

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2024

	Note	3 MONTHS ENDED		PERIOD ENDED	
		30/6/2024	30/6/2023	30/6/2024	30/6/2023
		RM'000	RM'000	RM'000	RM'000
Revenue		238,735	215,031	486,913	460,829
Cost of sales		(182,699)	(162,867)	(375,112)	(353,097)
Gross profit		56,036	52,164	111,801	107,732
Other income		4,355	2,000	10,376	4,254
Selling & marketing expenses		(24,583)	(22,671)	(51,146)	(49,072)
Administrative expenses		(7,429)	(7,343)	(15,303)	(13,279)
Other expenses		(133)	(338)	(548)	(605)
Operating profit		28,246	23,812	55,180	49,030
Finance costs		(164)	(147)	(280)	(307)
Share of results of associated companies		999	310,859	476	315,473
Profit before tax	A7	29,081	334,524	55,376	364,196
Income tax expense	B6	(5,438)	(5,041)	(10,524)	(10,431)
Net profit for the period		23,643	329,483	44,852	353,765
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(4)	(2)	4,921	(5)
Total comprehensive income for the period		23,639	329,481	49,773	353,760
Net profit attributable to:					
Equity owners of the parent		23,643	329,483	44,852	353,765
Total comprehensive income attributable to:					
Equity owners of the parent		23,639	329,481	49,773	353,760
Earnings per share attributable to owners of the parent:		Sen	Sen	Sen	Sen
- Basic	B11	3.31	46.13	6.27	49.53
- Diluted	B11	3.30	46.06	6.26	49.45

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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	As at 30/6/2024 RM'000	As at 31/12/2023 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	208,546	199,234
Investment properties		9,161	9,252
Intangible assets		8,033	5,575
Right-of-use assets		11,283	6,396
Investments in associated companies		194,501	193,785
Other Investment		792	1,218
Deferred tax assets		1,827	1,319
		<u>434,143</u>	<u>416,779</u>
Current Assets			
Inventories		134,610	126,992
Receivables		201,850	194,423
Prepayments		4,237	1,398
Tax recoverable		74	46
Derivative financial instruments	A15 & B12	1	10
Deposits, bank and cash balances		216,088	382,969
		<u>556,860</u>	<u>705,838</u>
TOTAL ASSETS		<u>991,003</u>	<u>1,122,617</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Payables		153,401	179,907
Borrowings	B8	714	3,643
Lease liabilities		2,453	950
Current tax payable		8,272	6,098
		<u>164,840</u>	<u>190,598</u>
Non-Current Liabilities			
Borrowings	B8	-	-
Lease liabilities		9,497	5,938
Deferred tax liabilities		8,290	7,807
		<u>17,787</u>	<u>13,745</u>
TOTAL LIABILITIES		<u>182,627</u>	<u>204,343</u>
NET ASSETS		<u>808,376</u>	<u>918,274</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		135,797	133,287
Reserves		27,153	22,507
Retained earnings		645,426	762,480
		<u>808,376</u>	<u>918,274</u>
TOTAL EQUITY		<u>808,376</u>	<u>918,274</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>1.13</u>	<u>1.29</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 SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024

	Note	← Non-Distributable →			Distributable	Total Equity
		Share Capital	Share option reserve	Foreign currency translation reserve	Retained Earnings	
		RM'000	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 30 JUNE 2024						
Balance at 1 January 2024		133,287	1,540	20,967	762,480	918,274
Total comprehensive income		-	-	4,921	44,852	49,773
Share options granted		-	362	-	-	362
Share options lapsed		-	(15)	-	15	-
Transfer to share capital for share options exercised		622	(622)	-	-	-
Transaction with owners						
Dividends on ordinary shares	A8	-	-	-	(161,921)	(161,921)
Issuance of ordinary share pursuant to ESOS		1,888	-	-	-	1,888
Total transaction with owners		1,888	-	-	(161,921)	(160,033)
Balance as at 30 JUNE 2024		135,797	1,265	25,888	645,426	808,376
PERIOD ENDED 30 JUNE 2023						
Balance at 1 January 2023		129,834	1,637	18,205	408,752	558,428
Total comprehensive income		-	-	(5)	353,765	353,760
Share options granted		-	298	-	-	298
Share options lapsed		-	(9)	-	9	-
Transfer to share capital for share options exercised		640	(640)	-	-	-
Transaction with owners						
Dividends on ordinary shares	A8	-	-	-	(26,327)	(26,327)
Issuance of ordinary share pursuant to ESOS		2,070	-	-	-	2,070
Total transaction with owners		2,070	-	-	(26,327)	(24,257)
Balance as at 30 JUNE 2023		132,544	1,286	18,200	736,199	888,229

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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2024

	PERIOD ENDED	
	30/6/2024	30/6/2023
	RM'000	RM'000
Operating activities		
Profit before tax	55,376	364,196
Adjustments for:		
Depreciation and amortisation	9,449	8,417
Net profit on disposal of property, plant and equipment	(188)	(237)
Share of results of associated companies	(476)	(315,473)
Fair value changes of derivative financial instruments	10	81
Share options granted	362	298
Depreciation of right-of-use assets	763	432
Lease interest expense	213	154
Inventories written off/written down net of reversals	100	13
Impairment on receivables net of reversals	(276)	1,050
Interest expense	67	153
Interest income	(5,236)	(1,177)
Operating cash flows before changes in working capital	60,164	57,907
Inventories	(7,718)	(18,166)
Receivables	(9,989)	(10,904)
Payables	(26,506)	3,182
Cash generated from operations	15,951	32,019
Tax paid	(8,405)	(6,097)
Net cash flows generated from operating activities	7,546	25,922
Investing activities		
Investment in an associated company	-	(3,960)
Investment in trust fund	-	(143)
Purchase of property, plant and equipment & intangible assets	(19,046)	(10,348)
Proceeds from disposal of property, plant and equipment	307	308
Proceeds from disposal of investment in trust fund	497	-
Withdrawal from/(placement in) short term deposit	895	(107)
Dividend from associated company	-	217,000
Interest received	5,236	1,177
Net cash flows (used in)/generated from investing activities	(12,111)	203,927
Financing activities		
Proceeds from issuance of shares under ESOS	1,887	2,070
Repayment of term loans	(2,929)	(2,929)
Dividends paid	(161,921)	(26,327)
Interest paid	(67)	(153)
Payment of lease liabilities	(802)	(560)
Net cash flows used in financing activities	(163,832)	(27,899)
Net (decrease)/increase in cash and cash equivalents	(168,397)	201,950
Cash and cash equivalents at 1 January	380,321	164,512
Effect of exchange rate changes on cash and cash equivalents	2,411	-
Cash and cash equivalents at the end of the financial period	214,335	366,462

Included in the deposits, bank and cash balances was RM 1,753,000 (30 June 2023: RM 10,066,000) 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 SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2024

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 June 2024 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 2023.

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 2023 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
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 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

A3 Seasonality or cyclicity of interim operations

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

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 June 2024.

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

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the second quarter ended 30 June 2024 except for the issuance of 1,045,000 new ordinary shares pursuant to the exercise of options under the Executive Share Options Scheme ("ESOS").

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		PERIOD ENDED	
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
	RM'000	RM'000	RM'000	RM'000
Interest income	2,392	672	5,236	1,177
Other income including investment income	1,893	1,148	3,871	2,643
Interest expense	(28)	(71)	(67)	(153)
Depreciation and amortisation	(4,785)	(4,229)	(9,449)	(8,417)
Depreciation of right-of-use assets	(517)	(211)	(763)	(432)
Impairment on receivables net of reversals	(19)	(50)	276	(1,050)
Inventories written off/written down net of reversals	(41)	3	(100)	(13)
Net profit on disposal of property, plant and equipment	61	159	188	237
Fair value changes of derivative financial instruments	4	(113)	(10)	(81)
Foreign exchange (loss)/gain	(97)	45	850	114

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2024 (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>	30/6/2024 RM'000	30/6/2023 RM'000
2023: Final single-tier dividend comprising 2.50 sen per share paid on 29-May-24	17,991	-
2023: Special dividend comprising 20.0 sen per share paid on 29-May-24	143,930	-
2022: Final single-tier dividend comprising 3.50 sen per share paid on 16-June-23	-	16,754
2022: Special dividend comprising 2.00 sen per share paid on 16-June-23	-	9,573
	<u>161,921</u>	<u>26,327</u>

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

PERIOD ENDED 30/6/2024

	Manufacturing RM'000	Distribution RM'000	Corporate RM'000	Adjustments RM'000	GROUP RM'000
External Revenue	47,687	439,074	152	-	486,913
Inter-segment revenue	91,866	41	10,083	(101,990)	-
Total Revenue	<u>139,553</u>	<u>439,115</u>	<u>10,235</u>	<u>(101,990)</u>	486,913
Segment Results	39,734	15,524	1,748	(1,350)	55,656
Finance costs					(280)
Profit before tax					<u>55,376</u>

PERIOD ENDED 30/6/2023

External Revenue	42,379	418,430	20	-	460,829
Inter-segment revenue	90,474	26	40,501	(131,001)	-
Total Revenue	<u>132,853</u>	<u>418,456</u>	<u>40,521</u>	<u>(131,001)</u>	460,829
Segment Results	37,216	17,530	311,599	(1,842)	364,503
Finance costs					(307)
Profit before tax					<u>364,196</u>

Segment assets

30-Jun-2024	280,195	375,639	343,325	(8,156)	991,003
31-Dec-2023	260,029	367,934	502,904	(8,250)	1,122,617

Segment liabilities

30-Jun-2024	(36,680)	(121,004)	(8,381)	(16,562)	(182,627)
31-Dec-2023	(40,415)	(125,527)	(24,496)	(13,905)	(204,343)

A10 Significant Events After the Reporting Date

On 19 July 2024, the Group announced the completion of the proposed acquisition of an industrial property bearing postal address 16 and 18, Jalan TTC 1, Kawasan Perindustrian Cheng, Melaka by its wholly-owned subsidiary, Xepa-Soul Pattinson (Malaysia) Sdn Bhd for a total purchase consideration of RM 66.5 million upon receipt of vacant possession of the property from Panasonic Appliances Refrigeration Devices Malaysia Sdn Bhd.

Other than the above, 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 quarter ended 30 June 2024.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE PERIOD ENDED 30 JUNE 2024 (continued)

A12 Property, plant and equipment

During the current quarter ended 30 June 2024, the Group made an advance payment of capital expenditure of RM 15.8 million (30 June 2023: RM 6.6 million).

Asset with carrying amount of RM Nil was disposed by the Group during the current quarter ended 30 June 2024 (30 June 2023: RM 5,000) and resulting in a net disposal gain of RM 61,000 (30 June 2023: RM 159,000).

There was no material asset written off in the current quarter and the corresponding quarter in the previous year.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 30 June 2024 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	52,686
Authorised capital expenditure approved but not contracted for	29,712
	<u>82,398</u>

A14 Related Party Transactions

The Group did not have any significant transactions with related parties during the period ended 30 June 2024 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2023.

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:	30/6/2024	31/12/2023
	RM'000	RM'000
	(Level 2)	
Other investment	792	1,218
Derivatives - Forward currency contracts	1	10

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 2024 and 2023.

A16 Changes in Contingent liabilities or Contingent assets

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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(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	
	30/6/2024	30/6/2023		30/6/2024	30/6/2023	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	238,735	215,031	11.0%	486,913	460,829	5.7%
Operating Profit	28,246	23,812	18.6%	55,180	49,030	12.5%
Share of results of associated companies	999	310,859	(99.7%)	476	315,473	(99.8%)
Finance Cost	(164)	(147)	11.6%	(280)	(307)	(8.8%)
Profit Before Tax	29,081	334,524	(91.3%)	55,376	364,196	(84.8%)
Profit After Tax	23,643	329,483	(92.8%)	44,852	353,765	(87.3%)

Review of Current Quarter Performance versus Corresponding Quarter Last Year

For Q2 2024, the Group achieved consolidated revenue of RM 238.7 million, 11.0% higher than the RM 215.0 million achieved in Q2 2023. Sales of pharmaceuticals, consumer healthcare products and medical devices to both private and public sector customers were robust in the second quarter across key markets. This was driven by increased sales and marketing efforts, strong performance from recently acquired distribution agencies and the continued launches of new Group branded products.

Operating profit from Group subsidiary companies for Q2 2024 amounted to RM 28.2 million, a growth of 18.6% over the RM 23.8 million recorded in Q2 2023.

Share of earnings from 40% associate Straits Apex Group Sdn Bhd ("SAG") declined to RM 1.0 million compared to the RM 310.9 million recognized in the same quarter last year. This previous spike was due to the recognition of an estimated non-recurring gain of RM 304.4 million from SAG's effective divestment of 60% interest in Straits Apex Sdn Bhd ("SA") to Quadria Capital ("SAG Divestment"). Earnings in the current quarter is also lower because of the Group's reduced effective equity of 16% in SA as well as the recognition of the Group's share of financing costs and amortization of intangible assets as previously explained.

Group profit before tax for the second quarter is RM 29.1 million, 91.3% lower than the record RM 334.5 million reported in Q2 2023, which was boosted by the impact of the SAG Divestment. Group profit after tax for the second quarter of RM 23.6 million is lower than the RM 329.5 million achieved in the same period last year for the same reason.

Review of Year To Date Performance versus Corresponding Period Last Year

For H1 2024, Group subsidiary companies achieved consolidated revenue of RM 486.9 million, 5.7% higher than the RM 460.8 million recorded for the same period in 2023. In the face of cautious consumer demand and rising competition, revenue growth this year was achieved by stepped up sales and marketing initiatives, the good performance of recently acquired distribution agencies and the sustained launches of new Group branded products.

Operating profit from Group subsidiary companies for H1 2024 of RM 55.2 million represents a growth of 12.5% over RM 49.0 million recorded for H1 2023.

Share of results from associate company SAG is RM 0.5 million, significantly lower than the RM 315.5 million recognized in 2023. This is due to the recognition of a non-recurring gain of RM 304.4 million in May 2023, being the Group's share of the gain recognized by associate SAG when it completed the effective divestment of 60% equity in SA to Quadria Capital.

Group profit before tax for the first half year is RM 55.4 million, lower than the RM 364.2 million achieved in the corresponding period in 2023 which was boosted by the impact of the SAG Divestment. Likewise, Group profit after tax for the first half year is also lower at RM 44.9 million when compared to the RM 353.8 million recorded for the same period in 2023.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)
B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)
B2 Material changes in the profit before tax for the quarter

	Current Quarter 30/6/2024	Immediate Preceding Quarter 31/3/2024	Changes	
	RM'000	RM'000	RM'000	(%)
Revenue	238,735	248,178	(9,443)	(3.8%)
Operating Profit	28,246	26,934	1,312	4.9%
Share of results of associated companies	999	(523)	1,522	291.0%
Finance Cost	(164)	(116)	48	41.4%
Profit Before Tax	29,081	26,295	2,786	10.6%
Profit After Tax	23,643	21,209	2,434	11.5%

Group profit before tax for the current quarter is RM 29.1 million, 10.6% higher than the RM 26.3 million achieved in the immediate preceding quarter. The increase is due to the reversal of over-provision for operating expenses taken up in Q1 2024, as well as a profit contribution of RM 1.0 million from associate SAG compared to a loss of RM 0.5 million in the previous quarter.

B3 Commentary
a Prospects

The Group's core pharmaceutical manufacturing and distribution businesses continue to perform well in the second quarter of 2024, driven by the Group's commitment to sales growth, new product development, brand management, customer service and operational efficiency. Demand for pharmaceuticals, consumer healthcare products and medical devices remained firm in the first half of 2024, especially in domestic markets. Export shipments were partially affected by ongoing civil unrest in Myanmar, a key export market, and port congestion in Malaysia and Singapore from the ripple impact of the Red Sea attacks.

Demand for healthcare products and services in our key markets is expected to remain resilient in the second half of 2024. The Group remains confident that its strong fundamentals, dedicated workforce, cost efficiency initiatives, and increased investment in developing and launching of new Group-branded products will support continued growth and help navigate any unforeseen external challenges. In the first half of 2024, nine new products comprising Group branded probiotics, gastrointestinal medication and topical preparations for skin, nose and throat providing options for consumers to manage their medical conditions were successfully introduced to the market.

In May 2024, the Group's wholly owned subsidiary Xepa-Soul Pattinson (Malaysia) Sdn Bhd ("XEPA"), successfully underwent a scheduled and stringent European Union Good Manufacturing Practice ("EU GMP") audit, demonstrating its commitment to maintaining the highest standards of pharmaceutical manufacturing. As a result of passing this rigorous audit, XEPA secured the renewal of its EU GMP certification, which was officially notified on 6 August 2024. This achievement underscores XEPA's dedication to quality and compliance with continuously rising standards in the pharmaceutical industry.

On 19 July 2024, XEPA completed the announced acquisition of industrial land and buildings at 16 and 18, Jalan TTC 1, Kawasan Perindustrian Cheng, Melaka ("Cheng 2") for RM 66.5 million. In the first phase, XEPA will consolidate outsourced warehousing operations at Cheng 2 after retrofitting works are completed on the existing warehouses on site and regulatory approvals obtained in Q1 2025. In the upcoming phases, XEPA plans to develop and construct state-of-the-art facilities at Cheng 2 to significantly expand its liquid production capacity. This expansion is driven by the need to meet the anticipated demand for XEPA's existing product lines. Additionally, the new facilities will be strategically designed to accommodate the production of a broader range of products, including new dosage forms, positioning XEPA to diversify its offerings and respond to evolving market needs. The planning and design processes are currently in progress, ensuring that the new facilities will align with XEPA's long-term growth objectives and operational efficiency.

In Singapore, the Group's wholly owned subsidiary, Apex Pharma Marketing Pte Ltd ("APS"), completed the fit-out of its newly leased 18,500 sq ft warehouse and received the necessary regulatory approval on 13 August 2024 to commence operations. This strategic expansion significantly enhances APS's operational efficiency by providing increased storage and distribution capabilities. The additional capacity is expected to play a crucial role in APS's ability to attract and secure new pharmaceutical agencies, further driving APS's growth and broadening its market presence.

Share of earnings from the Group's associate company engaged in the contract manufacturing of orthopaedic devices, Straits Apex Group Sdn Bhd ("SAG"), will not contribute meaningfully to Group earnings for the rest of 2024. This is because of the Group's reduced effective equity of 16%, along with the annual amortization expense for identified intangible assets and financing costs as previously detailed.

Barring any unforeseen market changes or developments, the Group anticipates delivering a satisfactory performance in 2024. The Group is confident that its strategic initiatives, coupled with ongoing efforts to optimize operations, will enable it to navigate potential challenges and capitalize on new growth opportunities.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

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

B3 Commentary (continued)

- b Progress to achieve forecast revenue or profit estimate
Not applicable.

B4 Statement by the Board of Directors' opinion on the achievability of forecast revenue or profit estimate
Not applicable.

B5 Profit Forecast /Profit Guarantee
Not applicable.

B6 Income Tax Expense

	3 MONTHS ENDED		PERIOD ENDED	
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	4,225	4,237	9,089	8,877
Deferred tax	373	239	(26)	379
Foreign tax	840	565	1,461	1,175
	<u>5,438</u>	<u>5,041</u>	<u>10,524</u>	<u>10,431</u>

The effective tax rate (excluding results from associates) for current quarter and current year decreased slightly from previous year corresponding quarter due to the utilisation of Reinvestment Allowance and the tax deductibility on reversal of provisions which were previously non tax allowable.

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 13 August 2024.

B8 Group Borrowings and Debt Securities

	As at 30/6/2024		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured			
Secured bank loans	-	714	714
	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

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 2023.

B9 Material Litigation

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

B10 Dividend Payable

- a The Board of Directors is pleased to declare the payment of an interim single-tier dividend of 3.00 sen per share in respect of the financial year ending 31 December 2024, resulting in a total dividend to-date for the current financial year of 3.00 sen per share. (Year 2023: Interim single-tier dividend of 2.5 sen per share).
- b The interim dividend will be paid on 18 September 2024 and the entitlement date is 6 September 2024.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

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

B11 Earnings per share

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

		3 MONTHS ENDED		PERIOD ENDED	
		30/6/2024	30/6/2023	30/6/2024	30/6/2023
Basic Earnings per share					
Profit after tax	RM'000	23,643	329,483	44,852	353,765
Weighted average number of ordinary shares in issue	'000	715,177	714,297	715,177	714,297
Basic earnings per share	sen	3.31	46.13	6.27	49.53
Diluted Earnings per share					
Profit after tax	RM'000	23,643	329,483	44,852	353,765
Weighted average number of ordinary shares in issue	'000	715,177	714,297	715,177	714,297
Effect of dilution-Share options	'000	401	1,074	401	1,074
Adjusted weighted average number of ordinary shares in issue	'000	715,578	715,371	715,578	715,371
Diluted earnings per share	sen	3.30	46.06	6.26	49.45

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.

Type of Derivatives	Contract/ Notional Value	Fair Value
	30/6/2024 RM'000	30/6/2024 RM'000
i) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(654)	(653)
	(654)	(653)

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:

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

The net cash requirements relating to these contracts was RM 654,000.

B13 Fair Value Changes of Financial Assets

As at 30 June 2024, 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 2023 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 August 2024.