

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	3 MONTHS ENDED		YEAR ENDED	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		RM'000	RM'000	RM'000	RM'000
Revenue		161,577	170,634	698,729	688,786
Cost of sales		(129,884)	(131,882)	(550,514)	(534,108)
Gross profit		31,693	38,752	148,215	154,678
Other income		2,148	1,994	9,188	6,727
Selling & marketing expenses		(12,100)	(14,182)	(65,926)	(69,985)
Administrative expenses		(6,678)	(7,901)	(27,364)	(29,077)
Other expenses		(259)	(906)	(1,456)	(1,726)
Finance costs		(296)	(550)	(1,145)	(1,585)
Share of results of an associate		3,893	1,277	8,662	7,302
Profit before tax	A7	18,401	18,484	70,174	66,334
Income tax expense	B6	(4,028)	(4,478)	(14,163)	(13,562)
Net profit for the year		14,373	14,006	56,011	52,772
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		76	(27)	(6)	162
Total comprehensive income for the year		14,449	13,979	56,005	52,934
Net profit attributable to:					
Owners of the parent		14,394	14,004	56,021	52,750
Non-controlling interest		(21)	2	(10)	22
Net profit for the year		14,373	14,006	56,011	52,772
Total comprehensive income attributable to:					
Owners of the parent		14,470	13,977	56,015	52,912
Non-controlling interest		(21)	2	(10)	22
Total comprehensive income for the year		14,449	13,979	56,005	52,934
Earnings per share attributable to owners of the parent:					
		Sen	Sen	Sen	Sen
- Basic	B11	3.04	2.97	11.84	11.19
- Diluted	B11	3.03	2.96	11.80	11.15

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 FOURTH QUARTER ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	170,657	170,152
Investment properties		10,589	10,655
Intangible assets		1,386	1,670
Right-of-use assets		6,265	5,936
Investment in an associate		33,782	25,120
Deferred tax assets		845	685
		<u>223,524</u>	<u>214,218</u>
Current Assets			
Inventories		92,065	86,505
Receivables		129,343	159,362
Prepayments		942	833
Tax recoverable		2,070	1,834
Derivative financial instruments	A15 & B12	42	24
Deposits, bank and cash balances		172,929	120,390
		<u>397,391</u>	<u>368,948</u>
TOTAL ASSETS		<u>620,915</u>	<u>583,166</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		117,660	120,056
Borrowings	B8	21,214	5,857
Lease liabilities		737	962
Derivative financial instruments	A15 & B12	-	12
Current tax payable		1,504	1,400
		<u>141,115</u>	<u>128,287</u>
Non-Current Liabilities			
Borrowings	B8	-	18,286
Lease liabilities		5,808	5,130
Deferred tax liabilities		6,027	5,935
		<u>11,835</u>	<u>29,351</u>
TOTAL LIABILITIES		<u>152,950</u>	<u>157,638</u>
NET ASSETS		<u>467,965</u>	<u>425,528</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		125,255	120,835
Reserves		11,768	11,915
Retained earnings		330,807	292,313
		<u>467,830</u>	<u>425,063</u>
Non-controlling interest		135	465
TOTAL EQUITY		<u>467,965</u>	<u>425,528</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>0.99</u>	<u>0.90</u>

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

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
YEAR ENDED 31 DECEMBER 2020							
Balance at 1 January 2020	120,835	10,542	1,373	292,313	425,063	465	425,528
Total comprehensive income	-	(6)	-	56,021	56,015	(10)	56,005
Share options granted	-	-	716	-	716	-	716
Share options lapsed	-	-	(10)	10	-	-	-
Transfer to share capital for share options exercised	847	-	(847)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(17,537)	(17,537)	-	(17,537)
Issuance of ordinary share pursuant to ESOS		3,573	-	-	3,573	-	3,573
Total transaction with owners		3,573	-	(17,537)	(13,964)	-	(13,964)
Dividend by a subsidiary to non-controlling interest		-	-	-	-	(320)	(320)
Balance as at 31 December 2020	125,255	10,536	1,232	330,807	467,830	135	467,965
YEAR ENDED 31 DECEMBER 2019							
Balance at 1 January 2019	118,806	10,380	1,015	255,793	385,994	467	386,461
Total comprehensive income	-	162	-	52,750	52,912	22	52,934
Share options granted	-	-	787	-	787	-	787
Share options lapsed	-	-	(33)	33	-	-	-
Transfer to share capital for share options exercised	396	-	(396)	-	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(16,263)	(16,263)	-	(16,263)
Issuance of ordinary share pursuant to ESOS		1,633	-	-	1,633	-	1,633
Total transaction with owners		1,633	-	(16,263)	(14,630)	-	(14,630)
Dividend by a subsidiary to non-controlling interest		-	-	-	-	(24)	(24)
Balance as at 31 December 2019	120,835	10,542	1,373	292,313	425,063	465	425,528

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 FOURTH QUARTER ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2020

	YEAR ENDED	
	31/12/2020	31/12/2019
	RM'000	RM'000
Operating activities		
Profit before tax	70,174	66,334
Adjustments for:		
Depreciation and amortisation	15,517	14,965
Net profit on disposal of property, plant and equipment	(183)	(372)
Property, plant and equipment written off	13	56
Share of results of an associate	(8,662)	(7,302)
Fair value changes of derivative financial instruments	(31)	50
Share options granted	716	787
Depreciation of right-of-use assets	933	1,058
Lease interest expense	398	426
Inventories written off and/ or down	591	1,928
Impairment on receivables net of reversals	864	1,115
Interest expense	747	1,159
Interest income	(1,788)	(2,148)
Operating cash flows before changes in working capital	79,289	78,056
Inventories	(6,151)	(5,327)
Receivables	29,048	3,400
Payables	(2,397)	2,404
Cash generated from operations	99,789	78,533
Tax paid	(14,364)	(10,384)
Net cash flows generated from operating activities	85,425	68,149
Investing activities		
Purchase of property, plant and equipment & intangible assets	(15,854)	(15,634)
Proceeds from disposal of property, plant and equipment	346	423
Placement in short term deposit	(39,066)	(9,915)
Dividends paid to non-controlling interest	(320)	(24)
Interest received	1,788	2,148
Net cash flows used in investing activities	(53,106)	(23,002)
Financing activities		
Proceed from issuance of shares under ESOS	3,573	1,633
Repayment of term loans	(2,929)	(5,751)
Dividends paid	(17,537)	(16,263)
Government grant received	-	6,771
Interest paid	(747)	(1,159)
Payment of lease liabilities	(1,206)	(1,328)
Net cash flows used in financing activities	(18,846)	(16,097)
Net increase in cash and cash equivalents	13,473	29,050
Cash and cash equivalents at 1 January	93,568	64,247
Effect of exchange rate changes on cash and cash equivalents	-	271
Cash and cash equivalents at the end of the financial year	107,041	93,568

Included in the deposits, bank and cash balances was RM 65,888,000 (31 December 2019 : RM 26,822,000) placed with money market fund held for investment purposes and does not form part of cash and cash equivalents.

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

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2020

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the year ended 31 December 2020 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 2019.

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 2019 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
Definition of a Business (Amendments to MFRS 3)	1 January 2020
Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
Revised Conceptual Framework for Financial Reporting(the Conceptual Framework)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	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 year ended 31 December 2020.

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 fourth quarter ended 31 December 2020 except for the issuance of 150,000 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		YEAR ENDED	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Interest income	397	539	1,788	2,148
Other income including investment income	1,617	764	6,198	3,110
Interest expense	(171)	(258)	(747)	(1,159)
Depreciation and amortisation	(3,771)	(3,904)	(15,517)	(14,965)
Depreciation of right-of-use assets	(194)	(700)	(933)	(1,058)
Impairment on receivables net of reversals	113	(37)	(864)	(1,115)
Inventories written off and/ or down	(550)	(795)	(591)	(1,928)
Net profit on disposal of property, plant and equipment	-	3	183	372
Property, plant and equipment written off	(13)	-	(13)	(56)
Fair value changes of derivative financial instruments	61	11	31	(50)
Foreign exchange gain	15	92	523	115

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

A8 Dividends paid and declared

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

<u>In respect of the financial year ended 31 December</u>	31/12/2020 RM'000	31/12/2019 RM'000
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	-
2019: Interim single-tier dividend comprising 1.70 sen per share paid on 30-September-19	-	8,019
2018: Final single-tier dividend comprising 1.75* sen per share paid on 14-June-19	-	8,244
	<u>17,537</u>	<u>16,263</u>

* The dividend per share for the corresponding financial period had been adjusted to reflect the effect of the issuance of 3 for 1 bonus issue on 25 June 2019.

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
YEAR ENDED 31/12/2020					
External Revenue	47,540	648,954	2,235	-	698,729
Inter-segment revenue	98,978	404	28,511	(127,893)	-
Total Revenue	<u>146,518</u>	<u>649,358</u>	<u>30,746</u>	<u>(127,893)</u>	<u>698,729</u>
Segment Results	34,264	33,842	4,513	(1,300)	71,319
Finance costs					(1,145)
Profit before tax					<u>70,174</u>
YEAR ENDED 31/12/2019					
External Revenue	57,268	623,376	8,142	-	688,786
Inter-segment revenue	110,264	605	27,512	(138,381)	-
Total Revenue	<u>167,532</u>	<u>623,981</u>	<u>35,654</u>	<u>(138,381)</u>	<u>688,786</u>
Segment Results	39,185	26,633	4,237	(2,136)	67,919
Finance costs					(1,585)
Profit before tax					<u>66,334</u>
Segment assets					
31-Dec-2020	208,420	295,077	121,574	(4,156)	620,915
31-Dec-2019	<u>210,526</u>	<u>304,320</u>	<u>76,878</u>	<u>(8,558)</u>	<u>583,166</u>
Segment liabilities					
31-Dec-2020	(42,626)	(98,931)	(3,862)	(7,531)	(152,950)
31-Dec-2019	<u>(48,643)</u>	<u>(96,596)</u>	<u>(5,064)</u>	<u>(7,335)</u>	<u>(157,638)</u>

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 year ended 31 December 2020.

A12 Property, plant and equipment

During the current quarter ended 31 December 2020, prepaid capital expenditure paid by the Group was RM 5.6 million (31 December 2019: RM 4.7 million).

There were no material disposal of assets and assets written off during the quarter ended 31 December 2020 and 2019

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 December 2020 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	21,973
Authorised capital expenditure approved but not contracted for	11,973
	<u>33,946</u>

A14 Related Party Transactions

The Group did not have any significant transactions with related parties during the year ended 31 December 2020 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2019.

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 asstes:	31/12/2020	31/12/2019
	RM'000	RM'000
	(Level 2)	
Derivatives - Forward currency contracts	<u>42</u>	<u>12</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 financial year ended 2020 and 2019.

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 FOURTH QUARTER ENDED 31 DECEMBER 2020
(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	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/12/2020	31/12/2019		31/12/2020	31/12/2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	161,577	170,634	-5.3%	698,729	688,786	1.4%
Operating Profit	14,804	17,757	-16.6%	62,657	60,617	3.4%
Profit Before Interest and Tax	18,697	19,034	-1.8%	71,319	67,919	5.0%
Profit Before Tax	18,401	18,484	-0.4%	70,174	66,334	5.8%
Profit After Tax	14,373	14,006	2.6%	56,011	52,772	6.1%
Profit Attributable to Ordinary Equity Holders of the Parent	14,394	14,004	2.8%	56,021	52,750	6.2%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

The Group concluded 2020 with fourth quarter revenue of RM 161.6 million, a decrease of 5.3% over RM 170.6 million achieved in the same period in 2019. Recovery continues to be gradual, as business units in Malaysia remain impacted by subdued demand from private, government and export sectors. During the quarter, two new Group branded generic pharmaceutical products were launched namely Covee Cream (1% clotrimazole) and Oracue Gel (choline salicylate & cetalkonium chloride), and the first exports to Philippines for a contract manufacturing customer commenced.

Share of results from associated company Straits Apex Sdn Bhd ('SA') for the quarter is RM 3.9 million, a threefold increase compared to the RM 1.3 million in the corresponding period of the previous year. This is attributed to strong sales in the final quarter, as customer orders improved significantly after the weak demand seen in the first nine months. Group profit before tax at RM 18.4 million for the final quarter is on par with the RM 18.5 million achieved for the corresponding quarter of the previous year.

Review of Year To Date Performance versus Corresponding Period Last Year

For 2020, the Group achieved revenue of RM 698.7 million, a growth of 1.4% over 2019, marking the 20th consecutive year of revenue growth. Despite subdued demand from all sectors in the second half of 2020, full year revenue growth was sustained due to pandemic induced heightened market demand in the first half year, leading to increased purchases by customers in order to ensure uninterrupted supplies in the first quarter, and a surge in sales of pandemic related products in the second quarter.

For the full year, the Group's portfolio of branded generics expanded with the successful launches of six new products: Recadin (aspirin/glycine), Altra 5mg (montelukast), Rovastin 10mg (rosuvastatin), Zanaflox 0.5% Eye Drops (moxifloxacin), Covee Cream (1% clotrimazole) and Oracue Gel (choline salicylate & cetalkonium chloride). The Group's key consumer healthcare brand, Agnesia, expanded its portfolio beyond medicated powders into antibacterial products for personal care.

Operating expenses are lower than the same period in 2019 due to active cost management measures. Other income increased 36.6%, helped by pandemic related job support grants received by Singapore subsidiaries as well as fees for contract product development. Finance costs incurred for this period are 27.8% lower compared to the corresponding period in 2019 as loans utilized for SPP NOVO continue to be paid down. Share of results from associated company is RM 8.7 million, 18.6% better than the RM 7.3 million recognized in 2019 due to higher revenue.

Group profit before tax for the full year reached RM 70.2 million, 5.8% higher than the RM 66.3 million achieved in the corresponding period in 2019, helped by a stronger contribution from the Group's associate as well as lower operating expenses. Group profit after tax for 2020 is 6.1% higher at RM 56 million.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	31/12/2020	30/09/2020	RM'000	(%)
Revenue	161,577	169,116	(7,539)	-4.5%
Operating Profit	14,804	15,735	(931)	-5.9%
Profit Before Interest and Tax	18,697	17,741	956	5.4%
Profit Before Tax	18,401	17,488	913	5.2%
Profit After Tax	14,373	14,346	27	0.2%
Profit Attributable to Ordinary Equity Holders of the Parent	14,394	14,223	171	1.2%

Profit before tax for the current quarter is RM 18.4 million, an increase of 5.2% when compared to RM 17.5 million achieved in the immediate preceding quarter. This is largely attributed to the increased quarterly contribution of RM 3.9 million from the Group's associate company in the fourth quarter, a 95% increase over the RM 2.0 million recognised in the third quarter.

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

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

B3 Commentary

a Prospects

The gradual recovery in sales that commenced in the third quarter, especially to private sector clinics and hospitals, continued into the fourth quarter. However, the pace and sustainability of this recovery in consumer spending and confidence is increasingly affected by the persistence and resurgence of COVID-19 infections and its variants in Malaysia and other countries worldwide. The necessary escalation to Movement Control Orders throughout most of Malaysia will also affect recovery. Until widespread vaccination is achieved, the Group expects the business environment to remain challenging well into 2021.

The Group benefited from the spike in sales of pandemic related products in the second quarter of 2020 due to acute market shortages at the onset of the pandemic. This is unlikely to recur in 2021. Expansion of cold chain facilities essential for the distribution of vaccines are completed and opportunities to wholesale and distribute COVID vaccines may materialize when these vaccines secure regulatory approval with sufficient availability for the private sector.

Active cost management measures to align expenses with revenue during the pandemic will continue. Concurrently, the Group is stepping up investments that will sustain and drive continued growth in the longer term. These are directed at the research and development of new pharmaceutical and consumer healthcare products, launching of digital initiatives to reach and engage customers, building stronger e-commerce capabilities and the opening of new international markets for the Group's products and contract manufacturing services.

Further unforeseen market changes and developments aside, the Group aims to deliver a satisfactory performance 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

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
In respect of current period:				
Income tax	3,196	4,068	13,126	11,398
Deferred tax	859	515	(68)	1,355
Foreign tax	(182)	51	983	1,056
	<u>3,873</u>	<u>4,634</u>	<u>14,041</u>	<u>13,809</u>
In respect of prior period:				
Income tax	185	(156)	185	(247)
Foreign tax	(30)	-	(63)	-
	<u>4,028</u>	<u>4,478</u>	<u>14,163</u>	<u>13,562</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

There were no corporate proposals announced but not completed as at 18 February 2021.

B8 Group Borrowings and Debt Securities

	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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

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

B8 Group Borrowings and Debt Securities (continued)

	As at 31/12/2019		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	18,286	5,857	24,143

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 2019.

B9 Material Litigation

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

B10 Dividend Payable

a The Board of Directors is recommending a final single-tier dividend of 2.8 sen per share in respect of the financial year ended 31 December 2020 for shareholders' approval at the forthcoming Annual General Meeting. (Year 2019: Second interim single-tier dividend of 2.00 sen per share.)

b The total dividend paid to-date in the current financial year is 3.70 sen per share. (Year 2019: Single-tier dividend of 3.45 sen per share).

c Subject to the approval of shareholders at the forth coming Annual General Meeting of the Company, the final dividend will be paid on 16 June 2021 and the entitlement date for the payment is 2 June 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		YEAR ENDED	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	14,394	14,004	56,021	52,750
Weighted average number of ordinary shares in issue	'000	473,048	471,301	473,048	471,301
Basic earnings per share	sen	3.04	2.97	11.84	11.19
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	14,394	14,004	56,021	52,750
Weighted average number of ordinary shares in issue	'000	473,048	471,301	473,048	471,301
Effect of dilution-Share options	'000	1,818	1,969	1,818	1,969
Adjusted weighted average number of ordinary shares in issue	'000	474,866	473,270	474,866	473,270
Diluted earnings per share	sen	3.03	2.96	11.80	11.15

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, payables and capital expenditure.

Type of Derivatives	Contract/ Notional Value	Fair Value
	31/12/2020 RM'000	31/12/2020 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	4,754	4,756
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(1,526)	(1,486)
	3,228	3,270

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

B12 Derivative Financial Instruments (continued)

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 3,228,000.

B13 Fair Value Changes of Financial Liabilities

As at 31 December 2020, 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 2019 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 25 February 2021.