



CARING PHARMACY GROUP BERHAD

(Company No.1011859-D)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 November 2014

Contents

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

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 30 November 2014

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30 Nov 2014 RM'000	Preceding Year Quarter 30 Nov 2013 RM'000	Current Year To Date 30 Nov 2014 RM'000	Preceding Year To Date 30 Nov 2013 RM'000
REVENUE		89,010	84,445	177,405	167,728
COST OF SALES		(70,873)	(62,821)	(141,803)	(124,939)
GROSS PROFIT		18,137	21,624	35,602	42,789
OTHER OPERATING INCOME		7,958	2,243	13,398	7,076
		26,095	23,867	49,000	49,865
SELLING AND DISTRIBUTION EXPENSES		(16,474)	(13,210)	(31,361)	(24,921)
ADMINISTRATIVE EXPENSES		(5,817)	(4,529)	(11,951)	(10,886)
OTHER OPERATING EXPENSES		(774)	(2,522)	(1,532)	(3,139)
FINANCE COSTS		(74)	(37)	(128)	(86)
PROFIT BEFORE TAXATION	B5	2,956	3,569	4,028	10,833
TAXATION	B6	(828)	(1,342)	(1,128)	(2,708)
PROFIT AFTER TAXATION		2,128	2,227	2,900	8,125
OTHER COMPREHENSIVE INCOME , NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		2,128	2,227	2,900	8,125
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-					
- Owners of the Company		2,090	1,820	2,644	7,222
- Non-Controlling interests		38	407	256	903
		2,128	2,227	2,900	8,125
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
- Owners of the Company		2,090	1,820	2,644	7,222
- Non-Controlling interests		38	407	256	903
		2,128	2,227	2,900	8,125
Earning per share (Sen) attributable to Owners of the Company					
- Basic ⁽²⁾	B12	0.96	0.84	1.21	3.32
- Diluted		N/A	N/A	N/A	N/A

Notes:

N/A Not applicable.

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

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

Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2014

	Note	AS AT 30 Nov 2014 RM'000	AS AT 31 May 2014 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		33,342	32,854
Intangible assets		2,946	2,946
Deferred tax assets		1,342	1,342
		<u>37,630</u>	<u>37,142</u>
CURRENT ASSETS			
Inventories		76,668	79,856
Trade receivables		374	336
Other receivables and deposits		5,574	5,768
Tax recoverable		2,880	427
Deposit with financial institutions		50,711	58,625
Cash and bank balances		36,492	19,271
		<u>172,699</u>	<u>164,283</u>
TOTAL ASSETS		<u>210,329</u>	<u>201,425</u>

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2014 (Cont'd)

	Note	AS AT 30 Nov 2014 RM'000	AS AT 31 May 2014 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		217,706	217,706
Share premium		7,402	7,402
Retained profits		73,613	71,004
Merger deficit		(181,984)	(181,984)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		116,737	114,128
NON-CONTROLLING INTERESTS		2,897	3,170
TOTAL EQUITY		119,634	117,298
NON-CURRENT LIABILITIES			
Term loan	B8	11,322	9,779
Deferred tax liabilities		278	278
		11,600	10,057
CURRENT LIABILITIES			
Trade payables		69,107	62,962
Other payables and accruals		3,954	6,814
Amount owing to non-controlling shareholders		3,854	3,532
Provision for taxation		1,700	641
Term loan	B8	480	121
		79,095	74,070
TOTAL LIABILITIES		90,695	84,127
TOTAL EQUITY AND LIABILITIES		210,329	201,425
Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽²⁾			
		0.54	0.52

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2014 and the accompanying explanatory notes attached to these financial statements.
- (2) Based on the issued share capital of 217,706,400 shares



Caring Pharmacy Group Bhd (1011859-D)

Unaudited Condensed Consolidated Statement of Changes in Equity as at 30 November 2014

	<----- Distributable to equity holders of the Company ----->				<----- Non-distributable ----->	
	Share Capital	Share Premium	Merger Deficit	Distributable Retained Profits	Total	Non-Controlling Interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2014	217,706	7,402	(181,984)	71,004	114,128	3,170
Total comprehensive income for the period	-	-	-	2,644	2,644	256
Accretion in equity interest in a subsidiary	-	-	-	(35)	(35)	35
Effect of issue of share capital by a subsidiary	-	-	-	-	-	20
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(584)
At 30 November 2014	217,706	7,402	(181,984)	73,613	116,737	2,897



Caring Pharmacy Group Bhd (1011859-D)

Unaudited Condensed Consolidated Statement of Changes in Equity as at 30 November 2014 (Cont'd)

	<----- Distributable to equity holders of the Company ----->						
	<----- Non-distributable ----->			Distributable		Non-	Total
	Share Capital	Share	Merger	Retained	Total	Controlling	Equity
	RM'000	Premium	Deficit	Profits	RM'000	Interests	RM'000
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
At 1 June 2013	#	-	-	(7)	(7)	-	(7)
Effect arising from merger	182,706	-	(181,984)	59,199	59,921	6,778	66,699
Effect of issue of share capital by a subsidiary	-	-	-	-	-	14	14
Public issue of shares	35,000	8,750	-	-	43,750	-	43,750
Share issue expenses ⁽²⁾	-	(1,350)	-	-	(1,350)	-	(1,350)
Quasi loans from non-controlling interests	-	-	-	-	-	315	315
Total comprehensive income for the period	-	-	-	7,222	7,222	903	8,125
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	(1,146)	(1,146)
At 30 November 2013	217,706	7,400	(181,984)	66,414	109,536	6,864	116,400

Notes:

Represents RM3

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

(2) Listing expenses for the issue of the new CARiNG Shares of RM1.34 million were written off against the share premium account under Section 60 of the Companies Act, 1965.

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 November 2014

	Current Year To Date 30 Nov 2014 RM'000	Preceding Year To Date 30 Nov 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,028	10,833
Adjustments for:-		
Depreciation of property, plant and equipment	1,532	1,378
Equipment written off	-	12
Loss on disposal of property, plant and equipment	36	-
Interest expense	128	86
Interest income	(840)	(353)
Rental income	(72)	(59)
Initial public offering expenses	-	1,741
Operating profit before working capital changes	4,812	13,638
Decrease/(Increase) in inventories	3,187	(7,057)
Decrease in trade and other receivables	156	1,045
Increase in trade and other payables	3,307	2,493
CASH FROM OPERATION	11,462	10,119
Tax paid	(2,544)	(3,732)
Interest paid	(128)	(86)
NET CASH FROM OPERATING ACTIVITIES	8,790	6,301
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	840	353
Purchase of property, plant and equipment	(2,090)	(4,740)
Proceeds from disposal of property, plant and equipment	35	-
Rental received	72	59
NET CASH FOR INVESTING ACTIVITIES	(1,143)	(4,328)
CASH FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling shareholders of subsidiaries	(584)	(1,146)
Payment of initial public offering expenses	-	(2,077)
Proceeds from issuance of shares pursuant to Public Issue	-	43,750
Drawdown of term loan	1,980	2,970
Repayment of term loan	(78)	(110)
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	20	14
Net advances from non-controlling shareholders	322	315
NET CASH FROM FINANCING ACTIVITIES	1,660	43,716
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,307	45,689
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	77,896	41,514
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	87,203	87,203
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-		
- Deposits with financial institutions	50,711	56,674
- Cash and bank balances	36,492	30,529
	87,203	87,203

Notes:

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

Interim Financial Report for the Financial Period Ended 30 November 2014
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A1. Basis of Preparation

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

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

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

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

A2. Changes in Accounting Policies

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

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

Interim Financial Report for the Financial Period Ended 30 November 2014
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

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

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

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

A3. Auditors' Report on Preceding Annual Financial Statements

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

A4. Seasonal or Cyclical Factors

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

A5. Item of Unusual Nature

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

A6. Material Changes in Estimates

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

Interim Financial Report for the Financial Period Ended 30 November 2014
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A7. Changes in Debt and Equity Securities

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

A8. Dividend Paid

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

A9. Segmental Information

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

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 30 November 2014 are as follows:-

Capital expenditure commitments	As at 30-Nov-2014 RM'000
Authorised and contracted for	
- Equipment	644

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

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

A12. Changes in Composition of the Group

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

A13. Contingent Liabilities or Contingent Assets

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

Interim Financial Report for the Financial Period Ended 30 November 2014**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

B1. Review of Performance of the Group

The Group registered a revenue of RM89.01 million and profit before tax of RM2.96 million for the current quarter as compared to a revenue of RM84.45 million and profit before tax of RM3.57 million reported in the previous year corresponding quarter. The higher revenue was mainly contributed by the 12 outlets commenced in second half of financial year 2014 and 4 new outlets opened as of first half of financial year 2015.

During the quarter under review, we have established an additional 2 new shopping complex outlets. As of 30 November 2014, we have a total of 102 community pharmacies.

The decrease in profit before tax for the current quarter compared to the corresponding quarter in the preceding year is mainly due to lower profit margin arising from lower selling price resulted from market competition.

B2. Variation of Results with the Immediate Preceding Quarter

For the current quarter under review, the Group reported an increase in profit before tax by RM1.89 million, from RM1.07 million (immediate preceding quarter) to RM2.96 million. This was mainly attributable to higher advertising and promotional income arising from marketing and promotional activities.

B3. Prospect for the Group

In the view of stiff market competition, the Group will re-look its marketing strategies to improve the sales in order to sustain the market share. The Group remains confident and is of the opinion that the Group will continue to perform profitably in the next quarter.

Interim Financial Report for the Financial Period Ended 30 November 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B4. Profit Forecast and Profit Estimate

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30-Nov-14	30-Nov-13	30-Nov-14	30-Nov-13
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	775	763	1,532	1,378
(Gain)/Loss on disposal of equipment	(20)	-	36	-
Interest expense	74	38	128	86
Interest income	(437)	(191)	(840)	(353)
Rental income	(34)	(35)	(72)	(59)

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

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30-Nov-14	30-Nov-13	30-Nov-14	30-Nov-13
	RM'000	RM'000	RM'000	RM'000
<u>Income Tax</u>				
Current Tax - Current	828	1,342	1,128	2,708
Tax expense	828	1,342	1,128	2,708

Note:

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

Interim Financial Report for the Financial Period Ended 30 November 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B7. Status of Corporate Proposals

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

i. Utilisation of Proceeds

The Public Issue has raised gross proceeds of RM43.75 million. The status of the utilisation of the proceeds as at 30 November 2014 is as follows:

Purposes	Proposed Utilisation	Actual utilisation	Deviation	Balance	Estimated Timeframe for Utilisation Upon Listing
	RM'000	RM'000	RM'000	RM'000	
(i) New community pharmacy outlets					
- Property, plant and equipment	6,000	(1,649)	-	4,351	Within 24 months
- Inventories	12,000	(5,608)	-	6,392	Within 24 months
(ii) To pare down borrowings to reduce interest cost	6,000	-	-	6,000	Within 24 months
(iii) Renovation of new head office and warehouse	4,000	-	-	4,000	Within 24 months
(iv) Working capital ⁽¹⁾	11,750	(2,515)	907	10,142	Within 24 months
(v) Estimated listing expenses ⁽¹⁾	4,000	(3,093)	(907)	-	Within 3 months
Total gross proceeds	43,750	(12,865)	-	30,885	

Note:-

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Interim Financial Report for the Financial Period Ended 30 November 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B8. Group Borrowing

The Group's borrowing as at 30 November 2014 are as follows:

	As at 30-Nov-14 RM'000	As at 31-May-14 RM'000
Long term borrowing		
Secured:		
Term loan	11,322	9,779
Short term borrowing		
Secured:		
Term loan	480	121
Total borrowing	11,802	9,900

B9. Material Litigation

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

B10. Dividends

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Interim Financial Report for the Financial Period Ended 30 November 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B11. Realised and Unrealised Profits

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

	As at 30-Nov-2014 RM'000	As at 31-May-2014 RM'000
Total retained earnings		
- realised	70,662	68,553
- unrealised	1,064	1,065
	71,726	69,618
Add: consolidated adjustments	1,887	1,386
Total retained earnings	73,613	71,004

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Interim Financial Report for the Financial Period Ended 30 November 2014
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
B12. Earnings Per Share
(a) Basic Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	Year To Date
	30-Nov-14	30-Nov-13	30-Nov-14	30-Nov-13
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,090	1,820	2,644	7,222
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	0.96	0.84	1.21	3.32

(b) Diluted Earnings Per Share

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

By order of the Board
27 January 2015