



**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 2016**

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

	3 months ended		6 months ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Revenue	51,848	50,632	118,152	109,941
Cost of sales	(26,926)	(28,025)	(65,130)	(58,898)
Gross profit	24,922	22,607	53,022	51,043
Other income	1,568	1,190	3,662	3,671
Selling & Distribution expenses	(13,700)	(13,047)	(26,540)	(25,537)
Administrative expenses	(5,180)	(4,675)	(10,026)	(9,005)
Other expenses	970	(617)	(3,799)	(1,375)
Results from operating activities	8,580	5,458	16,319	18,797
Finance income	291	263	517	461
Finance cost	(316)	(322)	(593)	(628)
Share of result of associate	102	(6)	23	9
Profit before tax	8,657	5,393	16,266	18,639
Income tax expense	(1,637)	(1,919)	(4,287)	(5,768)
Profit for the period	7,020	3,474	11,979	12,871
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(18)	272	(109)	626
Total other comprehensive (expenses)/ income for the period	(18)	272	(109)	626
Total comprehensive income for the period	7,002	3,746	11,870	13,497



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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONTINUED)**

FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

	3 months ended		6 months ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Attributable to:				
Owners of the Company	6,818	3,422	11,704	12,768
Non-controlling interests	202	52	275	103
Profit for the period	7,020	3,474	11,979	12,871
Total comprehensive income attributable to:				
Owners of the Company	6,773	3,659	11,607	13,341
Non-controlling interests	229	87	263	156
Total comprehensive income for the period	7,002	3,746	11,870	13,497
Earnings per share (EPS) attributable to owners of the Company (sen):				
Basic EPS	5.065	2.57	8.694	9.59
Diluted EPS	5.060	2.56	8.685	9.56

Included in the profit for the period are:

	3 months ended		6 months ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
interest income	(291)	(263)	(517)	(461)
other income including investment income	(91)	(91)	(182)	(183)
interest expenses	316	322	593	628
depreciation and amortization	2,299	2,296	4,543	4,586
provision for and write off/(write back) of receivables	(150)	55	(210)	152
written down and written off of inventories	45	90	44	194
(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)	(2,242)	(780)	792	(2,184)
(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 statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company No : 552781-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	As at 30/06/2016 RM'000 <i>Unaudited</i>	As at 31/12/2015 RM'000 <i>Audited</i>
ASSETS		
Property, plant and equipment	116,823	117,798
Land use rights	6,441	6,668
Intangible assets	379	429
Investment in associates	3,262	404
Deferred tax assets	588	605
Non-current Assets	127,493	125,904
Inventories	84,233	82,531
Trade receivables	52,477	53,522
Other receivables	14,411	12,065
Amounts due from affiliated companies	278	141
Amount due from an associate	117	206
Current tax assets	37	63
Cash & cash equivalents	61,850	50,696
Current Assets	213,403	199,224
TOTAL ASSETS	340,896	325,128
EQUITY AND LIABILITIES		
Share capital	134,654	134,600
Share premium	1,500	1,454
Other reserves	8,295	8,412
Retained earnings	115,208	114,277
Equity Attributable to Owners of the Company	259,657	258,743
Non-controlling interests	5,438	5,175
Total Equity	265,095	263,918
Deferred taxation	9,023	8,870
Loans and borrowings	8,835	9,245
Finance lease liabilities	3,147	2,253
Post-employment benefits	78	78
Non-current Liabilities	21,083	20,446
Trade payables	9,389	7,338
Other payables	25,190	12,750
Provisions	1,523	1,563
Finance lease liabilities	3,179	2,162
Amounts due to affiliated companies	7,239	8,250
Loans and borrowings	5,852	5,900
Current tax liabilities	2,346	2,801
Current Liabilities	54,718	40,764
Total Liabilities	75,801	61,210
TOTAL EQUITY AND LIABILITIES	340,896	325,128
Net assets per share attributable to owners of the Company (RM)	1.93	1.92

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



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 2016

	← Attributable to owners of the Company →					Distributable		Total equity	
	Share capital	Share premium	Capital reserve	Exchange fluctuation reserve	Share option reserve	Retained earnings	Total		Non-controlling interest
RM'000									
At 1 January 2015	133,043	137	6,168	967	716	94,074	235,105	4,820	239,925
Foreign currency translation differences for foreign operations	-	-	-	573	-	-	573	53	626
Total other comprehensive income for the period	-	-	-	573	-	-	573	53	626
Profit for the period	-	-	-	-	-	12,768	12,768	103	12,871
Total comprehensive income for the period	-	-	-	573	-	12,768	13,341	156	13,497
Dividends to owners of the Company	-	-	-	-	-	(8,705)	(8,705)	-	(8,705)
Issuance of ordinary shares pursuant to ESOS	881	432	-	-	-	-	1,313	-	1,313
Total transactions with owners of the Company	881	432	-	-	-	(8,705)	(7,392)	-	(7,392)
Transfer to share premium for share options exercised	-	315	-	-	(315)	-	-	-	-
At 30 June 2015	133,924	884	6,168	1,540	401	98,137	241,054	4,976	246,030
At 1 January 2016	134,600	1,454	6,168	2,116	128	114,277	258,743	5,175	263,918
Foreign currency translation differences for foreign operations	-	-	-	(97)	-	-	(97)	(12)	(109)
Total other comprehensive income for the period	-	-	-	(97)	-	-	(97)	(12)	(109)
Profit for the period	-	-	-	-	-	11,704	11,704	275	11,979
Total comprehensive income for the period	-	-	-	(97)	-	11,704	11,607	263	11,870
Dividends to owners of the Company	-	-	-	-	-	(10,773)	(10,773)	-	(10,773)
Issuance of ordinary shares pursuant to ESOS	54	26	-	-	-	-	80	-	80
Total transactions with owners of the Company	54	26	-	-	-	(10,773)	(10,693)	-	(10,693)
Transfer to share premium for share options exercised	-	20	-	-	(20)	-	-	-	-
At 30 June 2016	134,654	1,500	6,168	2,019	108	115,208	259,657	5,438	265,095

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



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 2016

	6 months ended	
	30/06/2016	30/06/2015
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax	16,266	18,639
Other adjustment	6,834	3,244
Operating profit before changes in working capital	<u>23,100</u>	<u>21,883</u>
Net change in current assets	(7,154)	(10,806)
Net change in current liabilities	4,677	10,690
Cash generated from operations	<u>20,623</u>	<u>21,767</u>
Tax paid	(4,545)	(3,288)
Net cash generated from operating activities	<u>16,078</u>	<u>18,479</u>
Cash flows from investing activities		
Interest received	517	461
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(4,142)	(1,188)
Investment in associate	(2,835)	-
Net cash used in investing activities	<u>(6,456)</u>	<u>(727)</u>
Cash flows from financing activities		
Interest paid	(593)	(628)
Proceeds from issuance of ordinary shares-ESOS, net of expenses	80	1,312
Repayment of term loans	(449)	(1,846)
Refinance of property, plant and equipment under finance lease	3,238	3,879
Payment of finance lease liabilities	(1,326)	(2,179)
Net cash from financing activities	<u>950</u>	<u>538</u>
Net increase in cash and cash equivalents	10,572	18,290
Effect on foreign exchange rate changes	582	(284)
Cash and cash equivalents at 1 January	50,696	43,607
Cash and cash equivalents at 30 June	<u>61,850</u>	<u>61,613</u>
Composition of cash and cash equivalents		
Cash and bank balances	25,830	23,431
Fixed deposits with licensed banks	36,020	38,182
	<u>61,850</u>	<u>61,613</u>

The above consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

NOTES TO THE INTERIM FINANCIAL REPORT - 30 JUNE 2016

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 and IAS 34 "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 2015. 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 2015.

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 2015.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the year ended 31 December 2015 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 2016.

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 2016.

A7 Debt and Equity Securities

During the quarter and six months ended 30 June 2016, the Company has issued 54,000 new ordinary shares of RM1.00 each pursuant to the exercise of Company's ESOS as follows:

Exercise Price RM	No. of Shares Issued	Cash Proceeds RM
1.49	<u>54,000</u>	<u>80,460</u>

A8 Dividends Paid

No dividend was paid during the quarter and six months ended 30 June 2016.

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 30 June 2016	Investment holding RM'000	Trading RM'000	Manufacturing RM'000	Inter-company Elimination RM'000	Total RM'000
Revenue from external customer	12	20,198	97,942	-	118,152
Inter-segment revenue	16,364	851	16,140	(33,355)	-
Total revenue	<u>16,376</u>	<u>21,049</u>	<u>114,082</u>	<u>(33,355)</u>	<u>118,152</u>
Segment profit before tax	<u>16,134</u>	<u>3,098</u>	<u>13,657</u>	<u>(16,623)</u>	<u>16,266</u>
Segment assets	<u>207,452</u>	<u>52,019</u>	<u>299,980</u>	<u>(218,555)</u>	<u>340,896</u>

Year-to-date ended 30 June 2015	Investment holding RM'000	Trading RM'000	Manufacturing RM'000	Inter-company Elimination RM'000	Total RM'000
Revenue from external customer	12	19,058	90,871	-	109,941
Inter-segment revenue	10,600	166	14,075	(24,841)	-
Total revenue	<u>10,612</u>	<u>19,224</u>	<u>104,946</u>	<u>(24,841)</u>	<u>109,941</u>
Segment profit before tax	<u>12,814</u>	<u>1,740</u>	<u>15,825</u>	<u>(11,740)</u>	<u>18,639</u>
Segment assets	<u>192,757</u>	<u>45,191</u>	<u>283,233</u>	<u>(194,432)</u>	<u>326,749</u>

Investment holding 1H16 vs. 1H15

Holding company's profit before tax reported at RM16.13 million in 1H16 against last year correspondence period of RM12.81 million due to higher dividend income from subsidiary.

Trading 1H16 vs. 1H15

Trading segment posted a higher profit before tax of RM3.10 million in 1H16, an increase of 78% compared to RM1.74 million in 1H15. This was due to higher revenue achieved and lower operating costs recognised in the current period.

Manufacturing 1H16 vs. 1H15

Manufacturing segment recorded revenue of RM114.08 million in 1H16, 9% higher than the revenue of RM104.95 mil recorded in 1H15. The profit before tax for 1H16 was RM13.66 million compared to RM15.83 million in 1H15. Despite the improvements in revenue, profit before tax of manufacturing segment was impacted from higher operating costs and cost margin in product mix.

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

On 1 March 2016, the Directors announced that the Company was notified by the relevant China authority that approval was given for the Company to invest in the capital of Globecare Trading (Shanghai) Co., Ltd. ("GCT") for an investment sum of USD1,000,000, representing 40% participation in the total enlarged capital of GCT of USD2,500,000.

The existing total issued and paid-up capital of GCT is USD1,000,000 wholly owned by Yung Shin China Holding Co. Ltd. ("YSCH"). GCT is increasing its current total issued and paid-up capital by USD1,500,000 to USD2,500,000.

The Company will invest USD1,000,000 (of which USD670,000 was paid) and YSCH will invest USD500,000 in GCT. Upon the completion of this exercise, there will be a participation of 60% by YSCH and 40% by the Company in GCT.

Other than disclosed above, there were no changes in the composition of the Group as at the reporting date.

A13 Contingent Liabilities

There were no significant changes in contingent liabilities since 31 December 2015.

A14 Capital Commitment

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

	Approved and contracted for RM'000	Approved but not contracted for RM'000
Plant & machinery	713	1,237
Office equipment	135	148
Renovation	475	185
Investment in an associate	1,341	-
	<u>2,664</u>	<u>1,570</u>

A15 Related Party Transactions

Significant related party transactions are as follows:

	6 months ended	
	30/06/2016 RM'000	30/06/2015 RM'000
<u>Corporation related to substantial shareholder</u>		
Purchase of pharmaceutical products	10,549	6,645
Consultancy fees payable	<u>18</u>	<u>45</u>
<u>Companies in which certain Directors have interest</u>		
Purchase of raw materials	1,772	2,439
Sales of pharmaceutical products	<u>(354)</u>	<u>(270)</u>

A16 Financial Instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and liabilities not carried at fair value, together with the carrying amounts shown in the statements of financial position, are as follows:

	As at 30/06/2016		As at 31/12/2015	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Long term loans and borrowings	8,835	8,345	9,245	8,797
Long term finance lease liabilities	<u>3,147</u>	<u>2,965</u>	<u>2,253</u>	<u>2,123</u>

B1 Review of Performance

The Group recorded a revenue of RM118.15 million for the half year ended 30 June 2016 ("1H16"), 7.5% higher than the revenue of RM109.94 million recorded in the half year ended 30 June 2015 ("1H15").

The Group recorded a lower profit before tax of RM16.27 million in 1H16 as compared to RM18.64 million in 1H15. This was due to higher cost of goods sold from product mix and reversal of unrealized foreign exchange gain recognized in prior year.

B2 Comparison with the Preceding Quarter's Results

	Qtr 2 (30/06/16) RM'000	Qtr 1 (31/03/16) RM'000	Variance	
			RM'000	%
Revenue	51,848	66,304	(14,456)	(21.8)
Profit before tax	8,657	7,609	1,048	13.8

The Group recorded a revenue of RM51.85 million for the current quarter as compared to RM66.30 million for the immediate preceding quarter ("1Q16") which is a decrease of 21.8%. The decrease was mainly due to lower demand from domestic market.

The Group achieved a profit before tax of RM8.66 million in 2Q16 compared to RM7.61 million in 1Q16 resulting from lower cost margin in product mix and favourable unrealized foreign exchange recognised during the quarter under review.

B3 Prospects of the Group

The Group expects the market outlook for 2016 to remain challenging with persistent foreign exchange volatility.

Notwithstanding the economic uncertainty, the Group remain focused in improving it's operational efficiency, increasing product registration, and embarking on more aggressive marketing, promotional and sales strategies, to facilitate a sustainable performance in 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	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Income Tax				
Current tax	1,580	1,764	4,135	5,256
Deferred tax	57	155	152	512
	<u>1,637</u>	<u>1,919</u>	<u>4,287</u>	<u>5,768</u>

Income tax is calculated at the Malaysian statutory tax rate of 24%. (2015: 25%)

The Group's effective tax rate for the current quarter was slightly 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 2016 and 31 December 2015, into realised and unrealised profits/(losses) is as follows:

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	125,574	122,146
Unrealised	8,447	10,342
	<u>134,021</u>	<u>132,488</u>
Total share of accumulated losses of associate:		
Realised	146	123
Unrealised	-	-
	<u>134,167</u>	<u>132,611</u>
Less: Consolidation adjustments	(18,959)	(18,334)
Total Group retained earnings as per consolidated accounts	<u><u>115,208</u></u>	<u><u>114,277</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

There were no corporate proposals announced by the Company as at the reporting date.

B8 Borrowings and Debt Securities

The details of the Group borrowings as at 30 June are as follows :

30 June 2016

	Denominated in Foreign Currency	RM Equivalent
	SGD'000	RM'000
Current		
Secured revolving credit	-	5,000
<u>Secured bank loans:</u>		
- Domestic	-	804
- Foreign	16	48
<u>Finance lease creditor:</u>		
- Domestic	-	3,143
- Foreign	12	36
	28	9,031
Non-current		
<u>Secured bank loans:</u>		
- Domestic	-	8,051
- Foreign	261	784
<u>Finance lease creditor:</u>		
- Domestic	-	3,062
- Foreign	28	85
	289	11,982
Total borrowings	317	21,013

31 December 2015

	Denominated in Foreign Currency	RM Equivalent
	SGD'000	RM'000
Current		
Secured revolving credit	-	5,000
<u>Secured bank loans:</u>		
- Domestic	-	804
- Foreign	32	96
<u>Finance lease creditor:</u>		
- Domestic	-	2,127
- Foreign	12	35
	44	8,062
Non-current		
<u>Secured bank loans:</u>		
- Domestic	-	8,453
- Foreign	261	792
<u>Finance lease creditor:</u>		
- Domestic	-	2,149
- Foreign	34	104
	295	11,498
Total borrowings	339	19,560

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 Fifteenth Annual General Meeting held on 27 May 2016, the shareholders approved a final ordinary dividend of 6.5 sen and a final special dividend of 1.5 sen, making a total dividend of 8.0 sen per ordinary share of RM1.00 each which would be payable on 28 July 2016 in respect of the financial year ended 31 December 2015.

B11 Earnings Per Share

	3 months ended		6 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
i) Basic Earnings Per Share				
Profit attributable to owners of the Company (RM'000)	6,818	3,422	11,704	12,768
Weighted average number of ordinary shares in issue ('000)	134,621	133,283	134,617	133,164
Basic Earnings Per Share (sen)	5.065	2.57	8.694	9.59
ii) Diluted Earnings Per Share				
Profit attributable to owners of the Company (RM'000)	6,818	3,422	11,704	12,768
Weighted average number of ordinary shares in issue ('000)	134,621	133,283	134,617	133,164
Effect of dilution-Share options ('000)	118	370	140	359
Adjusted weighted average number of ordinary shares in issue ('000)	134,739	133,653	134,757	133,523
Diluted Earnings Per Share (sen)	5.060	2.56	8.685	9.56

The basic and diluted 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.