



## **CARING PHARMACY GROUP BERHAD**

(Company No.1011859-D)

### **INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 February 2018**

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**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 28 February 2018**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Quarter	To Date	To Date
		28 February 2018	28 February 2017	28 February 2018	28 February 2017
		RM000	RM000	RM000	RM000
			(Restated)		(Restated)
REVENUE		130,483	115,658	379,178	340,458
COST OF SALES		(98,891)	(86,623)	(296,959)	(269,136)
GROSS PROFIT		31,592	29,035	82,219	71,322
OTHER OPERATING INCOME		7,175	6,126	21,249	18,308
		38,767	35,161	103,468	89,630
SELLING AND DISTRIBUTION EXPENSES		(21,984)	(19,200)	(61,235)	(55,489)
ADMINISTRATIVE EXPENSES		(5,519)	(5,174)	(15,832)	(14,652)
OTHER OPERATING EXPENSES		(1,093)	(1,065)	(3,073)	(3,033)
FINANCE COSTS		(25)	(28)	(75)	(100)
PROFIT BEFORE TAXATION	B5	10,146	9,694	23,253	16,356
TAXATION	B6	(2,740)	(2,715)	(6,279)	(4,580)
PROFIT AFTER TAXATION		7,406	6,979	16,974	11,776
OTHER COMPREHENSIVE INCOME , NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		7,406	6,979	16,974	11,776
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-					
- Owners of the Company		5,164	5,284	12,692	8,769
- Non-Controlling interests		2,242	1,695	4,282	3,007
		7,406	6,979	16,974	11,776
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
- Owners of the Company		5,164	5,284	12,692	8,769
- Non-Controlling interests		2,242	1,695	4,282	3,007
		7,406	6,979	16,974	11,776
Earning per share (Sen) attributable to Owners of the Company					
- Basic <sup>(2)</sup>	B12	2.37	2.43	5.83	4.03
- 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 28 February 2018**

	Note	AS AT 28 February 2018 RM'000	AS AT 31 May 2017 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		38,046	37,410
Intangible assets		3,476	3,476
Deferred tax assets		224	257
		<u>41,746</u>	<u>41,143</u>
<b>CURRENT ASSETS</b>			
Inventories		96,645	88,990
Trade receivables		256	722
Other receivables, deposits and prepayments		7,293	6,888
Tax recoverable		4,940	4,710
Short term investment		49,055	25,983
Fixed deposits with financial institutions		397	370
Cash and bank balances		59,581	76,193
		<u>218,167</u>	<u>203,856</u>
<b>TOTAL ASSETS</b>		<u>259,913</u>	<u>244,999</u>

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**Unaudited Condensed Consolidated Statement of Financial Position as at 28 February 2018 (Cont'd)**

	Note	AS AT 28 February 2018 RM'000	AS AT 31 May 2017 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		225,108	225,108
Retained profits		94,717	88,432
Merger deficit		(181,984)	(181,984)
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>137,841</b>	<b>131,556</b>
NON-CONTROLLING INTERESTS		5,299	3,916
<b>TOTAL EQUITY</b>		<b>143,140</b>	<b>135,472</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	<b>B8</b>	7,019	7,878
Deferred tax liabilities		34	34
		<b>7,053</b>	<b>7,912</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		95,702	88,412
Other payables and accruals		6,856	7,574
Amount owing to non-controlling shareholders		2,508	2,745
Provision for taxation		3,129	1,361
Short term borrowings	<b>B8</b>	1,525	1,523
		<b>109,720</b>	<b>101,615</b>
<b>TOTAL LIABILITIES</b>		<b>116,773</b>	<b>109,527</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>259,913</b>	<b>244,999</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM) <sup>(2)</sup></b>			
		<b>0.63</b>	<b>0.60</b>

**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 28 February 2018**

	<----- 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
<b><u>Period Ended 28 February 2017</u></b>							
<b>At 31 May 2016</b>	217,706	7,402	(181,984)	79,447	122,571	2,017	124,588
Total comprehensive income for the period	-	-	-	8,769	8,769	3,007	11,776
Dilution in equity interest in subsidiaries	-	-	-	(882)	(882)	51	(831)
Dividends paid	-	-	-	(3,265)	(3,265)	-	(3,265)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(1,457)	(1,457)
	217,706	7,402	(181,984)	84,069	127,193	3,618	130,811
	7,402	(7,402)	-	-	-	-	-
<b>At 28 February 2017</b>	225,108	-	(181,984)	84,069	127,193	3,618	130,811

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**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 28 February 2018 (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
<b><u>Period Ended 28 February 2018</u></b>							
<b>At 31 May 2017</b>	225,108	-	(181,984)	88,432	131,556	3,916	135,472
Total comprehensive income for the period	-	-	-	12,692	12,692	4,282	16,974
Dilution in equity interest in subsidiaries	-	-	-	124	124	37	161
Dividends paid	-	-	-	(6,531)	(6,531)	-	(6,531)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(2,936)	(2,936)
<b>At 28 February 2018</b>	225,108	-	(181,984)	94,717	137,841	5,299	143,140

**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.*
- (2) *Pursuant to S618(2) of Companies Act 2016 ("CA2016"), any outstanding share premium and capital redemption reserve accounts shall be come part of Share Capital.*

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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 28 February 2018**

	<b>Current Year To Date 28 February 2018 RM'000</b>	<b>Preceding Year To Date 28 February 2017 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	23,253	16,356
<b>Adjustments for:-</b>		
Depreciation of property, plant and equipment	3,062	2,972
Equipment written off	5	13
Interest expense	71	100
Loss/(Gain) on disposal of property, plant and equipment	2	(16)
Interest income	(1,775)	(1,026)
Rental income	(111)	(111)
Operating profit before working capital changes	24,507	18,288
(Increase)/Decrease in inventories	(7,655)	4,782
Decrease in trade and other receivables	61	93
Increase/(Decrease) in trade and other payables	6,572	(7,099)
<b>CASH FROM OPERATIONS</b>	23,485	16,064
Tax paid	(4,708)	(3,842)
Interest paid	(71)	(100)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	18,706	12,122
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Dilution/(Accretion) in equity interest in subsidiaries	161	(831)
Interest received	1,775	1,026
Proceeds from disposal of property, plant and equipment	11	16
Purchase of property, plant and equipment	(3,716)	(4,148)
Payment of goodwill	-	(480)
Rental received	111	111
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(1,658)	(4,306)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividend paid to :		
- shareholders of the Company	(6,531)	(3,265)
- non-controlling shareholders of subsidiaries	(2,936)	(1,457)
Repayment of hire purchase obligations	(49)	(46)
Repayment of term loan	(808)	(776)
Repayment to non-controlling shareholders	(237)	(852)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	(10,561)	(6,396)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,487	1,420
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	102,546	77,932
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL</b>	109,033	79,352
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-</b>		
- Short term investment	49,055	29,800
- Fixed deposits with financial institutions	397	368
- Cash and bank balances	59,581	49,184
	109,033	79,352

**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 28 February 2018****Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**

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**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 28 February 2018**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**


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**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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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 28 February 2018****Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)  
134, Interim Financial Reporting**

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**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 is paid 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 28 February 2018**
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)  
134, Interim Financial Reporting**


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**A10. Capital Commitments**

Capital commitment for property and equipment not provided for as at 28 February 2018 are as follows:-

<b>Capital expenditure commitments</b>	<b>As at 28-February-18 RM'000</b>
Contracted but not provided for: - Property, plant and equipment	258
Authorised but not contracted for: - Property, plant and equipment	600

**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 incorporation of a wholly owned subsidiary company namely Caring Evergreen Sdn. Bhd. by Caring Pharmacy Retail Management Sdn. Bhd. on 26 March 2018.

**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 28 February 2018****Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

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**B1. Review of Performance of the Group**

The Group registered revenue of RM130.48 million and profit before tax of RM10.15 million for the current financial quarter as compared to a revenue of RM115.66 million and profit before tax of RM9.69 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. As of 28 February 2018, we have a total of 114 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.

**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 RM2.98 million, from RM7.17 million (immediate preceding quarter) to RM10.15 million. This was contributed by higher gross profit margin attributable through materialization of annual purchase rebates from suppliers as mentioned in Note A4.

**B3. Prospect for the Group**

The operating environment is expected to remain highly competitive. Nevertheless, the Group will continue to enhance operating efficiency and focus in improving the marketing strategies in order to safeguard the Group's revenue and profitability. The Board of Directors remains optimistic that the Group 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.

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**Interim Financial Report for the Financial Period Ended 28 February 2018**
**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**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year To Date</b>
	<b>28-February-18</b>	<b>28-February-17</b>	<b>28-February-18</b>	<b>28-February-17</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	1,090	1,147	3,062	2,972
Equipment written off	-	-	5	13
Loss/(Gain) on disposal of equipment	-	-	2	(16)
Interest expense	21	28	71	100
Interest income	(615)	(369)	(1,775)	(1,026)
Rental income	(37)	(37)	(111)	(111)

*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**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year To Date</b>
	<b>28-February-18</b>	<b>28-February-17</b>	<b>28-February-18</b>	<b>28-February-17</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Income Tax</u></b>				
Current Tax	2,740	2,715	6,279	4,580
Tax expense	2,740	2,715	6,279	4,580

*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 28 February 2018**
**Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**


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**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 28 February 2017 are as follows:

	As at 28-February-18 RM'000	As at 28-February-17 RM'000
Long term borrowings		
Secured:		
Hire purchase	6	74
Term loan	7,013	8,089
	<u>7,019</u>	<u>8,163</u>
Short term borrowings		
Secured:		
Hire purchase	68	65
Term loan	1,457	1,457
	<u>1,525</u>	<u>1,522</u>
Total borrowings	<u>8,544</u>	<u>9,685</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 28 February 2018**
**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 28-February-18 RM'000	As at 28-February-17 RM'000
Total retained earnings		
- realised	98,580	84,209
- unrealised	190	143
	98,770	84,352
Add: consolidated adjustments	(4,053)	(283)
Total retained earnings	94,717	84,069

**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 28-February-18 RM'000	Preceding Year Quarter 28-February-17 RM'000	CUMULATIVE QUARTER Current Year To Date 28-February-18 RM'000	Preceding Year To Date 28-February-17 RM'000
Profit for the period	5,164	5,284	12,692	8,769
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	2.37	2.43	5.83	4.03

**(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  
25 April 2018