



CARING PHARMACY GROUP BERHAD

(Company No.1011859-D)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 29 FEBRUARY 2016

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 29 February 2016

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 29 Feb 2016 RM000	Preceding Year Quarter 28 Feb 2015 RM000	Current Year To Date 29 Feb 2016 RM000	Preceding Year To Date 28 Feb 2015 RM000
REVENUE		103,398	93,887	294,239	271,292
COST OF SALES		(81,186)	(68,475)	(235,391)	(210,278)
GROSS PROFIT		22,212	25,412	58,848	61,014
OTHER OPERATING INCOME		4,366	8,648	19,218	22,046
		26,578	34,060	78,066	83,060
SELLING AND DISTRIBUTION EXPENSES		(16,464)	(16,152)	(49,136)	(47,513)
ADMINISTRATIVE EXPENSES		(5,816)	(6,159)	(18,173)	(18,110)
OTHER OPERATING EXPENSES		(1,138)	(844)	(3,254)	(2,376)
FINANCE COSTS		(39)	(65)	(148)	(193)
PROFIT BEFORE TAXATION	B5	3,121	10,840	7,355	14,868
TAXATION	B6	(872)	(3,035)	(2,059)	(4,163)
PROFIT AFTER TAXATION		2,249	7,805	5,296	10,705
OTHER COMPREHENSIVE INCOME , NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		2,249	7,805	5,296	10,705
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-					
- Owners of the Company		1,616	7,597	4,550	10,241
- Non-Controlling interests		633	208	746	464
		2,249	7,805	5,296	10,705
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
- Owners of the Company		1,616	7,597	4,550	10,241
- Non-Controlling interests		633	208	746	464
		2,249	7,805	5,296	10,705
Earning per share (Sen) attributable to Owners of the Company					
- Basic ⁽²⁾	B12	0.74	3.49	2.09	4.70
- 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 2015 and the accompanying explanatory notes attached to these financial statements.

(2) 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 29 February 2016

	Note	AS AT 29 Feb 2016 RM'000	AS AT 31 May 2015 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		36,442	36,686
Intangible assets		2,996	2,946
Deferred tax assets		10	10
		<u>39,448</u>	<u>39,642</u>
CURRENT ASSETS			
Inventories		90,066	83,486
Trade receivables		2,159	1,120
Other receivables, deposits and prepayments		7,023	8,016
Tax recoverable		2,737	1,562
Deposits with financial institutions		20,608	51,146
Cash and bank balances		49,015	35,355
		<u>171,608</u>	<u>180,685</u>
TOTAL ASSETS		<u>211,056</u>	<u>220,327</u>

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Unaudited Condensed Consolidated Statement of Financial Position as at 29 February 2016 (Cont'd)

	Note	AS AT 29 Feb 2016 RM'000	AS AT 31 May 2015 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		217,706	217,706
Share premium		7,402	7,402
Retained profits		77,208	76,918
Merger deficit		(181,984)	(181,984)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		120,332	120,042
NON-CONTROLLING INTERESTS		1,072	804
TOTAL EQUITY		121,404	120,846
NON-CURRENT LIABILITIES			
Long term borrowings	B8	9,259	9,860
Deferred tax liabilities		162	376
		9,421	10,236
CURRENT LIABILITIES			
Trade payables		71,455	76,935
Other payables and accruals		3,387	6,885
Amount owing to non-controlling shareholders		3,570	3,512
Provision for taxation		306	456
Short term borrowings	B8	1,513	1,457
		80,231	89,245
TOTAL LIABILITIES		89,652	99,481
TOTAL EQUITY AND LIABILITIES		211,056	220,327
Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽²⁾		0.55	0.55

Notes:

(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 2015 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 29 February 2016

	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period Ended 28 February 2015</u>							
At 1 June 2014	217,706	7,402	(181,984)	71,004	114,128	3,170	117,298
Total comprehensive income for the period	-	-	-	10,241	10,241	464	10,705
Accretion in equity interest in a subsidiary	-	-	-	(3,478)	(3,478)	(1,426)	(4,904)
Effect of issue of share capital by a subsidiary	-	-	-	-	-	20	20
Dividends paid	-	-	-	(3,266)	(3,266)	-	(3,266)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(1,319)	(1,319)
At 28 February 2015	217,706	7,402	(181,984)	74,501	117,625	909	118,534

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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 29 February 2016 (Cont'd)

	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period Ended 29 February 2016</u>							
At 1 June 2015	217,706	7,402	(181,984)	76,918	120,042	804	120,846
Total comprehensive income for the period	-	-	-	4,550	4,550	746	5,296
Dilution in equity interest in subsidiaries	-	-	-	94	94	(94)	-
Effect of issue of share capital by a subsidiary	-	-	-	-	-	101	101
Dividends paid	-	-	-	(4,354)	(4,354)	-	(4,354)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(485)	(485)
At 29 February 2016	217,706	7,402	(181,984)	77,208	120,332	1,072	121,404

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 2015 and the accompanying explanatory notes attached to these financial statements.*

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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 29 February 2016

	Current Year To Date 29 Feb 2016 RM000	Preceding Year To Date 28 Feb 2015 RM000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	7,355	14,868
Adjustments for:-		
Depreciation of property, plant and equipment	2,852	2,376
Gain on disposal of property, plant and equipment	(53)	(112)
Interest expense	148	193
Interest income	(980)	(1,282)
Rental income	(109)	(108)
Operating profit before working capital changes	<u>9,213</u>	<u>15,935</u>
(Increase)/Decrease in inventories	(6,580)	2,460
Increase in trade and other receivables	(46)	(37)
Decrease in trade and other payables	(8,978)	(2,692)
CASH (FOR)/FROM OPERATION	<u>(6,391)</u>	<u>15,666</u>
Tax paid	(3,598)	(4,631)
Interest paid	(148)	(193)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	<u>(10,137)</u>	<u>10,842</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	980	1,282
Purchase of property, plant and equipment	(2,413)	(5,552)
Payment of goodwill	(50)	-
Proceeds from disposal of property, plant and equipment	53	162
Rental received	109	108
Accretion in equity interest in subsidiaries	-	(4,904)
NET CASH FOR INVESTING ACTIVITIES	<u>(1,321)</u>	<u>(8,904)</u>
CASH FOR FINANCING ACTIVITIES		
Dividend paid to :		
- shareholders of the Company	(4,354)	(3,266)
- non-controlling shareholders of subsidiaries	(485)	(1,319)
Drawdown of term loan	-	1,980
Repayment of term loan	(740)	(315)
Proceeds from issuance of shares by subsidiaries		
to non-controlling shareholders	101	20
Net advances from non-controlling shareholders	58	550
NET CASH FOR FINANCING ACTIVITIES	<u>(5,420)</u>	<u>(2,350)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,878)	(412)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>86,501</u>	<u>77,896</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>69,623</u>	<u>77,484</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-		
- Deposits with financial institutions	20,608	41,864
- Cash and bank balances	49,015	35,620
	<u>69,623</u>	<u>77,484</u>

Notes:

- (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 2015 and the accompanying explanatory notes attached to these financial statements.*

Interim Financial Report for the Financial Period Ended 29 February 2016
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 and 9.40 (Appendix 9B Part A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2015 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 2015. 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 2015.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15)) 1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) Defer until) further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

Interim Financial Report for the Financial Period Ended 29 February 2016
Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A2. Changes in Accounting Policies (Cont’d)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective (Cont’d):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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 2015.

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.

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Interim Financial Report for the Financial Period Ended 29 February 2016
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 29 February 2016 are as follows:-

Capital expenditure commitments	As at 29-Feb-2016 RM'000
Authorised and but not contracted for	
- Property, plant and equipment	723

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 29 February 2016**Part B – Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

B1. Review of Performance of the Group

The Group registered a revenue of RM103.40 million and profit before tax of RM3.12 million for the current financial quarter as compared to a revenue of RM93.89 million and profit before tax of RM10.84 million reported in the previous year corresponding quarter. The higher revenue was mainly contributed by higher sales generated from existing outlets due to aggressive and extensive promotional campaigns launched, coupled with the additional revenue generated from new outlets opened during financial year 2016.

During the quarter under review, we have established an additional 1 new shopping complex outlet, 1 new high street outlet and closed down 1 shopping complex outlet. As of 29 February 2016, we have a total of 107 community pharmacies.

The decrease in profit before taxation for the current quarter compared to the corresponding quarter in the preceding year is mainly due to lower margin arising from lower selling price resulted from market competition, and also lower advertising and promotion income.

B2. Variation of Results with the Immediate Preceding Quarter

For the current quarter under review, the Group reported an increase in profit before tax by RM0.25 million, from RM2.87 million (immediate preceding quarter) to RM3.12 million. This was contributed by higher sales with higher gross profit margin attributable through materialization of annual purchase rebates from suppliers as mentioned in Note A4. However, lower advertising and promotional income has impacted current quarter's profit.

B3. Prospect for the Group

Consumers expected to be slowly getting used to Goods and Services Tax implemented one year ago and this will bring positive impact to the Group's revenue.

However, the Group's operating environment remains challenging and competitive as it was still battling in a price war which would pressure operating profits.

The Group remains cautiously optimistic of the Group's performance for the remaining quarter of the current financial year.

B4. Profit Forecast and Profit Estimate

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

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Interim Financial Report for the Financial Period Ended 29 February 2016
Part B – Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
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
	29-Feb-16	28-Feb-15	29-Feb-16	28-Feb-15
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	1,004	844	2,852	2,376
Gain on disposal of equipment	(53)	(148)	(53)	(112)
Interest expense	39	65	148	193
Interest income	(308)	(442)	(980)	(1,282)
Rental income	(34)	(36)	(109)	(108)

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.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	29-Feb-16	28-Feb-15	29-Feb-16	28-Feb-15
	RM'000	RM'000	RM'000	RM'000
<u>Income Tax</u>				
Current Tax – Current	872	3,035	2,059	4,163
Tax expense	872	3,035	2,059	4,163

Note:

The effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate of 24% mainly due to deferred tax assets not recognized.

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Interim Financial Report for the Financial Period Ended 29 February 2016
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.

B8. Group Borrowings

The Group's borrowings as at 29 Feb 2016 are as follows:

	As at 29-Feb-16 RM'000	As at 31-May-15 RM'000
Long term borrowings		
Secured:		
Hire purchase	139	-
Term loan	9,120	9,860
	<u>9,259</u>	<u>9,860</u>
Short term borrowings		
Secured:		
Hire purchase	56	-
Term loan	1,457	1,457
	<u>1,513</u>	<u>1,457</u>
Total borrowings	<u>10,772</u>	<u>11,317</u>

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 29 February 2016
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 29-Feb-2016 RM'000	As at 31-May-2015 RM'000
Total retained earnings		
- realised	76,586	74,931
- unrealised	(152)	(366)
	76,434	74,565
Add: consolidated adjustments	774	2,353
Total retained earnings	77,208	76,918

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 Current Year Quarter 29-Feb-16 RM'000	Preceding Year Quarter 28-Feb-15 RM'000	CUMULATIVE QUARTER Current Year To Date 29-Feb-16 RM'000	Preceding Year To Date 28-Feb-15 RM'000
Profit for the period	1,616	7,597	4,550	10,241
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	0.74	3.49	2.09	4.70

(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
27 April 2016