



CARING PHARMACY GROUP BERHAD

(Company No.1011859-D)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 November 2017

Contents

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

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 30 November 2017

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30 November 2017 RM'000	Preceding Year Quarter 30 November 2016 RM'000 (Restated)	Current Year To Date 30 November 2017 RM'000	Preceding Year To Date 30 November 2016 RM'000 (Restated)
REVENUE		123,449	113,862	248,695	224,800
COST OF SALES		(98,220)	(91,651)	(198,068)	(182,513)
GROSS PROFIT		25,229	22,211	50,627	42,287
OTHER OPERATING INCOME		7,647	6,536	14,074	12,182
		32,876	28,747	64,701	54,469
SELLING AND DISTRIBUTION EXPENSES		(19,436)	(17,702)	(39,251)	(36,289)
ADMINISTRATIVE EXPENSES		(5,235)	(4,887)	(10,313)	(9,478)
OTHER OPERATING EXPENSES		(1,009)	(994)	(1,980)	(1,968)
FINANCE COSTS		(24)	(27)	(50)	(72)
PROFIT BEFORE TAXATION	B5	7,172	5,137	13,107	6,662
TAXATION	B6	(1,936)	(1,438)	(3,539)	(1,865)
PROFIT AFTER TAXATION		5,236	3,699	9,568	4,797
OTHER COMPREHENSIVE INCOME , NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		5,236	3,699	9,568	4,797
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-					
- Owners of the Company		4,274	2,764	7,528	3,485
- Non-Controlling interests		962	935	2,040	1,312
		5,236	3,699	9,568	4,797
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
- Owners of the Company		4,274	2,764	7,528	3,485
- Non-Controlling interests		962	935	2,040	1,312
		5,236	3,699	9,568	4,797
Earning per share (Sen) attributable to Owners of the Company					
- Basic ⁽²⁾	B12	1.96	1.27	3.46	1.60
- Diluted		N/A	N/A	N/A	N/A

Notes:

N/A Not applicable.

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.

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

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

Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2017

	Note	AS AT 30 November 2017 RM'000	AS AT 31 May 2017 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		37,891	37,410
Intangible assets		3,476	3,476
Deferred tax assets		309	257
		<u>41,676</u>	<u>41,143</u>
CURRENT ASSETS			
Inventories		92,937	88,990
Trade receivables		301	722
Other receivables, deposits and prepayments		7,645	6,888
Tax recoverable		3,954	4,710
Short term investment		44,607	25,983
Fixed deposits with financial institutions		397	370
Cash and bank balances		62,612	76,193
		<u>212,453</u>	<u>203,856</u>
TOTAL ASSETS		<u>254,129</u>	<u>244,999</u>

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Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2017 (Cont'd)

	Note	AS AT 30 November 2017 RM'000	AS AT 31 May 2017 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		225,108	225,108
Retained profits		89,429	88,432
Merger deficit		(181,984)	(181,984)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		132,553	131,556
NON-CONTROLLING INTERESTS		3,973	3,916
TOTAL EQUITY		136,526	135,472
NON-CURRENT LIABILITIES			
Long term borrowings	B8	7,307	7,878
Deferred tax liabilities		34	34
		7,341	7,912
CURRENT LIABILITIES			
Trade payables		98,338	88,412
Other payables and accruals		6,712	7,574
Amount owing to non-controlling shareholders		2,652	2,745
Provision for taxation		1,036	1,361
Short term borrowings	B8	1,524	1,523
		110,262	101,615
TOTAL LIABILITIES		117,603	109,527
TOTAL EQUITY AND LIABILITIES		254,129	244,999
Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽²⁾			
		0.61	0.60

Notes:

(1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.*

(2) *Based on the issued share capital of 217,706,400 shares*

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 November 2017

	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period Ended 30 November 2016</u>							
At 31 May 2016	217,706	7,402	(181,984)	79,447	122,571	2,017	124,588
Total comprehensive income for the period	-	-	-	3,485	3,485	1,312	4,797
Dilution in equity interest in subsidiaries	-	-	-	(334)	(334)	(297)	(631)
Dividends paid	-	-	-	(3,265)	(3,265)	-	(3,265)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(1,457)	(1,457)
At 30 November 2016	217,706	7,402	(181,984)	79,333	122,457	1,575	124,032

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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 November 2017 (Cont'd)

	<----- Non-distributable ----->			<Distributable>		Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period Ended 30 November 2017</u>							
At 31 May 2017	225,108	-	(181,984)	88,432	131,556	3,916	135,472
Total comprehensive income for the period	-	-	-	7,528	7,528	2,040	9,568
Dilution in equity interest in subsidiaries	-	-	-	-	-	35	35
Dividends paid	-	-	-	(6,531)	(6,531)	-	(6,531)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(2,018)	(2,018)
At 30 November 2017	225,108	-	(181,984)	89,429	132,553	3,973	136,526

Notes :

- (1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.*

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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 November 2017

	Current Year To Date 30 November 2017 RM'000	Preceding Year To Date 30 November 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,107	6,662
Adjustments for:-		
Depreciation of property, plant and equipment	1,972	1,824
Equipment written off	5	13
Interest expense	50	72
Loss/(Gain) on disposal of property, plant and equipment	2	(16)
Interest income	(1,160)	(657)
Rental income	(74)	(74)
Operating profit before working capital changes	13,902	7,824
(Increase)/Decrease in inventories	(3,947)	8,256
(Increase)/Decrease in trade and other receivables	(336)	203
Increase/(Decrease) in trade and other payables	9,064	(6,433)
CASH FROM OPERATIONS	18,683	9,850
Tax paid	(3,160)	(2,287)
Interest paid	(50)	(72)
NET CASH FROM OPERATING ACTIVITIES	15,473	7,491
CASH FLOWS FOR INVESTING ACTIVITIES		
Dilution/(Accretion) in equity interest in subsidiaries	35	(631)
Interest received	1,160	657
Proceeds from disposal of property, plant and equipment	11	16
Purchase of property, plant and equipment	(2,471)	(3,148)
Payment of goodwill	-	(480)
Rental received	74	74
NET CASH FOR INVESTING ACTIVITIES	(1,191)	(3,512)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid to :		
- shareholders of the Company	(6,531)	(3,265)
- non-controlling shareholders of subsidiaries	(2,018)	(1,457)
Repayment of hire purchase obligations	(33)	(31)
Repayment of term loan	(537)	(513)
Repayment to non-controlling shareholders	(93)	(732)
NET CASH FOR FINANCING ACTIVITIES	(9,212)	(5,998)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,070	(2,019)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	102,546	77,932
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	107,616	75,913
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-		
- Short term investment	44,607	29,307
- Fixed deposits with financial institutions	397	365
- Cash and bank balances	62,612	46,241
	107,616	75,913

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.*

Interim Financial Report for the Financial Period Ended 30 November 2017**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Para 9.22 and 9.40 (Appendix 9B Part A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 May 2017. The interim consolidated financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

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

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the adopted as disclosed in the Audited Financial Statements for the financial year ended 31 May 2017.

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

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

MFRS 14 Regulatory Deferral Accounts

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

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

Amendments to MFRS 101: Disclosure Initiative

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

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

Interim Financial Report for the Financial Period Ended 30 November 2017
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A2. Changes in Accounting Policies (cont’d)

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

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

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

Interim Financial Report for the Financial Period Ended 30 November 2017**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134, Interim Financial Reporting**

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2017.

A4. Seasonal or Cyclical Factors

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

A5. Item of Unusual Nature

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

A6. Material Changes in Estimates

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

A7. Changes in Debt and Equity Securities

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

A8. Dividend Paid

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

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

A9. Segmental Information

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

Interim Financial Report for the Financial Period Ended 30 November 2017
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134, Interim Financial Reporting**

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 30 November 2017 are as follows:-

Capital expenditure commitments	As at 30-November-17 RM'000
Contracted but not provided for: - Property, plant and equipment	258
Authorised but not contracted for: - Property, plant and equipment	600

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

There were not material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report save for the disposal of 125,550 ordinary shares of RM1.00 each in Caring Empire Sdn. Bhd. for a total consideration of RM125,550 on 1 December 2017 by Caring Pharmacy Retail Management Sdn. Bhd. (“CPRM”) resulting a decrease in CPRM’s effective equity interest in the subsidiary from 100% to 59.5%.

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 2017**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

B1. Review of Performance of the Group

The Group registered a revenue of RM123.45 million and profit before tax of RM7.17 million for the current financial quarter as compared to a revenue of RM113.86 million and profit before tax of RM5.14 million reported in the previous year corresponding quarter. The higher revenue was mainly contributed by the higher sales generated from existing outlets due to aggressive and extensive promotional campaign launched during quarter under review.

During the quarter under review, we have established additional of 3 complex outlets, 1 high street outlet and closed down 1 complex outlet. As of 30 November 2017, we have a total of 113 community pharmacies.

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

B2. Variation of Results with the Immediate Preceding Quarter

For the current quarter under review, the Group reported an increase in profit before tax by RM1.23 million, from RM5.94 million (immediate preceding quarter) to RM7.17 million. This was mainly attributable to higher other operating income.

B3. Prospect for the Group

The operating environment is expected to remain highly competitive. Nevertheless, the Group will continue to be vigilant to the changes in the external environment and take necessary actions, including reviewing the marketing strategies in order to maintain long term sustainable growth. The Board of Directors remains optimistic that the Group will continue to be profitable in the next quarter.

B4. Profit Forecast and Profit Estimate

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

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Interim Financial Report for the Financial Period Ended 30 November 2017
Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30-November-17	30-November-16	30-November-17	30-November-16
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	1,006	928	1,972	1,824
Equipment written off	-	-	5	13
Loss/(Gain) on disposal of equipment	-	(1)	2	(16)
Interest expense	24	27	50	72
Interest income	(615)	(293)	(1,160)	(657)
Rental income	(37)	(37)	(74)	(74)

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-November-17	30-November-16	30-November-17	30-November-16
	RM'000	RM'000	RM'000	RM'000
<u>Income Tax</u>				
Current Tax	1,936	1,438	3,539	1,865
Tax expense	1,936	1,438	3,539	1,865

Note:

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

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Interim Financial Report for the Financial Period Ended 30 November 2017
Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B7. Status of Corporate Proposals

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

B8. Group Borrowings

The Group's borrowings as at 30 November 2017 are as follows:

	As at 30-November-17 RM'000	As at 30-November-16 RM'000
Long term borrowings		
Secured:		
Hire purchase	23	90
Term loan	7,284	8,352
	<u>7,307</u>	<u>8,442</u>
Short term borrowings		
Secured:		
Hire purchase	67	64
Term loan	1,457	1,457
	<u>1,524</u>	<u>1,521</u>
Total borrowings	<u>8,831</u>	<u>9,963</u>

B9. Material Litigation

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

B10. Dividends

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

Interim Financial Report for the Financial Period Ended 30 November 2017
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
B11. Realised and Unrealised Profits

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

	As at 30-November-17 RM'000	As at 30-November-16 RM'000
Total retained earnings		
- realised	93,207	79,353
- unrealised	275	263
	93,482	79,616
Add: consolidated adjustments	(4,053)	(283)
Total retained earnings	89,429	79,333

B12. Earnings Per Share
(a) Basic Earnings Per Share

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

	INDIVIDUAL QUARTER Current Year Quarter 30-November-17 RM'000	Preceding Year Quarter 30-November-16 RM'000	CUMULATIVE QUARTER Current Year To Date 30-November-17 RM'000	Preceding Year To Date 30-November-16 RM'000
Profit for the period	4,274	2,764	7,528	3,485
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	1.96	1.27	3.46	1.60

(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
23 January 2018