	(20,975)
OTHER OPERATING EXPENSES		(2,342)	(2,040)	(5,288)	(5,113)
FINANCE COSTS		(21)	(24)	(97)	(99)
PROFIT BEFORE TAXATION	B5	6,746	6,313	33,965	29,566
TAXATION	B6	(967)	37	(8,316)	(6,242)
PROFIT AFTER TAXATION		5,779	6,350	25,649	23,324
OTHER COMPREHENSIVE INCOME , NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		5,779	6,350	25,649	23,324
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-					
- Owners of the Company		5,225	5,868	20,728	18,560
- Non-Controlling interests		554	482	4,921	4,764
		5,779	6,350	25,649	23,324
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
- Owners of the Company		5,225	5,868	20,728	18,560
- Non-Controlling interests		554	482	4,921	4,764
		5,779	6,350	25,649	23,324
Earnings per share (Sen) attributable to Owners of the Company					
- Basic <sup>(2)</sup>	B11	2.40	2.70	9.52	8.53
- Diluted		N/A	N/A	N/A	N/A

**Notes:**

N/A Not applicable.

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 and the accompanying explanatory notes attached to these financial statements.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

**Unaudited Condensed Consolidated Statement of Financial Position as at 31 May 2019**

	Note	AS AT 31 May 2019 RM'000	AS AT 31 May 2018 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		39,646	40,276
Intangible assets		3,476	3,476
Deferred tax assets		1,250	936
		44,372	44,688
<b>CURRENT ASSETS</b>			
Inventories		96,633	90,642
Trade receivables		232	403
Other receivables, deposits and prepayments		11,673	7,541
Amount owing by related parties		9	-
Tax recoverable		2,977	3,993
Short term investments		74,079	46,451
Fixed deposits with financial institutions		418	405
Cash and bank balances		57,047	65,053
		243,068	214,488
		287,440	259,176
<b>TOTAL ASSETS</b>		<b>287,440</b>	<b>259,176</b>

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**Unaudited Condensed Consolidated Statement of Financial Position as at 31 May 2019 (Cont'd)**

	Note	AS AT 31 May 2019 RM'000	AS AT 31 May 2018 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		225,108	225,108
Retained profits		110,343	100,585
Merger deficit		(181,984)	(181,984)
<b>TOTAL EQUITY ATTRIBUTABLE TO OF THE COMPANY</b>		<b>153,467</b>	<b>143,709</b>
NON-CONTROLLING INTERESTS		4,934	5,780
<b>TOTAL EQUITY</b>		<b>158,401</b>	<b>149,489</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	<b>B8</b>	7,632	6,737
Deferred tax liabilities		139	11
		<b>7,771</b>	<b>6,748</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		106,760	88,971
Other payables and accruals		10,118	8,994
Amount owing to non-controlling shareholders		2,328	2,508
Amount owing to related parties		117	-
Provision for taxation		593	952
Short term borrowings	<b>B8</b>	1,352	1,514
		<b>121,268</b>	<b>102,939</b>
<b>TOTAL LIABILITIES</b>		<b>129,039</b>	<b>109,687</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>287,440</b>	<b>259,176</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM) <sup>(2)</sup></b>		<b>0.70</b>	<b>0.66</b>

**Notes:**

- (1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 and the accompanying explanatory notes attached to these financial statements.*
- (2) *Based on the issued share capital of 217,706,400 shares*

**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 May 2019**

	<----- Non-distributable ----->		<Distributable>			
	Share Capital	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period Ended 31 May 2018</b>						
<b>At 1 June 2017</b>	225,108	(181,984)	88,432	131,556	3,916	135,472
Total comprehensive income for the period	-	-	18,560	18,560	4,764	23,324
Contribution by and distributions to owners of the Company:-						
- Issuance of shares by a subsidiary	-	-	-	-	25	25
- Dividends: -						
- by the Company	-	-	(6,531)	(6,531)	-	(6,531)
- by subsidiaries to non-controlling interests	-	-	-	-	(2,936)	(2,936)
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	124	124	11	135
Total transactions with owners	-	-	(6,407)	(6,407)	(2,900)	(9,307)
<b>At 31 May 2018</b>	<b>225,108</b>	<b>(181,984)</b>	<b>100,585</b>	<b>143,709</b>	<b>5,780</b>	<b>149,489</b>

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**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 May 2019 (Cont'd)**

	<----- Non-distributable ----->	<Distributable>			Non-Controlling Interests	Total Equity
	Share Capital	Merger Deficit	Retained Profits	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000		
<b>Period Ended 31 May 2019</b>						
<b>At 1 June 2018 (as previously stated)</b>	225,108	(181,984)	100,585	143,709	5,780	149,489
Initial application of MFRS15	-	-	(51)	(51)	-	(51)
<b>At 1 June 2018 (as restated)</b>	225,108	(181,984)	100,534	143,658	5,780	149,438
Total comprehensive income for the period	-	-	20,728	20,728	4,921	25,649
Contribution by and distributions to owners of the Company:-						
- Issuance of shares by a subsidiary	-	-	-	-	110	110
- Dividends: -						
- by the Company	-	-	(10,885)	(10,885)	-	(10,885)
- by subsidiaries to non-controlling interests	-	-	-	-	(5,824)	(5,824)
Changes in subsidiaries' ownership interests that do not result in a loss of control	-	-	(34)	(34)	(53)	(87)
Total transactions with owners	-	-	(10,919)	(10,919)	(5,767)	(16,686)
<b>At 31 May 2019</b>	225,108	(181,984)	110,343	153,467	4,934	158,401

**Notes :**

(1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 and the accompanying explanatory notes attached to these financial statements.*

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 May 2019**

	Current Year To Date 31 May 2019 RM'000	Preceding Year To Date 31 May 2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	33,965	29,566
<b>Adjustments for:-</b>		
Impairment losses on property, plant and equipment	300	38
Impairment losses on trade receivables	-	2
Depreciation of property, plant and equipment	3,987	4,130
Equipment written off	445	126
Interest expense	97	100
Gain on disposal of property, plant and equipment	-	(31)
Loss on winding up of subsidiaries	-	35
Interest income	(3,401)	(2,526)
Rental income	(186)	(163)
Operating profit before working capital changes	<u>35,207</u>	<u>31,277</u>
Increase in inventories	(5,991)	(1,651)
Increase in trade and other receivables	(3,970)	(416)
Increase in trade and other payables	18,978	1,978
<b>CASH FROM OPERATIONS</b>	<u>44,224</u>	<u>31,188</u>
Income tax paid	(7,954)	(6,742)
Income tax refunded	110	107
Interest paid	(97)	(100)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>36,283</u>	<u>24,453</u>
<b>CASH FLOWS FROM/(FOR) INVESTING</b>		
Changes in subsidiaries' ownership interests that not result in a loss of control	(87)	135
Interest received	3,401	2,526
Proceeds from winding up a subsidiary	-	44
Proceeds from disposal of property, plant and equipment	-	41
Increase in pledged fixed deposits with licensed bank	(6)	(27)
Purchase of property, plant and equipment	(4,103)	(7,170)
Rental received	186	163
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<u>(609)</u>	<u>(4,288)</u>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividend paid to :		
- shareholders of the Company	(10,885)	(6,531)
- non-controlling shareholders of subsidiaries	(5,824)	(2,936)
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	110	25
Repayment of hire purchase obligations	(57)	(66)
Proceeds from term loan drawdown	2,040	-
Repayment of term loan	(1,250)	(1,084)
Repayment to non-controlling shareholders	(180)	(237)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<u>(16,046)</u>	<u>(10,829)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	19,628	9,336
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>111,715</u>	<u>102,379</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>131,343</u>	<u>111,715</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-</b>		
- Short term investments	74,079	46,451
- Fixed deposits with financial institutions	217	211
- Cash and bank balances	57,047	65,053
	<u>131,343</u>	<u>111,715</u>

**Notes:**

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 and the accompanying explanatory notes attached to these financial statements.*

**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Para 9.22 and 9.40 (Appendix 9B Part A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018 and the accompanying explanatory notes attached to these financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Groups since the year ended 31 May 2018. The interim consolidated financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The group has adopted merger accounting method for the preparation of this Interim Financial Statements.

**A2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the adopted as disclosed in the Audited Financial Statements for the financial year ended 31 May 2018.

**A2.1 New MFRSs adopted during the current financial year**

During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 1 Annual Improvements to MFRS Standards 2014 - 2017 Cycle	1 January 2018
MFRS 15 Revenue from Contracts with Customers Clarification to MFRS 15	1 January 2018
MFRS 9 Financial Instruments (IFRS as issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 128 Annual Improvements to MFRS Standards 2014 - 2017 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018



**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**A2. Changes in Accounting Policies (cont’d)**
**A2.1 New MFRSs adopted during the current financial year (cont’d)**

During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) (cont’d):-

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 4 <i>Applying MFRS 9</i> Financial Instruments <i>with MFRS 4</i> Insurance Contracts	See MFRS 4 Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the following:-

**MFRS 9 Financial Instruments**

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 Financial Instruments: Recognition and Measurement and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held.

Furthermore, pursuant to MFRS 9, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, the Group is required to recognise and measure a lifetime expected credit loss (“ECL”) on its debt instruments. This application will result in earlier recognition of credit losses.

The adoption of MFRS9 did not have significant effects on the interim financial report upon their initial application.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of ‘distinct’ for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**A2. Changes in Accounting Policies (cont’d)**
**A2.1 New MFRSs adopted during the current financial year (cont’d)**

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the following:- (cont’d)

**MFRS 15 Revenue from Contracts with Customers (cont’d)**

The adoption MFRS 15 did not have significant effect on the statements of financial position and statements of changes in equity other than as an adjustment to the opening balance of retained earnings, which amounted to RM51,000 at the date of initial application (that is, 1 June 2018). This adjustment was mainly derived from the provision of cash vouchers to customers.

The following summarises the impact of adopting MFRS 15 on the statements of profit or loss and OCI of the Group for the quarter and financial year then ended for each of the line items affected.

	<b>INDIVIDUAL QUARTER</b>		
	<b>Current Year Quarter 31-May-19</b>		
	<b>As reported RM'000</b>	<b>Adjustments RM'000</b>	<b>Amount without adoption of MFRS 15 RM'000</b>
Revenue	153,128	(5,972)	147,156
Cost of sales	(117,694)	-	(117,694)
Other operating income	1,045	5,972	7,017
Taxation	(967)	-	(967)
Others	(29,733)	-	(29,733)
Profit after taxation	<u>5,779</u>	<u>-</u>	<u>5,779</u>
Total comprehensive income	<u>5,779</u>	<u>-</u>	<u>5,779</u>

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**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**
**A2. Changes in Accounting Policies (cont’d)**
**A2.1 New MFRSs adopted during the current financial year (cont’d)**

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the following:- (cont’d)

**MFRS 15 Revenue from Contracts with Customers (cont’d)**

The following summarises the impact of adopting MFRS 15 on the statements of profit or loss and OCI of the Group for the quarter and financial year then ended for each of the line items affected. (cont’d)

	<b>CUMULATIVE QUARTER Current Year To Date 31-May-19</b>		
	<b>As reported RM'000</b>	<b>Adjustments RM'000</b>	<b>Amount without adoption of MFRS 15 RM'000</b>
Revenue	599,234	(28,321)	570,913
Cost of sales	(454,105)	-	(454,105)
Other operating income	4,128	28,321	32,449
Taxation	(8,316)	-	(8,316)
Others	(115,292)	-	(115,292)
Profit after taxation	<u>25,649</u>	<u>-</u>	<u>25,649</u>
Total comprehensive income	<u>25,649</u>	<u>-</u>	<u>25,649</u>

Upon adoption of MFRS 15 on 1 June 2018, the Group has reclassified advertising and promotion incentives and central distribution charges amounted to RM5,972,000 for the quarter ended 31 May 2019 and RM28,321,000 for the financial year ended 31 May 2019 from other operating income to other revenue in the ‘Revenue’ line as these incentives and charges involve separate distinct performance obligations as required by the contractual agreements with the suppliers.

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**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**A2. Changes in Accounting Policies (cont’d)**
**A2.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019**

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>Title</b>	<b>Effective Date</b>
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 134 <i>Interim Financial Reporting</i>	1 January 2020

**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**A2. Changes in Accounting Policies (cont’d)**
**A2.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019 (cont’d)**

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- (cont’d)

Title	Effective Date
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendments to MFRS 138 <i>Intangible Assets</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

**A3. Auditors' Report on Preceding Annual Financial Statements**

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2018.

**A4. Seasonal or Cyclical Factors**

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors save for the materialization of purchase rebate entitlements from our suppliers which can only be determined in the third quarter of the financial year.

**A5. Item of Unusual Nature**

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

**A6. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

**A7. Changes in Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**A8. Dividend Paid**

A final single tier tax exempt dividend of 5.0 sen per ordinary share amounting to RM10,885,320 in respect of the financial year ended 31 May 2018 is paid on 14 November 2018.

There was no dividend paid in respect of the current financial period to date.

**A9. Segmental Information**

No segmental analysis is prepared as the Group is primarily engaged in retail pharmacy and related activities in Malaysia.

**A10. Capital Commitments**

Capital commitment for property and equipment not provided for as at 31 May 2019 are as follows:-

<b>Capital expenditure commitments</b>	<b>As at 31-May-19 RM'000</b>
Purchase of property, plant and equipment	1,150

**A11. Material Events during the Interim Period**

There were not material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report.

**A12. Changes in Composition of the Group**

- a) Disposal of 40,000 ordinary shares in Caring T&T Sdn. Bhd. for a total consideration of RM40,000 by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”), resulting a decrease in CPRM’s effective equity interest in the subsidiary from 100% to 60%.
- b) Acquisition of 2 ordinary shares and subscription of 59,998 new ordinary shares in Caring Link Sdn. Bhd. for a total consideration of RM60,000 by Caring Pharmacy Retail Management Sdn. Bhd..

**A13. Contingent Liabilities or Contingent Assets**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

**Interim Financial Report for the Financial Period Ended 31 May 2019****Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

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**B1. Review of Performance of the Group**

The Group registered a revenue of RM153.13 million and profit before tax of RM6.75 million for the current financial quarter as compared to a revenue of RM129.35 million and profit before tax of RM6.31 million reported in the previous year corresponding quarter. The higher revenue was mainly contributed by the sales generated from the establishment of 14 new outlets during the financial year, and also higher sales from existing outlets.

During the quarter under review, we have established additional of 4 complex outlets, 3 high street outlets and closed down 2 complex outlets and 1 high street outlet. As of 31 May 2019, we have a total of 125 community pharmacies.

The increase in profit before taxation for the current quarter compared to the corresponding quarter in the preceding year is mainly contributed by higher revenue.

**B2. Variation of Results with the Immediate Preceding Quarter**

For the current quarter under review, the Group reported a decrease in profit before tax by RM4.23 million, from RM10.98 million (immediate preceding quarter) to RM6.75 million. This was due to the materialisation of annual purchase rebates from suppliers (as mentioned in the note A4) which contributed to higher profit before tax in the previous quarter.

**B3. Prospect for the Group**

Caring remains cautiously optimistic of its business growth, sustainability and potential which is underpinned by its nationwide expansion plan. Caring is on the journey of bringing Malaysian convenience by aggressively improving the store concept, product offerings and quality. The ongoing initiatives by Caring will enable it to stay competitive in new financial year.

**B4. Profit Forecast and Profit Estimate**

The Group did not issue any profit forecast or profit estimate previously in any public document.

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**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**
**B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-May-19 RM'000	Preceding Year Quarter 31-May-18 RM'000	Current Year To Date 31-May-19 RM'000	Preceding Year To Date 31-May-18 RM'000
Depreciation of property, plant and equipment	1,182	1,054	3,987	4,130
Equipment written off	442	121	445	126
Gain on disposal of equipment	-	(33)	-	(31)
Interest expense	21	24	97	100
Interest income	(819)	(751)	(3,401)	(2,526)
Rental income	(41)	(51)	(186)	(163)

Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

**B6. Income Tax Expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-May-19 RM'000	Preceding Year Quarter 31-May-18 RM'000	Current Year To Date 31-May-19 RM'000	Preceding Year To Date 31-May-18 RM'000
<b><u>Income Tax</u></b>				
Current Tax Expense:				
- Current	1,092	945	8,441	7,224
- Prior year	61	(281)	61	(281)
	1,153	664	8,502	6,943
Deferred Tax Expense:				
- Current	180	(759)	180	(759)
- Prior year	(366)	58	(366)	58
	(186)	(701)	(186)	(701)
Tax expense	967	(37)	8,316	6,242

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**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**
**B7. Status of Corporate Proposals**

There were no corporate proposals commenced but not completed as at the date of this report.

**B8. Group Borrowings**

The Group's borrowings as at 31 May 2019 are as follows:

	<b>As at 31-May-19 RM'000</b>	<b>As at 31-May-18 RM'000</b>
Long term borrowings		
Secured:		
Hire purchase	-	-
Term loan	7,632	6,737
	<u>7,632</u>	<u>6,737</u>
Short term borrowings		
Secured:		
Hire purchase	-	57
Term loan	1,352	1,457
	<u>1,352</u>	<u>1,514</u>
Total borrowings	<u>8,984</u>	<u>8,251</u>

**B9. Material Litigation**

There was no material litigation and the Directors do not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

**B10. Dividends**

A final single tier tax exempt dividend of 6 sen per ordinary share amounting to RM13,062,384 is proposed by the Company in respect of the financial year ended 31 May 2019, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

**Interim Financial Report for the Financial Period Ended 31 May 2019**
**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**
**B11. Earnings Per Share**
**(a) Basic Earnings Per Share**

The basic earnings per share for the current quarter and financial year to date are computed as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-May-19 RM'000	Preceding Year Quarter 31-May-18 RM'000	Current Year To Date 31-May-19 RM'000	Preceding Year To Date 31-May-18 RM'000
Profit for the period	5,225	5,868	20,728	18,560
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	2.40	2.67	9.52	8.53

**(b) Diluted Earnings Per Share**

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.

By order of the Board  
25 July 2019