

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**  
(THE FIGURES HAVE NOT BEEN AUDITED)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	3 MONTHS ENDED		PERIOD ENDED	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
Note	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>237,366</b>	<b>235,344</b>	<b>724,279</b>	<b>696,173</b>
Cost of sales	(180,082)	(179,846)	(555,194)	(532,943)
<b>Gross profit</b>	<b>57,284</b>	<b>55,498</b>	<b>169,085</b>	<b>163,230</b>
Other income	2,335	4,972	12,711	9,226
Selling & marketing expenses	(25,004)	(25,420)	(76,150)	(74,492)
Administrative expenses	(7,205)	(7,709)	(22,508)	(20,988)
Other expenses	599	(367)	51	(972)
<b>Operating profit</b>	<b>28,009</b>	<b>26,974</b>	<b>83,189</b>	<b>76,004</b>
Finance costs	(620)	(134)	(900)	(441)
Share of results of associated companies	(3,667)	3,637	(3,191)	319,110
<b>Profit before tax</b>	<b>23,722</b>	<b>30,477</b>	<b>79,098</b>	<b>394,673</b>
Income tax expense	(5,491)	(6,314)	(16,015)	(16,745)
<b>Net profit for the period</b>	<b>18,231</b>	<b>24,163</b>	<b>63,083</b>	<b>377,928</b>
<b>Other comprehensive income:</b>				
Exchange differences on translation of foreign operations, net of tax	(8,742)	2,770	(3,821)	2,765
<b>Total comprehensive income for the period</b>	<b>9,489</b>	<b>26,933</b>	<b>59,262</b>	<b>380,693</b>
<b>Net profit attributable to:</b>				
Equity owners of the parent	18,231	24,163	63,083	377,928
<b>Total comprehensive income attributable to:</b>				
Equity owners of the parent	9,489	26,933	59,262	380,693
<b>Earnings per share attributable to owners of the parent:</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
- Basic	B11 2.55	3.38	8.82	52.91
- Diluted	B11 2.55	3.38	8.81	52.84

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

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024  
(THE FIGURES HAVE NOT BEEN AUDITED)**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024**

	Note	As at 30/9/2024 RM'000	As at 31/12/2023 RM'000
			<u>(Audited)</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	A12	254,718	199,234
Investment properties		9,115	9,252
Intangible assets		8,025	5,575
Right-of-use assets		10,264	6,396
Investments in associated companies		190,474	193,785
Other Investment		726	1,218
Deferred tax assets		1,609	1,319
		474,931	416,779
<b>Current Assets</b>			
Inventories		137,310	126,992
Receivables		197,374	194,423
Prepayments		2,541	1,398
Tax recoverable		89	46
Derivative financial instruments	A15 & B12	68	10
Deposits, bank and cash balances		211,529	382,969
		548,911	705,838
<b>TOTAL ASSETS</b>		<b>1,023,842</b>	<b>1,122,617</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables		154,481	179,907
Borrowings	B8	5,952	3,643
Lease liabilities		2,389	950
Current tax payable		3,991	6,098
		166,813	190,598
<b>Non-Current Liabilities</b>			
Borrowings	B8	42,857	-
Lease liabilities		8,429	5,938
Deferred tax liabilities		8,482	7,807
		59,768	13,745
<b>TOTAL LIABILITIES</b>		<b>226,581</b>	<b>204,343</b>
<b>NET ASSETS</b>		<b>797,261</b>	<b>918,274</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		136,744	133,287
Reserves		18,459	22,507
Retained earnings		642,058	762,480
		797,261	918,274
<b>TOTAL EQUITY</b>		<b>797,261</b>	<b>918,274</b>
		<b>RM</b>	<b>RM</b>
<b>Net Assets per share attributable to owners of the parent</b>		<b>1.11</b>	<b>1.29</b>

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 THIRD QUARTER ENDED 30 SEPTEMBER 2024**  
(THE FIGURES HAVE NOT BEEN AUDITED)

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

	Note	← <u>Non-Distributable</u> →			<u>Distributable</u>	
		Share Capital	Share option reserve	Foreign currency translation reserve	Retained Earnings	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>PERIOD ENDED 30 SEPTEMBER 2024</u></b>						
Balance at 1 January 2024		133,287	1,540	20,967	762,480	918,274
Total comprehensive income		-	-	(3,821)	63,083	59,262
Share options granted		-	632	-	-	632
Share options lapsed		-	(18)	-	18	-
Transfer to share capital for share options exercised		841	(841)	-	-	-
Transaction with owners						
Dividends on ordinary shares	A8	-	-	-	(183,523)	(183,523)
Issuance of ordinary share pursuant to ESOS		2,616	-	-	-	2,616
Total transaction with owners		2,616	-	-	(183,523)	(180,907)
<b>Balance as at 30 September 2024</b>		<b>136,744</b>	<b>1,313</b>	<b>17,146</b>	<b>642,058</b>	<b>797,261</b>
<b><u>PERIOD ENDED 30 SEPTEMBER 2023</u></b>						
Balance at 1 January 2023		129,834	1,637	18,205	408,752	558,428
Total comprehensive income		-	-	2,765	377,928	380,693
Share options granted		-	566	-	-	566
Share options lapsed		-	(20)	-	20	-
Transfer to share capital for share options exercised		678	(678)	-	-	-
Transaction with owners						
Dividends on ordinary shares	A8	-	-	-	(44,281)	(44,281)
Issuance of ordinary share pursuant to ESOS		2,195	-	-	-	2,195
Total transaction with owners		2,195	-	-	(44,281)	(42,086)
<b>Balance as at 30 September 2023</b>		<b>132,707</b>	<b>1,505</b>	<b>20,970</b>	<b>742,419</b>	<b>897,601</b>

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

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**  
(THE FIGURES HAVE NOT BEEN AUDITED)

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

	PERIOD ENDED	
	30/9/2024	30/9/2023
	RM'000	RM'000
<b>Operating activities</b>		
Profit before tax	79,098	394,673
Adjustments for:		
Depreciation and amortisation	14,543	12,716
Net profit on disposal of property, plant and equipment	(211)	(281)
Property, plant and equipment written off	-	1
Share of results of associated companies	3,191	(319,110)
Fair value changes of derivative financial instruments	(58)	81
Share options granted	632	566
Depreciation of right-of-use assets	1,445	636
Lease interest expense	341	229
Inventories written off/written down net of reversals	143	76
Impairment on receivables net of reversals	(198)	1,082
Interest expense	558	212
Interest income	(6,600)	(3,842)
Operating cash flows before changes in working capital	92,884	87,039
Inventories	(10,461)	(24,271)
Receivables	(3,896)	(15,333)
Payables	(25,426)	13,736
Cash generated from operations	53,102	61,171
Tax paid	(17,779)	(12,214)
<b>Net cash flows generated from operating activities</b>	<b>35,323</b>	<b>48,957</b>
<b>Investing activities</b>		
Investment in an associated company	-	(3,960)
Investment in trust fund	(114)	(142)
Purchase of property, plant and equipment & intangible assets	(73,538)	(14,095)
Proceeds from disposal of property, plant and equipment	330	352
Proceeds from disposal of investment in trust fund	611	-
Withdrawal from short term deposit	848	4,867
Dividend from associated company	-	217,000
Interest received	6,600	3,842
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(65,263)</b>	<b>207,864</b>
<b>Financing activities</b>		
Proceeds from issuance of shares under ESOS	2,616	2,195
Net drawdown/(repayment) of term loans	45,167	(4,393)
Dividends paid	(183,523)	(44,281)
Interest paid	(558)	(212)
Payment of lease liabilities	(1,725)	(812)
<b>Net cash flows used in financing activities</b>	<b>(138,023)</b>	<b>(47,503)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(167,963)</b>	<b>209,318</b>
<b>Cash and cash equivalents at 1 January</b>	<b>380,321</b>	<b>164,513</b>
Effect of exchange rate changes on cash and cash equivalents	(2,630)	1,533
<b>Cash and cash equivalents at the end of the financial period</b>	<b>209,728</b>	<b>375,364</b>

Included in the deposits, bank and cash balances was RM 1,801,000 (30 September 2023: RM 5,091,000) 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 THIRD QUARTER ENDED 30 SEPTEMBER 2024  
(THE FIGURES HAVE NOT BEEN AUDITED)**

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

**A1 Basis of preparation**

These unaudited condensed consolidated interim financial statements for the period ended 30 September 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 cyclical of interim operations**

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

**A4 Unusual items**

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the period ended 30 September 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 third quarter ended 30 September 2024 except for the issuance of 413,000 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	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
Interest income	1,364	2,665	6,600	3,842
Other income including investment income	1,536	1,855	5,407	4,498
Interest expense	(491)	(59)	(558)	(212)
Depreciation and amortisation	(5,094)	(4,299)	(14,543)	(12,716)
Depreciation of right-of-use assets	(682)	(204)	(1,445)	(636)
Impairment on receivables net of reversals	(78)	(32)	198	(1,082)
Inventories written off/written down net of reversals	(43)	(63)	(143)	(76)
Net profit on disposal of property, plant and equipment	23	44	211	281
Property, plant and equipment written off	-	(1)	-	(1)
Fair value changes of derivative financial instruments	68	-	58	(81)
Foreign exchange (loss)/gain	(1,640)	326	(790)	440

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024  
(THE FIGURES HAVE NOT BEEN AUDITED)**

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

**A8 Dividends paid and declared**

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

	30/9/2024	30/9/2023
	RM'000	RM'000
<u>In respect of the financial year ended 31 December</u>		
2024: Interim single-tier dividend comprising 3.00 sen per share paid on 18-September-24	21,602	-
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	-
2023: Interim single-tier dividend comprising 2.50 sen per share paid on 19-September-23	-	17,954
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>183,523</u>	<u>44,281</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**

	Manufacturing	Distribution	Corporate	Adjustments	GROUP
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>PERIOD ENDED 30/9/2024</b>					
External Revenue	67,833	656,184	262	-	724,279
Inter-segment revenue	134,399	48	25,624	(160,071)	-
Total Revenue	<u>202,232</u>	<u>656,232</u>	<u>25,886</u>	<u>(160,071)</u>	<u>724,279</u>
Segment Results	56,795	24,291	578	(1,666)	79,998
Finance costs					(900)
Profit before tax					<u>79,098</u>
<b>PERIOD ENDED 30/9/2023</b>					
External Revenue	68,595	627,548	30	-	696,173
Inter-segment revenue	134,160	30	55,302	(189,492)	-
Total Revenue	<u>202,755</u>	<u>627,578</u>	<u>55,332</u>	<u>(189,492)</u>	<u>696,173</u>
Segment Results	57,616	26,412	313,621	(2,535)	395,114
Finance costs					(441)
Profit before tax					<u>394,673</u>
<b>Segment assets</b>					
30-Sep-2024	340,162	370,909	320,515	(7,744)	<b>1,023,842</b>
31-Dec-2023	260,029	367,934	502,904	(8,250)	<b>1,122,617</b>
<b>Segment liabilities</b>					
30-Sep-2024	(87,643)	(120,705)	(5,761)	(12,472)	<b>(226,581)</b>
31-Dec-2023	(40,415)	(125,527)	(24,496)	(13,905)	<b>(204,343)</b>

**A10 Significant Events After the Reporting Date**

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

**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 September 2024.

**A12 Property, plant and equipment**

During the current quarter ended 30 September 2024, the capital expenditure paid by the Group was RM 54.2 million (30 September 2023: RM 3.0 million).

Assets with zero carrying amount were disposed by the Group during the current quarter ended 30 September 2024 and 30 September 2023, resulting in a net disposal gain of RM 23,000 (30 September 2023: RM 44,000).

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

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**  
(THE FIGURES HAVE NOT BEEN AUDITED)

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

**A13 Capital Commitments**

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

	<u>RM'000</u>
Authorised capital expenditure approved and contracted for	3,231
Authorised capital expenditure approved but not contracted for	18,117
	<u>21,348</u>

**A14 Related Party Transactions**

The Group did not have any significant transactions with related parties during the period ended 30 September 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.

	30/9/2024	31/12/2023
	RM'000	RM'000
Financial assets:		
		(Level 2)
Other investment	726	1,218
Derivatives - Forward currency contracts	68	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 THIRD QUARTER ENDED 30 SEPTEMBER 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	Changes		Current Year	Preceding Year	
	Quarter	Corresponding Quarter			To-date	To-date	
	30/9/2024	30/9/2023	(%)		30/9/2024	30/9/2023	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)	
Revenue	237,366	235,344	0.9%	724,279	696,173	4.0%	
EBITDA (excluding share of results of associated companies)	32,420	28,813	12.5%	92,576	85,515	8.3%	
Operating Profit	28,009	26,974	3.8%	83,189	76,004	9.5%	
Share of results of associated companies	(3,667)	3,637	(200.8%)	(3,191)	319,110	(101.0%)	
Finance Cost	(620)	(134)	362.7%	(900)	(441)	104.1%	
Profit Before Tax	23,722	30,477	(22.2%)	79,098	394,673	(80.0%)	
Profit After Tax	18,231	24,163	(24.5%)	63,083	377,928	(83.3%)	

Review of Current Quarter Performance versus Corresponding Quarter Last Year

In the third quarter of 2024, the Group achieved consolidated revenue of RM 237.4 million, supported by continued resilient demand for pharmaceuticals, consumer healthcare products and medical devices in the private sector. The Group's consumer healthcare portfolio was further strengthened with the commercial launches of Avometer Smart, a compact blood glucose monitoring system, Giomie Probiotic and Giomie Kids Probiotic+, which support gastrointestinal health. Year on year, 2024 third quarter revenue increased by 0.9% compared to the corresponding period in 2023. Growth was tempered by lower contract manufacturing orders and supply to Malaysian Government tenders in the reporting quarter.

The Group's Singapore subsidiary, Apex Pharma Marketing Pte Ltd ("APS"), obtained regulatory approval for its newly leased 18,500 sq ft second warehouse ("Techlink") and commenced operations on 13 August 2024, expanding pallet capacity by 1,450 spaces. On 19 July 2024, Xepa-Soul Pattinson (Malaysia) Sdn Bhd ("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. On 16 September 2024, Xepa awarded contracts totaling RM 6.7 million for the retrofitting and upgrading of an existing building at Cheng 2 for pharmaceutical warehousing with an initial capacity of 2,850 pallet spaces. This will enable Xepa to consolidate warehousing operations more efficiently by reducing the use of external third party warehouses.

Techlink and Cheng 2 represent key strategic initiatives focused on improving operational efficiency and expanding total Group pallet capacity by 62% to more than 11,000 spaces to drive long-term business growth. While the full benefits will materialize over time, the Group expects additional annual expenses of approximately RM 7.4 million due to depreciation, interest, and leasing costs, with RM 1.6 million incurred in Q3 2024. This has moderated Group operating profit for the quarter to RM 28.0 million, a 3.8% increase from the RM 27.0 million reported for the same period in 2023.

The Group's share of results from its associate company, Straits Apex Group Sdn Bhd ("SAG"), for the quarter is a loss of RM 3.7 million, compared to a gain of RM 3.6 million in Q3 2023. This was primarily caused by foreign exchange losses from the strengthening Ringgit at SAG's operating associate Straits Apex Sdn Bhd ("SA") amounting to RM 10.9 million and further exacerbated by financing costs and amortization of intangible assets as previously explained, and weaker financial performance due to lower revenue.

Group profit before tax ("PBT") reached RM 23.7 million for the third quarter, 22.2% lower than the RM 30.5 million achieved for the same quarter in the previous year. This is due mainly to the share of loss from associate SAG. For the same reason, Group profit after tax ("PAT") is RM 18.2 million for the quarter, 24.5% lower than the RM 24.2 million achieved in Q3 2023.

The Company continues to maintain a good net cash position. The Board of Directors is pleased to declare a second interim single-tier dividend of 3.0 sen per share in respect of financial year ending 31 December 2024. This will be paid on 20 December 2024.

Review of Year To Date Performance versus Corresponding Period Last Year

For the first nine months of 2024, Group revenue reached RM 724.3 million, a growth of 4.0% when compared to the RM 696.2 million in the same period in 2023. This is due to continued steady performance of operating subsidiaries in the first nine months, where demand for pharmaceuticals, consumer healthcare products and medical devices remained firm in key markets. Revenue growth was also supported by increased sales and marketing efforts, strong performance from newly secured pharmaceutical and consumer healthcare agencies and the continued launch of new Group branded products.

Total operating expenses are 2.3% higher when compared year on year. In addition to the expenses relating to Techlink and Cheng 2 described above, year to date expenditure on brand building and promotional activities are 20.1% higher, or RM 1.6 million, in line with the greater number of new product launches in the current year. Notwithstanding, year to date operating profit still grew 9.5% to reach RM 83.2 million when compared to the RM 76.0 million achieved in the same period last year.



**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

(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 (continued)**

Review of Year To Date Performance versus Corresponding Period Last Year (continued)

The Group's share of results from associate company SAG is a loss of RM 3.2 million, compared to a gain of RM 319.1 million recognized for the same period in 2023. The spike in 2023 was due to the recognition of an estimated non-recurring gain of RM 304.4 million from SAG's divestment of 60% interest in SA to Quadria Capital ("SAG Divestment"), leaving a reduced effective equity interest of 16% in SA. The year to date loss is due to foreign exchange losses at SA from the strengthening of the Ringgit, further exacerbated by financing costs and amortization of intangible assets as previously explained, and weaker financial performance due to lower revenue.

Group PBT for the first nine months of 2024 is RM 79.1 million, lower than the RM 394.7 million achieved in the corresponding period in 2023. This is mainly due to the spike in 2023 arising from the SAG Divestment. For the same reasons, Group PAT is lower at RM 63.1 million, compared to RM 377.9 million in the previous year.

**B2 Material Changes in the Profit Before Tax for the Quarter**

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/9/2024	30/6/2024	RM'000	(%)
Revenue	237,366	238,735	(1,369)	(0.6%)
EBITDA (excluding share of results of associated companies)	32,420	31,157	1,264	4.1%
Operating Profit	28,009	28,246	(237)	(0.8%)
Share of results of associated companies	(3,667)	999	(4,666)	(467.1%)
Finance Cost	(620)	(164)	456	278.0%
Profit Before Tax	23,722	29,081	(5,359)	(18.4%)
Profit After Tax	18,231	23,643	(5,412)	(22.9%)

The group profit before tax for the current quarter stands at RM 23.7 million, an 18.4% decrease from the RM 29.1 million achieved in the immediate preceding quarter. This is primarily attributed to the share of loss amounting to RM 3.7 million from associate SAG for the quarter, compared to a contribution of RM 1.0 million in the preceding quarter, as well as higher operating expenses from Techlink and Cheng 2.

**B3 Commentary**

**a Prospects**

Demand

The Group's core pharmaceutical manufacturing and distribution businesses delivered a consistent performance in the third quarter of 2024. Demand for pharmaceuticals, consumer healthcare products, and medical devices has remained robust and is expected to remain resilient throughout the rest of the year in domestic markets. This is underpinned by sustained demand for essential medicines, driven by an increased focus on healthcare needs and demographic factors such as aging populations. However, export shipments may continue to be affected by ongoing civil unrest and uncertainties in Myanmar, an important international market.

New Product Launches

In the first nine months of 2024, the Group successfully added 12 new pharmaceuticals, consumer healthcare and medical device products to its Group Brand portfolio, with more commercial launches scheduled for the fourth quarter. The accelerated expansion of the Group Brand portfolio, especially in consumer healthcare, stems from the Group's increased investment and collaboration in product research and development over recent years. Currently, consumer healthcare products represent less than 10% of the revenue generated from all group branded products. By strategically focusing on building a larger consumer healthcare portfolio, the Group both builds and leverages on its established expertise in prescription medicines, strengthening its long-term growth strategy through expansion in under-tapped complementary market segments and bolstering overall business resilience. Currently, the Group holds more than 700 product registrations for Group-branded products across all its operating territories, derived from a core portfolio in Malaysia of 254 products, of which 165 are pharmaceuticals, 59 are consumer healthcare products and 30 are medical devices.

New Product Pipeline

The Group continues to allocate substantial resources toward developing new generic pharmaceutical products for commercialization under Group brands. In 2023, the Group's research and development ("R&D") expenditure increased significantly, registering an 18% growth in 2023 compared to 2022. R&D efforts are strategically focused on molecules nearing patent expiry and those with few or no generic alternatives. These efforts target our core therapeutic segments in respiratory, dermatology, cardiovascular, and alimentary tract & metabolism, while also expanding into high-growth areas with substantial disease burdens.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

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

**B3 Commentary (continued)**

**a Prospects (continued)**

New Product Pipeline (continued)

Of the molecules under active development, a number is carried out in collaboration with internationally recognized contract research organizations. Aligned with its broader market expansion strategy, the Group is developing selected products to comply with European Union (“EU”) regulatory requirements, thereby enhancing global export potential. The regulatory filing of the first pharmaceutical product in the EU is scheduled for Q4 2024. With a robust pipeline exceeding 70 products in various stages of development, efforts are focused on delivering high quality and accessible generic medicines for high-impact conditions including diabetes, ischaemic heart disease, stroke, arthritis and peptic ulcer disease. The Group anticipates that the next of these products will be ready for market launch in Q4 2024.

Operating Cost of New Initiatives

The increase in expenses from expanded infrastructure, Techlink and Cheng 2, as well as the cost of driving new product launches and building a larger consumer healthcare portfolio is expected to exert pressure on near-term earnings, as the economic benefits from these strategic initiatives will require time to fully mature.

Securing ISO 45001:2018

On 21 August 2024, Xepa achieved accreditation for ISO 45001:2018 Occupational Health and Safety Management Systems for the Manufacturing and Distribution of Pharmaceutical Products and Medical Devices. ISO 45001:2018 provides an internationally recognized framework for managing occupational health and safety risks, enabling organizations to systematically assess hazards and implement effective risk control measures. This leads to reduced workplace injuries, illnesses, and incidents. Xepa’s dual certification to ISO 45001:2018, awarded by both the Department of Standards Malaysia and the United Kingdom Accreditation Service (“UKAS”), underscores its strong commitment to upholding international standards, further supporting its global growth ambitions.

Impact of Associates

To date, the Group’s 40% associate, Zynexis Healthcare Pte Ltd, has submitted 9 core products for regulatory approval in Malaysia and Singapore. These are mainly in high growth therapeutic categories that are new to the Group. The first commercial launch is expected in 2026.

The share of results from the Group’s 40% associate SAG is expected to negatively impact the Group’s overall performance in 2024. This is due largely to the ongoing amortization of identified intangible assets, financing costs, foreign exchange losses and weaker performance caused by key customers scaling back purchases to adjust inventory levels. SAG is expected to contribute positively to the Group in 2025 as customer orders are expected to recover next year. However, the weaker performance in 2024 could lead to an adjustment in the Group’s carrying value of SAG, subject to audit confirmation of fair value.

Construction of the new 237,147 sq ft production campus at Batu Kawan Industrial Park has been completed, with all certificates of completion and compliance (“CCC”) obtained in Q3 2024. Fit-out works are in progress, with completion targeted by Q2 2025. SAG expects rental income from the long-term lease of these buildings to commence in January 2025. The Group has already made a strong return on its investment in SAG and distributed the gains of the divestment through a special dividend of 20 sen per share earlier this year. As previously stated, the Group’s forward looking initiatives are now squarely focused on its core pharmaceutical operations.

Malaysia Budget 2025

In Malaysia’s 2025 Budget tabled by the Prime Minister on 18 October 2024, the healthcare sector received a substantial allocation of RM 45.3 billion, an increase of 9.9% compared to the RM 41.2 billion allocated in 2024. Further, to make Malaysia a regional pharmaceutical hub, the Government plans to implement specific procurement policies to support new investments in the local production of pharmaceutical products and critical medical devices. This approach aims to ensure a consistent supply of medicines and reduce Malaysia’s dependence on imports. The Group welcomes these positive initiatives and is actively exploring projects to help realize these national objectives.

The Edge BRC Award 2024

On 23 August 2024, Apex Healthcare Berhad won The Edge Billion Ringgit Club (“BRC”) Corporate Award 2024 for the ‘Highest Return On Equity Over Three Years’ in the Healthcare Sector. This award marks the Group’s second recognition for outstanding performance by The Edge, having previously won The Edge BRC ‘Highest Returns to Shareholders Over Three Years’ in the Healthcare Sector in 2019. The Group is confident that its strong track record, solid fundamentals, and forward-looking strategies will continue to drive sustainable growth, positioning it to seize new opportunities in the future. Subject to any unforeseen market developments, the Group expects to achieve a satisfactory performance for financial year 2024.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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

In respect of current period:

Income tax

Deferred tax

Foreign tax

	3 MONTHS ENDED		PERIOD ENDED	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
Income tax	4,580	5,057	13,669	13,934
Deferred tax	412	260	386	639
Foreign tax	499	997	1,960	2,172
	<u>5,491</u>	<u>6,314</u>	<u>16,015</u>	<u>16,745</u>

The effective tax rate (excluding share of results of associated companies) 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 19 November 2024.

B8 Group Borrowings and Debt Securities

	As at 30/9/2024		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
<b>Secured</b>			
Secured bank loans	42,857	5,952	48,809
	As at 31/12/2023		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
<b>Secured</b>			
Secured bank loans	-	3,643	3,643

As at 30 September 2024, the Group's total borrowings was RM 48.8 million, an increase of RM 45.2 million compared to the end of the previous financial year ended 31 December 2023. This increase was to part finance the acquisition of Cheng 2 as mentioned in Note B1 above 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. Meanwhile, the borrowings used to part finance the construction of the new oral solid dosage plant, SPP NOVO were fully repaid in August 2024.

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 a second interim single-tier dividend of 3.00 sen per share in respect of the financial year ending 31 December 2024. (Year 2023: No second interim dividend). The second interim single-tier dividend will be paid on 20 December 2024 and the entitlement date is 11 December 2024.

b Including the proposed second interim single-tier dividend of 3.00 sen, the total dividend declared in the current financial year is 6.0 sen per share (Year 2023: Single-tier dividend of 2.5 sen per share).

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	
		30/9/2024	30/9/2023	30/9/2024	30/9/2023
<b>Basic Earnings per share</b>					
Profit after tax	RM'000	18,231	24,163	63,083	377,928
Weighted average number of ordinary shares in issue	'000	715,289	714,325	715,289	714,325
Basic earnings per share	sen	<b>2.55</b>	<b>3.38</b>	<b>8.82</b>	<b>52.91</b>
<b>Diluted Earnings per share</b>					
Profit after tax	RM'000	18,231	24,163	63,083	377,928
Weighted average number of ordinary shares in issue	'000	715,289	714,325	715,289	714,325
Effect of dilution-Share options	'000	208	861	208	861
Adjusted weighted average number of ordinary shares in issue	'000	715,497	715,186	715,497	715,186
Diluted earnings per share	sen	<b>2.55</b>	<b>3.38</b>	<b>8.81</b>	<b>52.84</b>

**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
	30/9/2024 RM'000	30/9/2024 RM'000
i) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(1,113)	(1,045)
	(1,113)	(1,045)

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 1,113,000.

**B13 Fair Value Changes of Financial Assets**

As at 30 September 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 27 November 2024.