

**CARING PHARMACY  
GROUP BERHAD**

(Incorporated in Malaysia)  
Company No : 1011859-D

**FINANCIAL REPORT**  
*for the financial year ended 31 May 2015*

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# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## DIRECTORS' REPORT

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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2015.

### PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	THE GROUP RM	THE COMPANY RM
Profit after taxation for the financial year	<u>13,016,715</u>	<u>5,560,294</u>
Attributable to:-		
Owners of the Company	12,869,024	5,560,294
Non-controlling interests	147,691	-
	<u>13,016,715</u>	<u>5,560,294</u>

### DIVIDENDS

Since end of the previous financial year, the Company paid a final single tier tax-exempt dividend of 1.5 sen per ordinary share amounting to RM3,265,596 in respect of the financial year ended 31 May 2014.

The directors now recommend the payment of a final single tier tax-exempt dividend of 2.0 sen per ordinary share amounting to RM4,354,128 in respect of the financial year under review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

# **CARING PHARMACY GROUP BERHAD**

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## **DIRECTORS' REPORT**

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### **ISSUES OF SHARES AND DEBENTURES**

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### **OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

# **CARING PHARMACY GROUP BERHAD**

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## **DIRECTORS' REPORT**

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### **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

### **HOLDING COMPANY**

The holding company is Motivasi Optima Sdn. Bhd., a company incorporated in Malaysia which the directors also regard as the ultimate holding company.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)

Company No : 1011859-D

## DIRECTORS' REPORT

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### DIRECTORS

The directors who served since the date of the last report are as follows:-

ANG KHOON LIM  
CHONG YEOW SIANG  
DATIN SUNITA MEI-LIN RAJAKUMAR  
SOO CHAN CHIEW  
TAN LEAN BOON  
TAN SRI DATO' HAJI MOHD ARIFFIN BIN MOHD YUSUF

Pursuant to Article 95 of the Articles of Association of the Company, Chong Yeow Siang and Ang Khoon Lim retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM1 Each			At 31.5.2015
	At 1.6.2014	BOUGHT	SOLD	
THE COMPANY				
<i>Direct Interests</i>				
ANG KHOON LIM	262,600	-	(135,299)	127,301
CHONG YEOW SIANG	262,700	-	(135,299)	127,401
DATIN SUNITA MEI-LIN RAJAKUMAR	200,000	-	-	200,000
SOO CHAN CHIEW	262,600	-	(135,299)	127,301
TAN LEAN BOON	262,600	-	(135,299)	127,301
TAN SRI DATO' HAJI MOHD ARIFFIN BIN MOHD YUSUF	300,000	-	-	300,000
MOTIVASI OPTIMA SDN. BHD. (HOLDING COMPANY)				
<i>Direct Interests</i>				
ANG KHOON LIM	18,647	-	-	18,647
CHONG YEOW SIANG	14,239	-	-	14,239
SOO CHAN CHIEW	18,647	-	-	18,647
TAN LEAN BOON	18,647	-	-	18,647

By virtue of their shareholdings in the holding company, Ang Khoon Lim, Soo Chan Chiew and Tan Lean Boon are deemed to have interests in the shares in the Company and its related corporations to the extent of the holding company's interests, in accordance with Section 6A of the Companies Act 1965.

# **CARING PHARMACY GROUP BERHAD**

(Incorporated In Malaysia)  
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## **DIRECTORS' REPORT**

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### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 36 to the financial statements.

### **SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 37 to the financial statements.

### **AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

### **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED**

**Soo Chan Chiew**

**Chong Yeow Siang**

# **CARING PHARMACY GROUP BERHAD**

(Incorporated In Malaysia)

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## **STATEMENT BY DIRECTORS**

We, Soo Chan Chiew and Chong Yeow Siang, being two of the directors of Caring Pharmacy Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 10 to 70 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 May 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 38 on page 71, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

## **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS**

**DATED**

**Soo Chan Chiew**

**Chong Yeow Siang**

## **STATUTORY DECLARATION**

I, Foo Lee Fah, being the officer primarily responsible for the financial management of Caring Pharmacy Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 70 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly  
declared by Foo Lee Fah, at  
Melaka in the state of Melaka  
on this

**Foo Lee Fah**

Before me

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARING PHARMACY GROUP BERHAD**

(Incorporated In Malaysia)  
Company No : 1011859-D

## **Report on the Financial Statements**

We have audited the financial statements of Caring Pharmacy Group Berhad, which comprise the statements of financial position as at 31 May 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 70.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARING PHARMACY GROUP BERHAD (CONT'D)**

(Incorporated In Malaysia)  
Company No : 1011859-D

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 May 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **Other Reporting Responsibilities**

The supplementary information set out in Note 38 on page 71 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CARING PHARMACY GROUP BERHAD (CONT'D)**

(Incorporated In Malaysia)  
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**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Wong Tak Mun**  
Approval No : 1793/09/16 (J)  
Chartered Accountant

Melaka

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## STATEMENTS OF FINANCIAL POSITION AT 31 MAY 2015

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	36,686,028	32,853,330	-	-
Intangible assets	7	2,946,430	2,946,430	-	-
Investment in subsidiaries	8	-	-	205,394,979	182,706,397
Deferred tax assets	9	10,200	1,342,400	-	-
		<u>39,642,658</u>	<u>37,142,160</u>	<u>205,394,979</u>	<u>182,706,397</u>
<b>CURRENT ASSETS</b>					
Inventories	10	83,485,860	79,855,424	-	-
Trade receivables	11	1,120,075	336,422	-	-
Other receivables, deposits and prepayments	12	8,016,558	5,768,465	5,000	5,000
Amounts owing by a related company	13	-	-	4,832,280	7,635,582
Tax recoverable		1,561,670	426,216	-	-
Deposits with financial institutions	14	51,145,876	58,624,884	20,448,152	37,631,744
Cash and bank balances		35,354,686	19,271,237	248,489	533,238
		<u>180,684,725</u>	<u>164,282,648</u>	<u>25,533,921</u>	<u>45,805,564</u>
<b>TOTAL ASSETS</b>		<u>220,327,383</u>	<u>201,424,808</u>	<u>230,928,900</u>	<u>228,511,961</u>

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
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## STATEMENTS OF FINANCIAL POSITION AT 31 MAY 2015 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	15	217,706,400	217,706,400	217,706,400	217,706,400
Share premium	16	7,401,916	7,401,916	7,401,916	7,401,916
Retained profits	17	76,917,850	71,003,801	5,678,343	3,383,645
Merger deficit	18	(181,984,395)	(181,984,395)	-	-
<b>TOTAL EQUITY</b>					
ATTRIBUTABLE TO OWNERS OF THE COMPANY		120,041,771	114,127,722	230,786,659	228,491,961
NON-CONTROLLING INTERESTS	8(a)	804,389	3,170,282	-	-
<b>TOTAL EQUITY</b>					
		120,846,160	117,298,004	230,786,659	228,491,961
<b>NON-CURRENT LIABILITIES</b>					
Term loans	19	9,859,901	9,778,588	-	-
Deferred tax liabilities	9	375,594	277,866	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>					
		10,235,495	10,056,454	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	20	76,888,144	62,905,995	-	-
Other payables and accruals	21	6,884,701	6,814,288	25,941	20,000
Amount owing to non-controlling shareholders	22	3,511,898	3,531,900	-	-
Amounts owing to related parties	23	48,278	56,215	-	-
Provision for taxation		455,767	640,540	116,300	-
Term loans	19	1,456,940	121,412	-	-
<b>TOTAL CURRENT LIABILITIES</b>					
		89,245,728	74,070,350	142,241	20,000
<b>TOTAL LIABILITIES</b>					
		99,481,223	84,126,804	142,241	20,000
<b>TOTAL EQUITY AND LIABILITIES</b>					
		220,327,383	201,424,808	230,928,900	228,511,961

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

		THE GROUP		THE COMPANY	
	NOTE	2015 RM	2014 RM	2015 RM	2014 RM
REVENUE	24	367,011,028	338,337,107	4,621,836	8,088,213
COST OF SALES		(293,366,956)	(255,063,526)	-	-
GROSS PROFIT		<u>73,644,072</u>	<u>83,273,581</u>	<u>4,621,836</u>	<u>8,088,213</u>
OTHER OPERATING INCOME		36,416,519	22,828,479	1,338,289	588,584
		<u>110,060,591</u>	<u>106,102,060</u>	<u>5,960,125</u>	<u>8,676,797</u>
SELLING AND DISTRIBUTION EXPENSES		(50,720,692)	(48,089,181)	-	-
ADMINISTRATIVE EXPENSES		(36,894,392)	(29,310,640)	(274,507)	(2,020,438)
OTHER OPERATING EXPENSES		(3,711,915)	(5,610,339)	-	-
FINANCE COSTS		(234,498)	(281,690)	-	-
PROFIT BEFORE TAXATION	25	<u>18,499,094</u>	<u>22,810,210</u>	<u>5,685,618</u>	<u>6,656,359</u>
TAXATION	26	(5,482,379)	(6,533,932)	(125,324)	-
PROFIT AFTER TAXATION		<u>13,016,715</u>	<u>16,276,278</u>	<u>5,560,294</u>	<u>6,656,359</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>13,016,715</u>	<u>16,276,278</u>	<u>5,560,294</u>	<u>6,656,359</u>

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
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## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2015 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		12,869,024	15,078,271	5,560,294	6,656,359
Non-controlling interests		147,691	1,198,007	-	-
		<u>13,016,715</u>	<u>16,276,278</u>	<u>5,560,294</u>	<u>6,656,359</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		12,869,024	15,078,271	5,560,294	6,656,359
Non-controlling interests		147,691	1,198,007	-	-
		<u>13,016,715</u>	<u>16,276,278</u>	<u>5,560,294</u>	<u>6,656,359</u>
EARNINGS PER SHARE (SEN)					
Basic	27	5.91	7.47		
Diluted		Not applicable	Not applicable		

# CARING PHARMACY GROUP BERHAD

(Incorporated in Malaysia)  
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## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

THE GROUP	Note	<----- NON-DISTRIBUTABLE ----->				<DISTRIBUTABLE>		NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
		SHARE CAPITAL RM	SHARE PREMIUM RM	MERGER DEFICIT RM	RETAINED PROFITS RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM			
Balance at 31.5.2013		182,706,400	-	(181,984,395)	59,184,030	59,906,035	3,669,471	63,575,506	
Total comprehensive income for the financial year		-	-	-	15,078,271	15,078,271	1,198,007	16,276,278	
Contributions by and distributions to owners of the Company:-									
- Issuance of shares pursuant to public issue	15 & 16	35,000,000	8,750,000	-	-	43,750,000	-	43,750,000	
- Dividends:									
- by the Company	28	-	-	-	(3,265,596)	(3,265,596)	-	(3,265,596)	
- by subsidiaries to non-controlling interests		-	-	-	-	-	(1,743,600)	(1,743,600)	
Total transactions with owners		35,000,000	8,750,000	-	(3,265,596)	40,484,404	(1,743,600)	38,740,804	
Dilution in equity interest in subsidiary		-	-	-	7,096	7,096	(7,096)	-	
Effect of issue of share capital by subsidiaries		-	-	-	-	-	53,500	53,500	
Listing expenses		-	(1,348,084)	-	-	(1,348,084)	-	(1,348,084)	
Balance at 31.5.2014		217,706,400	7,401,916	(181,984,395)	71,003,801	114,127,722	3,170,282	117,298,004	

The annexed notes form an integral part of these financial statements.

# CARING PHARMACY GROUP BERHAD

(Incorporated in Malaysia)  
Company No : 1011859-D

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2015 (CONT'D)

THE GROUP	Note	NON-DISTRIBUTABLE			<DISTRIBUTABLE>		ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON- CONTROLLING INTERESTS RM	TOTAL EQUITY RM
		SHARE CAPITAL RM	SHARE PREMIUM RM	MERGER DEFICIT RM	RETAINED PROFITS RM				
Balance at 31.5.2014/1.6.2014		217,706,400	7,401,916	(181,984,395)	71,003,801	114,127,722	3,170,282	117,298,004	
Total comprehensive income for the financial year		-	-	-	12,869,024	12,869,024	147,691	13,016,715	
Distributions to owners of the Company:-									
- Dividends:									
- by the Company	28	-	-	-	(3,265,596)	(3,265,596)	-	(3,265,596)	
- by subsidiaries to non-controlling interests		-	-	-	-	-	(1,318,850)	(1,318,850)	
Total transactions with owners		-	-	-	(3,265,596)	(3,265,596)	(1,318,850)	(4,584,446)	
Accretion in equity interest in subsidiaries		-	-	-	(3,689,379)	(3,689,379)	(1,214,734)	(4,904,113)	
Effect of issue of share capital by subsidiaries		-	-	-	-	-	20,000	20,000	
Balance at 31.5.2015		217,706,400	7,401,916	(181,984,395)	76,917,850	120,041,771	804,389	120,846,160	

The annexed notes form an integral part of these financial statements.



# CARING PHARMACY GROUP BERHAD

(Incorporated in Malaysia)

Company No : 1011859-D

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2015 (CONT'D)

THE COMPANY	NOTE	<----- NON-DISTRIBUTABLE----->		<DISTRIBUTION>	TOTAL EQUITY RM
		SHARE CAPITAL RM	SHARE PREMIUM RM	RETAINED PROFITS/ (ACCUMULATED LOSSES) RM	
Balance at 1.6.2013		3	-	(7,118)	(7,115)
Contributions by and Distributions to owners of the Company:-					
- Acquisition of subsidiaries	15	182,706,397	-	-	182,706,397
- Issuance of shares pursuant to public issue	15 & 16	35,000,000	8,750,000	-	43,750,000
Total transactions with owners		217,706,397	8,750,000	-	226,456,397
Listing expenses		-	(1,348,084)	-	(1,348,084)
Total comprehensive income for the financial year		-	-	6,656,359	6,656,359
Dividends paid	28	-	-	(3,265,596)	(3,265,596)
Balance at 31.5.2014/1.6.2014		217,706,400	7,401,916	3,383,645	228,491,961
Total comprehensive income for the financial year		-	-	5,560,294	5,560,294
Dividends paid	28	-	-	(3,265,596)	(3,265,596)
Balance at 31.5.2015		217,706,400	7,401,916	5,678,343	230,786,659

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)

Company No : 1011859-D

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

	NOTE	THE GROUP		THE COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation		18,499,094	22,810,210	5,685,618	6,656,359
Adjustments for:-					
Impairment loss on property, plant and equipment		227,615	315,812	-	-
Depreciation of property, plant and equipment		3,413,577	3,558,645	-	-
Equipment written off		69,515	-	-	-
Interest expenses		231,404	411,133	-	-
Listing expenses		-	1,735,885	-	1,735,885
Gain on disposal of property, plant and equipment		(161,856)	(184,332)	-	-
Interest income		(1,644,804)	(1,284,483)	(1,337,782)	(588,584)
Rental income		(144,500)	(176,900)	-	-
Operating profit before working capital changes		20,490,045	27,185,970	4,347,836	7,803,660
Increase in inventories		(3,630,436)	(22,348,207)	-	-
Increase in trade and other receivables		(3,031,746)	(659,257)	-	(5,000)
Increase in trade and other payables		14,044,625	9,792,851	5,941	18,000
<b>CASH FROM OPERATIONS</b>		<b>27,872,488</b>	<b>13,971,357</b>	<b>4,353,777</b>	<b>7,816,660</b>
Tax paid		(5,736,163)	(8,498,471)	(9,024)	-
Tax refunded		363,485	561,887	-	-
Interest paid		(231,404)	(411,133)	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>22,268,406</b>	<b>5,623,640</b>	<b>4,344,753</b>	<b>7,816,660</b>

# CARING PHARMACY GROUP BERHAD

(Incorporated in Malaysia)  
Company No : 1011859-D

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>					
Accretion in equity interest in subsidiaries		(4,904,113)	-	-	-
Interest received		1,644,804	1,284,483	1,337,782	588,584
Net advances to subsidiary		-	-	(19,885,280)	(8,606,567)
Proceeds from disposal of property, plant and equipment		177,100	188,500	-	-
Purchase of property, plant and equipment	29	(7,558,649)	(7,835,178)	-	-
Rental received		144,500	176,900	-	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>		<b>(10,496,358)</b>	<b>(6,185,295)</b>	<b>(18,547,498)</b>	<b>(8,017,983)</b>
<b>CASH FLOW (FOR)/FROM FINANCING ACTIVITIES</b>					
Dividends paid to:-					
- shareholders of the Company	28	(3,265,596)	(3,265,596)	(3,265,596)	(3,265,596)
- non-controlling shareholders of subsidiaries		(1,318,850)	(1,743,600)	-	-
Payment of initial public offering expenses		-	(2,128,525)	-	(2,128,525)
Proceeds from issuance of shares pursuant to public issue		-	43,750,000	-	43,750,000
Drawdown of term loans		1,980,000	2,970,000	-	-
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders		20,000	53,500	-	-
Repayment of term loans		(563,159)	(3,114,729)	-	-
Net (repayment to)/advances from non-controlling shareholders		(20,002)	411,765	-	-
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>		<b>(3,167,607)</b>	<b>36,932,815</b>	<b>(3,265,596)</b>	<b>38,355,879</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>8,604,441</b>	<b>36,371,160</b>	<b>(17,468,341)</b>	<b>38,154,556</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>77,896,121</b>	<b>41,524,961</b>	<b>38,164,982</b>	<b>10,426</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	30	<b>86,500,562</b>	<b>77,896,121</b>	<b>20,696,641</b>	<b>38,164,982</b>

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : 3-2, 3<sup>rd</sup> Mile Square  
No.151, Jalan Kelang Lama  
Batu 3 1/2  
58100 Kuala Lumpur

Principal place of business : No. 1, Jalan 51/203A  
Kawasan Perindustrian Tiong Nam  
Seksyen 51, 46050 Petaling Jaya  
Selangor Darul Ehsan

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated

### 2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. HOLDING COMPANY

The holding company is Motivasi Optima Sdn. Bhd., a company incorporated in Malaysia which the directors also regard as the ultimate holding company.

### 4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 4. BASIS OF PREPARATION (CONT'D)

- 4.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

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

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

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# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 4. BASIS OF PREPARATION (CONT'D)

- 4.2 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 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 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
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
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.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

##### (c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### (d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### (e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets on a case by case basis as the risk of impairment on these assets is not considered significant in view of the Group's business. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

##### (f) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

##### (g) Impairment of Goodwill and Trademark

Goodwill and trademark are tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill and trademark are allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to revenue growth rates estimated, estimated profit margins and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying values of goodwill and trademark.



# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (a) Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

An acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses come under the control of the controlling party or parties.

Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from a bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of the Group.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.2 BASIS OF CONSOLIDATION (CONT'D)

##### (a) Business Combinations (Cont'd)

However, in the future, acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of fair value of the acquiree's identifiable net assets at the date of the acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### (b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

##### (c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.2 BASIS OF CONSOLIDATION (CONT'D)

##### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### 5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.4 FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

#### 5.5 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

##### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

###### (i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

As at the end of the reporting period, there were no financial assets classified under this category.

###### (ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

As at the end of the reporting period, there were no financial assets classified under this category.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

##### (iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

##### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

As at the end of the reporting period, there were no financial assets classified under this category.

# CARING PHARMACY GROUP BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### (c) Equity Instruments

Ordinary shares classified as equity are measured at cost and are not remeasured subsequently.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# CARING PHARMACY GROUP BERHAD

(Incorporated In Malaysia)  
Company No : 1011859-D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### 5.7 TRADEMARK

Expenditure incurred on the acquisition of trademarks is capitalised as non-current assets. The useful life of trademark is estimated to be indefinite because based on the current market share of the trademark, management believes there is no foreseeable limit to the period over which the trademark is expected to generate net cash flows to the Group. Trademark is stated at cost less any impairment losses. The carrying amount of trademark is reviewed annually and adjusted for impairment where it is considered necessary.

#### 5.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the cost of the property, plant and equipment over their estimated useful lives. The principal annual rates used for this purpose are as follows:-

Leasehold lands	Over the lease period of 70 to 99 years
Buildings	2%
Computer equipment	33.33%
Motor vehicles	20%
Office equipment	20%
Furniture and fittings	20%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.



# CARING PHARMACY GROUP BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation on assets under construction commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

#### 5.9 IMPAIRMENT

##### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.9 IMPAIRMENT (CONT'D)

##### (a) Impairment of Financial Assets (Cont'd)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

##### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

#### 5.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.11 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

#### 5.13 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### 5.14 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
  
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.14 RELATED PARTIES (CONT'D)

- (b) An entity is related to a reporting entity if any of the following conditions applies (Cont'd):-
- (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### 5.15 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 5.16 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.16 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### 5.17 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### 5.18 REVENUE AND OTHER INCOME

##### (a) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

##### (b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.18 REVENUE AND OTHER INCOME (CONT'D)

(c) **Rental income**

Rental income is recognised on an accrual basis.

(d) **Advertising and promotion income**

Advertising and promotion income is recognised on an accrual basis.

(e) **Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

#### 5.19 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 6. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.6.2014 RM	ADDITIONS RM	DISPOSAL RM	IMPAIRMENT LOSSES RM	WRITTEN OFF RM	RECLASSIFICATION RM	DEPRECIATION CHARGE RM	AT 31.5.2015 RM
NET BOOK VALUE								
Leasehold lands	4,266,350	-	-	-	-	12,043,095	(76,182)	16,233,263
Buildings	2,475,094	-	-	-	-	7,848,012	(66,817)	10,256,289
Computer equipment	1,709,422	850,970	-	(10,089)	-	-	(993,081)	1,557,222
Motor vehicles	610,911	308,552	(15,244)	-	-	-	(193,977)	710,242
Office equipment	1,263,359	1,565,277	-	(70,679)	(22,510)	-	(543,910)	2,191,537
Furniture and fittings	2,009,694	1,396,618	-	(77,666)	(24,912)	-	(884,420)	2,419,314
Renovation	1,637,393	2,427,232	-	(69,181)	(22,093)	-	(655,190)	3,318,161
Asset in progress	18,881,107	1,010,000	-	-	-	(19,891,107)	-	-
<b>Total</b>	<b>32,853,330</b>	<b>7,558,649</b>	<b>(15,244)</b>	<b>(227,615)</b>	<b>(69,515)</b>	<b>-</b>	<b>(3,413,577)</b>	<b>36,686,028</b>



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	AT 1.6.2013 RM	ADDITIONS RM	DISPOSAL RM	IMPAIRMENT LOSSES RM	DEPRECIATION CHARGE RM	AT 31.5.2014 RM
NET BOOK VALUE						
Leasehold lands	4,332,396	-	-	-	(66,046)	4,266,350
Buildings	2,528,831	-	-	-	(53,737)	2,475,094
Computer equipment	530,264	2,058,957	-	(8,652)	(871,147)	1,709,422
Motor vehicles	323,881	565,044	-	-	(278,014)	610,911
Office equipment	1,246,943	700,999	(4,168)	(84,713)	(595,702)	1,263,359
Furniture and fittings	1,998,337	1,106,317	-	(130,430)	(964,530)	2,009,694
Renovation	1,309,730	1,149,149	-	(92,017)	(729,469)	1,637,393
Asset in progress	14,921,107	3,960,000	-	-	-	18,881,107
Total	27,191,489	9,540,466	(4,168)	(315,812)	(3,558,645)	32,853,330

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP AT 31.5.2015	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
Leasehold lands	16,549,625	(316,362)	16,233,263
Buildings	10,534,924	(278,635)	10,256,289
Computer equipment	5,403,094	(3,845,872)	1,557,222
Motor vehicles	1,445,951	(735,709)	710,242
Office equipment	5,865,785	(3,674,248)	2,191,537
Furniture and fittings	8,676,796	(6,257,482)	2,419,314
Renovation	7,938,945	(4,620,784)	3,318,161
Total	56,415,120	(19,729,092)	36,686,028

THE GROUP AT 31.5.2014	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
Leasehold lands	4,506,530	(240,180)	4,266,350
Buildings	2,686,912	(211,818)	2,475,094
Computer equipment	4,839,665	(3,130,243)	1,709,422
Motor vehicles	1,646,233	(1,035,322)	610,911
Office equipment	4,311,355	(3,047,996)	1,263,359
Furniture and fittings	7,066,467	(5,056,773)	2,009,694
Renovation	5,434,875	(3,797,482)	1,637,393
Asset in progress	18,881,107	-	18,881,107
Total	49,373,144	(16,519,814)	32,853,330

The net book value of properties pledged as security for bank borrowings are as follows:-

Net Book Value	THE GROUP	
	2015 RM	2014 RM
Leasehold lands	12,032,956	2,900,504
Buildings	7,834,935	1,365,354
Asset in progress	-	18,881,107
	<u>19,867,891</u>	<u>23,146,965</u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 7. INTANGIBLE ASSETS

THE GROUP	GOODWILL RM	TRADEMARK RM	TOTAL RM
<b>Cost:-</b>			
Balance at 1 June 2014/2013	1,071,560	1,874,870	2,946,430
Addition during the financial year	-	-	-
Net carrying amount at 31 May 2015/2014	<u>1,071,560</u>	<u>1,874,870</u>	<u>2,946,430</u>

#### Key assumption used in value-in-use calculations

The Group has assessed the recoverable amount of trademark and goodwill allocated and determined that no impairment is required.

The recoverable amount of cash-generating unit is determined based on value-in-use calculation using discounted cash flow projection based on financial budgets approved by management covering a ten-year period. The key assumptions used for value-in-use calculation are based on past experience and the discount rate applied to the cash flow projection is 11.46% per annum which was the weighted average cost of capital of the Group as at 31 May 2015.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 8. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2015 RM	2014 RM
Unquoted shares - at cost	182,706,397	182,706,397
Quasi loans	22,688,582	-
	<u>205,394,979</u>	<u>182,706,397</u>

Quasi loans represent advances to a subsidiary of which the settlement is neither planned nor likely to occur in the foreseen future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

The details of the subsidiaries are as follows:-

Name of company	Place of incorporation	Ordinary Paid-up Capital RM	Effective Equity Interest		Principal activities
			2015 %	2014 %	
Caring Pharmacy Retail Management Sdn. Bhd.	Malaysia	2,310,918	100	100	Investment holding, provision of management services and central warehousing and distribution of pharmaceutical, healthcare and personal care products
Held by Caring Pharmacy Retail Management Sdn. Bhd.:					
Caring Health Solutions Sdn. Bhd.	Malaysia	100,000	76	51	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (Kinrara) Sdn. Bhd.	Malaysia	100,000	75	50	As above
Viva Caring Sdn. Bhd.	Malaysia	100,000	100	100	As above
Caring Belle Sdn. Bhd.	Malaysia	100,000	90	80	As above

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of company	Place of incorporation	Ordinary Paid-up Capital RM	Effective Equity Interest		Principal activities
			2015 %	2014 %	
Be Caring Sdn. Bhd.	Malaysia	100,000	51	51	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Sterling Pharmacy Sdn. Bhd.	Malaysia	100,000	50	50	As above
Stay Caring Sdn. Bhd.	Malaysia	100,000	76	51	As above
United Caring Venture Sdn. Bhd.	Malaysia	100,000	100	100	As above
MN Pharmacy Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Pharmacy (KLP) Sdn. Bhd.	Malaysia	100,000	80	60	As above
Caring 'N' You Pharmacy Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Pharmacy Sdn. Bhd.	Malaysia	1,000,000	100	100	As above
Tonic Pharma Sdn. Bhd.	Malaysia	100,000	60	60	As above
Ace Caring Pharmacy Sdn. Bhd.	Malaysia	100,000	76	51	As above
Caring Pharmacy (Ampang) Sdn. Bhd.	Malaysia	100,000	60	60	As above
Vertex Pharmacy Sdn. Bhd.	Malaysia	100,000	51	51	As above
Preciouslife Pharmacy Sdn. Bhd.	Malaysia	100,000	70	70	As above
Caring Pharmacy (Puchong) Sdn. Bhd.	Malaysia	100,000	80	80	As above

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of company	Place of incorporation	Ordinary Paid-up Capital RM	Effective Equity Interest		Principal activities
			2015 %	2014 %	
My Caring Pharmacy Sdn. Bhd.	Malaysia	100,000	60	60	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Victorie Caring Sdn. Bhd.	Malaysia	200,000	70	60	As above
Caring Pharmacy (MSF) Sdn. Bhd.	Malaysia	100,000	100	100	As above
Caring Pharmacy (SW) Sdn. Bhd.	Malaysia	300,000	100	100	As above
Caring Pharmacy (ABM) Sdn. Bhd.	Malaysia	100,000	75	75	As above
Caring Pharmacy (AMC) Sdn. Bhd.	Malaysia	100,000	60	60	As above
United RX Care Sdn. Bhd.	Malaysia	100,000	60	60	As above
One Caring Pharmacy Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Pharmacy Always Sdn. Bhd.	Malaysia	100,000	70	70	As above
Green Surge Sdn. Bhd.	Malaysia	310,000	100	70	As above
Caring Pharmacy (Lifeplus) Sdn. Bhd.	Malaysia	310,000	100	70	As above
Caring Pharmacy (IDR) Sdn. Bhd.	Malaysia	100,000	51	51	As above
Living Glory Sdn. Bhd.	Malaysia	100,000	70	70	As above
Caring Pharmacy Paradise Sdn. Bhd.	Malaysia	100,000	60	60	As above

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### 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of company	Place of incorporation	Ordinary Paid-up Capital RM	Effective Equity Interest		Principal activities
			2015 %	2014 %	
Caring Pharmacy (SK) Sdn. Bhd.	Malaysia	100,000	90	90	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (Shah Alam) Sdn. Bhd.	Malaysia	100,000	75	60	As above
Caring Pharmacy (JB Molek) Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Trio Sdn. Bhd.	Malaysia	100,000	60	60	As above
Mega Caring Sdn. Bhd.	Malaysia	100,000	60	60	As above
Cosy Vision Sdn. Bhd.	Malaysia	100,000	60	60	As above
Fuji Acre Sdn. Bhd.	Malaysia	100,000	70	70	As above
Caring Pharmacy Rising Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Clover Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Trinity Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Pharmacy Estore Sdn. Bhd.	Malaysia	2	100	100	Internet and warehouse sales of healthcare and personal care products
Miracle Cure Caring Sdn. Bhd.	Malaysia	2	100	100	Dormant
Caring Pharmacy Help Sdn. Bhd.	Malaysia	2	100	100	Dormant
Caring Pharmacy (Empire) Sdn. Bhd.	Malaysia	2	50	-	Dormant

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The non-controlling interests at the end of the reporting period comprise the following:-

	THE GROUP	
	2015 RM	2014 RM
Non-controlling interest with the following effective equity interest :-		
- 40.10% - 50.00%	838,760	2,991,068
- 30.10% - 40.00%	(40,064)	651,117
- 20.10% - 30.00%	(73,485)	(520,424)
- 10.00% - 20.00%	79,178	48,521
	<u>804,389</u>	<u>3,170,282</u>

None of the subsidiaries of the Group has a material non-controlling interests.

### 9. DEFERRED TAX (ASSETS)/LIABILITIES

	THE GROUP	
	2015 RM	2014 RM
<b><i>Deferred tax assets</i></b>		
At 1.6.2014/2013	(1,342,400)	(448,300)
Recognised in profit or loss (Note 26)	1,332,200	(894,100)
At 31.5.2015/2014	<u>(10,200)</u>	<u>(1,342,400)</u>
<b><i>Deferred tax liabilities</i></b>		
At 1.6.2014/2013	277,866	150,500
Recognised in profit or loss (Note 26)	97,728	127,366
At 31.5.2015/2014	<u>375,594</u>	<u>277,866</u>
Net deferred tax liabilities/(assets)	<u>365,394</u>	<u>(1,064,534)</u>



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 9. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

Deferred tax assets and liabilities are attributable to the following items:-

	THE GROUP	
	2015 RM	2014 RM
<b>Deferred tax liabilities</b>		
An excess of carrying amount over tax base	<u>365,394</u>	<u>424,866</u>
<b>Deferred tax assets</b>		
Unabsorbed tax losses	-	(1,174,000)
Unutilised capital allowances	<u>-</u>	<u>(315,400)</u>
	<u>-</u>	<u>(1,489,400)</u>
Net deferred tax assets	<u>365,394</u>	<u>(1,064,534)</u>

No deferred tax assets are recognised in respect of the following items:-

	THE GROUP	
	2015 RM	2014 RM
Unabsorbed tax losses	6,063,600	4,012,400
Unutilised capital allowances	2,038,100	1,658,400
Other temporary differences	149,100	-
	<u>8,250,800</u>	<u>5,670,800</u>

### 10. INVENTORIES

	THE GROUP	
	2015 RM	2014 RM
At cost		
Trading goods	<u>83,485,860</u>	<u>79,855,424</u>

None of the inventories are stated at net realisable value.

### 11. TRADE RECEIVABLES

The Group's sales are normally conducted on cash basis. The trade receivables represent amount owing from transactions conducted with business associates and credit terms are assessed and approved on case-by-case basis.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	2,090,710	475,131	-	-
Deposits	5,883,347	5,284,850	5,000	5,000
Prepayments	42,501	8,484	-	-
	<u>8,016,558</u>	<u>5,768,465</u>	<u>5,000</u>	<u>5,000</u>

### 13. AMOUNTS OWING BY A RELATED COMPANY

	THE COMPANY	
	2015 RM	2014 RM
Subsidiary		
Non-trade balances	210,444	3,013,746
Dividend receivable	4,621,836	4,621,836
	<u>4,832,280</u>	<u>7,635,582</u>

The non-trade balances represent unsecured, interest-free advances and payments made on behalf. The amounts owing are repayable on demand and to be settled in cash.

### 14. DEPOSITS WITH FINANCIAL INSTITUTIONS

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed deposits with financial institution	348,315	360,000	-	-
Placements with financial institution	50,797,561	58,264,884	20,448,152	37,631,744
	<u>51,145,876</u>	<u>58,624,884</u>	<u>20,448,152</u>	<u>37,631,744</u>

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### 14. DEPOSITS WITH FINANCIAL INSTITUTIONS (CONT'D)

The placements with financial institution represent monies deposited into fixed income funds which are not restricted to fixed maturity. The funds invest mainly into fixed deposits with licensed banks, short-term repurchase agreements (REPOs) and short term Malaysian Government Securities and thus have minimum exposure to changes in market value. These deposits can be cashed out on call basis and have cheque facilities.

The weighted average effective interest rates per annum of deposits at the end of the reporting period are as follows:-

	THE GROUP		THE COMPANY	
	2015 %	2014 %	2015 %	2014 %
Fixed deposits with financial institution	3.00 – 3.15	3.00 – 3.15	-	-
Placements with financial institution	<u>2.69 – 3.31</u>	<u>2.04 – 2.84</u>	<u>2.69 – 3.31</u>	<u>2.04 – 2.84</u>

The average maturities of fixed deposits as at the end of the reporting period are as follows:-

	THE GROUP	
	2015 Days	2014 Days
Fixed deposits with financial institution	<u>30 - 365</u>	<u>30 - 365</u>

### 15. SHARE CAPITAL

	THE COMPANY			
	2015 Number of shares	2014	2015 RM	2014 RM
<b>Authorised</b>				
<i>Ordinary shares of RM1.00 each</i>				
At 31 May 2015/2014	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 15. SHARE CAPITAL (CONT'D)

	2015	THE COMPANY	2015	2014
	Number of shares	2014	RM	RM
<b>Issued And Fully Paid-Up</b>				
<i>Ordinary shares of RM1.00 each</i>				
At 1 June 2014/2013	217,706,400	3	217,706,400	3
Issuance of shares pursuant to initial public offering:-				
- acquisition of subsidiaries	-	182,706,397	-	182,706,397
- public issue	-	35,000,000	-	35,000,000
At 31 May 2015/2014	<u>217,706,400</u>	<u>217,706,400</u>	<u>217,706,400</u>	<u>217,706,400</u>

### 16. SHARE PREMIUM

The movements in the share premium of the Group and the Company are as follows:-

	THE GROUP/THE COMPANY	2014
	2015	RM
	RM	RM
At 1 June 2014/2013	7,401,916	-
Premium from public issue	-	8,750,000
Listing expenses	-	(1,348,084)
At 31 May 2015/2014	<u>7,401,916</u>	<u>7,401,916</u>

Share premium comprises the premium paid on subscription of shares in the Company and above the par value of the shares net of listing expenses. The total listing expenses for the Initial Public Offering exercise amounted to RM3,083,969, of which RM1,348,084 were written off against share premium. The balance of the listing expenses of RM1,735,885 were recognised in the profit or loss as disclosed in Note 25 to the financial statements.

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 17. RETAINED PROFITS

At the end of the reporting period, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system.

### 18. MERGER DEFICIT

The merger deficit in the financial year arose from subsidiaries which were consolidated under the merger method of accounting.

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation using merger accounting principles.

### 19. TERM LOANS

	THE GROUP	
	2015 RM	2014 RM
Current portion:-		
-repayable within one year	1,456,940	121,412
Non-current portion:-		
-repayable between one and two years	1,456,940	1,456,940
-repayable between two and five years	4,370,820	2,913,880
-repayable more than five years	4,032,141	5,407,768
Total non-current portion	<u>9,859,901</u>	<u>9,778,588</u>
	<u>11,316,841</u>	<u>9,900,000</u>

Term loans are repayable over 120 (2014 – 120) monthly installments from the date of drawdown and secured by the following:-

- (i) legal charges over the Group's leasehold lands and buildings as disclosed in Note 6 to the financial statements; and
- (ii) joint and several guarantee from certain directors of the Company and its subsidiary.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 19. TERM LOANS (CONT'D)

The weighted average effective interest rates per annum at the end of the reporting period for borrowings were as follow:-

	THE GROUP	
	2015 %	2014 %
Term loans	4.45	4.20

### 20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 120 days (2014 – 30 days to 120 days). Other credit terms are granted to the Group on a case-by-case basis.

### 21. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	2,575,890	2,157,681	5,941	-
Accrued expenses	1,505,137	1,893,236	20,000	20,000
Payroll liabilities	2,803,674	2,763,371	-	-
	<u>6,884,701</u>	<u>6,814,288</u>	<u>25,941</u>	<u>20,000</u>

### 22. AMOUNT OWING TO NON-CONTROLLING SHAREHOLDERS

The amount owing is unsecured, interest bearing advances and repayable on demand. The amount is to be settled in cash. The advances bear an interest ranging from 3.48% to 3.82% (2014 – 3.20% to 3.31%) per annum.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 23. AMOUNTS OWING TO RELATED PARTIES

	THE GROUP	
	2015 RM	2014 RM
Companies in which certain directors and a substantial shareholder have significant financial interests		
Trade balances	<u>48,278</u>	<u>56,215</u>

The trade balances are subject to the normal trade credit terms of 60 days (2014 – 60 days). The amounts owing are to be settled in cash.

### 24. REVENUE

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Sales of goods	366,908,528	338,227,072	-	-
Loyalty fee	-	44,935	-	-
Rental income	102,500	65,100	-	-
Dividend income	-	-	4,621,836	8,088,213
	<u>367,011,028</u>	<u>338,337,107</u>	<u>4,621,836</u>	<u>8,088,213</u>

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# CARING PHARMACY GROUP BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 25. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before taxation is arrived at after charging:-				
Auditors' remuneration				
- statutory audit				
current financial year	283,000	261,300	20,000	20,000
under provision in the previous financial year	10,400	8,200	-	500
- other services	30,000	-	-	-
Depreciation of property, plant and equipment	3,413,577	3,558,645	-	-
Directors' fee paid	977,400	1,069,200	144,000	204,000
Directors' non-fee emoluments	9,298,251	8,952,817	4,800	-
Equipment written off	69,515	-	-	-
Impairment loss on property, plant and equipment	227,615	315,812	-	-
Incorporation expenses	2,100	1,500	-	-
Interest expenses	231,404	411,133	-	-
Listing expenses	-	1,735,885	-	1,735,885
Rental of premises	17,631,891	14,903,009	-	-
Staff costs	36,258,441	31,255,957	-	4,100
And crediting:-				
Gain on disposal of property, plant and equipment	(161,856)	(184,332)	-	-
Interest income	(1,644,804)	(1,284,483)	(1,337,782)	(588,584)
Rental income	(42,000)	(111,800)	-	-

Included in staff costs is EPF contribution of RM3,609,890 (2014 – RM3,255,231) of the Group.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 26. TAXATION

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax expenses:-				
Malaysian Income Tax for the current financial year	3,982,237	7,273,330	116,300	-
Under provision in the previous financial year	70,214	27,336	9,024	-
	<u>4,052,451</u>	<u>7,300,666</u>	<u>125,324</u>	<u>-</u>
Deferred tax expenses (Note 9):-				
Relating to origination and reversal of temporary differences	1,486,625	(750,834)	-	-
Effect of change in corporate income tax rate from 25% to 24%	(8,593)	-	-	-
Over provision in the previous financial year	(48,104)	(15,900)	-	-
	<u>1,429,928</u>	<u>(766,734)</u>	<u>-</u>	<u>-</u>
	<u>5,482,379</u>	<u>6,533,932</u>	<u>125,324</u>	<u>-</u>

During the current financial year, all subsidiaries of the Company are not entitled the preferential tax rate of 20% on their chargeable income of up to RM500,000 as the Company's issued and paid-up share capital has exceeded RM2,500,000.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 26. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before taxation	18,499,094	22,810,210	5,685,618	6,656,359
Tax at the applicable corporate tax rate	4,624,774	5,486,531	1,421,405	1,664,090
Tax effects of:-				
Non-deductible expenses	702,036	875,649	58,678	505,109
Non-taxable income	(438,328)	(317,679)	(1,363,783)	(2,169,199)
Under provision of Malaysian Income Tax in the previous financial year	70,214	27,336	9,024	-
Deferred tax assets not recognised during the financial year	580,380	477,995	-	-
Effect of change in corporate income tax rate from 25% to 24% on deferred tax	(8,593)	-	-	-
Over provision of deferred tax in the previous financial year	(48,104)	(15,900)	-	-
Tax charge for the financial year	5,482,379	6,533,932	125,324	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective from year of assessment 2016.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 26. TAXATION (CONT'D)

Subject to agreement with tax authorities, at the end of the reporting period, the unabsorbed tax losses and unutilised capital allowances of the Group are as follows:-

	THE GROUP	
	2015 RM	2014 RM
Unabsorbed tax losses	6,063,600	8,708,300
Unutilised capital allowances	2,038,100	2,956,100
	<u>8,101,700</u>	<u>11,664,400</u>

### 27. EARNING PER SHARE

	THE GROUP	
	2015	2014
Profit attributable to owners of the Company (RM)	<u>12,869,024</u>	<u>15,078,271</u>
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 June 2014/2013	217,706,400	182,706,400
Effect of public issue	-	19,273,973
Weighted average number of ordinary shares at 31 May 2015/2014	<u>217,706,400</u>	<u>201,980,373</u>
Basic earnings per share (sen)	<u>5.91</u>	<u>7.47</u>

The diluted earnings per share were not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 28. DIVIDENDS

	THE GROUP/THE COMPANY	
	2015 RM	2014 RM
<b>Paid:-</b>		
In respect of the previous financial year:- Final single tier tax-exempt dividend of 1.5 sen per ordinary share	3,265,596	-
In respect of the current financial year:- Interim single tier tax-exempt dividend of 1.5 sen per ordinary share	-	3,265,596
	<u>3,265,596</u>	<u>3,265,596</u>

At the forthcoming Annual General Meeting, a final single tier tax-exempt dividend of 2.0 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 May 2016.

### 29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2015 RM	2014 RM
Cost of property, plant and equipment purchased	7,558,649	9,540,466
Deposit paid in the previous financial year	-	(1,705,288)
Cash disbursed for purchase of property, plant and equipment	<u>7,558,649</u>	<u>7,835,178</u>

### 30. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Deposits with financial institutions	51,145,876	58,624,884	20,448,152	37,631,744
Cash and bank balances	35,354,686	19,271,237	248,489	533,238
	<u>86,500,562</u>	<u>77,896,121</u>	<u>20,696,641</u>	<u>38,164,982</u>

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### 31. DIRECTORS' REMUNERATION

- (a) The aggregate amounts of remuneration received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Directors of the Company</b>				
Executive directors:				
- fee	208,800	208,800	-	-
- non-fee emoluments	1,340,844	1,353,430	-	-
	1,549,644	1,562,230	-	-
Non-Executive directors:				
- fee	144,000	204,000	144,000	204,000
- non-fee emoluments	4,800	-	4,800	-
	148,800	204,000	148,800	204,000
<b>Directors of the subsidiaries</b>				
Executive directors:				
- fee	624,600	656,400	-	-
- non-fee emoluments	7,952,607	7,599,387	-	-
	8,577,207	8,255,787	-	-
	<u>10,275,651</u>	<u>10,022,017</u>	<u>148,800</u>	<u>204,000</u>

- (b) The number of the Company's directors with total remuneration from the Group falling in bands of RM50,000 are as follows:-

	2015 Number Of Directors	2014 Number Of Directors
Executive directors:-		
RM500,001 – RM550,000	<u>3</u>	<u>3</u>
Non-Executive directors:-		
Below RM50,000	1	-
RM50,001 – RM100,000	<u>2</u>	<u>3</u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 32. SIGNIFICANT RELATED PARTIES DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Subsidiaries</b>				
Dividend income received/receivable	-	-	4,621,836	8,088,213
Interest income received/receivable	-	-	504,486	31,264
<b>A company in which certain directors have significant financial interests</b>				
Rental expenses paid/payable	294,000	294,000	-	-
<b>A company in which a substantial shareholder have significant financial interests</b>				
Rental expenses paid/payable	374,637	357,263	-	-
<b>Companies in which a director and a substantial shareholder have significant financial interests</b>				
Purchase of goods	184,052	208,969	-	-

Information regarding outstanding balances arising from related party transactions as at the end of the reporting period is disclosed in Notes 13 and 23 to the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D)

(c) Key management personnel compensation:-

	THE GROUP	
	2015 RM	2014 RM
Short-term employee benefits	2,879,987	2,924,259
Post-employment benefits	455,843	450,702
	<u>3,335,830</u>	<u>3,374,961</u>

### 33. OPERATING SEGMENTS

The Group is principally engaged in operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. Therefore, segmental information has not been prepared as the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and non-cash expenses are confined to one business segment and located in Malaysia.

### 34. CAPITAL COMMITMENTS

	THE GROUP/THE COMPANY	
	2015 RM	2014 RM
<b>Capital expenditure commitments</b>		
<u>Authorised and contracted for</u>		
- property, plant and equipment	-	1,634,442
<u>Authorised but not contracted for</u>		
- property, plant and equipment	320,000	-

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 35. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Policies

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (i) Market Risk

##### (i) Foreign Currency Risk

The Group does not have material transactions or balances denominated in foreign currency and hence does not have significant exposure to foreign currency risks.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. As the Group's exposure to interest rate risk is immaterial, sensitivity analysis is not disclosed.

##### (iii) Equity Price Risk

The Group does not have any quoted investment and hence is not exposed to equity price risks.

#### (ii) Credit Risk

The Group's business model does not result in significant exposure to credit risks from receivables. For other financial assets (including cash and bank balances and deposits with financial institutions), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

##### Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (ii) Credit Risk (Cont'd)

###### Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

###### Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

THE GROUP	GROSS	INDIVIDUAL	CARRYING
2015	AMOUNT	IMPAIRMENT	VALUE
	RM	RM	RM
Not past due	652,676	-	652,676
Past due:-			
- less than 3 months	462,880	-	462,880
- 3 to 6 months	4,234	-	4,234
- over 6 months	285	-	285
	<u>1,120,075</u>	<u>-</u>	<u>1,120,075</u>
	GROSS	INDIVIDUAL	CARRYING
	AMOUNT	IMPAIRMENT	VALUE
	RM	RM	RM
2014			
NOT PAST DUE	<u>336,422</u>	<u>-</u>	<u>336,422</u>

###### *Trade receivables that are past due but not impaired*

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

###### *Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM	OVER 5 YEARS RM
2015						
Trade payables	-	76,888,144	76,888,144	76,888,144	-	-
Other payables and accruals	-	6,884,701	6,884,701	6,884,701	-	-
Amount owing to non-controlling shareholders	3.48 - 3.82	3,511,898	3,511,898	3,511,898	-	-
Amounts owing to related parties	-	48,278	48,278	48,278	-	-
Term loans	4.45	11,316,841	14,569,400	1,456,940	4,370,820	8,741,640
		98,649,862	101,902,421	88,789,961	4,370,820	8,741,640

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (iii) Liquidity Risk (Cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1-5 YEARS RM	OVER 5 YEARS RM
2014						
Trade payables	-	62,905,995	62,905,995	62,905,995	-	-
Other payables and accruals	-	6,814,288	6,814,288	6,814,288	-	-
Amount owing to non-controlling shareholders	3.20 - 3.31	3,531,900	3,531,900	3,531,900	-	-
Amounts owing to related parties	-	56,215	56,215	56,215	-	-
Term loans	4.20	9,900,000	12,141,167	121,412	4,370,820	7,648,935
		83,208,398	85,449,565	73,429,810	4,370,820	7,648,935

# CARING PHARMACY GROUP BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (iii) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2015				
Other payables and accruals	-	25,941	25,941	25,941

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2014				
Other payables and accruals	-	20,000	20,000	20,000

#### (b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants, if any. The debt-to-equity ratio is calculated as total net debt borrowings from financial institutions divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Capital Risk Management (Cont'd)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

#### (c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Financial assets</b>				
<u>Loans and receivables financial assets</u>				
Trade receivables	1,120,075	336,422	-	-
Other receivables and deposits	7,974,057	5,759,981	5,000	5,000
Amounts owing by a related company	-	-	4,832,280	7,635,582
Deposits with financial institutions	51,145,876	58,624,884	20,448,152	37,631,744
Cash and bank balances	35,354,686	19,271,237	248,489	533,238
	<u>95,594,694</u>	<u>83,992,524</u>	<u>25,533,921</u>	<u>45,805,564</u>
<b>Financial liabilities</b>				
<u>Other financial liabilities</u>				
Trade payables	76,888,144	62,905,995	-	-
Other payables and accruals	6,884,701	6,814,288	25,941	20,000
Amount owing to non-controlling shareholders	3,511,898	3,531,900	-	-
Amounts owing to related parties	48,278	56,215	-	-
Term loans	11,316,841	9,900,000	-	-
	<u>98,649,862</u>	<u>83,208,398</u>	<u>25,941</u>	<u>20,000</u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Fair Value Information

At the end of the reporting period, there were no financial instruments carried at fair values.

The fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

### 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The following are the significant events involving the Group during the financial year:-

- a) acquisition of 24,500 ordinary shares in Caring Health Solution Sdn. Bhd. for a total cash consideration of RM486,407 resulting an increase in Caring Pharmacy Retail Management Sdn. Bhd. ("CPRM")'s effective equity interest in the subsidiary from 51% to 75.5%;
- b) acquisition of 24,500 ordinary shares in Stay Caring Sdn. Bhd. for a total cash consideration of RM1,410,889 resulting an increase in CPRM's effective equity interest in the subsidiary from 51% to 75.5%;
- c) acquisition of 25,000 ordinary shares in Caring Pharmacy (Kinrara) Sdn. Bhd. for a total cash consideration of RM1,465,276 resulting an increase in CPRM's effective equity interest in the subsidiary from 50% to 75%;
- d) acquisition of 20,000 ordinary shares in Caring Pharmacy (KLP) Sdn. Bhd. for a total cash consideration of RM978,001 resulting an increase in CPRM's effective equity interest in the subsidiary from 60% to 80%;
- e) acquisition of 24,500 ordinary shares in Ace Caring Sdn. Bhd. for a total cash consideration of RM277,521 resulting an increase in CPRM's effective equity interest in the subsidiary from 51% to 75.5%;
- f) acquisition of 15,000 ordinary shares in Caring Pharmacy (Shah Alam) Sdn. Bhd. for a total cash consideration of RM131,140 resulting an increase in CPRM's effective equity interest in the subsidiary from 60% to 75%;
- g) acquisition of 10,000 ordinary shares in Caring Belle Sdn. Bhd. for a total cash consideration of RM154,877 resulting an increase in CPRM's effective equity interest in the subsidiary from 80% to 90%;
- h) acquisition of 30,000 ordinary shares in Caring Pharmacy (Lifeplus) Sdn. Bhd. for a total cash consideration of RM1.00 resulting an increase in CPRM's effective equity interest in the subsidiary from 70% to 100%;

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

The following are the significant events involving the Group during the financial year (Cont'd):-

- i) acquisition of 30,000 ordinary shares in Green Surge Sdn. Bhd. for a total cash consideration of RM1.00 resulting an increase in CPRM's effective equity interest in the subsidiary from 70% to 100%;
- j) acquisition of 80,000 new ordinary shares in Victorie Caring Sdn. Bhd. for a total cash consideration of RM80,000 resulting an increase in CPRM's effective equity interest in the subsidiary from 60% to 70%; and
- k) subscription of 1 ordinary share of RM1.00 each representing 50% of the issued and paid-up share capital of Caring Pharmacy (Empire) Sdn. Bhd. at a total cash consideration of RM1.00.

### 37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The following are the significant events involving the Group after the reporting period:-

- a) disposal of 20,000 ordinary shares of RM1.00 each in Caring Pharmacy (SK) Sdn. Bhd. for a total cash consideration of RM20,000 on 1 June 2015 by CPRM resulting a decrease in CPRM's effective equity interest in the subsidiary from 90% to 70%; and
- b) acquisition of additional 60,000 ordinary shares of RM1.00 each in Caring Pharmacy Rising Sdn. Bhd. for a total cash consideration of RM60,000 on 1 July 2015 by CPRM.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

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### 38. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance of 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”, as issued by the Malaysian Institute of Accountants as follows:

	THE GROUP		THE COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained profits of the Company and its subsidiaries:-				
- realised	74,930,544	68,553,661	5,678,343	3,383,645
- unrealised	(365,394)	1,064,534	-	-
	<u>74,565,150</u>	<u>69,618,195</u>	<u>5,678,343</u>	<u>3,383,645</u>
Add: Consolidation adjustments	2,352,700	1,385,606	-	-
	<u>76,917,850</u>	<u>71,003,801</u>	<u>5,678,343</u>	<u>3,383,645</u>
At 31 May				