

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	3 MONTHS ENDED		YEAR ENDED	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
		RM'000	RM'000	RM'000	RM'000
Revenue		239,997	220,493	936,170	877,742
Cost of sales		(188,398)	(169,428)	(721,341)	(680,149)
Gross profit		51,599	51,065	214,829	197,593
Other income		5,365	2,511	14,591	7,370
Selling & marketing expenses		(16,546)	(19,199)	(91,038)	(83,954)
Administrative expenses		(11,832)	(7,737)	(32,820)	(28,051)
Other expenses		(17,114)	(626)	(18,086)	(1,410)
Finance costs		(122)	(214)	(563)	(763)
Share of results of associated companies		17,286	14,491	336,396	29,570
Profit before tax	A7	28,636	40,291	423,309	120,355
Income tax expense	B6	(8,575)	(5,456)	(25,320)	(19,384)
Net profit for the year		20,061	34,835	397,989	100,971
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(3)	5,189	2,762	5,183
Net change in fair value of equity instrument designated at fair value through other comprehensive income		-	-	-	-
Total comprehensive income for the year		20,058	40,024	400,751	106,154
Net profit attributable to:					
Owners of the parent		20,061	34,835	397,989	100,975
Non-controlling interest		-	-	-	(4)
Net profit for the year		20,061	34,835	397,989	100,971
Total comprehensive income attributable to:					
Owners of the parent		20,058	40,024	400,751	106,158
Non-controlling interest		-	-	-	(4)
Total comprehensive income for the year		20,058	40,024	400,751	106,154
Earnings per share attributable to owners of the parent:		Sen	Sen*	Sen	Sen*
- Basic	B11	2.81	4.90	55.71	14.19
- Diluted	B11	2.81	4.88	55.65	14.15

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

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	As at	As at
		31/12/2023	31/12/2022
		RM'000	RM'000
			(Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	199,307	189,333
Investment properties		9,252	8,675
Intangible assets		5,502	3,955
Right-of-use assets		6,396	6,071
Investments in associated companies		193,785	70,308
Other Investment		1,218	334
Deferred tax assets		1,319	1,806
		<u>416,779</u>	<u>280,482</u>
Current Assets			
Inventories		126,992	110,529
Receivables		194,423	178,161
Prepayments		1,398	1,294
Tax recoverable		46	238
Derivative financial instruments	A15 & B12	10	82
Deposits, bank and cash balances		382,969	174,471
		<u>705,838</u>	<u>464,775</u>
TOTAL ASSETS		<u>1,122,617</u>	<u>745,257</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		179,907	160,429
Borrowings	B8	3,643	5,857
Lease liabilities		950	745
Current tax payable		6,098	3,567
		<u>190,598</u>	<u>170,598</u>
Non-Current Liabilities			
Borrowings	B8	-	3,643
Lease liabilities		5,938	5,754
Deferred tax liabilities		7,807	6,834
		<u>13,745</u>	<u>16,231</u>
TOTAL LIABILITIES		<u>204,343</u>	<u>186,829</u>
NET ASSETS		<u>918,274</u>	<u>558,428</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		133,287	129,834
Reserves		22,507	19,842
Retained earnings		762,480	408,752
		<u>918,274</u>	<u>558,428</u>
Non-controlling interest		-	-
TOTAL EQUITY		<u>918,274</u>	<u>558,428</u>
		RM	RM*
Net Assets per share attributable to owners of the parent		<u>1.29</u>	<u>0.78</u>

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	← Non-Distributable →			Distributable	Equity	Non-controlling Interest	Total Equity	
		Share Capital	Foreign currency translation reserve	Fair value reserve	Share option reserve	Retained to owners of 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 2023									
Balance at 1 January 2023		129,834	18,205	-	1,637	408,752	558,428	-	558,428
Total comprehensive income		-	2,762	-	-	397,989	400,751	-	400,751
Share options granted		-	-	-	752	-	752	-	752
Share options lapsed		-	-	-	(20)	20	-	-	-
Transfer to share capital for share options exercised		829	-	-	(829)	-	-	-	-
Transaction with owners									
Dividends on ordinary shares	A8	-	-	-	-	(44,281)	(44,281)	-	(44,281)
Issuance of ordinary share pursuant to ESOS		2,624	-	-	-	-	2,624	-	2,624
Total transaction with owners		2,624	-	-	-	(44,281)	(41,657)	-	(41,657)
Balance as at 31 December 2023		133,287	20,967	-	1,540	762,480	918,274	-	918,274
YEAR ENDED 31 DECEMBER 2022									
Balance at 1 January 2022		127,192	13,022	-	1,544	365,018	506,776	81	506,857
Total comprehensive income		-	5,183	-	-	100,975	106,158	(4)	106,154
Liquidation in Subsidiary		-	-	-	-	-	-	(77)	(77)
Share options granted		-	-	-	641	-	641	-	641
Share options lapsed		-	-	-	(17)	17	-	-	-
Transfer to share capital for share options exercised		531	-	-	(531)	-	-	-	-
Transaction with owners									
Dividends on ordinary shares	A8	-	-	-	-	(57,258)	(57,258)	-	(57,258)
Issuance of ordinary share pursuant to ESOS		2,111	-	-	-	-	2,111	-	2,111
Total transaction with owners		2,111	-	-	-	(57,258)	(55,147)	-	(55,147)
Balance as at 31 December 2022		129,834	18,205	-	1,637	408,752	558,428	-	558,428

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 2023

(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

	YEAR ENDED	
	31/12/2023	31/12/2022
	RM'000	RM'000
Operating activities		
Profit before tax	423,309	120,355
Adjustments for:		
Depreciation and amortisation	17,169	15,615
Net profit on disposal of property, plant and equipment	(281)	(692)
Property, plant and equipment written off	1	2
Share of results of associated companies	(336,396)	(29,570)
Fair value changes of derivative financial instruments	71	(53)
Share options granted	752	641
Depreciation of right-of-use assets	898	845
Lease interest expense	307	319
Inventories written off/ written down net of reversals	1,549	469
Impairment on receivables net of reversals	657	919
Interest expense	256	444
Interest income	(6,859)	(1,617)
Operating cash flows before changes in working capital	101,433	107,677
Inventories	(18,011)	(15,601)
Receivables	(17,024)	(19,397)
Payables	19,478	17,164
Cash generated from operations	85,876	89,843
Tax paid	(21,138)	(17,648)
Net cash flows generated from operating activities	64,738	72,195
Investing activities		
Investment in an associated company	(3,960)	-
Investment in trust fund	(872)	(334)
Purchase of property, plant and equipment & intangible assets	(28,242)	(34,204)
Proceeds from disposal of property, plant and equipment	352	778
Withdrawal from short term deposit	7,310	80,240
Dividend from associated company	217,000	-
Dividends paid to non-controlling interest	-	(78)
Interest received	6,859	1,617
Net cash flows generated from investing activities	198,447	48,019
Financing activities		
Proceed from issuance of shares under ESOS	2,625	2,111
Repayment of term loans	(5,857)	(5,857)
Dividends paid	(44,281)	(57,258)
Interest paid	(256)	(444)
Payment of lease liabilities	(1,142)	(1,100)
Net cash flows used in financing activities	(48,911)	(62,548)
Net increase in cash and cash equivalents	214,274	57,666
Cash and cash equivalents at 1 January	164,513	103,860
Effect of exchange rate changes on cash and cash equivalents	1,534	2,987
Cash and cash equivalents at the end of the financial year	380,321	164,513

Included in the deposits, bank and cash balances was RM 2,648,000 (31 December 2022: RM 9,958,000) placed with money market fund held for investment purposes and deposits with licensed banks with tenure more than 3 months. Both of these do not form part of cash and cash equivalents.

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2023

A1 Basis of preparation

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

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

A2 Significant accounting policies

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

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

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

A3 Seasonality or cyclical nature of interim operations

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

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the year ended 31 December 2023 except for the non-recurring gain of RM 321.7 million recorded by the Group's associated company, SAG as mentioned in Note B1 below.

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

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

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

239,342,674 new ordinary shares were issued on the basis of 1 bonus share for every 2 existing shares on 12 June 2023. Other than those reported in the previous quarterly announcement, 237,500 new ordinary shares were issued pursuant to the exercise of options under the Executive Share Options Scheme ("ESOS") in the fourth quarter ended 31 December 2023. Post bonus issue, the exercise price of the ESOS was adjusted accordingly in accordance to the ESOS Bylaws.

Other than the above, there were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the fourth quarter ended 31 December 2023.

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Interest income	3,017	483	6,859	1,617
Other income including investment income	1,400	864	5,898	3,477
Reversal of impairment of investment in an associate	-	4,164	-	4,164
Interest expense	(44)	(130)	(256)	(444)
Depreciation and amortisation	(4,453)	(4,166)	(17,169)	(15,615)
Depreciation of right-of-use assets	(262)	(217)	(898)	(845)
Impairment on receivables net of reversals	425	(1,139)	(657)	(919)
Inventories written off/ written down net of reversals	(1,473)	(284)	(1,549)	(469)
Net profit on disposal of property, plant and equipment	-	(20)	281	692
Property, plant and equipment written off	-	-	(1)	(2)
Fair value changes of derivative financial instruments	10	(35)	(71)	53
Foreign exchange gain	919	1,022	1,359	1,153

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2023 (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>	31/12/2023	31/12/2022
	RM'000	RM'000
2023: Interim single-tier dividend comprising 2.50 sen per share paid on 19-September-23	17,954	-
2022: Final single-tier dividend comprising 2.33 sen* per share paid on 16-June-23	16,754	-
2022: Special single-tier dividend comprising 1.33 sen* per share paid on 16-June-23	9,573	-
2022: Interim single-tier dividend comprising 2.00 sen* per share paid on 15-September-22	-	14,326
2021: Final single-tier dividend comprising 2.00 sen* per share paid on 16-June-22	-	14,310
2021: Special single-tier dividend comprising 4.00 sen* per share paid on 16-June-22	-	28,622
	44,281	57,258

*The dividend per share, which was entitled on or before 2 June 2023, had been retrospectively adjusted to account for the issuance of the 1 for 2 bonus issue on 12 June 2023.

A9 Segment Information

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

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

OPERATING SEGMENTS

	Manufacturing RM'000	Distribution RM'000	Corporate RM'000	Adjustments RM'000	GROUP RM'000
YEAR ENDED 31/12/2023					
External Revenue	88,789	847,332	49	-	936,170
Inter-segment revenue	175,339	36	75,202	(250,577)	-
Total Revenue	264,128	847,368	75,251	(250,577)	936,170
Segment Results	72,885	37,192	334,295	(20,500)	423,872
Finance costs					(563)
Profit before tax					423,309
YEAR ENDED 31/12/2022					
External Revenue	84,058	793,642	42	-	877,742
Inter-segment revenue	148,956	41	29,254	(178,251)	-
Total Revenue	233,014	793,683	29,296	(178,251)	877,742
Segment Results	63,920	36,242	24,933	(3,977)	121,118
Finance costs					(763)
Profit before tax					120,355
Segment assets					
31-Dec-2023	260,029	367,934	502,904	(8,250)	1,122,617
31-Dec-2022	241,313	351,052	160,039	(7,147)	745,257
Segment liabilities					
31-Dec-2023	(40,415)	(125,527)	(24,496)	(13,905)	(204,343)
31-Dec-2022	(49,159)	(121,409)	(5,860)	(10,401)	(186,829)

A10 Significant Events After the Reporting Date

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

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 2023.

A12 Property, plant and equipment

During the current quarter ended 31 December 2023, the Group made an advance payment of capital expenditure of RM 13.0 million (31 December 2022: RM 5.2 million).

There were no material disposal of assets and assets written off during the current quarter ended 31 December 2023 and 31 December 2022.

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 December 2023 are as follows:

	<u>RM'000</u>
Authorised capital expenditure approved and contracted for	67,234
Authorised capital expenditure approved but not contracted for	5,257
	<u>72,491</u>

A14 Related Party Transactions

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

A15 Fair value hierarchy

The Group uses the following level of fair value hierarchy for determining the fair value of its financial instruments carried at fair value.

Financial assets:	31/12/2023 31/12/2022	
	RM'000	RM'000
	(Level 2)	
Other investment	1,218	334
Derivatives - Forward currency contracts	10	82

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

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

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

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

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

A16 Changes in Contingent liabilities or Contingent assets

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)
B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A
B1 Detailed Performance Analysis of Operating Segments of the Group

	Individual Period		Changes	Cumulative Period		Changes
	Current Year	Preceding Year		Current Year	Preceding Year	
	Quarter	Corresponding Quarter		To-date	To-date	
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	239,997	220,493	8.8%	936,170	877,742	6.7%
Share of results of associated companies	17,286	14,491	19.3%	336,396	29,570	1037.6%
Finance Cost	(122)	(214)	(43.0%)	(563)	(763)	(26.2%)
Profit Before Tax	28,636	40,291	-28.9%	423,309	120,355	251.7%
Profit After Tax	20,061	34,835	-42.4%	397,989	100,971	294.2%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In Q4 2023, Group operating subsidiaries recorded consolidated quarterly revenue of RM 240.0 million, 8.8% higher than the RM 220.5 million in Q4 2022 and 2.0% higher than Q3 2023. Sales of pharmaceuticals, consumer healthcare products and medical devices improved in Malaysia and Singapore, helped by the performance of consumer distribution agencies and a new wave of Covid-19 infections and other respiratory illnesses in the community.

In the current quarter, one off transaction-related expenses totalling RM 14.5 million, which stemmed from the divestment of Straits Apex Group Sdn Bhd's ('SAG') entire equity interest in Straits Apex Sdn Bhd ('SA') to Quadria Capital, along with SAG's reinvestment in the SA Group of companies through subscription and rollover for a 40% equity stake in the new holding company of SA (collectively referred to as the 'Transactions'), completed on 11 May 2023, have been reclassified and taken up as other operating expenses of the Group ('Reclassified Expenses'). These expenses were initially accounted for under the share of results of the associate from Q2 2023 when estimating the non-recurring gain arising from the Transactions.

Excluding the impact of the Reclassified Expenses, operating profit for the quarter reached RM 25.9 million, marginally lower than the RM 26.0 million recorded in the corresponding period last year despite higher revenue. This is attributed to a higher proportion of lower margin distribution revenue in the quarterly sales mix due to stronger contributions from consumer distribution agencies and an earlier year-end closure for manufacturing operations to facilitate the transition of its enterprise software to SAP HANA.

In the current quarter, the share of earnings of Penang based associate SAG is 19.3% higher at RM 17.3 million, primarily due to an upward adjustment of RM 17.4 million in the calculation of the non-recurring gain, arising from the impact of the Reclassified Expenses as well as fair value and other post-audit adjustments. Excluding these adjustments, share of SAG's recurring earnings is a small loss for the quarter. This is mainly attributable to an amortization expense of RM 2.4 million for intangible assets identified in the recently concluded Purchase Price Allocation exercise mandated by required accounting treatment of the Transactions. This 8-month amortization expense since Completion was taken up in Q4 2023.

Group profit before tax for the fourth quarter is RM 28.6 million, 28.9% lower than the RM 40.3 million achieved in the corresponding period in 2022. Group profit after tax for the quarter is RM 20.1 million, lower than the RM 34.8 million in the same period last year. This is due mainly to the lower share of recurring earnings from SAG in the fourth quarter.

On 1 December 2023, Xepa-Soul Pattinson (M) Sdn Bhd ('XEPA') entered into a conditional Sale and Purchase Agreement ('SPA') with Panasonic Appliances Refrigeration Devices Malaysia Sdn Bhd for the acquisition of an industrial property bearing postal address 16 and 18, Jalan TTC 1, Kawasan Perindustrian Cheng, Melaka for a total purchase consideration of RM 66.5 million (the 'Acquisition'). The site is strategically located 400 metres from XEPA's current production site within the same industrial estate. The proximity offers the advantage of lean management by minimizing duplication of support services which will be required if expanded production facilities are constructed at a distant site. Furthermore, the existing industrial buildings on the site have been assessed as suitable for retrofitting to meet XEPA's manufacturing requirements, effectively reducing the cost of new construction. The availability of the site is timely, as XEPA is currently evaluating plans to significantly expand its warehousing and liquid production capacity. On 24 January 2024, approval was received from Pejabat Daerah dan Tanah Melaka Tengah for the Acquisition. The SPA is now unconditional and the balance purchase price of RM 59.85 million will be paid on 31 July 2024.

Review of Year To Date Performance versus Corresponding Last Year

In 2023, the consolidated revenue of the Group's operating subsidiaries reached an all-time high, totaling RM 936.2 million. This represents a significant 6.7% increase compared to the RM 877.7 million recorded in 2022. The growth in revenue can be attributed to ongoing economic recovery, enhanced consumer confidence, successful launches of new products under the Group's brands, augmented contributions from existing and recently acquired distribution agencies, and an elevated prevalence of respiratory illnesses within the community. Notably, sales of respiratory medicines, including the Group's cough and cold products, demonstrated robust performance, particularly during the first and last quarters of the year.

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

(THE FIGURES HAVE NOT BEEN AUDITED)

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

B1 Detailed Performance Analysis of Operating Segments of the Group (cont'd)

Review of Year To Date Performance versus Corresponding Last Year (cont'd)

Expenses generally rose in tandem with higher revenue except for other expenses, which rose to RM 18.1 million because of the Reclassified Expenses. Advertising and promotional expenses incurred for brand building rose 6.2% over the previous year. Research and development expenditure to expand the pipeline of new products was 18.9% higher than the previous year. Finance cost incurred for 2023 is 26.2% lower compared to the corresponding period in 2022 as loans utilized for SPP NOVO continue to be paid down. Without the impact of the Reclassified Expenses, year to date operating profit reached RM 102.0 million, 11.4% higher than the RM 91.5 million in the same period last year.

Share of earnings from associated company SAG for the full year is RM 336.4 million, 11.4 times higher than the RM 29.6 million recognized in 2022. This is because of the completion of the Transactions on 11 May 2023, which contributed a non-recurring gain of RM 321.7 million. Share of recurring earnings from the business operations of SA amounted to RM 14.7 million in 2023, lower than the RM 29.6 million in 2022 because of the reduction in the Group's effective interest in SA to 16% since May 2023 as well as amortization expenses for intangible assets explained above. Share of SAG earnings in 2022 was also boosted by the reversal of a RM 4.2 million impairment made in 2016 which arose from the Group's investment in the associate.

Group profit before tax for 2023 rose to a record high of RM 423.3 million, 251.7% higher than the RM 120.4 million achieved in 2022. Group profit after tax reached RM 398.0 million, an increase of 294.2% over the RM 101.0 million recorded for 2022.

In the light of the strong performance and cash dividends received from 40% associated company SAG, the Board of Directors is recommending an increased final single-tier dividend of 2.5 sen per share (2022: 3.5 sen per share before 2023 bonus issue) in respect of financial year ended 31 December 2023 for shareholders' approval at the forthcoming Annual General Meeting. The Board of Directors is also proposing a special single-tier dividend of 20.0 sen per share (2022: 2.0 sen per share before 2023 bonus issue) for shareholders' approval at the same Annual General Meeting. Together with the interim dividend of 2.5 sen per share paid on 19 September 2023, total dividends paid and declared in respect of financial year 2023 is 25.0 sen per share.

B2 Material changes in the profit before tax for the quarter

	Current Quarter 31/12/2023	Immediate Preceding Quarter 30/09/2023	Changes	
	RM'000	RM'000	RM'000	(%)
Revenue	239,997	235,344	4,653	2.0%
Share of results of associated companies	17,286	3,637	13,649	375.3%
Finance Cost	(122)	(134)	12	-9.0%
Profit Before Tax	28,636	30,477	(1,841)	-6.0%
Profit After Tax	20,061	24,163	(4,102)	-17.0%

Group profit before tax for the current quarter is RM 28.6 million, 6.0% lower than the RM 30.5 million achieved in the immediate preceding quarter. This is attributed to a reduction in the share of recurring earnings of the associate company, Straits Apex Group Sdn Bhd in the fourth quarter.

B3 Commentary

a Prospects

In 2023, the Group's core pharmaceutical manufacturing and distribution businesses performed robustly, marked by a notable increase of 6.7% in revenue and a corresponding growth of 11.4% in operating profit. The Group's pre-tax profit achieved an unprecedented milestone, reaching a record-breaking RM 423.3 million. This exceptional result was primarily attributed to the non-recurring gain of RM 321.7 million resulting from the strategic divestment and reinvestment of equity in Straits Apex Sdn Bhd ('SA') by the 40% associate, Straits Apex Group Sdn Bhd ('SAG').

For 2024, Malaysia's economic momentum is expected to improve steadily with gross domestic product forecasted to grow by 4.5%-5.5% from an estimated 4% in 2023. However, this outlook may be tempered by uncertainties from high interest rates, higher operating costs and the impact on the global economy should conflicts escalate in several parts of the world.

Notwithstanding, total healthcare expenditure is expected to grow in 2024 in line with rising affluence, higher public spending, increased incidence of chronic illnesses, ageing populations, and increased health awareness among consumers. In Malaysia's 2024 Budget tabled by the Prime Minister on 13 October 2023, the Healthcare Sector received a substantial allocation of RM 41.2 billion, an increase of 13.5% compared to the RM 36.3 billion allocated in 2023. Of the allocated funds, RM 5.5 billion is earmarked for procuring medicine supplies, consumables, reagents, and vaccines, with the enhanced funding expected to boost demand for pharmaceutical supplies.

In 2024, the Group is committed to building upon its established foundations to foster growth. Through these strategic endeavors, a poised approach will be taken to navigate the challenges and opportunities of 2024 while maintaining a steadfast focus on sustainable growth and innovation.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(THE FIGURES HAVE NOT BEEN AUDITED)**

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

B3 Commentary (cont'd)

a Prospects (cont'd)

- Innovative sales and marketing programs will be implemented to expand domestic market share for both Group and agency brand products.
- The exploration of new international markets to introduce products and contract manufacturing services will be stepped up.
- Efforts in the research, development, and swift launch of new pharmaceutical and consumer healthcare products will be intensified.
- New products and agency partnerships will be proactively identified and procured to meet the evolving demands of the market.
- The acquisition and renewal of globally recognized manufacturing and distribution certifications that are commercially pertinent will be ensured.
- The digitalization of business processes will be further advanced to stay at the forefront of technological advancements.
- The commitment to sustainability will be strengthened by elevating management practices and refining reporting mechanisms.

The Group's 40% associated company, Straits Apex Group Sdn Bhd ('SAG'), expects its associated companies engaged in the contract manufacturing of orthopedic devices to continue developing orders from new and existing multinational customers, both to meet increased global demand and from customers seeking to diversify their global supply base. In 2024, SAG will start receiving rental income from the lease of its 237,147 square feet campus comprising four buildings built on a parcel of land it owns at Batu Kawan Industrial Park, Penang, as previously disclosed. Nevertheless, the Group anticipates that its share of recurring earnings from SAG will not experience significant growth in 2024. This is attributed to the decrease in the Group's effective equity in SA, which now stands at 16%, as well as the required annual amortization of intangible assets arising from the completion of the Transactions.

In the course of 2024, the Group plans to submit applications to the relevant authorities for the construction of pharmaceutical warehousing and liquid production facilities on XEPA's newly acquired site at 16 and 18, Jalan TTC 1, Kawasan Perindustrian Cheng, Melaka. This will enable XEPA to consolidate warehousing operations more efficiently, increase liquid production capacity to meet forecasted demand while adding capabilities to produce new products. This initiative is expected to contribute to earnings only beyond 2025.

As the Group navigates the challenges and opportunities that lie ahead, our unwavering commitment to our core tenets of service, quality and integrity propels us forward, ensuring that the upcoming year will be another significant chapter in our ongoing journey toward continuous improvement and growth. Barring any unforeseen market changes and unexpected developments, the Group anticipates another satisfactory performance in 2024 and is confident in its enduring prospects for long-term growth.

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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	7,262	6,158	21,196	17,607
Deferred tax	820	(1,145)	1,459	(585)
Foreign tax	492	492	2,664	2,411
	<u>8,574</u>	<u>5,505</u>	<u>25,319</u>	<u>19,433</u>
In respect of prior period:				
Income tax	114	103	114	103
Foreign tax	(113)	(152)	(113)	(152)
	<u>8,575</u>	<u>5,456</u>	<u>25,320</u>	<u>19,384</u>

The reported tax rate for the year was low at 6.0% (2022: 16.1%) due to the recognition of non-taxable one-off gain from the Group's associated company.

Excluding the share of results from associated companies, the effective tax rate for the current quarter spiked to 75.6%. This increase was mainly due to the absence of the Reinvestment allowance which was fully utilised in 2022 and the accrual of accounting provisions which are not tax deductible in 2023. This spike in Q4 resulted in an effective tax rate of 29.1% for the financial year ended 31 December 2023.

For the corresponding quarter and year in 2022, the effective tax rates were lower than the statutory rate of 24% due to the net-of-tax profit contributed by the Group's associated company.

B7 Status of Corporate Proposals

In Q4 2023, the Group recognized an upward adjustment of RM 17.4 million in the calculation of the non-recurring gain at associate SAG, arising from the impact of the Reclassified Expenses as well as fair value and other post-audit adjustments as explained in Note B1 above. This led to an upward revision of the non-recurring gain, estimated at RM 304.4 million and recognized in Q2 2023, to RM 321.7 million in Q4 2023.

Save as disclosed above, there were no corporate proposals announced but not completed as at 13 February 2024.

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

	As at 31/12/2023		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	-	3,643	3,643

	As at 31/12/2022		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	3,643	5,857	9,500

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

B9 Material Litigation

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

B10 Dividend Payable

- a The Board of Directors is recommending a final single-tier dividend of 2.5 sen (Year 2022: 2.33 sen*) and a special single-tier dividend of 20.0 sen (Year 2022: 1.33 sen*) per share in respect of the financial year ended 31 December 2023 for shareholders' approval at the forthcoming Annual General Meeting.
- b The total dividend declared and paid to-date in the current financial year is 6.16 sen* per share based on the enlarged 718 million number of ordinary shares post bonus issue. (Year 2022: Single-tier dividend of 8.0 sen* per share).
- c Subject to the approval of shareholders at the forth coming Annual General Meeting of the Company, the final dividend and the special dividend will be paid on 29 May 2024 and the entitlement date is 16 May 2024.

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

B11 Earnings per share

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

		3 MONTHS ENDED		YEAR ENDED	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
<u>Basic Earnings per share</u>					
Profit after tax	RM'000	20,061	34,835	397,989	100,975
Weighted average number of ordinary shares in issue as presented prior to bonus	'000	475,011	474,273	475,011	474,273
Effect of bonus issue	'000	239,343	237,137	239,343	237,137
	'000	714,354	711,410	714,354	711,410
Basic earnings per share	sen	2.81	4.90	55.71	14.19
<u>Diluted Earnings per share</u>					
Profit after tax	RM'000	20,061	34,835	397,989	100,975
Weighted average number of ordinary shares in issue	'000	714,354	711,410	714,354	711,410
Effect of dilution-Share options	'000	805	2,197	805	2,197
Adjusted weighted average number of ordinary shares in issue	'000	715,159	713,607	715,159	713,607
Diluted earnings per share	sen	2.81	4.88	55.65	14.15

Pursuant to MFRS 133 Earnings Per Share, the Earnings Per Share for the corresponding quarter and year ended 31 December 2022 had been adjusted retrospectively to reflect the effect of the bonus issue.

B12 Derivative Financial Instruments

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

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

B12 Derivative Financial Instruments (cont'd)

Type of Derivatives	Contract/ Notional Value	Fair Value
	31/12/2023 RM'000	31/12/2023 RM'000
i) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(728)	(718)
	(728)	(718)

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

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

The net cash requirements relating to these contracts was RM 728,000.

B13 Fair Value Changes of Financial Assets

As at 31 December 2023, the Group did not have any significant financial assets measured at fair value through profit or loss and other comprehensive income other than the disclosure in note A15.

B14 Auditors' report on preceding annual financial statements

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

Authorisation for issue

The interim financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 21 February 2024.