



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)
(Incorporated in Malaysia)
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 NINE MONTHS ENDED 30 SEPTEMBER 2016

	3 months ended		9 months ended	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Revenue	59,194	59,319	177,346	169,260
Cost of sales	(33,845)	(31,413)	(98,975)	(90,311)
Gross profit	25,349	27,906	78,371	78,949
Other income	1,401	5,676	5,063	9,347
Selling & Distribution expenses	(13,311)	(14,102)	(39,851)	(39,639)
Administrative expenses	(7,280)	(4,908)	(17,306)	(13,913)
Other expenses	167	(1,072)	(3,632)	(2,447)
Results from operating activities	6,326	13,500	22,645	32,297
Finance income	244	292	761	753
Finance cost	(306)	(302)	(899)	(930)
Share of result of associate	(204)	3	(181)	12
Profit before tax	6,060	13,493	22,326	32,132
Income tax expense	(2,017)	(3,585)	(6,304)	(9,353)
Profit for the period	4,043	9,908	16,022	22,779
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(69)	997	(178)	1,623
Total other comprehensive (expenses)/ income for the period	(69)	997	(178)	1,623
Total comprehensive income for the period	3,974	10,905	15,844	24,402



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(Incorporated in Malaysia)

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

FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

	3 months ended		9 months ended	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Attributable to:				
Owners of the Company	3,940	9,838	15,644	22,606
Non-controlling interests	103	70	378	173
Profit for the period	4,043	9,908	16,022	22,779
Total comprehensive income attributable to:				
Owners of the Company	3,863	10,669	15,470	24,063
Non-controlling interests	111	236	374	339
Total comprehensive income for the period	3,974	10,905	15,844	24,402
Earnings per share (EPS) attributable to owners of the Company (sen):				
Basic EPS	2.93	7.32	11.62	16.92
Diluted EPS	2.91	7.31	11.53	16.90

Included in the profit for the period are:

	3 months ended		9 months ended	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
interest income	(244)	(292)	(761)	(753)
other income including investment income	(82)	(105)	(264)	(288)
interest expenses	306	302	899	930
depreciation and amortization	2,375	2,430	6,918	7,016
provision for and write off/(write back) of receivables	(86)	(21)	(296)	131
writedown and written off of inventories	259	244	303	438
(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 gain	(1,440)	(4,624)	(648)	(6,808)
(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 SEPTEMBER 2016

	As at 30/09/2016 RM'000 <i>Unaudited</i>	As at 31/12/2015 RM'000 <i>Audited</i>
ASSETS		
Property, plant and equipment	117,577	117,798
Land use rights	6,547	6,668
Intangible assets	374	429
Investment in associates	4,387	404
Deferred tax assets	583	605
Non-current Assets	129,468	125,904
Inventories	79,927	82,531
Trade receivables	52,918	53,522
Other receivables	15,119	12,065
Amounts due from affiliated companies	183	141
Amount due from an associate	159	206
Current tax assets	36	63
Cash & cash equivalents	56,592	50,696
Current Assets	204,934	199,224
TOTAL ASSETS	334,402	325,128
EQUITY AND LIABILITIES		
Share capital	134,657	134,600
Share premium	1,502	1,454
Other reserves	10,241	8,412
Retained earnings	119,149	114,277
Equity Attributable to Owners of the Company	265,549	258,743
Non-controlling interests	5,549	5,175
Total Equity	271,098	263,918
Deferred taxation	9,086	8,870
Loans and borrowings	8,639	9,245
Finance lease liabilities	2,407	2,253
Post-employment benefits	80	78
Non-current Liabilities	20,212	20,446
Trade payables	10,276	7,338
Other payables	13,832	12,750
Provisions	1,497	1,563
Finance lease liabilities	3,124	2,162
Amounts due to affiliated companies	7,261	8,250
Amount due to an associate	15	-
Loans and borrowings	5,828	5,900
Current tax liabilities	1,259	2,801
Current Liabilities	43,092	40,764
Total Liabilities	63,304	61,210
TOTAL EQUITY AND LIABILITIES	334,402	325,128
Net assets per share attributable to owners of the Company (RM)	1.97	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 NINE MONTHS ENDED 30 SEPTEMBER 2016

	Attributable to owners of the Company					Distributable	Non-controlling interest	Total equity	
	Share capital	Share premium	Capital reserve	Exchange fluctuation reserve	Share option reserve				Retained earnings
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	-	-	-	1,457	-	-	1,457	166	1,623
Total other comprehensive income for the period	-	-	-	1,457	-	-	1,457	166	1,623
Profit for the period	-	-	-	-	-	22,606	22,606	173	22,779
Total comprehensive income for the period	-	-	-	1,457	-	22,606	24,063	339	24,402
Dividends to owners of the Company	-	-	-	-	-	(8,736)	(8,736)	-	(8,736)
Additional investment in partly owned subsidiary	-	-	-	-	-	29	29	(251)	(222)
Issuance of ordinary shares pursuant to ESOS	1,472	719	-	-	-	-	2,191	-	2,191
Total transactions with owners of the Company	1,472	719	-	-	-	(8,707)	(6,516)	(251)	(6,767)
Transfer to share premium for share options exercised	-	527	-	-	(527)	-	-	-	-
At 30 September 2015	134,515	1,383	6,168	2,424	189	107,973	252,652	4,908	257,560
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	-	-	-	(174)	-	-	(174)	(4)	(178)
Total other comprehensive income for the period	-	-	-	(174)	-	-	(174)	(4)	(178)
Profit for the period	-	-	-	-	-	15,644	15,644	378	16,022
Total comprehensive income for the period	-	-	-	(174)	-	15,644	15,470	374	15,844
Dividends to owners of the Company	-	-	-	-	-	(10,772)	(10,772)	-	(10,772)
Share based payment transactions	-	(1)	-	-	2,024	-	2,023	-	2,023
Issuance of ordinary shares pursuant to ESOS	57	28	-	-	-	-	85	-	85
Total transactions with owners of the Company	57	27	-	-	2,024	(10,772)	(8,664)	-	(8,664)
Transfer to share premium for share options exercised	-	21	-	-	(21)	-	-	-	-
At 30 September 2016	134,657	1,502	6,168	1,942	2,131	119,149	265,549	5,549	271,098

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 NINE MONTHS ENDED 30 SEPTEMBER 2016

	9 months ended	
	30/09/2016	30/09/2015
	RM '000	RM '000
Cash flows from operating activities		
Profit before tax	22,326	32,132
Other adjustment	10,744	271
Operating profit before changes in working capital	33,070	32,403
Net change in current assets	(3,684)	(15,448)
Net change in current liabilities	5,502	9,208
Cash generated from operations	34,888	26,163
Tax paid	(7,581)	(4,923)
Net cash generated from operating activities	27,307	21,240
Cash flows from investing activities		
Interest received	761	753
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(6,853)	(2,389)
Purchase of intangible assets	(11)	-
Investment in associate	(4,164)	-
Net cash used in investing activities	(10,263)	(1,636)
Cash flows from financing activities		
Interest paid	(899)	(930)
Dividends paid	(10,772)	(8,736)
Proceeds from issuance of ordinary shares-ESOS, net of expenses	84	2,191
Repayment of term loans	(675)	(2,790)
Refinance of property, plant and equipment under finance lease	3,238	3,880
Payment of finance lease liabilities	(2,122)	(2,840)
Net cash used in financing activities	(11,146)	(9,225)
Net increase in cash and cash equivalents	5,898	10,379
Effect on foreign exchange rate changes	(2)	(2,107)
Cash and cash equivalents at 1 January	50,696	43,607
Cash and cash equivalents at 30 September	56,592	51,879
Composition of cash and cash equivalents		
Cash and bank balances	26,858	23,825
Fixed deposits with licensed banks	29,734	28,054
	56,592	51,879

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 SEPTEMBER 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 nine months ended 30 September 2016.

A6 Material Changes in Estimates

There were no changes in estimates that have any material effect on the quarter and nine months ended 30 September 2016.

A7 Debt and Equity Securities

During the quarter and nine months ended 30 September 2016, the Company has issued 57,000 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>57,000</u>	<u>84,930</u>

A8 Dividends Paid

In respect of the year ended 31 December 2015, the Company paid a final and special dividend totalling RM10,772,319 on 28 July 2016 as follows:

	RM'000
(a) final dividend of 6.5 sen per ordinary share	8,753
(b) special dividend of 1.5 sen per ordinary share	<u>2,020</u>
	<u><u>10,772</u></u>

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 September 2016	Investment holding RM'000	Trading RM'000	Manufacturing RM'000	Inter-company Elimination RM'000	Total RM'000
Revenue from external customer	18	31,634	145,694	-	177,346
Inter-segment revenue	16,398	957	22,443	(39,798)	-
Total revenue	16,416	32,591	168,137	(39,798)	177,346
Segment profit before tax	14,879	4,730	19,831	(17,114)	22,326
Segment assets	197,655	53,010	296,201	(212,464)	334,402

Year-to-date ended 30 September 2015	Investment holding RM'000	Trading RM'000	Manufacturing RM'000	Inter-company Elimination RM'000	Total RM'000
Revenue from external customer	18	31,136	138,106	-	169,260
Inter-segment revenue	12,149	350	20,780	(33,279)	-
Total revenue	12,167	31,486	158,886	(33,279)	169,260
Segment profit before tax	18,651	2,528	25,256	(14,303)	32,132
Segment assets	194,230	44,670	301,852	(208,061)	332,691

Investment holding 9M16 vs. 9M15

Despite the higher dividend income from subsidiaries, holding company's profit before tax reported at RM14.88 million in 9M16, was decrease of 20.2% over RM18.65 million reported in 9M15. For the current period, the holding company recognised RM0.69 million of unrealised foreign exchange loss in comparison to RM5.61 million gain in the same period last year that arose from the fluctuation of USD against RM.

Trading 9M16 vs. 9M15

Trading segment posted a higher profit before tax of RM4.73 million in 9M16, an increase of 87.1% compared to RM2.53 million in 9M15. This was due to higher revenue achieved and lower operating costs recognised in the current period.

Manufacturing 9M16 vs. 9M15

Manufacturing segment recorded a revenue and profit before tax of RM168.14 million and RM19.83 million respectively in 9M16 as compared to RM158.89 million and RM25.26 million in 9M15.

The increase in revenue was mainly attributed to higher sales in the export markets. However, profit before tax was impacted from higher operating costs and cost margin in product mix. Additionally, lower foreign exchange gain was recorded for the period as compared to the same period last year.

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").

As at the reporting date, the total paid-up capital of GCT is USD2,500,000, out of which USD1,000,000 was paid by the Company, this represents a 40% equity interest in GCT. Following the said investment, GCT remains an associate of the Company.

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	360	1,278
Office equipment	125	131
Renovation	235	35
	<u>720</u>	<u>1,444</u>

A15 Related Party Transactions

Significant related party transactions are as follows:

	9 months ended	
	30/09/2016 RM'000	30/09/2015 RM'000
Corporation related to substantial shareholder		
Purchase of pharmaceutical products	15,761	13,235
Consultancy fees payable	37	61
	<u>15,798</u>	<u>13,296</u>
Companies in which certain Directors have interest		
Purchase of raw materials	2,810	2,722
Sales of pharmaceutical products	(475)	(649)
	<u>2,335</u>	<u>2,073</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 30/09/2016		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	8,640	8,124	9,245	8,797
Long term finance lease liabilities	2,407	2,268	2,253	2,123
	<u>11,047</u>	<u>10,392</u>	<u>11,498</u>	<u>10,920</u>

B1 Review of Performance

For the Quarter

For the current quarter, the Group recorded a marginal drop of 0.2% in revenue as compared to the previous year's corresponding quarter. Further, the Group posted a lower profit before tax of RM6.06 million compared with RM13.49 million in the same quarter last year, primarily driven by lower gross margin, lower unrealised foreign exchange gain and higher operating cost for the quarter under review.

Year-to-date

For the nine months ended 30 September 2016, the Group recorded a higher revenue of RM177.35 million compared with RM169.26 million in the same period last year. This was mainly due to higher sales achieved from overseas markets and subsidiary in Vietnam. The Group registered a lower profit before tax of RM22.33 million compared with RM32.13 million in the same period last year, mainly due to similar factors affecting the quarterly results as described above.

B2 Comparison with the Preceding Quarter's Results

	Qtr 3 (30/09/16) RM'000	Qtr 2 (30/06/16) RM'000	Variance	
			RM'000	%
Revenue	59,194	51,848	7,346	14.2
Profit before tax	6,060	8,657	(2,597)	(30.0)

The Group recorded a revenue of RM59.19 million in 3Q16, an increase of 14.2% compared to RM51.85 million in 2Q16. The increase came mainly from both domestic market and export market.

However, the Group recorded a lower profit before tax of RM6.06 million in 3Q16 as compared to RM8.66 million in 2Q16. This was due to higher cost margin in product mix and higher administrative expenses recognised for 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 its 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		9 months ended	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Income Tax				
Current tax	1,954	3,250	6,089	8,506
Deferred tax	63	335	215	847
	<u>2,017</u>	<u>3,585</u>	<u>6,304</u>	<u>9,353</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 September 2016 and 31 December 2015, into realised and unrealised profits/(losses) is as follows:

	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	129,340	122,146
Unrealised	9,215	10,342
	<hr/> 138,555	<hr/> 132,488
Total share of accumulated losses of associate:		
Realised	(58)	123
Unrealised	-	-
	<hr/> 138,497	<hr/> 132,611
Less: Consolidation adjustments	(19,348)	(18,334)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 119,149	<hr/> <hr/> 114,277

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 September are as follows :

30 September 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	8	24
<u>Finance lease creditor:</u>		
- Domestic	-	3,087
- Foreign	12	37
	20	8,952
Non-current		
<u>Secured bank loans:</u>		
- Domestic	-	7,850
- Foreign	261	789
<u>Finance lease creditor:</u>		
- Domestic	-	2,331
- Foreign	25	76
	286	11,046
Total borrowings	306	19,998

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

Apart from that disclosed in Note A8, there was no dividend proposed in the current quarter under review.

B11 Earnings Per Share

	3 months ended		9 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
i) Basic Earnings Per Share				
Profit attributable to owners of the Company (RM'000)	3,940	9,838	15,644	22,606
Weighted average number of ordinary shares in issue ('000)	134,656	134,399	134,630	133,580
Basic Earnings Per Share (sen)	2.93	7.32	11.62	16.92
ii) Diluted Earnings Per Share				
Profit attributable to owners of the Company (RM'000)	3,940	9,838	15,644	22,606
Weighted average number of ordinary shares in issue ('000)	134,656	134,399	134,630	133,580
Effect of dilution-Share options ('000)	561	246	1,003	206
Adjusted weighted average number of ordinary shares in issue ('000)	135,217	134,645	135,633	133,786
Diluted Earnings Per Share (sen)	2.91	7.31	11.53	16.90

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.