



CARING PHARMACY GROUP BERHAD

(Company No.1011859-D)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2014

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 31 August 2014

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31 AUG 2014 RM'000	Preceding Year Quarter ⁽²⁾ 31 AUG 2013 RM'000	Current Year To Date 31 AUG 2014 RM'000	Preceding Year To Date ⁽²⁾ 31 AUG 2013 RM'000
REVENUE		88,395	N/A	88,395	N/A
COST OF SALES		(70,930)	N/A	(70,930)	N/A
GROSS PROFIT		17,465	N/A	17,465	N/A
OTHER OPERATING INCOME		5,440	N/A	5,440	N/A
		22,905	N/A	22,905	N/A
SELLING AND DISTRIBUTION EXPENSES		(14,887)	N/A	(14,887)	N/A
ADMINISTRATIVE EXPENSES		(6,134)	N/A	(6,134)	N/A
OTHER OPERATING EXPENSES		(758)	N/A	(758)	N/A
FINANCE COSTS		(54)	N/A	(54)	N/A
PROFIT BEFORE TAXATION	B5	1,072	N/A	1,072	N/A
TAXATION	B6	(300)	N/A	(300)	N/A
PROFIT AFTER TAXATION		772	N/A	772	N/A
OTHER COMPREHENSIVE INCOME , NET OF TAX		-	N/A	-	N/A
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		772	N/A	772	N/A
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-					
- Owners of the Company		554	N/A	554	N/A
- Non-Controlling interests		218	N/A	218	N/A
		772	N/A	772	N/A
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
- Owners of the Company		554	N/A	554	N/A
- Non-Controlling interests		218	N/A	218	N/A
		772	N/A	772	N/A
Earning per share (Sen) attributable to Owners of the Company					
- Basic ⁽³⁾	B12	0.25	N/A	0.25	N/A
- Diluted		N/A	N/A	N/A	N/A

Notes:

N/A Not applicable.

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2014 and the accompanying explanatory notes attached to these financial statements.

(2) No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 31 August 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(3) Based on the weighted average number of ordinary shares in issue as detailed in Note B12.

Unaudited Condensed Consolidated Statement of Financial Position as at 31 August 2014

	Note	AS AT 31 Aug 2014 RM'000	AS AT 31 May 2014 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		32,619	32,854
Intangible assets		2,946	2,946
Deferred tax assets		1,342	1,342
		<u>36,907</u>	<u>37,142</u>
CURRENT ASSETS			
Inventories		70,835	79,856
Trade receivables		363	336
Other receivables and deposits		5,525	5,768
Tax recoverable		1,704	427
Deposit with financial institutions		55,054	58,625
Cash and bank balances		23,545	19,271
		<u>157,026</u>	<u>164,283</u>
TOTAL ASSETS		<u>193,933</u>	<u>201,425</u>

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Unaudited Condensed Consolidated Statement of Financial Position as at 31 August 2014 (Cont'd)

	Note	AS AT 31 Aug 2014 RM'000	AS AT 31 May 2014 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		217,706	217,706
Share premium		7,402	7,402
Retained profits		71,558	71,004
Merger deficit		(181,984)	(181,984)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		114,682	114,128
NON-CONTROLLING INTERESTS		2,804	3,170
TOTAL EQUITY		117,486	117,298
NON-CURRENT LIABILITIES			
Term loan	B8	10,769	9,779
Deferred tax liabilities		278	278
		11,047	10,057
CURRENT LIABILITIES			
Trade payables		55,042	62,962
Other payables and accruals		5,364	6,814
Amount owing to non-controlling shareholders		3,774	3,532
Provision for taxation		1,099	641
Term loan	B8	121	121
		65,400	74,070
TOTAL LIABILITIES		76,447	84,127
TOTAL EQUITY AND LIABILITIES		193,933	201,425
Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽²⁾			
		0.53	0.52

Notes:

N/A Not applicable.

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2014 and the accompanying explanatory notes attached to these financial statements.

(2) Based on the issued share capital of 217,706,400 shares

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 August 2014

	<----- Distributable to equity holders of the Company ----->			<----- Non-distributable ----->			
	Share Capital	Share Premium	Merger Deficit	Distributable Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2014	217,706	7,402	(181,984)	71,004	114,128	3,170	117,298
Total comprehensive income for the period	-	-	-	554	554	218	772
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(584)	(584)
At 31 August 2014	217,706	7,402	(181,984)	71,558	114,682	2,804	117,486

Notes :

- (1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2014 and the accompanying explanatory notes attached to these financial statements.*
- (2) *No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 31 August 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad*

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 August 2014

	Current Year To Date 31 AUG 2014 RM'000	Preceding Year To Date ⁽²⁾ 31 AUG 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,072	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	757	N/A
Gain on disposal of property, plant and equipment	56	N/A
Interest expense	54	N/A
Interest income	(403)	N/A
Rental income	(38)	N/A
Operating profit before working capital changes	1,498	N/A
Decrease in inventories	9,021	N/A
Decrease in trade and other receivables	216	N/A
Decrease in trade and other payables	(9,370)	N/A
CASH FROM OPERATION	1,365	N/A
Tax paid	(1,119)	N/A
Interest paid	(54)	N/A
NET CASH FROM OPERATING ACTIVITIES	192	N/A
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	403	N/A
Purchase of property, plant and equipment	(612)	N/A
Proceeds from disposal of property, plant and equipment	34	N/A
Rental received	38	N/A
NET CASH FOR INVESTING ACTIVITIES	(137)	N/A
CASH FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling shareholders	(584)	N/A
Drawdown of term loan	990	N/A
Advances from non-controlling shareholders	242	N/A
NET CASH FROM FINANCING ACTIVITIES	648	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	703	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	77,896	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	78,599	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-		
- Deposit with financial institutions	55,054	N/A
- Cash and bank balances	23,545	N/A
	78,599	N/A

Notes:

N/A Not applicable.

(1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2014 and the accompanying explanatory notes attached to these financial statements.

(2) No comparative figures for the preceding year are presented as this is the first interim financial report on the consolidated results for the period ended 31 August being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Interim Financial Report for the Financial Period Ended 31 August 2014
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Para 9.22 (Appendix 9B Part A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This is the first interim financial report on the consolidated results for the first quarter ended 31 August 2014 announced by the Company in compliance with the Main Market Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

The interim financial report should be read in read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2014 and the accompanying explanatory notes attached to these financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 May 2014. The interim consolidated financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The group has adopted merger accounting method for the preparation of this Interim Financial Statements.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the adopted as disclosed in the Audited Financial Statements for the financial year ended 31 May 2014 except for the adoption of the following :-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments)
MFRS 9 (2010) Financial Instruments) To be
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)) announced) by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures))
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

Interim Financial Report for the Financial Period Ended 31 August 2014
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A2. Changes in Accounting Policies (*Cont’d*)

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

The above mentioned accounting standards and interpretations (including the consequential amendments) is not expected to have any material impact on the Group’s financial statements upon their initial application.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2014.

A4. Seasonal or Cyclical Factors

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors save for the materialization of purchase rebate entitlements from our suppliers which can only be determined in the third quarter of the financial year.

A5. Item of Unusual Nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

Interim Financial Report for the Financial Period Ended 31 August 2014
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

A8. Dividend Paid

No dividend paid by the Company during the financial quarter under review.

A9. Segmental Information

No segmental analysis is prepared as the Group is primarily engaged in retail pharmacy and related activities in Malaysia.

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 31 August 2014 are as follows:-

Capital expenditure commitments	As at 31-Aug-2014 RM'000
Authorised and contracted for	
- Equipment	644

A11. Material Events Subsequent To the End of the Interim Period

There were no material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

Interim Financial Report for the Financial Period Ended 31 August 2014**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

B1. Review of Performance of the Group

The Group achieved revenue of RM88.40 million and profit before tax of RM1.07 million for the current financial quarter.

During the quarter under review, we have established an additional 2 new shopping complex outlets. As of 31 August 2014, we have a total of 101 community pharmacies.

No comparative figures are presented for the preceding year's corresponding quarter as this is the first interim financial report on the consolidated results for the financial period ended 31 August 2014 announced by the Group.

B2. Variation of Results with the Immediate Preceding Quarter

In the current quarter under review, the Group registered a consolidated profit before tax of RM1.07 million compared to RM2.87 million in the immediate preceding year quarter despite the revenue achieved for the current quarter is relatively consistent compared to immediate preceding year quarter. This was mainly due to lower profit margins resulted from no purchase rebate is recognized during the financial quarter under review as explained in Note A4.

B3. Prospect for the Group

The Group expects the purchasing power of the domestic consumer may decline due to subsidy rationalization by the government. To mitigate the impact of the above said factor, the Group is currently taking necessary pre-emptive measure to sustain the revenue and profit margin of the matured outlets and increase the revenue of the new outlets.

Taking the above factors, the board is cautiously optimistic of the Group's performance for the remaining financial year.

Interim Financial Report for the Financial Period Ended 31 August 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	31-Aug-14	31-Aug-13	31-Aug-14	31-Aug-13
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	757	N/A	757	N/A
Interest expense	54	N/A	54	N/A
Interest income	(403)	N/A	(403)	N/A
Rental income	(38)	N/A	(38)	N/A

Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

Note:

No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the financial period ended 31 August 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	31-Aug-14	31-Aug-13	31-Aug-14	31-Aug-13
	RM'000	RM'000	RM'000	RM'000
<u>Income Tax</u>				
Current Tax - Current	300	N/A	300	N/A
Tax expense	300	N/A	300	N/A

Note:

No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the financial period ended 31 August 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

The effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate of 25% mainly due to deferred tax assets not recognized.

Interim Financial Report for the Financial Period Ended 31 August 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
B7. Status of Corporate Proposals

There were no corporate proposals commenced but not completed as at the date of this report.

i. Utilisation of Proceeds

The Public Issue has raised gross proceeds of RM43.75 million. The status of the utilisation of the proceeds as at 31 August 2014 is as follows:

Purposes	Proposed Utilisation	Actual utilisation	Deviation	Balance	Estimated Timeframe for Utilisation Upon Listing
	RM'000	RM'000	RM'000	RM'000	
(i) New community pharmacy outlets					
- Property, plant and equipment	6,000	(1,533)	-	4,467	Within 24 months
- Inventories	8,109	(5,002)	-	3,107	Within 24 months
(ii) To pare down borrowings to reduce interest cost	6,000	-	-	6,000	Within 24 months
(iii) Renovation of new head office and warehouse	4,000	-	-	4,000	Within 24 months
(iv) Working capital ⁽¹⁾	11,750	-	907	12,657	Within 24 months
(v) Estimated listing expenses ⁽¹⁾	4,000	(3,093)	(907)	-	Within 3 months
Total gross proceeds	39,859	(9,628)	-	30,231	

Note:-

(1) Actual listing expenses incurred were less than the estimated listing expenses by approximately RM0.907 million. Pursuant to the Prospectus dated 18 October 2013, the excess will be utilized for working capital purpose.

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Interim Financial Report for the Financial Period Ended 31 August 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B8. Group Borrowing

The Group's borrowing as at 31 Aug 2014 are as follows:

	As at 31-Aug-14 RM'000	As at 31-May-14 RM'000
Long term borrowing		
Secured:		
Term loan	10,769	9,779
Short term borrowing		
Secured:		
Term loan	121	121
Total borrowing	10,890	9,900

B9. Material Litigation

There was no material litigation and the Directors do not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

B10. Dividends

No dividend was declared or recommended for payment by the Company for the quarter under review.

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Interim Financial Report for the Financial Period Ended 31 August 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B11. Realised and Unrealised Profits

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	As at 31-Aug-2014 RM'000	As at 31-May-2014 RM'000
Total retained earnings		
- realised	68,607	68,553
- unrealised	1,064	1,065
	<hr/> 69,671	<hr/> 69,618
Add: consolidated adjustments	1,887	1,386
Total retained earnings	<hr/> 71,558	<hr/> 71,004

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Interim Financial Report for the Financial Period Ended 31 August 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
B12. Earnings Per Share
(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year to date are computed as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	Year To Date
	31-Aug-14	31-Aug-13	31-Aug-14	31-Aug-13
	RM'000	RM'000	RM'000	RM'000
Profit for the period	554	N/A	554	N/A
Number of ordinary shares of RM1.00 each in issue	217,706	N/A	217,706	N/A
Basic Earnings Per Share (sen)	0.25	N/A	0.25	N/A

No comparative figures for the preceding quarter and preceding year are available as this is the first interim report on the consolidated results for the financial period ended 31 August 2014 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Securities.

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.

By order of the Board
29 October 2014