CARING PHARMACY GROUP BERHAD

(Co. No. 1011859-D)
(Incorporated in Malaysia under the Companies Act, 1965)

2016 ANNUAL REPORT

CONTENTS

CORPORATE STRUCTURE

CARING PHARMACY GROUP BERHAD
(1011859-D)

100%

CARING PHARMACY RETAIL MANAGEMENT SDN BHD
(757411-U)

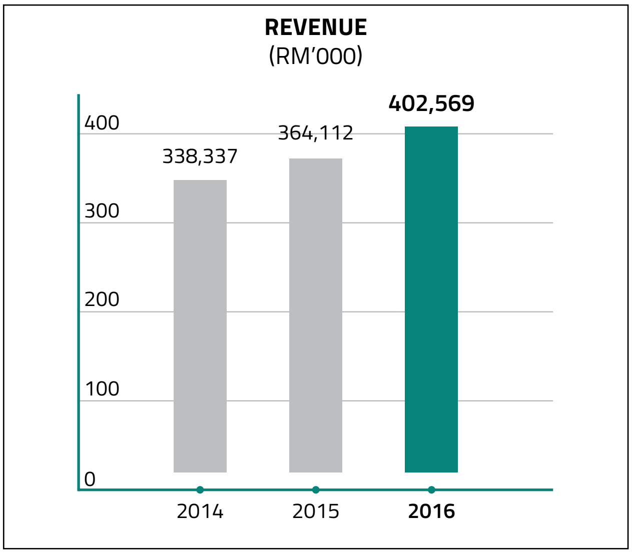
PARTIALLY-OWNED SUBSIDIARIES

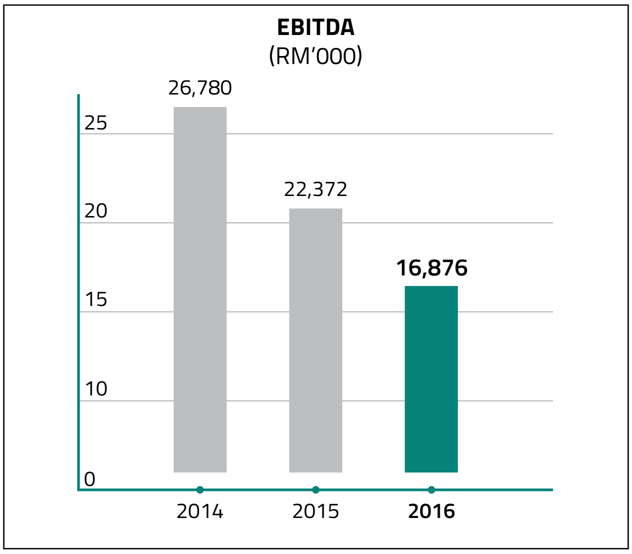
75.5%	Ace Caring Pharmacy Sdn Bhd (783350-D)
51.0%	Be Caring Sdn Bhd (610579-X)
90.0%	Caring Belle Sdn Bhd (539411-A)
60.0%	Caring Clover Sdn Bhd (1074282-D)
75.5%	Caring Health Solutions Sdn Bhd (758693-P)
60.0%	Caring 'N' You Pharmacy Sdn Bhd (785860-D)
75.0%	Caring Pharmacy (ABM) Sdn Bhd (873196-M)
60.0%	Caring Pharmacy (MPLS) Sdn Bhd (873532-U)
60.0%	Caring Pharmacy (Ampang) Sdn Bhd (825266-W)
51.0%	Caring Pharmacy (IDR) Sdn Bhd (961134-H)
60.0%	Caring Pharmacy (JB Molek) Sdn Bhd (952979-M)
75.0%	Caring Pharmacy (Kinrara) Sdn Bhd (515698-K)
80.0%	Caring Pharmacy (KLP) Sdn Bhd (776548-H)
80.0%	Caring Pharmacy (Puchong) Sdn Bhd (837657-X)
85.0%	Caring Pharmacy (Shah Alam) Sdn Bhd (952977-A)
70.0%	Caring Pharmacy (SK) Sdn Bhd (947306-U)
70.0%	Caring Pharmacy Always Sdn Bhd (897754-A)
60.0%	Caring Pharmacy (Paradise) Sdn Bhd (982479-P)
60.0%	Caring Pharmacy Rising Sdn Bhd (1044606-P)
59.5%	Caring Trinity Sdn Bhd (1044604-D)
59.5%	Caring Trio Sdn Bhd (1004207-T)
60.0%	Cosy Vision Sdn Bhd (1023064-T)
70.0%	Fuji Acre Sdn Bhd (1036832-M)
70.0%	Living Glory Sdn Bhd (963210-H)
60.0%	Mega Caring Sdn Bhd (1019846-V)
60.0%	MN Pharmacy Sdn Bhd (650272-T)
60.0%	My Caring Pharmacy Sdn Bhd (854236-U)
60.0%	One Caring Pharmacy Sdn Bhd (888822-W)
70.0%	Preciouslife Pharmacy Sdn Bhd (819638-M)
75.5%	Stay Caring Sdn Bhd (661575-M)
51.0%	Sterling Pharmacy Sdn Bhd (575790-U)
60.0%	Tonic Pharma Sdn Bhd (779489-D)
60.0%	United RX Care Sdn Bhd (896651-V)
51.0%	Vertex Pharmacy Sdn Bhd (824229-W)
70.0%	Victorie Caring Sdn Bhd (882809-W)

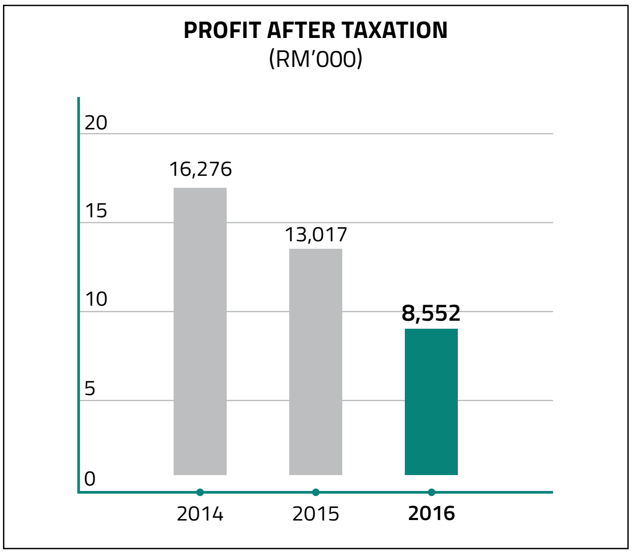
WHOLLY-OWNED SUBSIDIARIES

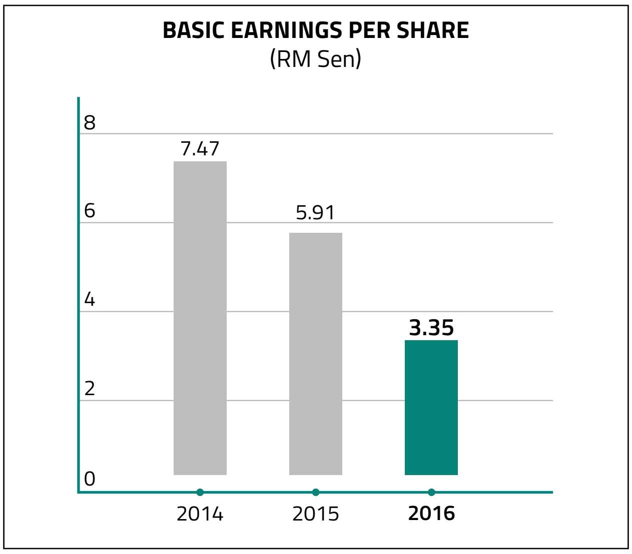
100%	Caring Pharmacy (MSF) Sdn Bhd (846171-V)
100%	Caring Pharmacy (SW) Sdn Bhd (847445-W)
100%	Caring Pharmacy Estore Sdn Bhd (881773-W)
100%	Caring Pharmacy Help Sdn Bhd (1053702-X)
100%	Caring Pharmacy Sdn Bhd (296901-H)
100%	Miracle Cure Caring Sdn Bhd (1039695-P)
100%	United Caring Venture Sdn Bhd (690348-H)
100%	Viva Caring Sdn Bhd (512540-T)
100%	Caring Empire Sdn Bhd (968014-D)
100%	Green Surge Sdn Bhd (907199-H)
100%	Caring Pharmacy (Empire) Sdn Bhd (1128114-V)

FINANCIAL HIGHLIGHTS









FINANCIAL YEAR ENDED 31 MAY		AUDITED 2014	AUDITED 2015	AUDITED 2016
Revenue	RM'000	338,337	364,112	**402,569**
Gross Profit (GP)	RM'000	83,274	79,344	**80,367**
GP Margin	%	24.61	21.79	**19.96**
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	26,780	22,372	**16,876**
Profit Before Taxation (PBT)	RM'000	22,810	18,499	**12,232**
PBT Margin	%	6.74	5.08	**3.04**
Profit After Taxation (PAT)	RM'000	16,276	13,017	**8,552**
PAT Margin	%	4.81	3.57	**2.12**
Basic Earnings Per Share [(a)]	sen	7.47	5.91	**3.35**

Note:-
(a) Based on the weighted average number of ordinary shares in issue

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Sunita Mei-Lin Rajakumar
Independent Non-Executive Chairperson

Chong Yeow Siang
Managing Director

Soo Chan Chiew
Executive Director

Tan Lean Boon
Executive Director

Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf
Senior Independent Non-Executive Director

Ang Khoon Lim
Non-Independent Non-Executive Director

Dr Yusof Bin Ismail
Non-Independent Non-Executive Director

Tan Thiam Hock
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Datin Sunita Mei-Lin Rajakumar
Committee Chairperson

Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf
Committee Member

Ang Khoon Lim
Committee Member

NOMINATION COMMITTEE

Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf
Committee Chairman

Datin Sunita Mei-Lin Rajakumar
Committee Member

Ang Khoon Lim
Committee Member

REMUNERATION COMMITTEE

Datin Sunita Mei-Lin Rajakumar
Committee Chairperson

Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf
Committee Member

Ang Khoon Lim
Committee Member

COMPANY SECRETARY

Pang Kah Man *(MIA 18831)*

REGISTERED OFFICE

No. 3-2, 3rd Mile Square
No. 151 Jalan Kelang Lama
Batu 3½ 58100 Kuala Lumpur
Tel : +603-7987 5300
Fax : +603-7987 5200
Email : lsca-kl@lsca.com.my

AUDITORS

Crowe Horwath *(AF1018)*

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 06-03 Level 6 East Wing
Berjaya Times Square
No.1 Jalan Imbi
55100 Kuala Lumpur
Tel : +603-2145 0533
Fax : +603-2145 9702

PRINCIPAL PLACE OF BUSINESS

No. 1, Jalan 51/203A
Kawasan Perindustrian Tiong Nam
Seksyen 51
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7453 1988
Fax : +603-7450 1988

STOCK EXCHANGE LISTING

Main Market of the Bursa
Malaysia Securities Berhad
Stock Name : CARING
Stock Code : 5245

WEBSITE

www.caring2u.com.my

Dear Valued Shareholders,

On behalf of the Board of Directors, it is our pleasure to present the Annual Report and Audited Financial Statements of Caring Pharmacy Group Berhad for the financial year ended 31 May 2016.

FINANCIAL REVIEW

Revenue for the financial year of RM402.6 million represented growth of 10.6% against the previous corresponding year of RM364.1 million. This was achieved mainly through the opening of 7 new outlets in the current financial year under review and with strong contributions from the 24 outlets opened in the previous two financial years.

Same store sales growth for outlets ageing more than two years preceding the current financial year under review was sluggish with a lower average growth of 2.2% only.

Even so, top line growth was commendable against the unfavorable backdrop of a largely negative and challenging retail landscape in the country, with weak consumer spending due to the weak Ringgit, rising costs of living, insecurity in employment and uncertainty of the economic outlook.

However, in view of the soft market sentiment and stiff competitive landscape, we had to adopt more aggressive strategies to stimulate consumer spending and defend market share by running attractive promotions and lowering the selling price of fast moving merchandise.

Group pre-tax profit of RM12.23 million and profit after tax of RM8.55 million was affected by these promotions and aggressive pricing strategies.

We are determined to retain customers' relationship and trust during these challenging times by helping all to stretch the value of their Ringgit. In the short term, we might sacrifice part of our margin, but in time, we believe our performance will improve if we can retain the loyalty of and satisfy as many customers as possible.

Our financial position remains healthy, with only a term loan of RM10.3 million and hire purchase of RM0.2 million, translating to debt to equity ratio of 0.1% and shareholders' funds amounting to RM124.6 million, providing net assets per share of RM0.57.

OPERATIONS REVIEW

With the tough business environment and greater uncertainties of the near future, we have adopted a prudent outlet expansion strategy with more stringent selection criteria being put in place. We have only committed to open in the most strategic areas with high potential. During the year under review, we have opened 7 new outlets, 5 being complex outlets and 2 high street outlets. We have taken the difficult but necessary decision to close down 3 underperforming outlets (2 complex outlets and 1 high street outlet). The decision to close outlets is not one we took lightly, but tough decisions had to be made in the Company's best interest.

UNDERLYING PRINCIPLES

We remain relentlessly focused in building strength and capabilities based on the attributes of why customers continue to patron us.

Most Professional Pharmacy Service Team

Professional pharmacy service and customer-centric practices are deeply rooted in our culture.

During the financial year under review, we further enhanced this important value chain by investing significantly in training our people; we have expanded our training department capacity and set clear objectives to lift our human capital to another level, empowering them to be the service champion of their own outlet.

We continue building strength on the clear advantage of our huge base of almost 200 professional pharmacists to maintain a clear market leadership position in this area by providing innovative value added service to our customers.

This year, we launched the **"Caring Customer Care" (3C) program**; a comprehensive and holistic pharmacy care program to help our customer in managing their health needs more effectively.

Competitive Pricing and Attractive Promotion

By offering attractive and competitive pricing of the merchandise in our outlets, we are helping our customers to lighten the burden of healthcare costs and fight inflation.

During the financial year under review, we have rolled out **"The Big Cut" campaign** by dropping prices in near to 800 popular pharmacy items including medicine, OTC, vitamin supplements, health food and personal care items to benefit the consumers. With this bold move, we aim to solidify our customers' trust that Caring is helping them save money.

Our marketing department is always creative in coming out with exciting and aggressive advertising and promotion campaigns to provide more value to our customers and to create more excitement in shopping with Caring.

We also consistently tap into the technological advancement of social media communications and smart phones and tablets developments to run our promotion activities via popular social media platforms and smart gadgets.

Lean Culture and Highly Efficient Processes & System

To support our value proposition of competitive pricing strategy, we need operational excellence in everything we do. We are very careful with our operating expenses; lean culture is instilled in the Group where everyone in Caring is encouraged to be cost sensitive in their daily endeavors.

Operational excellence is the key factor to our success, thus we shall commit to continue pursuing the best practices in all our business processes to improve efficiency, reduce redundancy, and drive productivity to the maximum.

Our management information systems team has been continuously expanding new capabilities and exploring new opportunities on how to ride on technology advances in data, algorithms, and forecasting capabilities to make us more efficient than our competitors.

Exciting High Quality Merchandises with Attractive Pricing

For the financial year under review, we continue our efforts to expand and enhance our merchandise offerings. Our Category team is always on their toes, working closely with the brand principals to create more value for our shoppers. They negotiate rigorously with suppliers and distributors to acquire special deals and best costing to pass on more savings to our customers.

We have also actively engaged with international suppliers to bring in high quality and affordable health and personal care products to benefit our shoppers. During the financial year under review, we successfully launched an exclusive premium quality health supplement brand, **"Herbs of Gold" (HOG)**, a 30-year old practitioner health supplement brand from Australia which was well received by our customers and is contributing positively to the Group results.

Make Shoppers Convenient to Shop with us

We strive to provide a seamless shopping experience for our customers. We shall continue to expand our outlet locations so that our customers can find us more easily to get the items they want. Our expansion focus is now set out of Klang Valley so that more people can benefit from Caring's professional and good pharmacy service.

Continuing from previous efforts to expand the capacity of the e-commerce and multi-channel business model, we are accelerating our e-commerce capabilities and technological advances. Our e-commerce sales growth has continued expanding exponentially.

We currently have a presence in three online marketplaces besides improving our own platform. We recently launched our **"Click & Collect" module** in our outlets to provide maximum freedom and convenience to our customers on how they want to get the products from us. We have also consistently improved our fulfillment capabilities to deliver our goods to our customers' doors faster and more efficiently.

We shall continue to build strength in this important proposition to provide our shoppers the convenience of shopping with us either in outlets, on our e-commerce sites, or with our marketplace vendors, and get items where they want, either in our outlets or delivered to their door.

C*orporate Social Responsibility*

We care for the communities we serve. Corporate social responsibility is an integral and vital part of CARiNG's operations. We recognize the unique opportunity we have to change lives for the better in local communities by establishing partnerships with our stakeholders who share our values of improving the health and wellbeing of the communities that we serve. The corporate social responsibility initiatives are set out separately in the Statement on Corporate Social Responsibility in this Annual Report.

PROSPECTS

While we are able to manage and execute our strategic game plan, the performance of our business will be affected by many external factors and uncertainties including the volatility of oil price, the weak Ringgit and the escalating cost of living that has dented consumer confidence levels and reduced consumer spending power. We consider the short to medium term prospects for the retail market will remain tough and challenging.

Within the Company, we have been encouraged by the strategies and plans we have been put in place as highlighted in the Operation Preview. We are pretty much on track with internal targets and key performance indicators set; all these positive signs spur us to be even more focused and determined in executing our business plans and strategies.

All efforts will be taken to ensure that Caring Pharmacy outlets remain the most preferred pharmacy to our patrons. In Caring, we shall continue to uphold our mantra to offer excellent customer services, with great prices as our inherent objective. Regardless of the economic weather, we continue to set the benchmark for best value, so that our customers get the best possible deal with no compromise to quality or service. This is our promise.

The Group will continue to adopt a modest yet pragmatic plan to open 10-12 new outlets a year with the renewed focus at peripheral towns outside Klang Valleys and other major cities in the peninsular of Malaysia. We are conducting surveys and studies on East Coast and East Malaysia location to prepare for our expansion there. We shall also continue to undertake refurbishment and upgrade of our existing outlets to provide a better shopping experience to our customers.

Despite the challenging business environment ahead, we remain extremely confident about the future of this great business. Caring is a household brand in community pharmacy and a responsible organisation that genuinely wants to shape an ethical and professional pharmacy practice in Malaysia. Barring any unforeseen circumstances, we shall deliver more encouraging results in the financial year to come.

DIVIDEND

The Board of Directors remains committed to our Company's dividend policy of paying no less than 30% of our Group's profit after taxation. For the FYE 2015/16, the Board recommends the payment of a final single tier dividend of 1.5 sen per share subject to the shareholders' approval at the forthcoming annual general meeting. The dividend declared for the financial year is RM3.27 million representing a dividend payout rate of approximately 38.2% to the profit after taxation for FYE 2015/16.

The Group is in a healthy financial position with a net cash position of RM77.9 million. This provides the Group with the capacity to reward our shareholders and the flexibility to invest in any possible business venture for greater returns in the future.

APPRECIATION

On behalf of the Board of Directors, we would like to thank the management and staff of the Company for their commitment, dedication and contributions in taking Caring through another challenging year.

To our customers, shareholders, suppliers, bankers, and business associates, who have continued to provide us support and made us who we are today, we wish to express our sincere appreciation and thanks to all of you.

Datin Sunita Mei-Lin Rajakumar
Independent Non-Executive Chairperson

Chong Yeow Siang
Managing Director

BOARD OF DIRECTORS' PROFILE

DATIN SUNITA MEI-LIN RAJAKUMAR
Aged : 48
Designation : Independent Non-Executive Chairperson
Appointment date : 27 December 2012
Tenure of service : 3 year 10 months

She graduated from University Bristol in 1990 with a degree in Law (LLB Hons) and qualified as a Member of the Institute of Chartered Accountants of England and Wales in February 1994. Her working experience included 4 years in Ernst & Young, London, and 6 years at RHB Investment Bank Berhad, Kuala Lumpur, before she established her own firm, Artisan Encipta (M) Sdn Bhd, to manage a government-owned foreign technology venture fund from 2002 to 2008. Since then, she has consulted on national competitiveness by improving national innovation ecosystems. Datin Sunita also sits in the Board of Trustees of Hai-O Foundation, Yayasan myNadi, Yayasan Seni Berdaftar which is registered with the Prime Minister's Department. Currently she holds directorships in a public listed company, namely Hai-O Enterprise Berhad and two public companies, namely Yayasan Usman Awang and MCIS Insurance Berhad.

CHONG YEOW SIANG
Aged : 49
Designation : Managing Director
Appointment date : 30 July 2012
Tenure of service : 4 years 3 months

He graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Pupil Pharmacist in the Pharmacy Department of the Penang General Hospital. Subsequently he left and joined Servier Malaysia, a French pharmaceutical company located in Kuala Lumpur, as a Hospital Product Specialist in 1993. In 1994, he became Product Executive at Servier Malaysia and was later appointed as Product Manager of the company in 1995. He left Servier Malaysia in 1997 and took up the position as Branch Manager and Pharmacist at the Taman Kok Lian outlet of Caring Pharmacy Sdn Bhd. In 1999, he was later appointed as General Manager of Caring Pharmacy Sdn Bhd where he was responsible for the operations of six Caring outlets. He was appointed to his current tenure as Group Managing Director of CARiNG Group of companies in 2002 and is mainly responsible for developing the strategic direction and overseeing the business operations of the Group.

SOO CHAN CHIEW

Aged : 48
Designation : Executive Director
Appointment date : 30 July 2012
Tenure of service : 4 years 3 months

He graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Pupil Pharmacist with Universiti Hospital, Kuala Lumpur. In 1993, he joined George Town Chemist Sdn Bhd, a retail pharmacy chain, as a Pharmacist in one of the outlets. Subsequently he left to set up Caring Pharmacy Sdn Bhd in 1994 and was appointed as Branch Manager of our first 'CARiNG' community pharmacy outlet in Taman Muda. In 2007, with the establishment of Caring Pharmacy Retail Management Sdn Bhd, both the Heads of Finance and Management Information System Department report to him. His role and responsibilities include identifying critical business issues and to develop solutions to enhance the existing core applications, such as our in-house point-of-sales system and our retail management software system.

TAN LEAN BOON

Aged : 49
Designation : Executive Director
Appointment date : 27 December 2012
Tenure of service : 3 year 10 months

He graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Houseman Pharmacist with Universiti Hospital, Kuala Lumpur. In 1993, he left and joined Apex Pharmacy Sdn Bhd as a Pharmacist at one of its retail outlets. In 1994, he joined Eli Lily (M) Sdn Bhd, a pharmaceutical company, as a Regulatory Affairs Executive. He then left and joined Caring Pharmacy Sdn Bhd in 1997 as a Branch Manager in one of the group's retail outlets. Subsequently in 2002, he was appointed as Purchasing Director of Caring Pharmacy Sdn Bhd. He is currently responsible for overseeing the supply chain operations of our Group which includes procurement, warehousing and logistics.

TAN SRI DATO' HAJI MOHD ARIFFIN BIN MOHD YUSUF

Aged	: 68
Designation	: Senior Independent Non-Executive Director
Appointment date	: 27 December 2012
Tenure of service	: 3 year 10 months

He graduated from the Institut Teknologi Mara with a Diploma in Banking in 1972. He is a Member of the British Institute of Management, United Kingdom. His career started in 1975 when he took up the position of Managing Director of Primabumi Sdn Bhd, a company involved in procurement and supply of pharmaceutical products to government hospitals and institutions, where he has been involved in leading the overall operations of the company till to date. He is currently a director and shareholder of several private companies.

ANG KHOON LIM

Aged	: 49
Designation	: Non-Independent Non-Executive Director
Appointment date	: 27 December 2012
Tenure of service	: 3 year 10 months

He graduated in 1992 with a Bachelor of Pharmacy (Honours) Degree from Universiti Sains Malaysia. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1994 when he joined Sime Darby Marketing Sdn Bhd as Product Manager. The company is involved in the distribution of pharmaceutical products. In 1996, he joined Solvay Pharmaceutical B.V., Holland, a subsidiary of Solvay SA, a public listed company in Belgium, as Country Manager for Malaysia. Subsequently he left in 1999 and joined Caring Pharmacy Sdn Bhd in the position of General Manager. In 2000, he was appointed as Executive Director of Caring Pharmacy Holding Sdn Bhd.

DR YUSOF BIN ISMAIL

Aged : 54
Designation : Non-Independent Non-Executive Director
Appointment date : 1 March 2016
Tenure of service : 8 months

Dr. Yusof is the holder of Ph.D (Community Economy Development) from University Pertanian Malaysia and Master in Development Economics from William College Massachusetts, USA. Since 1998, he has held various positions in the Ministry of Finance, as well as in Ministry of Rural and Regional Development and Economic Planning Unit, Prime Minister's Department Malaysia, and was assigned as the Deputy Chief Executive Officer at Langkawi Development Authority (LADA). Dr. Yusof is currently the Under Secretary of the Strategic Investment Division, Ministry of Finance. He was appointed as the director of Perbadanan Nasional Berhad ("PNS") on 11 November 2015. He is also a member of the Investment Committee of PNS and KWAP and the Board Audit & Risk Committee of PNS. Currently he sits on the Boards of FELDA, Garuda Suci Sdn. Bhd, Integrated Nautical Resorts Sdn Bhd, Boustead Naval Shipyard, Malaysia Debt Ventures Bhd, GOVCO Holdings Bhd, DanaInfra Nasional Bhd, Sentuhan Budiman Sdn Bhd, Turus Pesawat Sdn Bhd and Twin Eagles Ventures Sdn Bhd.

TAN THIAM HOCK

Aged : 56
Designation : Independent Non-Executive Director
Appointment date : 1 June 2016
Tenure of service : 5 months

He graduated from University Malaya with a bachelor in Economics (Hons) and attended the Advance Management Program at Harvard Business School. Mr. Tan is an entrepreneur with over 30 years of experience in marketing of fast moving consumer products including food, personal care and cosmetics. He also serves as a non-executive director of several private limited companies.

Conflict of interest
None of the Directors has any conflict of interest with the Company.

Conviction of offence
None of the Directors has been convicted of any offence within the past 10 years other than traffic offences.

KEY SENIOR MANAGEMENT'S PROFILE

CH'NG HAW CHONG
38 years of age
Malaysian
Male
Procurement Director

He graduated in 2002 with a Master of Pharmacy Degree from the University of Strathclyde, Glasgow, United Kingdom. He became a Registered Pharmacist with the Ministry of Health in 2003. His career started in 2002 as a Houseman Pharmacist at Institute Jantung Negara where he gained working experience as an apprentice to the registered pharmacist at the hospital. In 2003, he left and joined Caring Pharmacy Sdn Bhd as a Pharmacist. Subsequently in 2004, he was appointed as Pharmacist cum Branch Manager of our Group's 'CARiNG' community pharmacy outlet in Taman Muda. He was a Director and individual shareholder of UC Venture between 2005 and 2009. In 2009, he disposed shares in UC Venture to our Group and he was appointed to his current tenure as Procurement Director of our Group. He is responsible for the purchasing and category management of our Group.

GOOI CHEAN KEONG
43 years of age
Malaysian
Male
Business Development Director

He graduated in 1996 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1997. His career started in 1999 when he joined Servier Malaysia Sdn Bhd, a French pharmaceutical company located in Kuala Lumpur, as a Medical Product Specialist and was involved in the marketing of pharmaceutical products. He left in 2000 and joined Norvatis (Malaysia) Sdn Bhd as Medical Product Specialist before he became the Product Executive in the company in 2001. He was mainly responsible for marketing planning. Subsequently in 2002, he left and joined Viva Caring, a subsidiary of our Group in which he had been a shareholder since 2000, as Branch Manager of its CARiNG pharmacy outlets. He was later appointed to his current tenure as Business Development Director of our Group in 2004 and subsequently he disposed his shares in Viva Caring to our Group in 2007. He is responsible for CARiNG outlets expansion.

LOO JOOI LENG
44 years of age
Malaysian
Male
Marketing Director

He graduated in 1996 from University Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1998. His career started in 1997 as a Houseman Pharmacist at Hospital Pulau Pinang. Subsequently he joined Caring Pharmacy Sdn Bhd in 1998 as a Pharmacist at Taman Kok Lian outlet. He was a Branch Manager and Pharmacist of the 'CARiNG' community pharmacy in Taman Kok Lian outlet. In 2001, he left to join Viva Caring, a subsidiary of our Group in which he had been as shareholder since 2000, and was appointed as a Director of Viva Group and Branch Manager of its outlet in Lucky Garden, Bangsar. Subsequently in 2007, he disposed his shares in Viva Caring to Caring Pharmacy Retail Management Sdn Bhd and was appointed as Marketing Director of our Group. He is responsible for forming merchandising teams, the marketing aspect of new outlets, organizing road shows, development of in house advertising materials, merchandising layout and marketing planning and budgeting.

FOO LEE FAH
40 years of age
Malaysian
Female
Financial Controller

She graduated in 2000 from the University of Malaya with a Bachelor of Accounting (Honours) Degree and qualified as a Member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). Her career started in 2000 as an audit associate at PricewaterhouseCoopers, Kuala Lumpur office and promoted to assistant manager before she left the firm in 2004. She joined Ernst & Young Shanghai's audit assurance department in year 2005 as senior audit associate and promoted to audit manager in the same year. In 2008, she transferred to transaction advisory services department of Ernst and Young, Shanghai Office as a transaction advisory manager before she back to Malaysia in 2010. In 2011, She joined Tesco Stores Malaysia Sdn Bhd as a finance manager – property division and promoted to senior finance manager – property division before she left Tesco Stores Malaysia in 2013. She then joined Revenue Valley Sdn Bhd as a financial controller. In 2014, she left and joined our Group and was appointed to her current tenure as financial controller.

WONG HOOI FEN
51 years of age
Malaysian
Female
Chief Pharmacist

She graduated in 1990 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. She became a Registered Pharmacist with the Ministry of Health in 1991. Her career started in 1991 as Branch Manager with Apex Pharmacy Sdn Bhd where she was managing the company's retail outlet in Jalan Mega Mendung, off Old Klang Road, Kuala Lumpur. She was later appointed as Merchandising Manager in 1999 and in 2005, she was appointed as Senior Operations Manager with the company. In June 2005, she moved to Watson's Personal Care Stores Sdn Bhd as Head of Pharmacy after the acquisition of the retail outlets of Apex Pharmacy Sdn Bhd by Watson's Personal Care Stores Sdn Bhd. In 2007, she left and joined our Group and was appointed to her current tenure as Chief Pharmacist. She is responsible for the recruitment and planning of the pharmacists of the Group. She is also responsible for the professional development of our pharmacists and ensuring Group's pharmacists practice meet the regulatory requirements and follow the standards operating procedures.

OOH CHIN BOON
39 years of age
Malaysian
Male
Senior MIS Manager

He graduated in 2001 from the University of Malaya with a Degree of Bachelor of Business Administration. He later obtained Degree of Master of Information Technology from the same university in 2003. His career started in 2001 as an Operations Executive at Caring Pharmacy Sdn Bhd where he was responsible for the general office and retail outlet operations. He was later appointed as MIS Manager of Caring Pharmacy Retail Management Sdn Bhd in 2007. He has been involved in our Group's Caring Pharmacy Retail Management System and all IT related matters. He is currently responsible for all IT related matters within our Group.

Conflict of interest
None of the key senior management has any conflict of interest with the Company.

Conviction of offence
None of the key senior management has been convicted of any offence within the past 10 years other than traffic offences.

WE CARE FOR THE COMMUNITIES WE SERVE

Corporate social responsibility is an integral and vital part of **CARiNG's** operations. We have established partnership with our stakeholders who share our values of improving health and wellbeing of the communities that we serve.

MAJOR EVENTS

CARiNG Health Awareness Day (CHAD)

CARiNG Health Awareness is a half-day event consisting of health assessment, counseling on medication and lifestyle modification, as well as medicine use review held in our retail premises to serve the local communities. This year, we had added Carbon Monoxide Level screening as a tool to determine smoking status. The event started since 2014, and we had stepped out to organise 35 CHADs for last financial year (June '15 to May '16).

Sponsorship for 15th National Varsity Chinese Debate Campaign

CARiNG Pharmacy collaborated with Brands to sponsor a total of RM20,000 to the 15th National Varsity Chinese Debate Competition which was organised by Chinese Society of University of Malaya. This was the second time the company got involved to support the large-scale national level event held by Chinese Language Society of University of Malaya (PBCUM) biennially. In line with the company's strategy to target younger customers, the event attracted 1,000 audience mainly from university undergraduates.

The final was held on 17 April 2016 at Majlis Bandaraya Petaling Jaya Building.

RM25,000 Donation to Haemodialysis Centres of SJAM-KPS

From 1 June to 31 December 2015, CARiNG Pharmacy ran a CSR campaign to support St. John Ambulance of Malaysia – Kawasan Pantai Selangor (SJAM-KPS). During this campaign, RM2 was donated to SJAM-KPS for each unit of GoodMorning Vplus nutritious drink with 18 grains powder sold in CARiNG Pharmacy. The campaign managed to collect RM25,000 funds and the amount would be utilised to maintain and service 230 units of dialysis machines at 17 Haemodialysis centres run by SJAM-KPS.

On 21 January 2015, the management team visited Pusat Haemodialisis Klang run by SJAM-KPS to study the centre's operations and give away goodies bag to the patients. Our company's Managing Director, Mr Chong Yeow Siang presented a mock cheque to the Chief Operating Officer of SJAM-KPS, Dato Yeo Kim Thong.

HEALTH CAMPAIGNS/HEALTH TALKS/WORKSHOPS

mQuit Smoking Cessation Services

"mQuit Services" was launched by the Ministry of Health together with Johnson & Johnson, University of Malaya, University Science Malaysia and Malaysian Academy of Pharmacy in November 2015 to inform the public on locations where they would be able to find a smoking cessation service facility recognised by the Ministry of Health.

CARiNG Pharmacy takes the lead as one of the community pharmacies to offer free counselling and advice on treatment plan (mQuit Services).

The mQuit launch which was held on 29 May 2016 at Mid Valley Megamall, Kuala Lumpur was graced by Deputy Director of Putrajaya Federal Territory Health Department (Public Health), Dr. Wan Mansor Hamzah.

World Allergy Day Public Forum

In conjunction with World Allergy Awareness Month, CARiNG Pharmacy and Bayer Pharmaceuticals organised a public forum on 30 April 2016 at One World Hotel. This forum addressed the need of greater awareness and understanding of allergies such as skin allergy, allergic rhinitis and allergy management. Among the speakers were dermatologist, Dr. Adrian Yong, consultant ENT, Dr Paul Lim, and pharmacist, Mr Foo Fung Jiun. The half-day workshop managed to draw 100+ participants.

"Choose Genuine Medicine" Campaign

In support of the Health Ministry and the Malaysian Pharmaceutical Society (MPS), and in partnership with 14 reputable pharmaceutical companies in the country, CARiNG Pharmacy had begun its drive to educate the community on the importance of choosing genuine medicines from legitimate sources that comply with regulatory requirements, including proper storage prior to consumption.

The danger of counterfeit medicines is that they not only put people's health but also their lives at risk. It may include products with wrong ingredients or without active ingredients, products with correct ingredients but at insufficient concentrations, and/or with fake packaging.

The "Choose Genuine Medicine" message would be widely promoted via posters and educational materials throughout all Caring outlets, its website and related social media platforms.

Launch of "The Journey Beyond Community Pharmacy in Malaysia"

CARiNG Pharmacy launched a commemorative book entitled, "The Journey & Beyond – Community Pharmacy in Malaysia". Our company took the initiative to introduce this book, which gives the public an insight to the past and future of the community pharmacy in Malaysia.

This book presents interesting insights into the pharmacy community profession and generates more awareness on the roles of community pharmacists to the public.

The company donated 500 copies to Malaysia Pharmaceutical Society during 12th MPS Pharmacy Scientific Conference 2015 in Taylor's University Malaysia.

Diabetes Workshop

Malaysia is the number one country in Asean for having the highest number of diabetics and sixth in the western pacific region. Educating public about prevention and maintenance of the disease is very important and CARiNG Pharmacy has been actively organising talks, workshops and health campaigns to achieve this.

On 25 June 2016, CARiNG Pharmacy organised a half-day workshop at its head office at Jalan Tandang, Petaling Jaya. Consultant endocrinologist, Dr. Lim Lee Ling, senior diabetic educator, Ms Wong Yoke Lian and dietitian, Ms Chen Mun Wah shared their expertise in their fields of work to more than 100 participants.

LOCAL COMMUNITY PROGRAM/CARE HOME VISIT

Care for Good Samaritan Home

CARiNG Pharmacy organised a home visit to Good Samaritan Home (GSH) in Klang on December 2015, which provides shelter to more than 40 boys and girls. Our company contributed daily personal care goods, Milo, rice, noodles and eggs. All forms of contribution were collected from the HQ employees. The team also prepared breakfast and lunch and interacted with the children in several exciting games as a way to make them feel loved and happy.

Donation to OrphanCare Foundation

In conjunction with Valentine's Day, CARiNG Pharmacy partnered with Bayer Pharmaceutical to organise a charity campaign with the theme of **"Charity For Love"** to create awareness of family planning among young adults during this joyous occasion. A 3-day event was held at Sunway Pyramid from 12 to 14 February 2016. The collected sum was donated to OrphanCare Foundation, a non-profit organisation, that provides shelter to orphaned newborn babies or young children.

Sponsorship of RM10,000 to HKL Eczema Kidz Club

National Eczema Awareness Month (NEZAM) was organised by Persatuan Dermatologi Malaysia (PDM), Institut Pediatrik Hospital KL, it is supported by MENARINI-Atopiclair together with CARiNG Pharmacy as the Exclusive CSR partner. This campaign helped to raise funds of RM10,000 for the kids club to run various awareness and retention campaigns.

School Visit with Kuntum

CARiNG Pharmacy teamed up with KUNTUM magazine to publish **"2015 CARiNG Kids Educational Booklet"**. This booklet was supported by Oral B, Bio-Life and Nature's Way. In the months of October and November, CARiNG and KUNTUM visited SK Taman Cuepas, SK Convent (M) And SK Dusun Nanding in conjunction with school's co-curricular day. About 900 students joined the activities. Some students also brought home gift hampers from CARiNG Pharmacy and were joined by KUNTUM magazine's mascot during the event.

INTERNAL CSR

CARiNG Employee Day

After moving into the new Head Office in June 2015, the management decided to celebrate the new office with house-warming cum employee day on 11 October 2015. Employees from head office and branches were invited, including their family members. The opening ceremony was officiated by Chairperson, Datin Sunita, Managing Director, Mr Chong Yeow Siang and other board of directors with lion dance and fire crackers. Participants were entertained with fun-fare, kid's games, stage games and lucky draw. They were also treated with delicious of Malay cuisine.

The day ended with a donation of love from CARiNG Pharmacy's employees, where 50 pints of blood were collected and donated to National Blood Bank of Malaysia.

Pink In Action

As a gratitude to support women's rights on International Women's Day, the management have encouraged all employees – including those at frontline – to adorn in pink during a special day on 8 March 2016. The CARiNG's **"wave in pink"** was remarkable and amazing. We believed that many members of the public were inspired by our spirit and team work.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board of Directors (or "Board") of Caring Pharmacy Group Berhad ("Caring" or "the Company") is responsible for oversight and overall management of the Company. In order to ensure the effective discharge of its function and responsibilities, a Board Charter has been established for the Company and the subsidiaries ("Group" or "Caring Group") where specific powers of the Board are delegated to the relevant Board Committees and the Managing Director (or "MD"). Board Committees comprise Audit and Risk Management Committee ("ARMC"), Remuneration Committee ("RC") and Nomination Committee ("NC") as set out herein.

The Board reviews and approves the annual corporate plan ("ACP") for Caring Group, which includes the annual business plan and budget, dividend policy, business continuity plan, new issuance of securities, business restructuring, expenditure above a certain limit, disposals of significant fixed assets and the acquisition or disposal of companies within the Group, risk management strategy, internal controls and reporting systems (including their establishment and maintenance).

The Board Committees are entrusted with specific duties and responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("ToR"). Although specific powers are delegated to the Board Committees, the Board continues to keep itself abreast of the actions and decisions taken by each Board Committee, including key issues via reports by the Chairman and/or Chairperson of each of the Board Committees, as well as the tabling of minutes of all Board Committee meetings, to the Board at Board meetings. The Board reviews the respective Board Committees' authority and ToR from time to time to ensure their relevance and enhance its efficiency.

1.2 CLEAR ROLES AND RESPONSIBILITIES

The Board has wide responsibilities which are discharged in the best interests of the Company in pursuance of its commercial objectives. Amongst the key responsibilities of the Board are as described below:

a. Reviewing and adopting the Company's strategic plans

The Board plays an active role in the development of the Company's strategy. It has in place a strategy planning process, whereby the Management presents to the Board its recommended strategy annually, together with its proposed business plans for the ensuing year at a dedicated session, for the Board's review and approval. At this session, the Board deliberates both the Management's and its own perspectives, and challenges the Management's views and assumptions, to ensure the best outcome.

In conjunction with this, the Board also reviews and approves the annual budget for the ensuing year, and sets the Key Performance Indicators ("KPIs") under the ACP, ensuring that the targets correspond to the Company's strategy and business plan, reflect competitive industry trends and internal capabilities as well as provide sufficient stretch goals for the Management.

The Board actively engages with Management in monitoring the progress of initiatives and projects identified from time to time and, where required, identifies alternative measures to be taken to ensure the successful realisation of the strategies. The Board discusses strategy implementation processes taking cognisance of internal and external factors which had supported various achievements as well as challenges facing Management.

b. Overseeing the conduct of the Company's business

The Board has a collective responsibility for the oversight and overall management of the Group. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management.

The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group. In this manner, the Non-Executive Directors fulfil a crucial corporate accountability role as they provide independent and objective views, opinions and judgement on issues being deliberated and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. There is a schedule of key matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Group are in its hands.

On the other hand, the MD is responsible for the day-to-day management of the business and operations of the Group. He is supported by the Executive Directors, Management team and other Board committees established. Management Team's performance, under the leadership of the MD, is assessed by the Board through a status report which is tabled to the Board and which includes a comprehensive summary of the Group's operating drivers and its financial performance during each reporting period. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance, based on the approved KPIs under the ACP as well as the follow up or implementation of its decisions/recommendations by the Management.

c. Identifying principal risks and ensuring the implementation of appropriate systems to manage them

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls. The Board has delegated the implementation and monitoring of the internal control system to the Management and has appointed independent assurance provider to carry out the internal audit functions.

The ARMC assists the Board to oversee the risk management framework of the Group. Based on the feedback provided by the Management Team, the ARMC advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the Group. The ARMC reviews the risk management policies formulated by Management annually and makes relevant recommendations to the Board for approval.

Nevertheless, the Board has established an Enterprise Risk Management ("ERM") framework during the financial year under review. An Executive Risk Management Committee ("ERMC"), chaired by the Non-Independent Non-Executive Director and comprising key management personnel from the respective departments was also established as to facilitate the implementation of ERM framework. The ERMC is tasked to report to the ARMC on key risks identified and the implementation of action plans to mitigate such risks. Details of the main features of the Company's risk management framework and internal controls system are further elaborated in the Statement on Internal Control and Risk Management of this Annual Report.

d. Succession planning

The NC is responsible for reviewing candidates for key management positions, determining compensation packages for these appointments, and formulating nomination, selection, compensation and succession policies for the Group. In discharging its responsibility, the NC reviews the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget.

Through the input and feedback provided by the MD, the NC continues to monitor the actions taken by the Group Human Resources Department to ensure the smooth transition of key personnel into critical positions, and that the development plans for the identified successors are put in place based on their readiness to assume the positions. Where there are key management positions to be filled, the Board will also discuss on the same to ensure that the candidates appointed or employed are of sufficient calibre.

e. Overseeing the development and implementation of a communication policy for the Company

Being cognizant of the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company, the Company will take necessary steps in carrying out its Investor Relations activities in accordance with the resources and needs of the Group from time to time.

The Company intends to be more proactive in sharing current, reliable and up-to-date news flows on the retail pharmacy industry and regularly participate in road shows and conferences to ensure constant interactions with existing and prospective investors.

To promote the dissemination of the financial results of the Company to investors, shareholders and media as well as to keep the investing public and other stakeholders updated on the progress and development of the Group's business, the MD and/or the Finance Director intend to conduct the open briefings from time to time.

f. **Reviewing the adequacy and integrity of management information and internal control system of the Company**

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and the review of its effectiveness are set out in the Statement on Internal Control and Risk Management of this Annual Report.

The Board also has a separate Whistleblowing Policy and Procedures stating the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the WPP is in line with Section 368B of the Companies Act, 1965 ("the Act") where provisions have been made to protect Caring's officers who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty.

1.3 ACCESS TO INFORMATION AND ADVICE

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretary in ensuring the effective functioning of the Board. The Directors may seek advice from Management on issues under their respective purview. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from Management. The Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to approval by the Chairperson or the Board, depending on the quantum of the fees involved. Wherever necessary, consultants and experts will be invited to brief the Board on their areas of expertise or their reports.

The Directors are also notified of any corporate announcement released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly financial results.

1.4 STRATEGIES PROMOTING SUSTAINABILITY

The Board is cognisant of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance shall be taken into consideration. The Group also embraces sustainability in its operations and throughout its value chain and in partnership with its stakeholders, including suppliers, customers and other organisations.

1.5 BOARD CHARTER

The Board recognises the importance of establishing a single source of reference for Board activities through a Board Charter as recommended by the Malaysian Code of Corporate Governance 2012 ("MCCG 2012"). As such, the Board has formalised such a Charter to clearly delineate the roles of the Board, Board Committees and Management in order to provide a structured guidance for Directors and Management regarding their responsibilities of the Board, its Committees and Management, including the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group as well as boardroom activities.

The Board reviews and updates its Charter from time to time as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. The salient features of the Board Charter are available for reference on the Company's website.

1.6 FORMALISED ETHICAL STANDARDS THROUGH CODE OF ETHICS

The Board is committed in maintaining a corporate culture which engenders ethical conduct. A Code of Ethics is formalised through the Company's Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur.

1.7 QUALIFIED AND COMPETENT COMPANY SECRETARY

The Company Secretary of Caring is competent and suitably qualified to act as company secretary under Section 139A of the Act. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her functions, who plays a vital role in advising the Board in relation to the Company's constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Company Secretary ensures that deliberations at Board and Board Committee meetings are well captured and documented, and proper records are maintained accordingly at the Registered Office of the Company, and produced for inspection, if required. The Company Secretary constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training. The removal of the Company Secretary is a matter for the Board, as a whole to decide.

2. STRENGTHEN COMPOSITION

2.1 NOMINATION COMMITTEE

The NC was established on 18 February 2013 to make recommendations to the Board on suitable candidates for appointment to the Board. With effect from FYE2016, the Nomination Committee has also been tasked to review the term of office and performance of ARMC and its members on an annual basis. The ToR of the NC provides that it shall comprise three Non-Executive Directors of whom two are Independent Non-Executive Directors and one is Non-Independent Non-Executive Directors. In line with Recommendation 2.1 of the MCCG 2012, the NC is chaired by an Independent Non-Executive Director who is also the Senior Independent Non-Executive Director.

The ToR of the NC further provides that it shall have specific responsibilities in relation to nomination matters. With respect to nomination matters, the specific responsibilities of the NC shall include, amongst others:

- Formulating the nomination, selection and succession policies for the members of the Board;
- Making recommendations to the Board on new candidates for appointment and re-appointment/re-election of Directors to the Board;
- Reviewing the required mix of skills, experience and other qualities of the Board annually;
- Reviewing the term of office and performance of the ARMC and each of its members and recommending to the Board the appointment of members of ARMC and other Board Committees established by the Board annually;
- Establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, and reviewing the performance of the members of the Board;
- Ensuring orderly succession at the Board level and boardroom diversity;
- Assessing the independence of independent directors; as well as
- Ensuring that orientation and education programmes are provided for new members of the Board, and reviewing the Directors' continuing education programmes.

Details of the ToR for NC are available for reference on the Company's website.

2.2 DEVELOP, MAINTAIN AND REVIEW CRITERIA FOR RECRUITMENT AND ANNUAL ASSESSMENT OF DIRECTORS

a. Recruitment or appointment of Directors

The policies and procedures for recruitment or appointment (including re-election/re-appointment) of Directors are detailed out the Policies and Procedures for Nomination of Directors ("PP") approved by the Board on 23 July 2014. The NC is guided by the PP in carrying out its responsibilities in respect of the nomination, selection and appointment process, which also provides the requirements under the relevant laws and regulations on the matter. The review process involves the NC's consideration and submission to the Board its recommendation of suitable candidates for the proposed appointment as Directors of the Company.

The Company re-election process accords with Article 95 of the Company's Articles of Association ("Articles"), which states that one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election. All Directors shall retire from office once at least in each three years but shall be eligible for re-election at every Annual General Meeting of the Company. A retiring Director shall retain office until the close of the Annual General Meeting at which he retires, whether the Annual General Meeting is adjourned or not.

The NC's annual review of the criteria to be used in the appointment process to the Board of Directors largely focuses on ensuring a good mix of skills, experience and strength in the qualities that are relevant for the Board to discharge its responsibilities in an effective and competent manner. The other factors considered by the NC in its review include the candidates' ability to spend sufficient time and commitment on the Company's matters, the ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism, as well as having a balanced mix of age and diversity of Directors on the Board. The Board diversity factor as reviewed by the NC includes experience, skills, competence, race, gender, culture and nationality, to facilitate optimal decision-making by harnessing different insights and perspectives.

The NC reviews the composition of the Board Committees annually in accordance with the procedures as set out in the PP. In determining candidates for appointment to the Board Committees, various factors are considered, including the time commitment of the Board Committee members in discharging their role and responsibilities through attendance at their respective meetings. The evaluation and annual assessment exercise will be extensively conducted via the ARMC evaluation questionnaire, Board members' self and peer evaluation form, Independent Directors' evaluation form, Board and Board committee evaluation form (Collectively referred to as "Questionnaires").

The Directors standing for re-election/re-appointment at the 4th Annual General Meeting of the Company are as follows:

Name	**Designation**
Tan Lean Boon	Executive Director
Datin Sunita Mei-Lin Rajakumar	Independent Non-Executive Chairperson
Dr. Yusof Bin Ismail	Non-Independent Non-Executive Director
Tan Thiam Hock	Independent Non-Executive Director

Tan Lean Boon and Datin Sunita Mei-Lin Rajakumar are due to retire pursuant to Article 95 whereas Dr. Yusof Bin Ismail and Tan Thiam Hock are due to retire pursuant to Article 103 at the 4th Annual General Meeting. All these Directors will be recommended for re-election/re-appointment by the Board. Information of each Director standing for re-election is set out in pages 8, 9 and 11 of the Directors' Profile of this Annual Report.

b. Annual assessment

The NC will carry out the annual assessment exercise on performance and effectiveness of the Board, the Board Committees as well as individual Directors annually and the Company Secretary will facilitate the NC in carrying out the annual assessment exercise. The Board's effectiveness is assessed in the following key areas of composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, performance of the Chairperson and MD as well as the application of good governance principles to create sustainable shareholder's value. The Board, through the Questionnaires and recommendation from the NC, will examine the Board Committees, including their respective Chairman or Chairperson, to ascertain whether their functions and duties are effectively discharged in accordance with their respective ToR.

The annual assessment for FYE2016 was conducted via Questionnaires in mid-August 2016. As a post-evaluation process, the Company Secretary summarised the results of evaluation and reported to each Board and Board Committee member by providing with individual results together with a peer average rating on each area of assessment on 2 September 2016. Thus, allowing the Directors to know their standing and the Board to take actions on the outcome of evaluation by recommending remedial measures on areas that need improvements, if any.

From the annual assessment and review conducted, the NC was satisfied that all the Executive, Non-Executive and Independent Directors on the Board possess sufficient qualification to remain on the Board. Save for the NC members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the NC Members view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

As for the Board evaluation, the NC agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively.

In relation to the Independent Directors, the NC concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity.

c. Gender diversity policy

The Company currently has one female director who is the Chairperson of the Board. The Board is supportive of the 30% female representation on the Board as set out in Recommendation 2.2 of the MCCG 2012 and recognises that diversity is critical to a well-functioning Board and an essential measure of good governance. Female representation will be considered when a vacancy arises and/or suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skills-set, experience and knowledge of the candidate. The NC is mindful of its responsibilities to ensure that new appointments should provide the appropriate mix of skills, experience, strength and other qualities which would be relevant to enhance the composition of the Board.

2.3 REMUNERATION COMMITTEE

The RC was established on 18 February 2013 and is primarily responsible for the development and review of the remuneration policy and packages for the Board members and senior management. The ToR of the RC provides that it shall comprise three members with a majority of Independent Non-Executive Directors. The RC is chaired by an Independent Non-Executive Director with two members of whom one is Independent Non-Executive Director and one is Non-Independent Non-Executive Director.

The specific responsibilities of the RC in relation to remuneration matters as set out under its ToR include, amongst others:

- Formulating and reviewing the remuneration policies and remuneration for the members of the Board, Board Committees and the senior management, and recommending the same to the Board for approval; and
- Recommending the engagement of external professional advisors to assist and/or advise the RC on remuneration matters, where necessary.

Details of the ToR for RC are available for reference on the Company's website.

2.4 REMUNERATION POLICIES

The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company as well as other individuals serving as members of the Board Committees. Hence, the Board has established formal and transparent remuneration policies for the Board and Board Committees, and the procedures in determining the same. The RC reviews the Board remuneration policy annually and in the course of deliberating on the remuneration policy, it considers various factors including the Non-Executive Directors' fiduciary duties, time commitments expected of Non-Executive Directors and Board Committee members, the Company's performance and market conditions. The RC also takes into consideration the remuneration of Directors of other public listed companies ("PLCs") in order to ensure competitive remuneration policies that reflect the prevailing market rate.

In 2016, the Board approved the RC's recommendation on remuneration of the Executive Directors and MD, remuneration of the Non-Executive Directors, and Directors' fees for FY2016 for the approval of the shareholders at the 4th Annual General Meeting. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board. Disclosure of each Director's remuneration, including that of the MD, is set out in the Annual Audited Financial Statements of this Annual Report.

Directors' remuneration for FY2016 in aggregate, with categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:

	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
[RM, IN GROSS] *		
Salaries	979,200	-
Directors Fees **	208,800	162,000
Emoluments ***	338,163	3,200
Benefits ^	-	-
Total	1,526,163	165,200

* Numbers are provided before tax.
** Fees paid to Non-Executive Directors.
*** Other emoluments include bonuses, incentives, retirement benefits, provision for leave passage and other allowances.
^ Benefits include rental payment, motor vehicle, club membership, personal expenses and other benefits as Directors.

The number of Directors of the Company whose remuneration band falls within the following successive bands of MYR50,000 is as follows:

RANGES OF REMUNERATION [MYR]	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
[RM, IN GROSS]*		
1 – 50,000	-	3
50,000 – 100,000	-	1
150,000 – 500,000	3	-
1,000,000 – 2,000,000	-	-
2,800,000 – 2,950,000	-	-
Total	3	4

* Numbers are provided before tax

In respect of the non-disclosure of detailed remuneration of each Director, the Board views that the transparency in respect of the Directors' remuneration has been appropriately dealt with by the 'band disclosure' presented in this CG Statement.

3. REINFORCE INDEPENDENCE

3.1 ANNUAL ASSESSMENT OF INDEPENDENCE

The Policy on Assessing Independence of Directors ("Policy") approved by the Board on 23 July 2014, sets out policies and procedures to ensure the effectiveness of the Independent Non-Executive Directors on the Board, including new appointments. The Board, through the NC, assesses the independence of Non-Executive Directors annually using the Directors' Policy, which is in line with Recommendation 3.1 of the MCCG 2012, as one of the factors in determining their eligibility to stand for re-election/re-appointment. The NC reviewed and was satisfied that all the Directors had satisfied the criteria for an independent director as prescribed in the Main Market Listing Requirements ("Listing Requirements") and Practice Note 13 of Bursa Malaysia Securities Berhad ("Bursa Securities"). The NC was also satisfied that they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company.

Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the NC and the Board.

3.2 TENURE OF INDEPENDENT DIRECTOR

The Board has implemented a nine-year policy for Independent Non-Executive Directors, in line with Recommendation 3.2 of the MCCG 2012. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director was to retain as an Independent Director, the Board would have to justify in the notice convening the Annual General Meeting and seek shareholders' approval the retention of such Independent Director at every Annual General Meeting.

As at the date of this CG Statement, none of the Independent Non-Executive Directors has reached nine years of service since their appointment and/or election as Directors. Their tenure of service is set out in the Directors' Profile and Key Senior Management's Profile of this Annual Report.

3.3 SEPARATION OF POSITIONS OF THE CHAIRPERSON AND MD

The Chairperson, who is an Independent Non-Executive Director, leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the other Non-Executive and Independent Director, she leads the discussion on the strategies and policies recommended by the Management. She also chairs the meetings of the Board and the shareholders.

The positions of Chairperson and MD are held by two different individuals. The MD is a Non-Independent Executive Director, who manages the business and operations of the Company and implements the Board's decisions. He is subject to the control of the Board and is accountable for leading the Management team, implementing the policies/decisions approved by the Board, building a dynamic corporate culture with the requisite skills and competency and acting as Caring Group's official spokesperson. The distinct and separate roles of the Chairperson and MD, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

3.4 COMPOSITION OF THE BOARD

The Board of Caring, chaired by an Independent Non-Executive Director, comprises eight Directors of whom three are Independent Non-Executive Directors, two are Non-Independent Non-Executive Directors and three are Executive Director of whom one is also the MD. In this respect, Caring complies with the Recommendation 3.5 of the MCCG 2012 and the requirement of the Listing Requirements of Bursa Securities for Independent Non-Executive Directors to make up at least one-third of the Board membership.

With the age of the Directors ranges from 48 to 68, the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board. The Board is also of the opinion that its current composition and size constitute an effective Board to Caring Group. Furthermore, the strong representation of high caliber Independent Non-Executive Directors provides the necessary balance. The role of the Independent Non-Executive Directors is important in ensuring that the strategies proposed by the Management are fully discussed and deliberated, and the interests of the shareholders, employees, customers, suppliers and other stakeholders are taken into consideration. The Board is, however, open to board changes as and when appropriate.

The Independent Non-Executive Director, Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf also performs the role as the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by shareholders and stakeholders. The Group has made available a dedicated electronic mail, tansri@caringpharmacy.com.my, to which stakeholders can direct such concerns to be reviewed and addressed by the Board accordingly.

4. FOSTER COMMITMENT

4.1 TIME COMMITMENT

The Board ordinarily schedules four meetings in a year. Board and Board Committee meetings are scheduled well in advance, i.e. prior to the closing of each quarter to facilitate the Directors in planning ahead and to ensure that the Board and Committees meetings are booked in their respective schedules. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. The agenda for the meeting of the Board are set by the Company Secretary in consultation with the Chairperson and the MD. Management strives to ensure that Board and Board Committees meeting papers accompanying notes and explanations for agenda items are sent to the Directors at least seven days before the meeting. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of Caring. This is evidenced by the attendance record of the Directors at Board of Directors and Board Committee meetings during the financial year under review as set out as follows:

MEETING ATTENDANCE	BOARD	ARMC	NC	RC	AGM@
Datin Sunita Mei-Lin Rajakumar	^5/5	^5/5	2/2	^1/1	^1/1
Chong Yeow Siang	4/5	-	-	-	1/1
Soo Chan Chiew	5/5	-	-	-	1/1
Tan Lean Boon	4/5	-	-	-	1/1
Ang Khoon Lim	4/5	4/5	2/2	1/1	1/1
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	4/5	4/5	^1/2	1/1	1/1
Dr. Yusof Bin Ismail*	1/5	-	-	-	-
Tan Thiam Hock#	0/5	-	-	-	-

@ Third Annual General Meeting held on 16 October 2015
^ Chairperson/Chairman of the Board or Board Committees or AGM
* Appointed on 1 March 2016
# Appointed on 1 June 2016

a. Procedures for appointment of Director

Notwithstanding that no specific quantum of time has been fixed, each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. Each Board member is expected to achieve at least fifty percent attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairperson and/or Company Secretary, where applicable.

Prior to the acceptance of new Board appointment(s) in other companies and/or PLCs, the Directors are to notify the Chairperson and/or the Company Secretary in writing. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one criterion as agreed by the Board is that they must not hold directorships at more than five PLCs (as prescribed in Paragraph 15.06 of Listing Requirements).

b. Annual meeting calendar

To facilitate the Directors' time planning, an annual meeting calendar will be prepared and circulated to them before the beginning of each year. It will provide the scheduled dates for meetings of the Board and Board Committees, the Annual General Meeting, major briefings to be conducted by the Company, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

4.2 TRAINING

The Board takes a strong view of the importance of continuing education for its Directors and through NC, reviews annually the training needs of each Director as to ensure they are equipped with the necessary skills and knowledge to meet the challenges of the Board. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, each Director shall determine the areas of training that he or she may require for personal development as a Director or as a member of a Board Committee. Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four months from the date of appointment. In addition, an induction programme and/or briefings will be organised by the Management teams for a newly appointed Director as to familiarize him/her with the Group's business, operations and governance process.

The external auditors briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year. In addition, the Board is briefed at every Board meeting on any significant changes in laws and regulations that are relevant by the Company Secretary. The Directors' are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, at the Company's expense.

All the Directors have attended the MAP. During the financial year under review, the Directors attended in-house development programs conducted for the Directors and senior management and various external programs, which included the following:

BOARD MEMBERS	COURSES/TRAINING PROGRAMMES ATTENDED	
Datin Sunita Mei-Lin Rajakumar	i)	Leadership Excellence From The Chair by Bursa
	ii)	Future of Auditor Reporting - The Game Changer for Boardroom by Bursa
	iii)	Effective Board Evaluation by FIDE Forum
	iv)	Paving The Way Ahead by Boardroom Corporate Services
	v)	The Strategy, The Leadership, The Stakeholders and The Board by Bursa
	vi)	The Role of Corporate ASEAN in driving the United Nations Sustainable Development Goals by Securities Commission
	vii)	8th Annual Corporate Governance Summit by Asia World Summit
	viii)	Ring The Bell for Gender Equality by Bursa
	ix)	Improving Board Risk Oversight Effectiveness by Bursa
Chong Yeow Siang	i)	Owner/President Management Program Part I by Harvard Business School
	ii)	Risk Management Awareness Workshop by CGRM

BOARD MEMBERS	COURSES/TRAINING PROGRAMMES ATTENDED
Soo Chan Chiew	i) 2016 Tax and Budget Seminar by Crowe Horwath ii) Risk Management Awareness Workshop by CGRM
Tan Lean Boon	i) 2016 Tax and Budget Seminar by Crowe Horwath ii) Risk Management Awareness Workshop by CGRM
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	i) Risk Management Awareness Workshop by CGRM
Ang Khoon Lim	i) 8th Annual Corporate Governance Summit by Asia World Summit ii) Risk Management Awareness Workshop by CGRM
Dr. Yusof Bin Ismail*	i) 8th Annual Corporate Governance by Asia World Summit ii) Advanced Leadership Development and Assessment Programme iii) Audit Committee Seminar for the Public & Private Sector 2016 iv) MDV on Board Programme
Tan Thiam Hock#	i) Mandatory Accreditation Programme for Directors of Public Listed Companies by Bursa

* Appointed on 1 March 2016
# Appointed on 1 June 2016

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, its position and future prospects, through the issuance of the Annual Audited Financial Statements and quarterly financial reports, as well as corporate announcements on significant developments affecting the Company in accordance with the Listing Requirements.

The ARMC Chairperson, Datin Sunita Mei-Lin Rajakumar together with all ARMC members, reviewed the Company's financial statements in the presence of both external and internal auditors, prior to recommending them for the Board's approval and issuance to stakeholders.

The MD formally presented to the ARMC and the Board details of revenues and expenditures for review of quarter-to-quarter and year-to-date financial performance against budget. The Letter to Stakeholders, and the Management Discussion and Analysis of this Annual Report all provide additional analysis and commentary on the Group's financial performance.

As part of the governance process in reviewing the quarterly and yearly financial statements by the ARMC, the MD and Finance Director provided assurance to the ARMC on a quarterly basis that adequate processes and controls were in place for an effective and efficient financial statement close process, that appropriate accounting policies had been adopted and applied consistently and that the relevant financial statements gave a true and fair view of the state of affairs of the Group.

In addition to the above, the Head of Departments also undertook an independent assessment of the system of internal control on an annually basis and assured the ARMC that no material issue or major deficiency had been noted which posed a high risk to the overall system of internal control under review.

As such, the Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in the Directors' Report and the Annual Audited Financial Statements set out in this Annual Report.

Starting from FY2016, the Board, through NC shall review the term of office and performance of the ARMC and each of its members at annually to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference.

5.2 ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The external auditors fill an essential role by enhancing the reliability of the Company's Annual Audited Financial Statements and giving assurance to stakeholders of the reliability of the Annual Audited Financial Statements. The external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management; and if necessary, to the ARMC and the Board.

The external auditors are working closely with the internal auditors and tax consultants, without compromising their independence. Their liaison with the internal auditors would be in accordance with International Standards on Auditing (ISA) No. 610: "Considering the Work of Internal Auditing", with the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The external auditors reviews internal audit reports and discuss findings with internal auditors where necessary.

In accordance with the principles set out in ISA No. 260 "Communicating of Audit Matters with Those Charged with Governance", the external auditors have brought to the Board's attention through the ARMC, all the significant accounting, auditing, taxation, internal accounting systems & process control and other related matters that arise from the audit of the financial statements of the Company. The ARMC, without the presence of Executive Board members and Management also meets with the external auditors at least twice during each financial year to exchange free and honest views on issues which the external auditors may wish to discuss in relation to their audit findings.

The ARMC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors. The terms of engagement for services provided by the external auditors are reviewed by the ARMC prior to submission to the Board for approval. Feedback based on the assessment areas is obtained from the ARMC, the Finance Director, the internal auditor and senior management and the Head of Departments.

The ARMC undertakes an annual assessment of the suitability and independence of the external auditors in accordance with the Board's Non-Audit Services Policy which was adopted on 23 July 2013 as well as the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants ("MIA"). On the other hand, the ARMC also seeks written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the MIA. The external auditors provides such declaration in their annual audit plan presented to the ARMC prior to the commencement of audit for a particular financial year.

In this regard, the ARMC had on 2 September 2016, assessed the independence of Messrs. Crowe Horwath ("CH") as external auditors of the Company as well as reviewed the level of non-audit services rendered by CH to the Company for FY2016. The ARMC was satisfied with CH's technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to CH. Having satisfied itself with their performance and fulfillment of criteria as set out in the Board's Non-Audit Services Policy as well as received the assurance from CH as stated above, the ARMC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the 4th Annual General Meeting.

5.3 CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretary of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions are submitted to the ARMC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

The details of the related party transactions are set out under Note 32 to the Annual Audited Financial Statements on pages 84 to 85 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

6.1 SOUND FRAMEWORK TO MANAGE RISKS

The Board has established an ERM framework to formulate and review risk management policies and risk strategies. The Board and Management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment. The responsibilities of identifying and managing risks are delegated to the Head of Departments. The Board and the ARMC are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The ARMC, through the ERMC will assist the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

6.2 INTERNAL AUDIT FUNCTION

The Board has established an internal audit function within the Company based on the risk profiles of all the departments of the Group, which is led by the Head of Departments who report directly to the ARMC. The Board has also outsourced the internal audit function to an independent assurance provider to provide an independent appraisal over the system of internal control of the Group to the ARMC.

Details of the Company's internal control system and risk management framework are set out in the Statement on Internal Control and Risk Management and ARMC Report of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 CORPORATE DISCLOSURE POLICY

To ensure and facilitate compliance with the Listing Requirements as a PLC, the Company has set out clear roles and responsibilities of Directors, Management and employees with levels of authority, to be accorded to the designated person(s) and spokespersons in the handling and disclosure of material information. The persons responsible for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the timely disclosure of material information to the investing public.

The Company has put in place an internal policy on confidentiality to ensure that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

7.2 LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Group recognises the importance of prompt and timely dissemination of information to shareholders and investors, in order for these stakeholders to be able to make informed investment decisions. Towards this, the Company's website incorporates a corporate section which provides all relevant information on the Company and is accessible by the public. This corporate section enhances the IR function by including share price information, all announcements made, annual reports as well as the corporate and governance structure of the Company.

The Company has leveraged on information technology for broader and effective dissemination of information with regard to the dates scheduled to release its quarterly results. The announcement of the quarterly financial results is also made via Bursa LINK in a timely manner as required under the Listing Requirements in ensuring equal and fair access to information by the investing public.

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 ENCOURAGE SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders. In this regard, the Board will ensure that all the Company's shareholders and stakeholders are treated equitably and the rights of all investors, including minority shareholders, are protected.

The Company dispatches its notice of Annual General Meeting to shareholders at least twenty one days before the Annual General Meeting, under the Act and Listing Requirements. This would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney together with the Notice of Annual General Meeting, which provides information to shareholders with regard to, among others, details of the Annual General Meeting, their entitlement to attend the Annual General Meeting, the right to appoint proxy and also qualification of proxy. The Company allows a member to appoint a proxy who may but need not be a member of the Company. If the proxy is not a member of the Company, he or she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

Where special business items appear in the notice of the Annual General Meeting, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item. The Annual General Meeting is the principal opportunity for the Board to meet shareholders and for the Chairperson to provide an overview of the Company's progress and receive questions from shareholders.

To in line with Paragraph 7.21A(2) of Listing Requirements for further promoting participation of members through proxies, the Chairperson will brief the members, corporate representatives and proxies present of their right to speak and vote on the resolutions set out in the notice of the 4th Annual General Meeting dated 30 September 2016. The Articles further entitles a member to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote as if they were a member of the Company.

To in line with Section 145A of the Act, the Board may adopt electronic voting as to facilitate greater shareholder participation at general meetings.

8.2 POLL VOTING

Under Recommendation 8.2 of the MCCG 2012 and Paragraph 8.29A(1) of the Listing Requirements, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the votes cast at the 4th Annual General Meeting.

At the commencement of all general meetings, the Chairperson will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairperson will declare the number of proxy votes received, both for and against each separate resolution where appropriate. The outcome of the Annual General Meeting will be announced to Bursa Securities on the same meeting day.

8.3 EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENTS

All the Directors shall endeavor to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company the 4th Annual General Meeting. The proceedings of the 4th Annual General Meeting will include the Chairperson's briefing on the Company's overall performance for FY2016, the presentation of the external auditors' unqualified report to the shareholders, and a Q&A session during which the Chairperson will invite shareholders to raise questions pertaining to the Company's accounts and other items for adoption at the meeting, before putting a resolution to vote. The Directors, MD and external auditors will be in attendance to respond to the shareholders' queries. The Board will also share with the shareholders the Company's responses to questions submitted in advance of the 4th Annual General Meeting by the Minority Shareholder Watchdog Group, if any.

The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Company's website at www.caring2u.com.my from which shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, tansri@caringpharmacy.com.my, to which stakeholders can direct their queries or concerns.

COMPLIANCE STATEMENT

This CG Statement on the Company's CG practices is made in compliance with Paragraphs 15.25 and 15.08A of the Listing Requirements. The Board considers and is satisfied that in 2016, the Company has fully complied with the principles and recommendations of the MCCG 2012, the relevant chapters of the Listing Requirements on CG and all applicable laws and regulations throughout FY2016.

This CG Statement was approved by the Board on 2 September 2016.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT

COMPOSITION AND ATTENDANCE

The ARMC of Caring Pharmacy Group Berhad ("Caring" or "the Company"), chaired by an Independent Director, comprises three members, all of whom are Non-Executive Directors, one being a Non-Independent Non-Executive Director and two being Independent Non-Executive Directors. The current composition meets the requirement of paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Should there be a vacancy in the ARMC resulting in the non-compliance of paragraph 15.09(1) and 15.10 of the Listing Requirements, the Company must fill up the vacancy within three months thereof. The ARMC members and their attendance records are outlined in the Corporate Governance ("CG") Statement.

The Board, through NC will review annually the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual ARMC effectiveness evaluation. The Board is satisfied that for the financial year ended 31 May ("FY") 2016, the ARMC and its members have been able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC ("ToR") which is set out in the Company's website, thereby supporting the Board in ensuring appropriate CG standards within the Company and the subsidiaries ("Group" or "Caring Group").

MEETINGS

The ARMC held five meetings in FY2016 without the presence of other Directors, members of Senior Management and employees, except when their attendance was requested by the ARMC. The Managing Director ("MD") was invited to all ARMC meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

The lead audit engagement partner of the external auditors responsible for the Group attended three ARMC meetings in FY2016 to present the audit plans and auditors' report on the Annual Audited Financial Statements for FY2016.

During the first meeting between the external auditors and the ARMC in FY2016, the ARMC sought the external auditors' confirmation that they had been given unfettered access to information and co-operation from the Management during the course of audit. In the ARMC meetings, the external auditors were invited to raise any matter they considered important for the ARMC's attention. The ARMC Chairperson obtained confirmation from the external auditors that the Management had given its full support and unrestricted access to information as required by the external auditors to perform their duties and that there were no other matters considered important which had not been raised with the ARMC.

In addition to the meetings held between the ARMC and the external auditors during ARMC meetings where the external auditors were given opportunities to raise any matters without the presence of Management, the ARMC members also gave unrestricted access to the external auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Deliberations during the ARMC meetings, including the issues tabled and rationale adopted for decisions, were recorded. Minutes of the ARMC meetings were tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

In FY2016, the ARMC Chairperson presented to the Board the recommendations of the ARMC for approval of the annual and quarterly financial statements as well as declaration of dividends. The ARMC Chairperson also conveyed to the Board matters of significant concern as and when raised by the external auditors or internal auditors. The internal auditors were present at three ARMC meetings to table the respective internal audit ("IA") reports. The relevant Head of the Departments of the audit subjects were also invited to brief the ARMC on specific issues arising from the relevant IA reports.

During the financial year under review, the ARMC also assisted the Board to facilitate the establishment of the enterprise risk management ("ERM") framework. With the reporting and update by the Executive Risk Management Committee on key risk management issues, the ARMC reviewed the key corporate risk profiles, risk assessment of core business processes, operational risks and mitigation measures as well as the process for identifying, evaluating, and managing risk through the ERM framework as to ensure that the risk management process and culture are embedded throughout the Group.

OTHER MATTERS

The related party transactions entered into by the Group were reviewed by the ARMC to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the Listing Requirements of Bursa Securities and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders.

If any matter reported by the ARMC to the Board of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the ARMC shall promptly report such matter to the Bursa Securities.

SUMMARY OF ACTIVITIES

The ARMC's activities during the financial year under review to the date of this Statement encompassed the following:

Activities with regards to external audit:

- review of external audit scope and audit plans based on the external auditors' presentation of audit strategy and plan;
- review of external audit results, audit reports, management letter and the response from the Management;
- review and evaluation of factors relating to the independence of the external auditors. The ARMC worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors; and
- review of the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors.

Activities with regards to internal audit:

- review of internal audit's resource requirements, scope, adequacy and function;
- review of internal audit's plan and programs;
- review of IA reports, recommendations and Management's responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors were discussed together with the Management Team in a separate forum;
- review of implementation of these recommendations through follow-up IA reports to the ARMC;
- suggestion on additional improvement opportunities in the areas of internal control, systems and efficiency improvement;
- review of the whistle-blowing policy for adoption by the Board; and
- review of the performance and competency of the internal auditors.

Activities with regards to financial statements:

- review of annual report and the annual audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 1965 ("the Act") and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB");
- review of the Group's compliance with the Listing Requirements, MASB and other relevant legal and regulatory requirements with regards to the quarterly financial statements and annual audited financial statements; and
- review of the unaudited financial results announcements before recommending them for Board's approval, focusing particularly on:

    - any change in accounting policies and practices
    - significant adjustments arising from the audit
    - the going concern assumption
    - compliance with applicable financial reporting standards and other legal requirements

Activities with regards to internal control and risk management:

- assessment on the resources and knowledge of the Management and employees involved in the risk management process;
- review and monitoring of principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommend additional course(s) of action to mitigate such risks;
- monitoring and communication of the risk assessment results to the Board;
- assessment on the actual and potential impact of any failure or weakness of the internal controls in place; and
- facilitation of the ERM establishment and review on adequacy and effectiveness thereof from time to time.

Other activities:

- review of its ToR periodically and recommendation to the Board on revision, if necessary;
- review of ordinary dividend payments, related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or code of conduct that may raise concern or question of management's integrity.;
- discussion on acquisition and corporate exercise of the Company for the Board's approval;
- review of application of corporate governance ("CG") principles and the extent of the Group's compliance with the best practices set out under with the Malaysian Code for Corporate Governance 2012;
- review of the CG Statements, ARMC Report and the Statement on Internal Control and Risk Management for adoption by the Board; and
- discussion on summary of assessment on the performance and effectiveness of ARMC and its members.

INTERNAL AUDIT FUNCTION

The purpose of the IA function is to provide the Board, through the ARMC, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of internal auditors are fully discharged, the ARMC reviews the adequacy of the scope, functions and resources of the IA function as well as the competency of the internal auditors. The internal auditors also highlighted to the ARMC the audit findings which required follow-up action by Management as well as outstanding audit issues which required corrective action to ensure an adequate and effective internal control system within the Group.

The IA activities were carried out based on a risk-based audit plan presented by the internal auditors to the ARMC for approval. The establishment of the audit plan took into consideration the corporate risk profile and input from Senior Management and the ARMC members. The results of the audits provided in the IA reports were reviewed by the ARMC. The relevant Head of the Departments of the specific audit subject was made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframe. Internal auditors also conducted follow-up audits to ensure that Management's corrective actions were implemented appropriately. In this respect, the IA has added value by improving the control processes within the Group. All IA activities in FY2016 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM32,000.

The following IA activities were carried out by the internal auditors during the financial year under review:

i. Formulation of agreement with the ARMC on the risk-based internal audit plan that was consistent with the Company's objectives and goals;
ii. Conduct of various internal audit engagements in accordance with the audit plan;
iii. Following up on internal audit recommendations to ensure adequate implementation; and
iv. Reporting to the ARMC on the competency (i.e. qualification and experience) of its human resources on a yearly basis.

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

INTRODUCTION

The Board of Directors (or "Board") of Caring Pharmacy Group Berhad ("Caring" or "the Company") is committed towards maintaining a sound system of risk management and internal control and is pleased to provide the following Statement on Internal Control and Risk Management ("Statement") which outlines the internal controls of and the scope and nature of risk management for the Company and the subsidiaries ("Group" or "Caring Group") for the financial year ended 31 May ("FY") 2016. For the purpose of disclosure, this Statement is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Principle 6 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

BOARD RESPONSIBILITY

The Board re-affirms its commitment and acknowledges its overall responsibility in maintaining the Group's system of internal control and risk management as well as reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investments and the Group's assets. The Board recognises that a sound system of internal control and risk management is an integral part of good corporate governance. The Board and the Management Team are responsible and accountable for the establishment of internal controls for the Group. The Board has an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board has delegated the responsibility of monitoring the internal control and risk management systems to the Management Team.

The system of internal control and risk management covers not only financial controls but operational, risk and compliance controls as well. These systems are designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group's policies, goals and objectives. Such systems provide reasonable, rather than absolute, assurance against material misstatement or loss.

The internal control and risk management systems and processes are subjected to regular evaluations on their adequacy and effectiveness by the Management Team and are updated from time to time, including mitigating measures taken by the Management Team, via the Audit and Risk Management Committee ("ARMC") to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

The adequacy and effectiveness of internal controls were reviewed by ARMC in relation to the internal audits conducted by an independent assurance provider, NGL Tricor Governance Sdn Bhd (or "internal auditors") during the financial year under review. Audit issues and actions taken by Management to address the issues tabled by internal auditors were deliberated during the ARMC meetings. Minutes of the ARMC meetings which recorded these deliberations were presented to the Board.

RISK MANAGEMENT FRAMEWORK

The Board and the Management Team fully support the contents of the Guidelines. To be in line with Recommendation 6.1 of the MCCG 2012 and the increasing focus of shareholders on Corporate Governance, risk management practices are inculcated and entrenched in the activities of the Group, which requires, amongst others, the establishing of an enterprise risk management ("ERM") framework which is designed to provide consistency in the management of risks across the Group.

During the financial year under review, the Board has categorised risks into Strategic and Market, Operational as well as Human Resource and established an on-going process for identifying, evaluating, and managing risks through the ERM framework. The objectives of the Group's ERM framework are as follows:

- Optimise the return to, and protect the interests of stakeholders (including shareholders, customers and staff);
- Safeguard the Group's assets and maintain its reputation;
- Improve the Group's operating performance;
- Fulfil the Group's strategies objectives;
- Practise good governance in the Group; and
- Promote an effective risk awareness culture where risk management is an integral aspect of the Group's management systems.

The Board through the ARMC, regularly reviews this process. The main objective of the review is to formalize and embed a risk management process across the Group in order to sensitise all employees within the Group to risk identification, evaluation, control, ongoing monitoring, and reporting.

In providing oversight of risk management framework and policies in the Group, the ARMC will meet on a half yearly basis to review, deliberate and provide advice on matters pertaining to the key corporate risk profiles, risk assessment of projects and programmes, operational risks and mitigation measures, as well as ERM activities. Internal control and risk-related matters which warrant the attention of the Board will be recommended by the ARMC to the Board for its approval and matters or decisions made within the ARMC's purview will be updated to the Board for its notation.

On the other hand, an Executive Risk Management Committee ("ERMC"), chaired by the Non-Independent Non-Executive Director was also been established to promote the ERM framework activities and to ensure that the risk management process and culture are embedded throughout the Group. ERMC will meet on a quarterly basis, where the Head of Departments have the overall responsibility to report the key risks to the ERMC, to deliberate on risks identified, controls and risk mitigation strategies arising from the risk assessment process conducted and provide regular reporting and update to the ARMC on key risk management issues. The responsibility for day-to-day risk management resides with the Management of each subsidiary and they are accountable for the risks identified and assessed. To further embed a risk awareness culture and risk management process within the Group, the risk management training for selected management personnel has been and will be conducted on an on-going basis.

OTHER RISK AND INTERNAL CONTROL PROCESSES

Apart from risk management and internal audit ("IA") function, the Board, through the ARMC has also put in place the following key elements as part of the Group's system of internal control:

- Clearly defined organisational structure with proper delegation of responsibilities and accountability;
- Appropriate authority limits are established for the approval process, therefore minimising the risk of unauthorised transactions;
- Annual budget system is in place. There is requirement for the timely submission of monthly financial reports and key operational performance indicators to the Management;
- Human resource function sets out policies for recruitment, training and staff appraisal to ensure that staff is competent and adequately trained in carrying out their responsibilities;
- Policies and procedures for the carrying out of day-to-day operations have been established and are subject to periodic reviews as to ensure that they remain current, relevant and aligned with evolving business environment and operational needs;
- The Group's policies, rules and regulations incorporating control procedures are available in the Group's intranet site, which are revised periodically to meet changing business, operational and statutory reporting needs;
- An integrated Code of Conduct and Whistleblowing Policy and Procedures are in place and available at the Company's website to set the pace of upholding integrity and ethical values within the Group;
- The Group operates on a comprehensive information system platform which enables transactions to be captured, compiled and reported on a timely and accurate manner. The information system is automated and periodically upgraded to provide Management with data, analysis, variations, exceptions and other input relevant to the Group's performance; and
- Independent appraisals by internal auditors to ensure on-going compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

The internal auditors are engaged to independently assess the implementation and the efficiency and effectiveness of the system of risk management and internal controls, based on a detailed IA plan approved by the ARMC. For the year under review, IA activities carried out by NGL Tricor Governance Sdn Bhd covered the Group's retail division and operations, including the following-up on management feedback and internal audit findings on the retail and operation.

The results of the internal audits are monitored by the Management Team and reported periodically to the ARMC and the report of the ARMC is a permanent agenda in the meeting of the Board. The Management Team responses on each internal audit recommendation and action plans are regularly reviewed and followed up by internal auditors and reported to the ARMC. A matrix which covers the overall audit ratings, nature of work and scope, and audit issues and its priorities have been developed by the internal auditors as a template to guide the conduct of the follow-up audit. For FY2016, based on the assessment of ERM framework for the Group and feedback from the ERMC and internal auditors, the ARMC is satisfied that there were no major gaps in respect to the minimum internal controls as determined by the Group.

The Managing Director ("MD") and Finance Director also report to the Board on significant changes in the business and the external environment which affects the operations. Financial information, key performance and risk indicators are also reported on a quarterly basis to the Board.

On the other hand, sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken in which Management reviews the coverage for the fixed asset and inventory based on their respective net book values and "replacement value", i.e. the prevailing market price for the same or similar item, where applicable. The underwriter also assists by conducting a risk assessment, which helps the Group in assessing the adequacy of the intended coverage.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the MD and Finance Director that the Group's internal control and risk management systems are operating adequately and effectively, in all material aspects, during the financial year under review. Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties.

Taking into consideration the above assurance from the Management Team and input from the relevant assurance providers, the Board is of the view that the system of risk management and internal control is satisfactory and is adequate to safeguard shareholders' investments, customers' interest and Group's assets. The Group will continue to take measures to strengthen the internal control and risk management environment.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement for inclusion in this Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management.

Internal auditors have reviewed this Statement and reported to the ARMC that, while it identified individual lapses in internal control during the course of its internal audit assignments for the financial year under review, which were subsequently addressed, they have not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management systems.

CONCLUSION

The Board is of the view that the system of internal control and risk management is in place for the financial year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard shareholders' investments, the interests of customers, regulators, employees and other stakeholders, as well as the Caring Group's assets. There was no material control failure that would have any material adverse effect on the financial results of the Group for the year under review and up to the date of issuance of the financial statements.

The risks taken are at an acceptable level within the context of the business environment throughout the Group and there were no significant internal control deficiencies or weaknesses resulting in material losses, contingencies or uncertainties during the financial year that would require separate disclosure in this Annual Report.

The Board continues to take pertinent measures to sustain and, where required, to improve the Group's internal control and risk management systems in meeting the Group's strategic objectives.

This Statement was approved by the Board on 2 September 2016.

DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), and the requirements of the Act in Malaysia and the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Considered the appropriate approved accounting standards in Malaysia;
- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

FINANCIAL STATEMENTS

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 2016.

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	8,551,515	3,654,315
Attributable to:-		
Owners of the Company	7,289,061	3,654,315
Non-controlling interests	1,262,454	-
	8,551,515	3,654,315

DIVIDENDS

Since end of the previous financial year, the Company paid 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 ended 31 May 2015.

The directors now recommend the payment of 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 under review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

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.

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.

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
DR. YUSOF BIN ISMAIL *(Appointed on 1.3.2016)*
SOO CHAN CHIEW
TAN LEAN BOON
TAN SRI DATO' HAJI MOHD ARIFFIN BIN MOHD YUSUF
TAN THIAM HOCK *(Appointed on 1.6.2016)*

Pursuant to Article 95 of the Articles of Association of the Company, Datin Sunita Mei-Lin Rajakumar and Tan Lean Boon retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to Article 103 of the Articles of Association of the Company, Dr. Yusuf Bin Ismail and Tan Thiam Hock 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			
THE COMPANY	**AT 1.6.2015**	**BOUGHT**	**SOLD**	**AT 31.5.2016**
Direct Interests				
ANG KHOON LIM	127,301	-	-	127,301
CHONG YEOW SIANG	127,401	-	-	127,401
DATIN SUNITA MEI-LIN RAJAKUMAR	200,000	-	(50,000)	150,000
SOO CHAN CHIEW	127,301	-	-	127,301
TAN LEAN BOON	127,301	-	-	127,301
TAN SRI DATO' HAJI MOHD ARIFFIN BIN MOHD YUSUF	300,000	-	(200,000)	100,000
MOTIVASI OPTIMA SDN. BHD. (HOLDING COMPANY)				
Direct Interests				
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, Chong Yeow Siang, 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.

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 occuring 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 2 SEPTEMBER 2016

Soo Chan Chiew

Chong Yeow Siang

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

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 46 to 93 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 as of 31 May 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 39 on page 93, 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 2 SEPTEMBER 2016

Soo Chan Chiew

Chong Yeow Siang

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

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 46 to 93 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 2 September 2016.

Foo Lee Fah

Before me
Chan Chiew Yen (MO75)
Commissioner for Oaths

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 2016 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 46 to 93.

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.

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 2016 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 39 on page 93 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.

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

Tan Lin Chun
Approval No : 2839/10/17 (J)
Chartered Accountant

Melaka

STATEMENTS OF FINANCIAL POSITION
AT 31 MAY 2016

		THE GROUP		THE COMPANY	
		2016	2015	2016	2015
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	36,362,860	36,686,028	-	-
Intangible assets	7	2,996,430	2,946,430	-	-
Investment in subsidiaries	8	-	-	205,372,397	205,394,979
Deferred tax assets	9	18,500	10,200	-	-
		39,377,790	39,642,658	205,372,397	205,394,979
CURRENT ASSETS					
Inventories	10	91,240,129	83,485,860	-	-
Trade receivables	11	972,920	1,120,075	-	-
Other receivables, deposits and prepayments	12	7,722,591	8,016,558	7,717	5,000
Amounts owing by a subsidiary	13	-	-	3,298,251	4,832,280
Current tax assets		3,490,976	1,561,670	-	-
Deposits with financial institutions	14	32,316,378	51,145,876	21,171,766	20,448,152
Cash and bank balances		45,615,528	35,354,686	261,852	248,489
		181,358,522	180,684,725	24,739,586	25,533,921
TOTAL ASSETS		220,736,312	220,327,383	230,111,983	230,928,900

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

STATEMENTS OF FINANCIAL POSITION
AT 31 MAY 2016
(CONT'D)

		THE GROUP		THE COMPANY	
		2016	2015	2016	2015
	NOTE	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
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		79,446,685	76,917,850	4,978,530	5,678,343
Merger deficit	17	(181,984,395)	(181,984,395)	-	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		122,570,606	120,041,771	230,086,846	230,786,659
NON-CONTROLLING INTERESTS		2,016,816	804,389	-	-
TOTAL EQUITY		124,587,422	120,846,160	230,086,846	230,786,659
NON-CURRENT LIABILITIES					
Term loans	18	8,865,001	9,859,901	-	-
Hire purchase payable	19	123,082	-	-	-
Deferred tax liabilities	9	38,144	375,594	-	-
		9,026,227	10,235,495	-	-
CURRENT LIABILITIES					
Trade payables	20	74,612,274	76,888,144	-	-
Other payables and accruals	21	6,523,964	6,884,701	25,137	25,941
Amount owing to non-controlling shareholders	22	3,752,400	3,511,898	-	-
Amounts owing to related parties	23	44,264	48,278	-	-
Current tax liabilities		670,481	455,767	-	116,300
Term loans	18	1,456,940	1,456,940	-	-
Hire purchase payable	19	62,340	-	-	-
		87,122,663	89,245,728	25,137	142,241
TOTAL LIABILITIES		96,148,890	99,481,223	25,137	142,241
TOTAL EQUITY AND LIABILITIES		220,736,312	220,327,383	230,111,983	230,928,900

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

		THE GROUP		THE COMPANY	
		2016	2015	2016	2015
	NOTE	RM	RM (RESTATED)	RM	RM
REVENUE	24	402,568,739	364,111,933	3,298,851	4,621,836
COST OF SALES		(322,201,742)	(284,767,980)	-	-
GROSS PROFIT		80,366,997	79,343,953	3,298,851	4,621,836
OTHER OPERATING INCOME		26,893,360	28,130,043	686,481	1,338,289
		107,260,357	107,473,996	3,985,332	5,960,125
SELLING AND DISTRIBUTION EXPENSES		(64,080,032)	(61,501,870)	-	-
ADMINISTRATIVE EXPENSES		(25,985,750)	(23,526,619)	(324,960)	(274,507)
OTHER OPERATING EXPENSES		(4,777,629)	(3,711,915)	-	-
FINANCE COSTS		(185,227)	(234,498)	-	-
PROFIT BEFORE TAXATION	25	12,231,719	18,499,094	3,660,372	5,685,618
TAXATION	26	(3,680,204)	(5,482,379)	(6,057)	(125,324)
PROFIT AFTER TAXATION		8,551,515	13,016,715	3,654,315	5,560,294
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		8,551,515	13,016,715	3,654,315	5,560,294

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

		THE GROUP		THE COMPANY	
		2016	2015	2016	2015
	NOTE	RM	RM	RM	RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		7,289,061	12,869,024	3,654,315	5,560,294
Non-controlling interests		1,262,454	147,691	-	-
		8,551,515	13,016,715	3,654,315	5,560,294
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		7,289,061	12,869,024	3,654,315	5,560,294
Non-controlling interests		1,262,454	147,691	-	-
		8,551,515	13,016,715	3,654,315	5,560,294
EARNINGS PER SHARE (SEN)					
Basic	27	3.35	5.91		
Diluted		Not applicable	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

THE GROUP	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	MERGER DEFICIT RM	RETAINED PROFITS RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
		<----- NON-DISTRIBUTABLE ----->			<DISTRIBUTABLE>			
Balance at 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.

		<----- NON-DISTRIBUTABLE ----->			<DISTRIBUTABLE>			
THE GROUP	**NOTE**	**SHARE CAPITAL RM**	**SHARE PREMIUM RM**	**MERGER DEFICIT RM**	**RETAINED PROFITS RM**	**ATTRIBUTABLE TO OWNERS OF THE COMPANY RM**	**NON-CONTROLLING INTERESTS RM**	**TOTAL EQUITY RM**
Balance at 31.5.2015/1.6.2015		217,706,400	7,401,916	(181,984,395)	76,917,850	120,041,771	804,389	120,846,160
Total comprehensive income for the financial year		-	-	-	7,289,061	7,289,061	1,262,454	8,551,515
Distributions to owners of the Company:-								
Dividends:								
- by the Company	28	-	-	-	(4,354,128)	(4,354,128)	-	(4,354,128)
- by subsidiaries to non-controlling interests		-	-	-	-	-	(485,125)	(485,125)
Total transactions with owners		-	-	-	(4,354,128)	(4,354,128)	(485,125)	(4,839,253)
Accretion in equity interest in subsidiaries		-	-	-	(406,098)	(406,098)	354,598	(51,500)
Effect of issue of share capital by subsidiaries		-	-	-	-	-	80,500	80,500
Balance at 31.5.2016		217,706,400	7,401,916	(181,984,395)	79,446,685	122,570,606	2,016,816	124,587,422

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

			<NON-DISTRIBUTABLE>	<DISTRIBUTABLE>	
		SHARE CAPITAL	**SHARE PREMIUM**	**RETAINED PROFITS**	**TOTAL EQUITY**
THE COMPANY	**NOTE**	**RM**	**RM**	**RM**	**RM**
Balance at 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 31.5.2015/1.6.2015		217,706,400	7,401,916	5,678,343	230,786,659
Total comprehensive income for the financial year		-	-	3,654,315	3,654,315
Dividends paid	28	-	-	(4,354,128)	(4,354,128)
Balance at 31.5.2016		217,706,400	7,401,916	4,978,530	230,086,846

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

		THE GROUP		THE COMPANY	
		2016	2015	2016	2015
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		12,231,719	18,499,094	3,660,372	5,685,618
Adjustments for:-					
Impairment loss on property, plant and equipment		-	227,615	-	-
Depreciation of property, plant and equipment		4,458,852	3,413,577	-	-
Deposits written off		47,932	-	-	-
Equipment written off		107,520	69,515	-	-
Interest expenses		185,227	231,404	-	-
Gain on disposal of property, plant and equipment		(53,330)	(161,856)	-	-
Interest income		(1,304,329)	(1,644,804)	(686,481)	(1,337,782)
Rental income		(141,440)	(144,500)	-	-
Operating profit before working capital changes		15,532,151	20,490,045	2,973,891	4,347,836
Increase in inventories		(7,754,269)	(3,630,436)	-	-
Increase in trade and other receivables		393,190	(3,031,746)	(2,717)	-
(Decrease)/Increase in trade and other payables		(2,640,621)	14,044,625	(804)	5,941
CASH FROM OPERATIONS		5,530,451	27,872,488	2,970,370	4,353,777
Income tax paid		(6,217,307)	(5,736,163)	(122,357)	(9,024)
Income tax refunded		476,761	363,485	-	-
Interest paid		(185,227)	(231,404)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(395,322)	22,268,406	2,848,013	4,344,753

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

		THE GROUP		THE COMPANY	
		2016	2015	2016	2015
	NOTE	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Accretion in equity interest in subsidiaries		(51,500)	(4,904,113)	-	-
Interest received		1,304,329	1,644,804	686,481	1,337,782
Repayment from/(advances to) a subsidiary company		-	-	1,556,611	(19,885,280)
Proceeds from disposal of property, plant and equipment		53,330	177,100	-	-
Payment of goodwill		(50,000)	-	-	-
Purchase of property, plant and equipment	29	(4,047,704)	(7,558,649)	-	-
Rental received		141,440	144,500	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,650,105)	(10,496,358)	2,243,092	(18,547,498)
CASH FLOW FOR FINANCING ACTIVITIES					
Dividends paid to:-					
- shareholders of the Company	28	(4,354,128)	(3,265,596)	(4,354,128)	(3,265,596)
- non-controlling shareholders of subsidiaries		(485,125)	(1,318,850)	-	-
Drawdown of term loans		-	1,980,000	-	-
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders		80,500	20,000	-	-
Repayment of hire purchase		(10,078)	-	-	-
Repayment of term loans		(994,900)	(563,159)	-	-
Advances from/(repayment to) non-controlling shareholders		240,502	(20,002)	-	-
NET CASH FOR FINANCING ACTIVITIES		(5,523,229)	(3,167,607)	(4,354,128)	(3,265,596)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(8,568,656)	8,604,441	736,977	(17,468,341)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		86,500,562	77,896,121	20,696,641	38,164,982
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	77,931,906	86,500,562	21,433,618	20,696,641

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

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, 3rd 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 September 2016.

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.

4.1 No new accounting standards and interpretations (including the consequential amendments) have been adopted by the Group for the current financial year.

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:-

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 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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 15: Effective Date of MFRS 15	1 January 2018

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 (cont'd):-

MFRSs AND/OR IC INTERPRETATIONS (INCLUDING THE CONSEQUENTIAL AMENDMENTS)	EFFECTIVE DATE
Amendments to MFRS 15: Clarifications to MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
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 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 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.

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 expenses and deferred tax balances 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.

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.

(h) Recognition of Advertisement and Promotional Income

Advertisement and promotional income is recognised as other operating income, based on the expected entitlement that has been earned up to the end of the reporting period of each relevant supplier contract. The Group only recognises advertisement and promotional income where there is documented evidence of an agreement with an individual supplier and when associated performance conditions are met.

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, if any) 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. 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

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.

However, a business combination involving entities under common control is a business combination in which all the combining entities or businesses 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 audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties.

Under merger accounting, the Group recognised 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 Groups' accounting policies and applying those policies to all periods 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.

(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.

(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.

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.

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 assets and financial liabilities 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

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.

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

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

(ii) Held-to-maturity Investments

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

(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

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

(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. Fair value through profit or loss category also comprises contingent consideration in a business combination.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(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.

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 charged to profit or loss on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

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%

Capital work-in-progress included in property and equipment are not depreciated as these assets are not yet available for use.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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, being the different between the net disposal proceeds and the carrying amount, 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 and investments in subsidiaries), 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.

With the exception of available-for-sale debts 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.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(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 an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. 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 using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets (cont'd)

An impairment loss is recognised in profit or loss.

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 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

5.11 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.

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 INCOME TAXES

Income tax for the reporting period comprises current tax 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 INCOME TAXES (CONT'D)

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 taxes relate to the same taxable entity and 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 adjusted against 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.

5.15 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.

  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 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).

  (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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 RELATED PARTIES (CONT'D)

(b) An entity is related to a reporting entity if any of the following conditions applies (cont'd):-

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

5.16 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.

5.17 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.

5.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, if any.

5.19 BORROWING COSTS

Borrowing costs that 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. The 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.20 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 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.

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.

5.21 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns, cash and trade discounts.

(b) Dividend Income

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

(c) Rental income

Rental income is accounted for on a straight-line method over the lease term.

(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.

6. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

NET BOOK VALUE	AT 1.6.2015 RM	ADDITIONS (NOTE 29) RM	WRITTEN OFF RM	RECLASSIFICATION RM	DEPRECIATION CHARGE RM	AT 31.5.2016 RM
Long-term leasehold lands	16,233,263	374,583	-	-	(187,692)	16,420,154
Buildings	10,256,289	243,479	-	-	(210,697)	10,289,071
Computer equipment	1,557,222	880,125	(1,605)	-	(1,141,376)	1,294,366
Motor vehicles	710,242	234,625	-	-	(248,873)	695,994
Office equipment	2,191,537	509,597	(19,620)	27,645	(705,702)	2,003,457
Furniture and fittings	2,419,314	973,346	(32,758)	73,132	(930,636)	2,502,398
Renovation	3,318,161	1,027,449	(53,537)	(100,777)	(1,033,876)	3,157,420
Total	36,686,028	4,243,204	(107,520)	-	(4,458,852)	36,362,860

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

THE GROUP NET BOOK VALUE	AT 1.6.2014 RM	ADDITIONS (NOTE 29) RM	DISPOSAL RM	IMPAIRMENT LOSSES RM	WRITTEN OFF RM	RECLASSIFICATION RM	DEPRECIATION CHARGE RM	AT31.5.2015 RM
Long-term 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)	-	-
Total	32,853,330	7,558,649	(15,244)	(227,615)	(69,515)	-	(3,413,577)	36,686,028

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

THE GROUP AT 31.5.2016	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
Long-term leasehold lands	16,924,208	(504,054)	16,420,154
Buildings	10,778,403	(489,332)	10,289,071
Computer equipment	5,814,189	(4,519,823)	1,294,366
Motor vehicles	1,537,279	(841,285)	695,994
Office equipment	5,640,023	(3,636,566)	2,003,457
Furniture and fittings	8,189,467	(5,687,069)	2,502,398
Renovation	7,834,067	(4,676,647)	3,157,420
Total	56,717,636	(20,354,776)	36,362,860

THE GROUP AT 31.5.2015	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
Long-term 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

Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM218,983 (2015 – NIL), which were acquired under hire purchase terms.

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

	THE GROUP	
NET BOOK VALUE	2016 RM	2015 RM
Long-term leasehold lands	12,285,892	12,032,956
Buildings	7,921,454	7,834,935
	20,207,346	19,867,891

7. INTANGIBLE ASSETS

THE GROUP	GOODWILL RM	TRADEMARK RM	TOTAL RM
Cost:-			
Balance at 31 May 2015	1,071,560	1,874,870	2,946,430
Addition during the financial year	50,000	-	50,000
Net carrying amount at 31 May 2016	1,121,560	1,874,870	2,996,430

The carrying amounts of goodwill allocated to each community pharmacy business are as follows:-

	THE GROUP 2016 RM	THE GROUP 2015 RM
Caring Pharmacy (IDR) Sdn. Bhd.	960,000	960,000
Caring Belle Sdn. Bhd.	111,560	111,560
Caring Pharmacy Rising Sdn. Bhd.	50,000	-
	1,121,560	1,071,560

The Group has assessed the recoverable amounts of intangible assets and determined that no impairment is required. Its recoverable amount is determined using the value in use approach, and this is derived from the present value of the future cash flows from community pharmacy business computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	GROSS MARGIN 2016 %	GROSS MARGIN 2015 %	DISCOUNT RATE 2016 %	DISCOUNT RATE 2015 %
Goodwill	22	22	9	11
Trademark	20	22	9	11

The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill and trademark:-

(i) Budgeted gross margin

Average gross margin achieved in previous financial year immediately before the budgeted period.

(ii) Discount rate (pre-tax)

Reflects specific risks relating to the relevant community pharmacy business.

The values assigned to the key assumptions represent management's assessment of future trends in the community pharmacy business and are based on both external sources and internal historical data.

8. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2016 RM	2015 RM
Unquoted shares, at cost		
- in Malaysia	205,372,397	182,706,397
Quasi loans	-	22,688,582
	205,372,397	205,394,979

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	PRINCIPAL PLACE OF BUSINESS	ORDINARY PAID-UP CAPITAL RM	EFFECTIVE EQUITY INTEREST 2016 %	EFFECTIVE EQUITY INTEREST 2015 %	PRINCIPAL ACTIVITIES
Caring Pharmacy Retail Management Sdn. Bhd.	Malaysia	2,537,578	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	76	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (Kinrara) Sdn. Bhd.	Malaysia	100,000	75	75	As above
Caring Pharmacy (Ampang) Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Belle Sdn. Bhd.	Malaysia	100,000	90	90	As above
Be Caring Sdn. Bhd.	Malaysia	100,000	51	51	As above

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS	ORDINARY PAID-UP CAPITAL RM	EFFECTIVE EQUITY INTEREST 2016 %	2015 %	PRINCIPAL ACTIVITIES
Sterling Pharmacy Sdn. Bhd.	Malaysia	100,000	51	50	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Stay Caring Sdn. Bhd.	Malaysia	100,000	76	76	As above
Vertex Pharmacy Sdn. Bhd.	Malaysia	100,000	51	51	As above
MN Pharmacy Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Pharmacy (KLP) Sdn. Bhd.	Malaysia	100,000	80	80	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	76	As above
My Caring Pharmacy Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Pharmacy Paradise Sdn. Bhd.	Malaysia	100,000	60	60	As above
Preciouslife Pharmacy Sdn. Bhd.	Malaysia	100,000	70	70	As above
Caring Pharmacy (SK) Sdn. Bhd.	Malaysia	100,000	70	90	As above
Caring Pharmacy Rising Sdn. Bhd.	Malaysia	200,000	60	60	As above
Caring Clover Sdn. Bhd.	Malaysia	100,000	60	60	As above
Caring Trio Sdn. Bhd.	Malaysia	100,000	60	60	As above
Victorie Caring Sdn. Bhd.	Malaysia	200,000	70	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 (ABM) Sdn. Bhd.	Malaysia	100,000	75	75	As above

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS	ORDINARY PAID-UP CAPITAL RM	EFFECTIVE EQUITY INTEREST 2016 %	EFFECTIVE EQUITY INTEREST 2015 %	PRINCIPAL ACTIVITIES
Caring Pharmacy (MPLS) Sdn. Bhd. (formerly known as "Caring Pharmacy (AMC) Sdn. Bhd.")	Malaysia	100,000	60	60	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
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
Caring Pharmacy (Shah Alam) Sdn. Bhd.	Malaysia	100,000	85	75	As above
Caring Pharmacy (JB Molek) 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
Mega Caring 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
Viva Caring Sdn. Bhd.	Malaysia	100,000	100	100	Dormant
United Caring Venture Sdn. Bhd.	Malaysia	100,000	100	100	Dormant
Caring Pharmacy (Puchong) Sdn. Bhd.	Malaysia	100,000	80	80	Dormant
Caring Pharmacy (SW) Sdn. Bhd.	Malaysia	300,000	100	100	Dormant
Caring Pharmacy (MSF) Sdn. Bhd.	Malaysia	100,000	100	100	Dormant

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS	ORDINARY PAID-UP CAPITAL RM	EFFECTIVE EQUITY INTEREST 2016 %	2015 %	PRINCIPAL ACTIVITIES
Green Surge Sdn. Bhd.	Malaysia	310,000	100	100	Dormant
Caring Empire Sdn. Bhd. (formerly known as " Caring Pharmacy (Lifeplus) Sdn. Bhd.")	Malaysia	310,000	100	100	Dormant
Caring Pharmacy (Empire) Sdn. Bhd.	Malaysia	100,000	100	50	Dormant
Miracle Cure Caring Sdn. Bhd.	Malaysia	2	100	100	Dormant
Caring Pharmacy Help Sdn. Bhd.	Malaysia	2	100	100	Dormant

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

	THE GROUP 2016 RM	2015 RM
Non-controlling interests with the following effective equity interest :-		
40.10% - 50.00%	906,348	838,760
30.10% - 40.00%	378,809	(40,064)
20.10% - 30.00%	290,595	(73,485)
10.00% - 20.00%	441,064	79,178
	2,016,816	804,389

There is no subsidiary with non-controlling interests at the end of the reporting period that is material to the Group.

9. DEFERRED TAX (ASSETS)/LIABILITIES

THE GROUP	AT 1.6.2015 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 26) RM	AT 31.5.2016 RM
2016			
Deferred tax assets			
Property, plant and equipment	(10,200)	(8,300)	(18,500)

THE GROUP	AT 1.6.2014 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 26) RM	AT 31.5.2015 RM
2015			
Deferred tax liabilities			
Property, plant and equipment	147,000	(157,200)	(10,200)
Deferred tax assets			
Unabsorbed tax losses	(1,174,000)	1,174,000	-
Unutilised capital allowances	(315,400)	315,400	-
	(1,489,400)	1,489,400	-
	(1,342,400)	1,332,200	(10,200)

THE GROUP	AT 1.6.2015 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 26) RM	AT 31.5.2016 RM
2016			
Deferred tax liabilities			
Property, plant and equipment	375,594	(337,450)	38,144

THE GROUP	AT 1.6.2014 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 26) RM	AT 31.5.2015 RM
2015			
Deferred tax liabilities			
Property, plant and equipment	277,866	97,728	375,594

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

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

	THE GROUP	
	2016	2015
	RM	RM
Unabsorbed tax losses	6,835,200	6,063,600
Unutilised capital allowances	2,035,100	2,038,100
Other temporary differences	561,900	149,100
	9,432,200	8,250,800

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unutilised capital allowance and unabsorbed tax losses do not expire under current tax legislation. However, the availability of unabsorbed tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

10. INVENTORIES

	THE GROUP	
	2016	2015
	RM	RM
At cost		
Trading goods	91,240,129	83,485,860

None of the inventories are stated at net realisable value.

The amount of inventories recognised as an expenses in cost of sales was RM322,201,742 (2015 – RM284,767,980).

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.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables	1,448,438	909,865	2,717	-
Good and services tax refundable	-	1,180,845	-	-
Deposits	6,240,849	5,883,347	5,000	5,000
Prepayments	33,304	42,501	-	-
	7,722,591	8,016,558	7,717	5,000

13. AMOUNTS OWING BY A SUBSIDIARY

	THE COMPANY	
	2016	2015
	RM	RM
Subsidiary		
Non-trade balances	(600)	210,444
Dividend receivable	3,298,851	4,621,836
	3,298,251	4,832,280

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Fixed deposits with financial institution	359,469	348,315	-	-
Placements with financial institution	31,956,909	50,797,561	21,171,766	20,448,152
	32,316,378	51,145,876	21,171,766	20,448,152

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	
	2016	2015	2016	2015
	%	%	%	%
Fixed deposits with financial institution	3.15	3.00 – 3.15	-	-
Placements with financial institution	2.54 – 4.13	2.69 – 3.31	2.54 – 3.58	2.69 – 3.31

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

	THE GROUP	
	2016	2015
	DAYS	DAYS
Fixed deposits with financial institution	30	30

15. SHARE CAPITAL

	THE COMPANY			
	2016	2015	2016	2015
	NUMBER OF SHARES		RM	RM
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	500,000,000	500,000,000	500,000,000	500,000,000
ISSUED AND FULLY PAID UP	217,706,400	217,706,400	217,706,400	217,706,400

16. SHARE PREMIUM

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve 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.

17. 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.

18. TERM LOANS

	THE GROUP	
	2016	2015
	RM	RM
Current		
Not later than 1 year	1,456,940	1,456,940
Non-current		
Later than 1 year and not later than 2 years	1,456,940	1,456,940
Later than 2 year and not later than 5 years	4,370,820	4,370,820
Later than 5 years	3,037,241	4,032,141
	8,865,001	9,859,901
	10,321,941	11,316,841

Term loans are repayable over 120 (2015 – 120) monthly installments from the date of drawdown and secured by legal charges over the Group's leasehold lands and buildings as disclosed in Note 6 to the financial statements.

The interest rate profile of the term loans is summarised below:-

		THE GROUP	
	EFFECTIVE INTEREST RATE	2016	2015
	%	RM	RM
Floating rate term loans	4.20 per annum	10,321,941	11,316,841

19. HIRE PURCHASE PAYABLES (SECURED)

	THE GROUP	
	2016	2015
	RM	RM
Minimum hire purchase payments:		
– not later than 1 year	70,547	-
– later than 1 year and not later than 5 years	129,323	-
	199,870	-
Less: Future finance charges	(14,448)	-
Present value of hire purchase payables	185,422	-
Current		
Not later than 1 year	62,340	-
Non-current		
Later than 1 year and not later than 5 years	123,082	-
	185,422	-

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates of 5.22% (2015 – NIL) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 120 days (2015 – 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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other payables	884,260	1,288,370	5,137	5,941
Goods and service tax payable	739,671	1,287,520	-	-
Accrued expenses	2,490,560	1,505,137	20,000	20,000
Payroll liabilities	2,409,473	2,803,674	-	-
	6,523,964	6,884,701	25,137	25,941

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 3.71% to 3.76% (2015 – 3.48% to 3.82%) per annum.

23. AMOUNTS OWING TO RELATED PARTIES

	THE GROUP	
	2016	2015
	RM	RM
Companies in which certain directors and a substantial shareholder have significant financial interests		
Trade balances	44,264	48,278

The trade balances are subject to the normal trade credit terms of 60 days (2015 – 60 days). The amounts owing are to be settled in cash.

24. REVENUE

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
		(RESTATED)		
Sales of goods	402,568,739	364,111,933	-	-
Dividend income	-	-	3,298,851	4,621,836
	402,568,739	364,111,933	3,298,851	4,621,836

25. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before taxation is arrived at after charging:-				
Auditors' remuneration				
- statutory audit				
current financial year	283,000	283,000	20,000	20,000
under provision in the previous financial year	-	10,400	-	-
- other services	-	30,000	-	-
Depreciation of property, plant and equipment (Note 6)	4,458,852	3,413,577	-	-
Equipment written off (Note 6)	107,520	69,515	-	-
Impairment loss on property, plant and equipment (Note 6)	-	227,615	-	-
Incorporation expenses	-	2,100	-	-
Interest expenses	185,227	231,404	-	-
Rental of premises	19,024,830	17,631,891	-	-
Staff costs	38,592,074	36,258,441	-	-
And crediting:-				
Gain on disposal of property, plant and equipment	(53,330)	(161,856)	-	-
Interest income	(1,304,329)	(1,644,804)	(686,481)	(1,337,782)
Rental income	(141,440)	(144,500)	-	-

Included in staff costs is EPF contribution of RM3,952,620 (2015 – RM3,609,890) of the Group.

26. TAXATION

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current tax expenses:-				
Malaysian Income Tax for the current financial year	3,913,318	3,982,237	-	116,300
Under provision in the previous financial year	112,636	70,214	6,057	9,024
	4,025,954	4,052,451	6,057	125,324
Deferred tax expenses (Note 9):-				
Relating to origination and reversal of temporary differences	(333,250)	1,486,625	-	-
Effect of change in corporate income tax rate from 25% to 24%	-	(8,593)	-	-
Over provision in the previous financial year	(12,500)	(48,104)	-	-
	(345,750)	1,429,928	-	-
	3,680,204	5,482,379	6,057	125,324

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before taxation	12,231,719	18,499,094	3,660,372	5,685,618
Tax at the statutory tax rate of 24% (2015 – 25%)	2,935,613	4,624,774	878,489	1,421,405
Tax effects of:-				
Non-deductible expenses	708,197	702,036	77,990	58,678
Non-taxable income	(297,632)	(438,328)	(956,479)	(1,363,783)
Under provision of Malaysian Income Tax in the previous financial year	112,636	70,214	6,057	9,024
Deferred tax assets not recognised during the financial year	233,890	580,380	-	-
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	(12,500)	(48,104)	-	-
Tax charge for the financial year	3,680,204	5,482,379	6,057	125,324

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	
	2016	**2015**
	RM	**RM**
Unabsorbed tax losses	6,835,200	6,063,600
Unutilised capital allowances	2,035,100	2,038,100
	8,870,300	8,101,700

27. EARNINGS PER SHARE

	THE GROUP	
	2016	**2015**
Profit attributable to owners of the Company (RM)	7,289,061	12,869,024
Weighted average number of ordinary shares	217,706,400	217,706,400
Basic earnings per share (sen)	3.35	5.91

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

28. DIVIDENDS

	THE GROUP/THE COMPANY	
	2016	**2015**
	RM	**RM**
Paid:-		
In respect of the previous financial year:-		
Final single tier tax-exempt dividend of:-		
- 1.5 sen per ordinary share	-	3,265,596
- 2.0 sen per ordinary share	4,354,128	-
	4,354,128	3,265,596

At the forthcoming Annual General Meeting, a final single tier tax-exempt dividend of 1.5 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 2017.

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2016	2015
	RM	RM
Cost of property, plant and equipment purchased (Note 6)	4,243,204	7,558,649
Amount financed through hire purchase	(195,500)	-
Cash disbursed for purchase of property, plant and equipment	4,047,704	7,558,649

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deposits with financial institutions	32,316,378	51,145,876	21,171,766	20,448,152
Cash and bank balances	45,615,528	35,354,686	261,852	248,489
	77,931,906	86,500,562	21,433,618	20,696,641

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors of the Company				
Executive directors:				
Short-term employee benefits:				
- fees	208,800	208,800	-	-
- salaries, bonuses and other benefits	1,111,878	1,131,600	-	-
	1,320,678	1,340,400	-	-
Defined contribution benefits	205,485	209,244	-	-
	1,526,163	1,549,644	-	-
Non-Executive directors:				
Short-term employee benefits:				
- fee	162,000	144,000	162,000	144,000
- other benefits	3,200	4,800	3,200	4,800
	165,200	148,800	165,200	148,800
Directors of the subsidiaries				
Executive directors:				
Short-term employee benefits				
- fee	533,600	624,600	-	-
- salaries, bonuses and other benefits	6,745,355	6,932,448	-	-
	7,278,955	7,557,048	-	-
Defined contribution benefits	1,046,734	1,020,159	-	-
	8,325,689	8,577,207	-	-
	10,017,052	10,275,651	165,200	148,800

31. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) The key management personnel compensation during the financial year are as follows (cont'd):-

Other key management personnel compensation:-

	THE GROUP	
	2016	2015
	RM	RM
Short-term employee benefits	573,259	525,087
Define contribution benefits	82,218	76,909
	655,477	601,996

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

	2016	2015
	NUMBER OF DIRECTORS	
Executive directors:-		
RM500,001 – RM550,000	3	3
Non-Executive directors:-		
Below RM50,000	3	1
RM50,001 – RM100,000	1	2

32. SIGNIFICANT RELATED PARTIES DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vise versa, or where the Group and the party are subject to common control.

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) Significant Related Party Transaction and Balances

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Subsidiaries				
Dividend income received/receivable	-	-	3,298,851	4,621,836
Interest income received/receivable	-	-	-	504,486
A company in which certain directors have significant financial interests				
Rental expenses paid/payable	57,600	294,000	-	-
A company in which a substantial shareholder have significant financial interests				
Rental expenses paid/payable	377,312	374,637	-	-
Companies in which a director and a substantial shareholder have significant financial interests				
Purchase of goods	138,656	184,052	-	-

32. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONT'D)

(b) Significant Related Party Transaction and Balances (cont'd)

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

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.

There is no single customer that contributed 10% or more to the Group's revenue.

34. CAPITAL COMMITMENTS

	THE GROUP	
	2016	**2015**
	RM	**RM**
Capital expenditure commitments		
Contracted but not provided for		
- property, plant and equipment	2,322,000	-
Authorised but not contracted for		
- property, plant and equipment	1,743,000	-
	4,065,000	-

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 any transactions or balances denominated in foreign currency and hence, is not exposed 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(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.

The Group uses aging analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

Credit risk concentration profile

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

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

Ageing analysis

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

THE GROUP 2016	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
Not past due	510,279	-	510,279
Past due:-			
- less than 3 months	316,900	-	316,900
- 3 to 6 months	119,652	-	119,652
- over 6 months	26,089	-	26,089
	972,920	-	972,920

THE GROUP 2015	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE 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
	1,120,075	-	1,120,075

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

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.

Maturity Analysis

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	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
2016						
Trade payables	-	74,612,274	74,612,274	74,612,274	-	-
Other payables and accruals	-	5,784,293	5,784,293	5,784,293	-	-
Amount owing to non-controlling shareholders	3.71 - 3.76	3,752,400	3,893,490	3,893,490	-	-
Amounts owing to related parties	-	44,264	44,264	44,264	-	-
Term loans	4.20	10,321,941	13,112,460	1,456,940	4,370,820	7,284,700
Hire purchase payable	5.22	185,422	199,870	70,547	129,323	-
		94,700,594	97,646,651	85,861,808	4,500,143	7,284,700

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

THE GROUP	CONTRACTUAL INTEREST 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	-	5,597,181	5,597,181	5,597,181	-	-
Amount owing to non-controlling shareholders	3.48 - 3.82	3,511,898	3,646,053	3,646,053	-	-
Amounts owing to related parties	-	48,278	48,278	48,278	-	-
Term loans	4.20	11,316,841	14,569,400	1,456,940	4,370,820	8,741,640
		97,362,342	100,749,056	87,636,596	4,370,820	8,741,640

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

THE COMPANY	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2016				
Other payables and accruals	-	25,137	25,137	25,137

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

(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 shareholders 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 net debt 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial assets				
Loans and receivables financial assets				
Trade receivables (Note 11)	972,920	1,120,075	-	-
Other receivables and Deposits (Note 12)	7,689,287	6,793,212	7,717	5,000
Amounts owing by a subsidiary (Note 13)	-	-	3,298,251	4,832,280
Deposits with financial institutions (Note 14)	32,316,378	51,145,876	21,171,766	20,448,152
Cash and bank balances	45,615,528	35,354,686	261,852	248,489
	86,594,113	94,413,849	24,739,586	25,533,921
Financial liabilities				
Other financial liabilities				
Trade payables (Note 20)	74,612,274	76,888,144	-	-
Other payables and accruals (Note 21)	5,784,293	5,597,181	25,137	25,941
Amount owing to non-controlling shareholders (Note 22)	3,752,400	3,511,898	-	-
Amounts owing to related parties (Note 23)	44,264	48,278	-	-
Term loans (Note 18)	10,321,941	11,316,841	-	-
Hire purchase (Note 19)	185,422	-	-	-
	94,700,594	97,362,342	25,137	25,941

35. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information

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

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of reporting period:-

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE				
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL FAIR VALUE	CARRYING AMOUNT
THE GROUP	RM	RM	RM	RM	RM	RM	RM	RM
2016								
Financial Liabilities								
Hire purchase payables	-	-	-	-	185,422	-	185,422	185,422
Term loans	-	10,321,941	-	-	-	-	10,321,941	10,321,941
2015								
Financial Liability								
Term loans	-	11,316,841	-	-	-	-	11,316,841	11,316,841

35. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (cont'd)

(i) Fair Value of Financial Instruments Carried at Fair Value

The fair values of term loans are determined by discounting the relevant cash flows using discount rate that reflects the respective entities' borrowing rate at the end of the reporting period.

(ii) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values of hire purchase payables are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	THE GROUP	
	2016	2015
	%	%
Hire purchase payables	5.22	-

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

a) disposal of 20,000 ordinary shares of RM 1.00 each in Caring Pharmacy (SK) Sdn. Bhd. for a total cash consideration of RM20,000 by Caring Pharmacy Retail Management Sdn. Bhd. (herein after referred as "CPRM") resulting a decrease in CPRM's effective equity interest in the subsidiary from 90% to 70%;

b) acquisition of additional 60,000 ordinary shares in Caring Pharmacy Rising Sdn. Bhd. by CPRM for a total cash consideration of RM60,000;

c) acquisition of 226,660 ordinary shares of RM1.00 each at premium of RM99.00 per shares in CPRM by the Company for a total consideration of RM22,666,000 satisfied by capitalisation of equity contribution to CPRM;

d) subscription of 59,499 new ordinary shares in Caring Pharmacy (Empire) Sdn. Bhd. by CPRM for a total cash consideration of RM59,499 resulting an increase in CPRM's effective interest in the subsidiary from 50.0% to 59.5%;

e) acquisition of 40,500 ordinary shares in Caring Pharmacy (Empire) Sdn. Bhd. for a total cash consideration of RM40,500 resulting an increase in CPRM's effective equity interest in the subsidiary from 59.5% to 100%;

f) acquisition of 10,000 ordinary shares in Caring Pharmacy (Shah Alam) Sdn. Bhd. for a total cash consideration of RM30,000 resulting an increase in CPRM's effective equity interest in the subsidiary from 75% to 85%; and

g) acquisition of 1,000 ordinary shares in Sterling Pharmacy Sdn. Bhd. for a total cash consideration of RM1,000 resulting an increase in CPRM's effective equity interest in the subsidiary from 50% to 51%.

37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

a) disposal of 2 ordinary shares in Caring Pharmacy Help Sdn. Bhd. for a total cash consideration of RM2. Upon the completion of disposal, Caring Pharmacy Help Sdn. Bhd. shall cease to be a subsidiary of CPRM on 13 June 2016;

b) disposal of 2 ordinary shares in Miracle Cure Caring Sdn. Bhd. for a total cash consideration of RM2. Upon the completion of disposal, Miracle Cure Caring Sdn. Bhd. shall cease to be a subsidiary of CPRM on 13 June 2016;

c) subscription of 1,500,000 ordinary shares of RM1.00 each in Caring Pharmacy Sdn. Bhd. for a total cash consideration of RM1,500,000 on 18 August 2016 by CPRM; and

d) subscription of 100,000 ordinary shares of RM1.00 each in CPRM for a total cash consideration of RM10,000,000 on 15 August 2016 by the Company.

38. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	THE GROUP	
	AS RESTATED RM	AS PREVIOUSLY REPORTED RM
Statement of Comprehensive Income and Other Comprehensive Income (Extract):-		
Revenue	364,111,933	367,011,028
Other operating income	28,130,043	36,416,519
Cost of sales	(284,767,980)	(293,366,956)
Selling and distribution expenses	(61,501,870)	(50,720,692)
Administrative expenses	(23,526,619)	(36,894,392)

39. 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 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	
	2016 RM	2015 RM (RESTATED)	2016 RM	2015 RM
Total retained profits of the Company and its subsidiaries:-				
- realised	79,750,921	76,509,129	4,978,530	5,678,343
- unrealised	(19,644)	(365,394)	-	-
	79,731,277	76,143,735	4,978,530	5,678,343
(Less)/Add: Consolidation adjustments	(284,592)	774,115	-	-
At 31 May	79,446,685	76,917,850	4,978,530	5,678,343

LIST OF PROPERTIES

NO.	REGISTERED OWNER/ BENEFICIAL OWNER	POSTAL ADDRESS/ TITLE IDENTIFICATION	DESCRIPTION OF PROPERTY/ EXISTING USE	APPROXIMATE LAND AREA (SQ FT)/ APPROXIMATE BUILT-UP AREA (SQ FT)	APPROXIMATE AGE OF BUILDING/ TENURE/ CATEGORY OF LAND USE	DATE OF ACQUISITION	AUDITED NET BOOK VALUE AS AT 31.5.2016 (RM'000)
1.	Caring Pharmacy Retail Management Sdn. Bhd.	No. 18, Jalan Sembilang, Taman Tenaga, Off Jalan Cheras, 56000 Kuala Lumpur, Wilayah Persekutuan Pajakan Negeri (WP) 14748, Lot 33765, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan	Description of Property: Four (4) Storey Intermediate Shop Office Existing Use: Ground floor – CARiNG outlet Other floors – for rental purposes	Land area: 1,615 Built up area: 6,967	Approximate age of building: 33 years Tenure: 99 years - Till 18 April 2076 Category of land use: Building	2 March 2012	1,176,597
2.	Caring Pharmacy Retail Management Sdn. Bhd.	No. 22-1, 22-2, 22-3, Jalan Radin Anum 1, Taman Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan Pajakan Mukim No. 2286, Lot 21207, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan	Description of Property: Three (3) Storey Shop Office End Lot Existing Use: Ground floor – CARiNG outlet Other floors – for rental purposes	Land area: 2,476 Built up area: 7,225	Approximate age of building: 33 years Tenure: 99 years - Till 5 April 2078 Category of land use: Building	26 August 2008	1,617,761
3.	Caring Pharmacy (Kinrara) Sdn Bhd	No. 19, Jalan TK 1/11B, No. 19A, 19B & 19C, Jalan TK 1/11A, Taman Kinrara Seksyen 1, Batu 7 ½, Jalan Puchong, 58200 Kuala Lumpur Master Title H.S. (D) 104492, PT 2068, Mukim Petaling, District of Petaling, State of Selangor Darul Ehsan	Description of Property: Four (4) Storey Intermediate Shop Office Existing Use: Ground floor – CARiNG outlet Other floors – for rental purposes	Land area: 1,650 Built up area: 5,916	Approximate age of building: 19 years Tenure: 99 years - Till 27 August 2088 Category of land use: Building	26 November 2007	1,210,969

NO.	REGISTERED OWNER/ BENEFICIAL OWNER	POSTAL ADDRESS/ TITLE IDENTIFICATION	DESCRIPTION OF PROPERTY/ EXISTING USE	APPROXIMATE LAND AREA (SQ FT)/ APPROXIMATE BUILT-UP AREA (SQ FT)	APPROXIMATE AGE OF BUILDING/ TENURE/ CATEGORY OF LAND USE	DATE OF ACQUISITION	AUDITED NET BOOK VALUE AS AT 31.5.2016 (RM'000)
4.	Caring Pharmacy Retail Management Sdn. Bhd.	No. 1, Jalan 51/203A, Kawasan Perindustrian Tiong Nam, Seksyen 51, 46050 Petaling Jaya, Selangor. Pajakan Negeri 10310, Lot 73, Seksyen 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan	Description of Property: Headquarter and Warehouse Existing Use: Headquarter and Warehouse	Land area: 33,778 Built up area: 68,000	Approximate age of building: 2 year Tenure: 99 years Commencing From Issuance of Title Category of land use: Building	28 December 2011	20,207,344
5.	Caring Pharmacy Retail Management Sdn. Bhd.	No. 22, Jalan Manis 4, Taman Segar, 56100 Kuala Lumpur PN 10493, Lot No. 39187, Mukim Kuala Lumpur, Daerah & Negeri Wilayah Persekutuan	Description of Property: Three Storey Intermediate Shophouse Existing Use: Ground floor – CARiNG outlet Other floors – for rental purposes	Land area: 1,679 Built up area: 4,002	Approximate age of building: 33 years Tenure: 99 years - Till 10 December 2077 Category of land use: Building	18 February 2013	2,496,554

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, Messrs Crowe Horwath in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 31 May 2016 are as follows:

	THE COMPANY RM	THE GROUP RM
Audit fees	20,000	283,000
Non audit fees	5,300	123,000

3. VARIATION IN RESULTS

There was no variation between the financial results in the annual audited financial statements for the financial year ended 31 May 2016 and the audited financial results for the period ended 31 May 2016 announced by the Company on 29 July 2016.

4. MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

ANALYSIS OF SHAREHOLDINGS
AS AT 19 AUGUST 2016

Authorised Share Capital	:	RM500,000,000.00
Issue and fully paid-up share capital	:	RM217,706,400.00
Class of Shares	:	Ordinary shares of RM1.00 each

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	45	3.54	558	0.00
100-1,000	343	27.01	232,320	0.11
1,001-10,000	696	54.80	3,113,900	1.43
10,001-100,000	136	10.71	4,485,800	2.06
100,001-10,885,319	48	3.78	72,472,965	33.29
10,885,320 and above	2	0.16	137,400,857	63.11
Total	1,270	100.00	217,706,400	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	DIRECT INTEREST		INDIRECT INTEREST	
NAME	NO. OF SHARES	%	NO. OF SHARES	%
Motivasi Optima Sdn Bhd	109,623,857	50.35	-	-
Jitumaju Sdn Bhd	11,515,780	5.29	-	-
Chong Yeow Siang	127,401	0.06	109,623,857*	50.35
Soo Chan Chiew	127,301	0.06	109,623,857*	50.35
Tan Lean Boon	127,301	0.06	109,623,857*	50.35
Ang Khoon Lim	127,301	0.06	109,623,857*	50.35
Tan Lye Suan	-	-	109,623,857*	50.35
Perbadanan Nasional Berhad	27,777,000	12.76	-	-
Dato' Zurainah Binti Musa	-	-	27,777,000+	12.76
Tan Sri Dato' Seri Vincent Tan Chee Yioun	-	-	11,515,780^	5.29
Nerine Tan Sheik Ping	-	-	11,515,780^	5.29
Chryseis Tan Sheik Ling	-	-	11,515,780^	5.29

* Deemed interested by virtue of their direct interests in Motivasi Optima Sdn Bhd
^ Deemed interested by virtue of their direct interests in Jitumaju Sdn Bhd
+ Deemed interested by virtue of her direct interests in Perbadanan Nasional Berhad

DIRECTORS' SHAREHOLDINGS

	DIRECT INTEREST		INDIRECT INTEREST	
NAME	NO. OF SHARES	%	NO. OF SHARES	%
Datin Sunita Mei-Lin Rajakumar	150,000	0.07	-	-
Chong Yeow Siang	127,401	0.06	109,623,857*	50.35
Soo Chan Chiew	127,301	0.06	109,623,857*	50.35
Tan Lean Boon	127,301	0.06	109,623,857*	50.35
Ang Khoon Lim	127,301	0.06	109,623,857*	50.35
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	100,000	0.05	-	-

* Deemed interested by virtue of their direct interests in Motivasi Optima Sdn Bhd

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 AUGUST 2016

	NAME OF SHAREHOLDERS	NO. OF SHARES	(%)
1	**Motivasi Optima Sdn Bhd**	109,623,857	50.35
2	**Perbadanan Nasional Berhad**	27,777,000	12.76
3	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Syed Ali Bin Abbas Alhabshee (MGN-WSA0001M)	9,534,035	4.38
4	**Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Fabulous Channel Sdn Bhd (AF0010)	8,687,000	3.99
5	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Arsam Bin Damis (MGN-ARD0003M)	6,592,160	3.03
6	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Ismail Bin Osman (MGN-IBO0001M)	6,574,035	3.02
7	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Lye Ek Seang (MGN-LES0002M)	6,434,035	2.96
8	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Jitumaju Sdn Bhd (MGN-VTC0001M)	4,191,278	1.93
9	**Amsec Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Krystle Lim Xin Ee	3,620,200	1.66
10	**Malaysia Nominees (Tempatan) Sendirian Berhad** Pledged Securities Account For Jitumaju Sdn Bhd (01-00856-000)	3,199,502	1.47
11	**CIMB Group Nominees (Asing) Sdn. Bhd.** Exempt An For DBS Bank Ltd (SFS)	2,840,500	1.30
12	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Muara Setara Sdn Bhd (MGN-MSS0010M)	2,500,000	1.15
13	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Lye Ek Seang (MGN-MSS0010M)	2,500,000	1.15
14	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Ismail Bin Osman (MGN-MSS0010M)	2,500,000	1.15
15	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Jitumaju Sdn Bhd (MGN-IBO0001M)	1,365,000	0.63
16	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Jitumaju Sdn Bhd (MGN-WSA0001M)	1,115,000	0.51
17	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Jitumaju Sdn Bhd (MGN-LES0002M)	1,095,000	0.50
18	**TA Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Sinar Pavilion Sdn. Bhd.	1,023,700	0.47
19	**Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Pantai Cemerlang Sdn Bhd	1,000,000	0.46
20	**JF Apex Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Generasi Panduan Sdn Bhd (Margin)	700,000	0.32
21	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Jitumaju Sdn Bhd (MGN-ARD0003M)	550,000	0.25
22	**Susy Ding**	500,000	0.23
23	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Arsam Bin Damis (MGN-MSS0010M)	500,000	0.23
24	**RHB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Wong Yee Hui	431,600	0.20
25	**Ong Seng Khek**	300,000	0.14
26	**Ch'Ng Haw Chong**	297,860	0.14
27	**Millennium Sector Sdn Bhd**	268,800	0.12
28	**JF Apex Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Symphony Diversified Sdn Bhd (Margin)	268,200	0.12
29	**Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Lye Ek Seang (AL0101)	250,000	0.11
30	**Kenanga Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Indah Pusaka Sdn Bhd	250,000	0.11
		206,488,762	**94.84**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of CARING PHARMACY GROUP BERHAD ("Caring" or "the Company") will be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 26 October 2016 at 11:00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2016 together with the Reports of Directors and Auditors thereon (Please refer to Note A).

2 To approve the payment of Directors' fees for the financial year ended 31 May 2016. **(ORDINARY RESOLUTION 1)**

3. To declare a final tax-exempt single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 May 2016. **(ORDINARY RESOLUTION 2)**

4. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association:-

   (1) Mr Tan Lean Boon **(ORDINARY RESOLUTION 3)**

   (2) Datin Sunita Mei-Lin Rajakumar **(ORDINARY RESOLUTION 4)**

5. To re-elect the following Directors who retire in accordance with Article 103 of the Company's Articles of Association:-

   (1) Dr. Yusof Bin Ismail **(ORDINARY RESOLUTION 5)**

   (2) Mr Tan Thiam Hock **(ORDINARY RESOLUTION 6)**

6. To approve the re-appointment of retiring Auditors, Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(ORDINARY RESOLUTION 7)**

As Special Business

To consider and if thought fit, to pass the following resolutions with or without any modifications:-

7. **Renewal of Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **(ORDINARY RESOLUTION 8)**

   "THAT, subject always to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and approval and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Act to allot and issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

8. **Proposed renewal of authority for the Company to purchase its own shares** **(ORDINARY RESOLUTION 9)**

"THAT, subject to compliance with the Companies Act, 1965 ("the Act"), Memorandum and Articles of Association of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total share premium reserve and retained profit of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each ("Caring Shares") in the Company ("Proposed Share Buy-Back Renewal") as may be determined by the Directors of the Company provided that the aggregate number of Caring Shares purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up capital of the Company.

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorized to deal with the Caring Shares in the following manner:-

(i) cancel the Caring Shares so purchased; or
(ii) retain the Caring Shares so purchased as treasury shares; or
(iii) retain part of Caring Shares so purchased as treasury shares and cancel the remainder; or
(iv) if held as treasury shares, to resell the treasury shares on Bursa Securities and/or distribute the treasury shares as dividends to the Company's shareholders and/or subsequently cancel the treasury shares or any combination thereof;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authority for the time being in force.

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in full force until:

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever is the earliest and the Directors and/or any of them be and are hereby authorized to complete and do all such acts and things deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back Renewal contemplated and/or authorized by this resolution."

9. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed final tax-exempt single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 May 2016, if approved, will be paid on 23 November 2016 to depositors registered in the Record of Depositors of the Company at the close of business on 25 October 2016.

A depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account on or before 4.00 p.m. on 25 October 2016 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board
PANG KAH MAN (MIA 18831)
Company Secretary

Kuala Lumpur
30 September 2016

NOTES:-

(A) This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 ("the Act") does not require a formal approval of the shareholders and hence, is not put forward for voting.

1. Only depositors whose names appear in the Record of Depositors as at 18 October 2016 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.

2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting on a show of hands or on a poll in his/her stead provided that the provisions of Section 149(1)(c) of the Act are complied with. There shall be no restriction as to the qualification of the proxy.

3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.

6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding this meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Ordinary Resolution no. 8**
   Proposed Renewal of authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

   The proposed Ordinary Resolution no. 8 under Item 7, if passed, will grant general mandate ("General Mandate") and empower the Directors of the Company, from the date of the forthcoming annual general meeting to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued and paid-up capital of the Company for the time being for such purposes as they may think fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, shall continue to be in full force until the conclusion of the next annual general meeting of the Company.

   The General Mandate now sought is a renewal from the previous mandate obtained during the last annual general meeting held on 16 October 2015 which will expire at the conclusion of the forthcoming annual general meeting.

   As at the date of this Notice, no new shares are being issued by the Company pursuant to the previous mandate granted to the Directors since the previous annual general meeting held on 16 October 2015.

   The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding future investment project(s), working capital and/or acquisition.

2. **Ordinary Resolution no. 9**
   Proposed renewal of authority for the Company to purchase its own shares

   The proposed Ordinary Resolution no. 9 under Item 8, if passed, will allow the Board of Directors to exercise the power of the Company to purchase not more than ten percent (10%) of the issued and paid-up share capital of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next annual general meeting of the Company.

   Further details are set out in the Statement to Shareholders dated 30 September 2016.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

No individual is seeking for election as a Director at the Fourth Annual General Meeting of the Company.

CARING PHARMACY GROUP BERHAD

(Company No. 1011859-D)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

I/We, ... NRIC No./Passport No./Company No..

of ....
(FULL ADDRESS)

being (a) member(s) of Caring Pharmacy Group Berhad hereby appoint(s)

....

of ....

or failing him / her, ...of...

.... as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 26 October 2016 at 11:00 a.m. and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	Approval of Directors' fees for the financial year ended 31 May 2016		
2	Declaration of a final tax-exempt single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 May 2016		
3	Re-election of Mr Tan Lean Boon as Director		
4	Re-election of Datin Sunita Mei-Lin Rajakumar as Director		
5	Re-election of Dr. Yusof Bin Ismail as Director		
6	Re-election of Mr Tan Thiam Hock as Director		
7	Re-appointment of Messrs Crowe Horwath as Auditors and to authorise the Directors to fix their remuneration		
8	Proposed renewal of authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9	Proposed renewal of authority for the Company to purchase its own ordinary shares		

Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy(ies) to vote at his/her discretion.

For appointment of two proxies, percentage of shareholdings to be represented by each proxy is as follow :

	NRIC NO./ PASSPORT NO.	NO. OF SHARES	PERCENTAGE
Proxy 1			
Proxy 2			
Total			100%

CDS ACCOUNT NO.	
NUMBER OF SHARES HELD	

Dated this............................ day of 2016

....
Signature of Shareholder(s) or Common Seal

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 18 October 2016 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.*
2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting on a show of hands or on a poll in his/her stead provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with. There shall be no restriction as to the qualification of the proxy.*
3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*
6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding this meeting or any adjournment thereof.*

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AFFIX
STAMP
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The Company Secretary
LSCA MANAGEMENT CONSULTANTS SDN BHD
(Company No. 151489-K)

Kuala Lumpur Office, 3-2, 3rd Mile Square,
No.151, Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur,
Malaysia.

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康寧心
CARING 專業情
is our Profession

CARING PHARMACY GROUP BERHAD
(Co. No. 1011859-D)

No. 1, Jalan 51/203A, Kawasan Perindustrian Tiong Nam,
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