



CARING PHARMACY GROUP BERHAD

(Company No.1011859-D)

**INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31 August 2017**

Contents

	Page
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	1
Condensed Consolidated Statement of Financial Position.....	2
Condensed Consolidated Statement of Changes in Equity.....	4
Condensed Consolidated Statement of Cash Flows.....	6
Notes to the Condensed Financial Statements	7

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 31 August 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 August 2017 RM000	Preceding Year Quarter 31 August 2016 RM000 (Restated)	Current Year To Date 31 August 2017 RM000	Preceding Year To Date 31 August 2016 RM000 (Restated)
REVENUE	125,246	110,938	125,246	110,938
COST OF SALES	(99,848)	(90,862)	(99,848)	(90,862)
GROSS PROFIT	25,398	20,076	25,398	20,076
OTHER OPERATING INCOME	6,427	5,646	6,427	5,646
	31,825	25,722	31,825	25,722
SELLING AND DISTRIBUTION EXPENSES	(19,815)	(18,587)	(19,815)	(18,587)
ADMINISTRATIVE EXPENSES	(5,078)	(4,591)	(5,078)	(4,591)
OTHER OPERATING EXPENSES	(971)	(974)	(971)	(974)
FINANCE COSTS	(26)	(45)	(26)	(45)
PROFIT BEFORE TAXATION	B5 5,935	1,525	5,935	1,525
TAXATION	B6 (1,603)	(427)	(1,603)	(427)
PROFIT AFTER TAXATION	4,332	1,098	4,332	1,098
OTHER COMPREHENSIVE INCOME , NET OF TAX	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>4,332</u>	<u>1,098</u>	<u>4,332</u>	<u>1,098</u>
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-				
- Owners of the Company	3,254	721	3,254	721
- Non-Controlling interests	1,078	377	1,078	377
	<u>4,332</u>	<u>1,098</u>	<u>4,332</u>	<u>1,098</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-				
- Owners of the Company	3,254	721	3,254	721
- Non-Controlling interests	1,078	377	1,078	377
	<u>4,332</u>	<u>1,098</u>	<u>4,332</u>	<u>1,098</u>
Earning per share (Sen) attributable to Owners of the Company				
- Basic ⁽²⁾	B12 1.49	0.33	1.49	0.33
- 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 2017 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.

(3) Preceding year quarter figures have been reclassified to conform with the presentation of the current year quarter.

Unaudited Condensed Consolidated Statement of Financial Position as at 31 August 2017

	Note	AS AT 31 August 2017 RM'000	AS AT 31 May 2017 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		37,589	37,410
Intangible assets		3,476	3,476
Deferred tax assets		371	257
		41,436	41,143
CURRENT ASSETS			
Inventories		87,928	88,990
Trade receivables		480	722
Other receivables, deposits and prepayments		7,178	6,888
Tax recoverable		5,243	4,710
Short term investment		22,412	25,983
Fixed Deposits with financial institutions		391	370
Cash and bank balances		89,510	76,193
		213,142	203,856
		254,578	244,999
TOTAL ASSETS		254,578	244,999

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Unaudited Condensed Consolidated Statement of Financial Position as at 31 August 2017 (Cont'd)

	Note	AS AT 31 August 2017 RM'000	AS AT 31 May 2017 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		225,108	225,108
Retained profits		91,686	88,432
Merger deficit		(181,984)	(181,984)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		134,810	131,556
NON-CONTROLLING INTERESTS		4,994	3,916
TOTAL EQUITY		139,804	135,472
NON-CURRENT LIABILITIES			
Long term borrowings	B8	7,595	7,878
Deferred tax liabilities		34	34
		7,629	7,912
CURRENT LIABILITIES			
Trade payables		91,784	88,412
Other payables and accruals		9,743	7,574
Amount owing to non-controlling shareholders		2,990	2,745
Provision for taxation		1,104	1,361
Short term borrowings	B8	1,524	1,523
		107,145	101,615
TOTAL LIABILITIES		114,774	109,527
TOTAL EQUITY AND LIABILITIES		254,578	244,999
Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽²⁾		0.62	0.60

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 2017 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 2017

	<----- Non-distributable ----->			<Distributable>		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total RM'000		
<u>Period Ended 31 August 2016</u>							
At 31 May 2016	217,706	7,402	(181,984)	79,447	122,571	2,017	124,588
Total comprehensive income for the period	-	-	-	721	721	377	1,098
Dilution in equity interest in subsidiaries	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-
At 31 August 2016	217,706	7,402	(181,984)	80,168	123,292	2,394	125,686

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 August 2017 (Cont'd)

	<----- Non-distributable ----->			<Distributable>		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000		
<u>Period Ended 31 August 2017</u>							
At 31 May 2017	225,108	-	(181,984)	88,432	131,556	3,916	135,472
Total comprehensive income for the period	-	-	-	3,254	3,254	1,078	4,332
Dilution in equity interest in subsidiaries	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-
At 31 August 2017	225,108	-	(181,984)	91,686	134,810	4,994	139,804

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 2017 and the accompanying explanatory notes attached to these financial statements.*

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 August 2017

	Current Year To Date 31 August 2017 RM'000	Preceding Year To Date 31 August 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,935	1,525
Adjustments for:-		
Depreciation of property, plant and equipment	966	896
Equipment written off	5	13
Interest expense	26	45
Loss/(Gain) on disposal of property, plant and equipment	2	(15)
Interest income	(545)	(363)
Rental income	(37)	(37)
Operating profit before working capital changes	6,352	2,064
Decrease in inventories	1,062	4,088
Increase in trade and other receivables	(48)	(709)
Increase/(Decrease) in trade and other payables	5,541	(2,466)
CASH FROM OPERATIONS	12,907	2,977
Tax paid	(2,506)	(1,290)
Interest paid	(26)	(45)
NET CASH FROM OPERATING ACTIVITIES	10,375	1,642
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	545	363
Proceeds from disposal of property, plant and equipment	11	15
Purchase of property, plant and equipment	(1,164)	(1,759)
Rental received	37	37
NET CASH FOR INVESTING ACTIVITIES	(571)	(1,344)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(15)	(15)
Repayment of term loan	(267)	(254)
Net advances from non-controlling shareholders	245	-
NET CASH FOR FINANCING ACTIVITIES	(37)	(269)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,767	29
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	102,546	77,932
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	112,313	77,961
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-		
- Short term investment	22,412	29,884
- Fixed Deposits with financial institutions	391	362
- Cash and bank balances	89,510	47,715
	112,313	77,961

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 2017 and the accompanying explanatory notes attached to these financial statements.*

Interim Financial Report for the Financial Period Ended 31 August 2017**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 2017 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 2017. 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 2017.

During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

Interim Financial Report for the Financial Period Ended 31 August 2017
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 standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

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	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) are expected to have no material impact on the financial statements of the Group upon their initial application.

Interim Financial Report for the Financial Period Ended 31 August 2017**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134, Interim Financial Reporting**

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 2017.

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.

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

A final single tier tax exempt dividend of 3.0 sen per ordinary share amounting to RM6,531,192 in respect of the financial year ended 31 May 2017 will payable on 14 November 2017.

There was no dividend paid in respect of the current financial period to date.

A9. Segmental Information

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

Interim Financial Report for the Financial Period Ended 31 August 2017
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 31 August 2017 are as follows:-

Capital expenditure commitments	As at 31-August-17 RM'000
Contracted but not provided for: - Property, plant and equipment	810
Authorised but not contracted for: - Property, plant and equipment	1,150

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

There were not 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 save for the below:

- a) Disposal of 10,000 ordinary shares of RM1.00 each in Stay Caring Sdn. Bhd. for a total consideration of RM10,000 on 8 September 2017 by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”) resulting a decrease in CPRM’s effective equity interest in the subsidiary from 100% to 90%;
- b) Incorporation of a new subsidiary company namely Caring Healthmark Sdn. Bhd. by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”) on 15 September 2017; and
- c) Disposal of 25,000 ordinary shares of RM1.00 each in Caring Healthmark Sdn. Bhd. for a total consideration of RM25,000 on 6 October 2017 by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”) resulting a decrease in CPRM’s effective equity interest in the subsidiary from 100% to 75%.

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 2017

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 RM125.25 million and profit before tax of RM5.94 million for the current financial quarter as compared to a revenue of RM110.94 million and profit before tax of RM1.53 million reported in the previous year corresponding quarter. The higher revenue was mainly contributed by the higher sales generated from existing outlets due to aggressive and extensive promotional campaign launched during quarter under review.

During the quarter under review, we have established additional of 1 complex outlet and 2 high street outlets. As of 31 August 2017, we have a total of 110 community pharmacies.

The increase in profit before taxation for the current quarter compared to the corresponding quarter in the preceding year is mainly contributed by higher revenue achieved coupled with the higher gross profit margin.

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 RM0.34 million, from RM5.60 million (immediate preceding quarter) to RM5.94 million. This was mainly attributable to higher revenue achieved and higher gross profit margin.

B3. Prospect for the Group

With the rising cost of living and weak consumer demand, the Group will be operating in a challenging environment in the remaining quarters. Nevertheless, by focusing on products and services quality and roll out more advertising & promotional events, the Group remains optimistic that it will continue to be profitable in the next quarter.

B4. Profit Forecast and Profit Estimate

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Interim Financial Report for the Financial Period Ended 31 August 2017
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
	31-August-17 RM'000	31-August-16 RM'000	31-August-17 RM'000	31-August-16 RM'000
Depreciation of property, plant and equipment	966	896	966	896
Equipment written off	5	13	5	13
Loss/(Gain) on disposal of equipment	2	(15)	2	(15)
Interest expense	26	45	26	45
Interest income	(545)	(363)	(545)	(363)
Rental income	(37)	(37)	(37)	(37)

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
	31-August-17 RM'000	31-August-16 RM'000	31-August-17 RM'000	31-August-16 RM'000
<u>Income Tax</u>				
Current Tax	1,603	427	1,603	427
Tax expense	1,603	427	1,603	427

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Interim Financial Report for the Financial Period Ended 31 August 2017
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 31 August 2017 are as follows:

	As at 31-August-17 RM'000	As at 31-August-16 RM'000
Long term borrowings		
Secured:		
Hire purchase	41	107
Term loan	7,554	8,611
	<u>7,595</u>	<u>8,718</u>
Short term borrowings		
Secured:		
Hire purchase	67	63
Term loan	1,457	1,457
	<u>1,524</u>	<u>1,520</u>
Total borrowings	<u>9,119</u>	<u>10,238</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.

Interim Financial Report for the Financial Period Ended 31 August 2017
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-August-17 RM'000	As at 31-August-16 RM'000
Total retained earnings		
- realised	95,402	80,212
- unrealised	337	239
	<hr/> 95,739	<hr/> 80,451
Add: consolidated adjustments	(4,053)	(283)
Total retained earnings	<hr/> 91,686	<hr/> 80,168

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 Quarter 31-August-17 RM'000	Preceding Year Quarter 31-August-16 RM'000	Current Year To Date 31-August-17 RM'000	Preceding Year To Date 31-August-16 RM'000
Profit for the period	3,254	721	3,254	721
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	1.49	0.33	1.49	0.33

(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
24 October 2017