



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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2014**

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2014

	3 months ended		6 months ended	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Revenue	46,112	46,622	97,544	95,405
Cost of sales	(25,837)	(25,195)	(53,446)	(52,859)
Gross profit	20,275	21,427	44,098	42,546
Other income	309	865	1,735	1,629
Selling & Distribution expenses	(12,851)	(12,267)	(25,236)	(23,373)
Administrative expenses	(4,050)	(4,301)	(8,210)	(8,105)
Other expenses	(1,349)	(541)	(1,978)	(1,142)
Results from operating activities	2,334	5,183	10,409	11,555
Finance income	306	287	596	495
Finance cost	(361)	(451)	(745)	(934)
Share of result of associate	(12)	-	(10)	-
Profit before tax	2,267	5,019	10,250	11,116
Income tax expense	(1,149)	(1,429)	(3,520)	(2,962)
Profit for the period	1,118	3,590	6,730	8,154
Attributable to:				
Owners of the Company	964	3,514	6,419	7,952
Non-controlling interests	154	76	311	202
	1,118	3,590	6,730	8,154
Earnings per share (EPS) attributable to owners of the Company (sen):				
Basic EPS	0.72	2.64	4.82	5.98

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 AND SIX MONTH ENDED 30 JUNE 2014

	3 months ended		6 months ended	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Profit for the period	1,118	3,590	6,730	8,154
Foreign currency translation differences for foreign operations	(278)	217	(144)	355
Total comprehensive income for the period	840	3,807	6,586	8,509
Total comprehensive income attributable to:				
Owners of the Company	686	3,731	6,275	8,307
Non-controlling interests	154	76	311	202
	840	3,807	6,586	8,509

Included in the total comprehensive income for the period are:

	3 months ended		6 months ended	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
interest income	(306)	(287)	(596)	(495)
other income including investment income	(35)	(30)	(67)	(55)
interest expenses	361	451	745	934
depreciation and amortization	2,232	2,286	4,516	4,572
provision for and write off/(write back) of receivables	12	154	(23)	276
writedown and written off of inventories	61	140	297	284
(gain) or loss on disposal of quoted and unquoted investments or properties	N/A	N/A	N/A	N/A
impairment of assets	N/A	N/A	N/A	N/A
foreign exchange loss or (gain)	971	(298)	303	(417)
(gain) or loss on derivatives	N/A	N/A	N/A	N/A
exceptional items	N/A	N/A	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 30 JUNE 2014

	As at 30/06/2014 RM'000 <i>Unaudited</i>	As at 31/12/2013 RM'000 <i>Audited</i>
ASSETS		
Property, plant and equipment	113,777	114,418
Prepaid land lease payments	4,581	4,740
Intangible assets	613	675
Investment in an associate	320	330
Deferred tax assets	376	378
Non-current Assets	119,667	120,541
Inventories	73,070	62,125
Trade receivables	46,163	47,649
Other receivables	12,817	9,287
Amounts due from affiliated companies	98	135
Amount due from an associate	74	196
Current tax assets	133	47
Cash & cash equivalents	56,364	59,519
Current Assets	188,719	178,958
TOTAL ASSETS	308,386	299,499
EQUITY AND LIABILITIES		
Share capital	133,043	133,043
Share premium	137	137
Other reserves	6,539	6,683
Retained earnings	84,001	86,230
Equity Attributable to Owners of the Company	223,720	226,093
Non-controlling interests	4,532	4,221
Total Equity	228,252	230,314
Deferred taxation	7,980	7,923
Loans and borrowings	11,262	13,073
Finance lease liabilities	1,340	2,239
Non-current Liabilities	20,582	23,235
Trade payables	14,924	10,429
Other payables	22,088	11,945
Provisions	1,303	1,310
Finance lease liabilities	3,234	3,120
Amounts due to affiliated companies	6,131	4,247
Loans and borrowings	11,026	14,019
Current tax liabilities	846	880
Current Liabilities	59,552	45,950
Total Liabilities	80,134	69,185
TOTAL EQUITY AND LIABILITIES	308,386	299,499
Net assets per share attributable to owners of the Company (RM)	1.68	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 SIX MONTHS ENDED 30 JUNE 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	-	-	-	355	-	355	-	355
Total other comprehensive income for the period	-	-	-	355	-	355	-	355
Profit for the period	-	-	-	-	7,952	7,952	202	8,154
Total comprehensive income for the period	-	-	-	355	7,952	8,307	202	8,509
Dividends to owners of the Company	-	-	-	-	(8,648)	(8,648)	-	(8,648)
Share issuance expenses	-	(54)	-	-	-	(54)	-	(54)
Total transactions with owners of the Company	-	(54)	-	-	(8,648)	(8,702)	-	(8,702)
At 30 June 2013	133,043	153	6,168	720	77,991	218,075	3,966	222,041
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	-	-	-	(144)	-	(144)	-	(144)
Total other comprehensive income for the period	-	-	-	(144)	-	(144)	-	(144)
Profit for the period	-	-	-	-	6,419	6,419	311	6,730
Total comprehensive income for the period	-	-	-	(144)	6,419	6,275	311	6,586
Dividends to owners of the Company	-	-	-	-	(8,648)	(8,648)	-	(8,648)
Total transactions with owners of the Company	-	-	-	-	(8,648)	(8,648)	-	(8,648)
At 30 June 2014	133,043	137	6,168	371	84,001	223,720	4,532	228,252

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)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	6 months ended	
	30/06/2014	30/06/2013
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax	10,250	11,116
Other adjustment	(3,443)	(3,876)
Operating profit before changes in working capital	<u>6,807</u>	<u>7,240</u>
Net change in current assets	(14,490)	1,800
Net change in current liabilities	17,083	13,785
Cash generated from operations	<u>9,400</u>	<u>22,825</u>
Tax paid	(2,981)	(3,077)
Net cash generated from operating activities	<u>6,419</u>	<u>19,748</u>
Cash flows from investing activities		
Interest received	596	495
Purchase of property, plant and equipment	(4,340)	(2,196)
Purchase of intangible assets	-	(58)
Net cash used in investing activities	<u>(3,744)</u>	<u>(1,759)</u>
Cash flows from financing activities		
Interest paid	(737)	(949)
ESOS expenses	-	(53)
Repayment of short term revolving credit	(500)	(1,500)
Repayment of term loans	(4,193)	(3,082)
Repayment of banker acceptance	-	(1,480)
Refinance of property, plant and equipment under finance lease	927	1,496
Payment of finance lease liabilities	(1,712)	(1,779)
Net cash used in financing activities	<u>(6,215)</u>	<u>(7,347)</u>
Net (decrease)/increase in cash and cash equivalents	(3,540)	10,642
Effect on foreign exchange rate changes	385	(212)
Cash and cash equivalents at 1 January	59,519	50,838
Cash and cash equivalents at 30 June	<u>56,364</u>	<u>61,268</u>
Composition of cash and cash equivalents		
Cash and bank balances	21,506	22,154
Fixed deposits with licensed banks	34,858	39,114
	<u>56,364</u>	<u>61,268</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 - 30 JUNE 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 and six months ended 30 June 2014.

A6 Material Changes in Estimates

There were no changes in estimates that have any material effect on the quarter and six months ended 30 June 2014.

A7 Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the quarter and six months ended 30 June 2014.

A8 Dividends Paid

No dividend was paid during the quarter and six months ended 30 June 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.

Six months ended 30 June 2014	Investment holding RM'000	Trading RM'000	Manufacturing RM'000	Inter-company Elimination RM'000	Total RM'000
Revenue from external customer	12	16,288	81,244	-	97,544
Inter-segment revenue	59	162	8,162	(8,383)	-
Total revenue	71	16,450	89,406	(8,383)	97,544
Segment profit before tax	344	2,056	8,406	(556)	10,250
Segment assets	172,158	36,546	269,109	(169,427)	308,386

Six months ended 30 June 2013	Investment holding RM'000	Trading RM'000	Manufacturing RM'000	Inter-company Elimination RM'000	Total RM'000
Revenue from external customer	12	16,247	79,146	-	95,405
Inter-segment revenue	2,315	779	5,452	(8,546)	-
Total revenue	2,327	17,026	84,598	(8,546)	95,405
Segment profit before tax	3,241	1,652	8,681	(2,458)	11,116
Segment assets	172,537	33,621	261,149	(163,807)	303,500

Investment holding 1H14 vs. 1H13

Holding company's profit before tax reported at RM344,000 in 1H14 was lower against last year corresponding period of RM3.24 million due to lower dividend income from subsidiary in 1H14.

Trading 1H14 vs. 1H13

Trading segment recorded profit before tax of RM2.06 million in 1H14, an increase of 25% compared to RM1.65 million in 1H13. This was mainly due to lower operating costs recognised in 1H14.

Manufacturing 1H14 vs. 1H13

Manufacturing segment recorded a revenue of RM89.41 million in 1H14 compared to RM84.60 million in 1H13 showing a growth of 5.7%. However the manufacturing segment recorded a lower profit before tax for 1H14 of RM8.41 million as compared to RM8.68 million in 1H13. This was due to higher foreign exchange loss and operating costs recognised in the current period.

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

On 1 August 2014, the Company announced that it has on that day granted an option of 2,000,000 shares under the Company's ESOS to eligible persons at an exercise price of RM1.49.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter and six months ended 30 June 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 30/06/2014 RM'000	As at 30/06/2013 RM'000
Approved & contracted for:-		
Building in progress	65	65
Plant & machinery	3,780	633
Renovation	116	-
	<u>3,961</u>	<u>698</u>
Approved but not contracted for:-		
Plant & machinery	<u>849</u>	<u>5</u>

A15 Related Party Transactions

Significant related party transactions are as follows:

	6 months ended	
	30/06/2014 RM'000	30/06/2013 RM'000
<u>Corporation related to substantial shareholder</u>		
Purchase of pharmaceutical products	6,086	6,203
Consultancy fees payable	<u>64</u>	<u>67</u>
<u>Companies in which certain Directors have interest</u>		
Purchase of raw materials	3,165	80
Sales of pharmaceutical products	<u>(142)</u>	<u>(1,643)</u>

B1 Review of Performance

The Group's **revenue** has reported an increase of 2.2% to RM97.5 million from RM95.4 million recorded in the half year ended 30 June 2013.

The Group registered a **profit before tax** of RM10.3 million, a decrease of 7.8% compared to the corresponding period last year. This was due to higher selling and distribution expenses and foreign exchange loss for the current period under review.

B2 Comparison with the Preceding Quarter's Results

	Qtr 2 (30/06/14) RM'000	Qtr 1 (31/03/14) RM'000	Variance	
			RM'000	%
Revenue	46,112	51,432	(5,320)	(10.3)
Profit before tax	2,267	7,983	(5,716)	(71.6)

The Group recorded a revenue of RM46.1 million for the current quarter under review compared to RM51.4 million for the immediate preceding quarter which is a decrease of 10.3%. The decrease was mainly due to lower demand from domestic market.

Further, the Group reported a lower profit before tax of RM2.3 million in the current quarter as compared to RM8.0 million in the immediate preceding quarter. This was due lower revenue recorded during the quarter and also due to higher foreign exchange loss recognised for the current 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 better 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 :-

	3 months ended		6 months ended	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Income Tax				
Current tax	1,132	1,334	3,463	2,760
Deferred tax	17	95	57	202
	<u>1,149</u>	<u>1,429</u>	<u>3,520</u>	<u>2,962</u>

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

The Group's effective tax rate for the quarter and six months ended 30 June 2014 was higher than the statutory tax rate principally due to certain expenses which were not deductible for tax purposes and unavailability of group tax relief from overseas subsidiaries.

B6 Realised/unrealised Retained Earnings

The breakdown of the retained profits of the Group as at 30 June 2014 and 31 December 2013, into realised and unrealised profits/(losses) is as follows:

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	97,848	97,754
Unrealised	3,254	4,712
	<u>101,102</u>	<u>102,466</u>
Total share of accumulated losses of associate:		
Realised	97	106
Unrealised	-	-
	<u>101,199</u>	<u>102,572</u>
Less: Consolidation adjustments	(17,198)	(16,342)
Total Group retained earnings as per consolidated accounts	<u><u>84,001</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 period under review**

As at the reporting date, the status of the proposed utilisation of proceeds raised under the Rights Issue in 2011 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	1,394	3,606	By Q3 2014
- Replacement of obsolete machineries and equipments	5,000	3,228	1,772	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>27,882</u></u>	<u><u>5,378</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 30 June are as follows :

30 June 2014

	Denominated in Foreign Currency		RM Equivalent
	USD'000	SGD'000	RM'000
Current			
Secured revolving credit	-	-	5,000
<u>Secured bank loans:</u>			
- Domestic	-	-	3,574
- Foreign	-	15	38
Unsecured bank loan - Foreign	750	-	2,414
<u>Finance lease creditor:</u>			
- Domestic	-	-	3,206
- Foreign	-	11	28
	<u>750</u>	<u>26</u>	<u>14,260</u>
Non-current			
<u>Secured bank loans:</u>			
- Domestic	-	-	10,431
- Foreign	-	322	831
<u>Finance lease creditor:</u>			
- Domestic	-	-	1,207
- Foreign	-	52	133
	<u>-</u>	<u>374</u>	<u>12,602</u>
Total borrowings	<u>750</u>	<u>400</u>	<u>26,862</u>

31 December 2013

	Denominated in Foreign Currency		RM Equivalent
	USD'000	SGD'000	RM'000
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>
Total borrowings	<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

At the Thirteenth Annual General Meeting held on 23 June 2014, the shareholders approved a first and final single tier dividend of 6.5% per ordinary share which would be payable on 15 August 2014 in respect of the financial year ended 31 December 2013.

B11 Earnings Per Share

	3 months ended		6 months ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Basic Earnings Per Share				
Profit attributable to owners of the Company (RM'000)	964	3,514	6,419	7,952
Weighted average number of ordinary shares in issue ('000)	133,043	133,043	133,043	133,043
Basic Earnings Per Share (sen)	<u>0.72</u>	<u>2.64</u>	<u>4.82</u>	<u>5.98</u>

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