



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2014

Contents	Page No.
Unaudited Condensed Consolidated Statement of Profit or Loss	1
Unaudited Condensed Consolidated Statement of Comprehensive Income	2
Unaudited Condensed Consolidated Statement of Financial Position	3
Unaudited Condensed Consolidated Statement of Changes in Equity	4
Unaudited Condensed Consolidated Statement of Cash Flows	5
Notes to the Interim Financial Report:-	
Part A - Explanatory Notes Pursuant to MFRS134	6 - 8
Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad	9 - 12



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE QUARTER ENDED 31 MARCH 2014

	Quarter ended	
	31/03/2014 RM'000	31/03/2013 RM'000
Revenue	51,432	48,783
Cost of sales	(27,609)	(27,664)
Gross profit	23,823	21,119
Other income	1,426	764
Selling & Distribution expenses	(12,385)	(11,106)
Administrative expenses	(4,160)	(3,761)
Other expenses	(629)	(601)
Results from operating activities	8,075	6,415
Finance income	290	208
Finance cost	(384)	(526)
Share of result of associate	2	-
Profit before tax	7,983	6,097
Income tax expense	(2,371)	(1,533)
Profit for the period	5,612	4,564
Attributable to:		
Owners of the Company	5,455	4,438
Non-controlling interests	157	126
	5,612	4,564
Earnings per share (EPS) attributable to owners of the Company (sen):		
Basic EPS	4.10	3.34

The above consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED 31 MARCH 2014

	Quarter ended	
	31/03/2014 RM'000	31/03/2013 RM'000
Profit for the period	5,612	4,564
Foreign currency translation differences for foreign operations	134	138
Total comprehensive income for the period	5,746	4,702
Total comprehensive income attributable to:		
Owners of the Company	5,589	4,576
Non-controlling interests	157	126
	5,746	4,702

Included in the total comprehensive income for the period are:

	Quarter ended	
	31/03/2014 RM'000	31/03/2013 RM'000
interest income	(290)	(208)
other income including investment income	(32)	(25)
interest expenses	384	484
depreciation and amortization	2,284	2,286
provision for and write off/(write back) of receivables	(35)	122
writedown and written off of inventories	236	144
(gain) or loss on disposal of quoted and unquoted investments or properties	N/A	N/A
impairment of assets	N/A	N/A
foreign exchange (gain) or loss	(668)	(119)
(gain) or loss on derivatives	N/A	N/A
exceptional items	N/A	N/A
N/A: Not applicable		

The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company No : 552781-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	As at 31/03/2014 RM'000 <i>Unaudited</i>	As at 31/12/2013 RM'000 <i>Audited</i>
ASSETS		
Property, plant and equipment	114,646	114,418
Prepaid land lease payments	4,868	4,740
Intangible assets	644	675
Investment in an associate	332	330
Deferred tax assets	376	378
Non-current Assets	120,866	120,541
Inventories	67,562	62,125
Trade receivables	50,254	47,649
Other receivables	11,023	9,287
Amounts due from affiliated companies	113	135
Amount due from an associate	181	196
Current tax assets	133	47
Cash & cash equivalents	61,090	59,519
Current Assets	190,356	178,958
TOTAL ASSETS	311,222	299,499
EQUITY AND LIABILITIES		
Share capital	133,043	133,043
Share premium	137	137
Other reserves	6,817	6,683
Retained earnings	91,685	86,230
Equity Attributable to Owners of the Company	231,682	226,093
Non-controlling interests	4,378	4,221
Total Equity	236,060	230,314
Deferred taxation	7,963	7,923
Loans and borrowings	12,875	13,073
Finance lease liabilities	1,757	2,239
Non-current Liabilities	22,595	23,235
Trade payables	18,676	10,429
Other payables	11,291	11,945
Provisions	1,327	1,310
Finance lease liabilities	3,102	3,120
Amounts due to affiliated companies	4,182	4,247
Loans and borrowings	12,844	14,019
Current tax liabilities	1,145	880
Current Liabilities	52,567	45,950
Total Liabilities	75,162	69,185
TOTAL EQUITY AND LIABILITIES	311,222	299,499
Net assets per share attributable to owners of the Company (RM)	1.74	1.70

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2014

←————— Attributable to owners of the Company —————→
←————— Non-distributable —————→ Distributable

RM'000	Share capital	Share premium	Capital reserve	Exchange fluctuation reserve	Retained earnings	Total	Non- controlling interest	Total equity
At 1 January 2013	133,043	207	6,168	365	78,687	218,470	3,764	222,234
Foreign currency translation differences for foreign operations	-	-	-	138	-	138	-	138
Total other comprehensive income for the period	-	-	-	138	-	138	-	138
Profit for the period	-	-	-	-	4,438	4,438	126	4,564
Total comprehensive income for the period	-	-	-	138	4,438	4,576	126	4,702
Share issuance expenses	-	(17)	-	-	-	(17)	-	(17)
Total transactions with owners of the Company	-	(17)	-	-	-	(17)	-	(17)
At 31 March 2013	133,043	190	6,168	503	83,125	223,029	3,890	226,919
At 1 January 2014	133,043	137	6,168	515	86,230	226,093	4,221	230,314
Foreign currency translation differences for foreign operations	-	-	-	134	-	134	-	134
Total other comprehensive income for the period	-	-	-	134	-	134	-	134
Profit for the period	-	-	-	-	5,455	5,455	157	5,612
Total comprehensive income for the period	-	-	-	134	5,455	5,589	157	5,746
At 31 March 2014	133,043	137	6,168	649	91,685	231,682	4,378	236,060

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2014

	Quarter ended	
	31/03/2014	31/03/2013
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax	7,983	6,097
Other adjustment	1,483	2,529
Operating profit before changes in working capital	<u>9,466</u>	<u>8,626</u>
Net change in current assets	(10,356)	(2,860)
Net change in current liabilities	8,563	4,040
Cash generated from operations	<u>7,673</u>	<u>9,806</u>
Tax paid	(1,632)	(1,934)
Net cash generated from operating activities	<u>6,041</u>	<u>7,872</u>
Cash flows from investing activities		
Interest received	290	208
Purchase of property, plant and equipment	(2,286)	(954)
Purchase of intangible assets	-	(58)
Net cash used in investing activities	<u>(1,996)</u>	<u>(804)</u>
Cash flows from financing activities		
Interest paid	(385)	(499)
ESOS expenses	-	(17)
Repayment of short term revolving credit	(500)	(1,500)
Repayment of term loans	(882)	(2,428)
Repayment of banker acceptance	-	(276)
Refinance of property, plant and equipment under finance lease	390	1,496
Payment of finance lease liabilities	(891)	(893)
Net cash used in financing activities	<u>(2,268)</u>	<u>(4,117)</u>
Net increase in cash and cash equivalents	1,777	2,951
Effect on foreign exchange rate changes	(206)	(57)
Cash and cash equivalents at 1 January	59,519	50,838
Cash and cash equivalents at 31 March	<u>61,090</u>	<u>53,732</u>
Composition of cash and cash equivalents		
Cash and bank balances	20,172	17,596
Fixed deposits with licensed banks	40,918	36,136
	<u>61,090</u>	<u>53,732</u>

The above consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

NOTES TO THE INTERIM FINANCIAL REPORT - 31 MARCH 2014

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. The explanatory notes attached to the condensed report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

A2 Significant Accounting Policies

The accounting policies and method of computation adopted for the condensed report are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2013.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the year ended 31 December 2013 was not qualified.

A4 Seasonal or Cyclical Factors

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

A5 Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2014.

A6 Material Changes in Estimates

There were no changes in estimates that have any material effect on the quarter ended 31 March 2014.

A7 Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the quarter ended 31 March 2014.

A8 Dividends Paid

No dividend was paid during the quarter ended 31 March 2014.

A9 Segment Information

The Group is organised based on three major business segments as described below. The basis of segmentation was based on information reported internally to the Managing Director of the Group.

Performance is measured based on segment profit before tax and the total of segment assets are measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

There are no changes in the segment reported in the last audited financial statements.

Year-to-date ended 31 March 2014	Investment holding RM'000	Trading RM'000	Manufacturing RM'000	Inter-company Elimination RM'000	Total RM'000
Revenue from external customer	6	8,260	43,166	-	51,432
Inter-segment revenue	30	77	5,185	(5,292)	-
Total revenue	36	8,337	48,351	(5,292)	51,432
Segment profit before tax	452	1,418	6,800	(687)	7,983
Segment assets	172,708	37,645	270,294	(169,425)	311,222

Year-to-date ended 31 March 2013	Investment holding RM'000	Trading RM'000	Manufacturing RM'000	Inter-company Elimination RM'000	Total RM'000
Revenue from external customer	6	7,963	40,814	-	48,783
Inter-segment revenue	917	396	3,026	(4,339)	-
Total revenue	923	8,359	43,840	(4,339)	48,783
Segment profit before tax	1,263	941	4,837	(944)	6,097
Segment assets	170,055	34,467	261,319	(165,462)	300,379

Investment holding 1Q14 vs. 1Q13

Holding company's profit before tax reported at RM452,000 in 1Q14 against last year correspondence quarter due to lower dividend income from subsidiary in 1Q14.

Trading 1Q14 vs. 1Q13

Trading segment recorded profit before tax of RM1.42 million in 1Q14, an increase of 51% compared to RM0.94 million in 1Q13. This was mainly due to lower operating costs and favourable unrealized foreign exchange gain recognised in 1Q14.

Manufacturing 1Q14 vs. 1Q13

Manufacturing segment posted a higher profit before tax of RM6.80 million for 1Q14 compared to RM4.84 million in 1Q13, an increase of 41% mainly due to lower cost margin in product mix and growth in revenue of RM4.50 million in 1Q14.

A10 Valuations of Property, Plant and Equipment

Property, plant and equipment of the Group are stated at cost less accumulated depreciation and any accumulated impairment losses where applicable.

There is no revaluation of property, plant and equipment during the period under review.

A11 Subsequent Events

There were no material events subsequent to the end of the current quarter.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter ended 31 March 2014.

A13 Contingent Liabilities

There were no significant changes in contingent liabilities since 31 December 2013.

A14 Capital Commitment

Capital commitments expenditure not provided for in the condensed report as at the end of the financial period were as follows:

	As at 31/03/2014 RM'000	As at 31/03/2013 RM'000
Approved & contracted for:-		
Building in progress	67	63
Plant & machinery	5,354	581
Renovation	544	-
	<u>5,965</u>	<u>644</u>
Approved but not contracted for:-		
Plant & machinery	<u>-</u>	<u>11</u>

A15 Related Party Transactions

Significant related party transactions are as follows:

	Quarter ended	
	31/03/2014 RM'000	31/03/2013 RM'000
<u>Corporation related to substantial shareholder</u>		
Purchase of pharmaceutical products	2,820	2,852
Consultancy fees payable	<u>28</u>	<u>28</u>
<u>Companies in which certain Directors have interest</u>		
Purchase of raw materials	1,799	34
Sales of pharmaceutical products	<u>(41)</u>	<u>(1,078)</u>

B1 Review of Performance

The Group's **revenue** has reported an increase of 5.4% to RM51.4 million from RM48.8 million recorded in the quarter ended 31 March 2013.

The Group registered a **profit before tax** of RM8.0 million, an increase of 30.9% compared to the preceding year quarter. This was mainly due to higher revenue recorded and lower cost margin for product mix sold during the quarter under review.

B2 Comparison with the Preceding Quarter's Results

	Qtr 1 (31/03/14) RM'000	Qtr 4 (31/12/13) RM'000	Variance	
			RM'000	%
Revenue	51,432	48,784	2,648	5.4
Profit before tax	7,983	5,540	2,443	44.1

The Group recorded a revenue of RM51.4 million for the current quarter under review compared to RM48.8 million for the immediate preceding quarter showing a growth of 5.4%. The increased in revenue was mainly attributable to higher demand of the Group's products especially from domestic market.

Further, the Group reported an increase of profit before tax from RM5.5 million in the immediate preceding quarter to RM8.0 million. The 44.1% increase was achieved through higher revenue, more efficient in operations and lower cost margin for product mix during the quarter under review.

B3 Prospects of the Group

The Group is optimistic of heightened prospects in its business with our focus on new product development and expected successful registration of new products with the regulatory authority in Malaysia as well as foreign countries and with our increasing global presence. The favourable outlook for the domestic pharmaceutical industry, buoyed by the greater potential for generics with ongoing patent expiration of branded drugs, further adds to the optimism.

On the operational front, the Group will continue to seize opportunities, navigate challenges and focus on streamlining its manufacturing and production towards effective cost saving measures and productivity.

Upon these developments and barring unforeseen circumstances, we remain optimistic about our outlook throughout the year.

B4 Profit Forecast or Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group.

B5 Taxation

Details of taxation are as follows :-

	Quarter ended	
	31/03/2014 RM'000	31/03/2013 RM'000
Income Tax		
Current tax	2,331	1,426
Deferred tax	40	107
	2,371	1,533

Income tax is calculated at the Malaysian statutory tax rate of 25%. (2013: 25%)

The Group's effective tax rate for the current quarter was higher than the statutory tax rate principally due to certain expenses which were not deductible for tax purposes and unavailable of group tax relief from overseas subsidiaries.

B6 Realised/unrealised Retained Earnings

The breakdown of the retained profits of the Group as at 31 March 2014 and 31 December 2013, into realised and unrealised profits/(losses) is as follows:

	As at 31/03/2014 RM'000	As at 31/12/2013 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	103,768	97,754
Unrealised	4,995	4,712
	<u>108,763</u>	<u>102,466</u>
Total share of accumulated losses of associate:		
Realised	108	106
Unrealised	-	-
	<u>108,871</u>	<u>102,572</u>
Less: Consolidation adjustments	(17,186)	(16,342)
Total Group retained earnings as per consolidated accounts	<u><u>91,685</u></u>	<u><u>86,230</u></u>

The determination of realised and unrealised profits/(losses) is based on the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants.

B7 Corporate Proposals**i) Status of utilisation of proceeds raised under the Rights Issue for the quarter under review**

As at the reporting date, the status of the proposed utilisation of proceeds raised under the Rights Issue are as set out below:

	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Expected full utilisation
Capital expenditure				
- Expansion of existing local production facilities	7,000	7,000	-	By Q3 2014
- Expansion of R&D facilities	5,000	1,248	3,752	By Q3 2014
- Replacement of obsolete machineries and equipments	5,000	2,588	2,412	By Q3 2014
Working capital				
- Purchase of raw materials, packaging materials and original equipment manufacturer ("OEM") finished products	9,500	9,500	-	By Q3 2013
- Distribution and marketing expenses	2,900	2,900	-	By Q3 2013
- Production, R&D and administrative expenses	3,400	3,400	-	By Q3 2013
Estimated expenses in relation to the Rights Issue *	460	460	-	By Q4 2011
Total	<u><u>33,260</u></u>	<u><u>27,096</u></u>	<u><u>6,164</u></u>	

* Expenses relating to the Rights Issue amounting to RM398,000 were lower than estimated, the remaining portion was reclassified for working capital purposes.

B8 Borrowings and Debt Securities

The details of the Group borrowings as at 31 March are as follows :

	Denominated in Foreign Currency		RM
	USD'000	SGD'000	Equivalent RM'000
31 March 2014			
Current			
Secured revolving credit	-	-	5,000
<u>Secured bank loans:</u>			
- Domestic	-	-	2,841
- Foreign	-	22	58
Unsecured bank loan - Foreign	1,500	-	4,945
<u>Finance lease creditor:</u>			
- Domestic	-	-	3,074
- Foreign	-	11	28
	<u>1,500</u>	<u>33</u>	<u>15,946</u>
Non-current			
<u>Secured bank loans:</u>			
- Domestic	-	-	12,035
- Foreign	-	322	840
<u>Finance lease creditor:</u>			
- Domestic	-	-	1,615
- Foreign	-	54	142
	<u>-</u>	<u>376</u>	<u>14,632</u>
	<u>1,500</u>	<u>409</u>	<u>30,578</u>
31 December 2013			
Current			
Secured revolving credit	-	-	5,500
<u>Secured bank loans:</u>			
- Domestic	-	-	3,503
- Foreign	-	29	76
Unsecured bank loan - Foreign	1,500	-	4,940
<u>Finance lease creditor:</u>			
- Domestic	-	-	3,084
- Foreign	-	14	36
	<u>1,500</u>	<u>43</u>	<u>17,139</u>
Non-current			
<u>Secured bank loans:</u>			
- Domestic	-	-	12,236
- Foreign	-	322	837
<u>Finance lease creditor:</u>			
- Domestic	-	-	2,091
- Foreign	-	57	148
	<u>-</u>	<u>379</u>	<u>15,312</u>
	<u>1,500</u>	<u>422</u>	<u>32,451</u>

As at the reporting date, the Group had not issued any debt securities.

B9 Material Litigation

There was no material litigation against the Group as at the reporting date.

B10 Proposed Dividend

On 27 March 2014, the Company proposed a first and final single tier dividend of 6.5 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2013, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

B11 Earnings Per Share

	Quarter ended	
	31/03/2014	31/03/2013
Basic Earnings Per Share		
Profit attributable to owners of the Company (RM'000)	5,455	4,438
Weighted average number of ordinary shares in issue ('000)	133,043	133,043
Basic Earnings Per Share (sen)	<u>4.10</u>	<u>3.34</u>

The basic earnings per share are calculated by dividing profit for the period attributable to owners of the Company over the weighted average number of ordinary shares in issue.