Annual Report 2017

www.caring2u.com

CARING PHARMACY GROUP BERHAD

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

Contents

Corporate Structure

CARING PHARMACY GROUP BERHAD
(1011859-D)

100%
CARING PHARMACY RETAIL MANAGEMENT SDN BHD

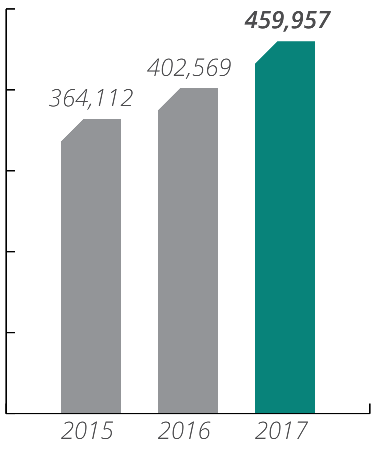
PARTIALLY-OWNED SUBSIDIARIES	
75.5%	Ace Caring Phamacy Sdn Bhd
51.0%	Be Caring Sdn Bhd
90.0%	Caring Belle Sdn Bhd
60.0%	Caring Clover Sdn Bhd
75.5%	Caring Health Solutions Sdn Bhd
60.0%	Caring 'N' You Pharmacy Sdn Bhd
75.0%	Caring Pharmacy (ABM) Sdn Bhd
60.0%	Caring Pharmacy (MPLS) Sdn Bhd
60.0%	Caring Pharmacy (Ampang) Sdn Bhd
51.0%	Caring Pharmacy (IDR) Sdn Bhd
60.0%	Caring Pharmacy (JB Molek) Sdn Bhd
80.0%	Caring Pharmacy (KLP) Sdn Bhd
80.0%	Caring Pharmacy (Puchong) Sdn Bhd
85.0%	Caring Pharmacy (Shah Alam) Sdn Bhd
70.0%	Caring Pharmacy (SK) Sdn Bhd
51.0%	Caring Pharmacy (SW) Sdn Bhd
70.0%	Caring Pharmacy (Always) Sdn Bhd
60.0%	Caring Pharmacy (Paradise) Sdn Bhd

PARTIALLY-OWNED SUBSIDIARIES	
60.0%	Caring Pharmacy Rising Sdn Bhd
59.5%	Caring Trinity Sdn Bhd
59.5%	Caring Trio Sdn Bhd
60.0%	Cosy Vision Sdn Bhd
81.3%	Fuji Acre Sdn Bhd
60.0%	Green Surge Sdn Bhd
70.0%	Living Glory Sdn Bhd
60.0%	Mega Caring Sdn Bhd
60.0%	MN Pharmacy Sdn Bhd
60.0%	MY Caring Pharmacy Sdn Bhd
60.0%	One Caring Pharmacy Sdn Bhd
70.0%	Preciouslife Pharmacy Sdn Bhd
51.0%	Sterling Pharmacy Sdn Bhd
60.0%	Tonic Pharma Sdn Bhd
51.0%	Vertex Pharmacy Sdn Bhd
70.0%	Victorie Caring Sdn Bhd
85.0%	Viva Caring Sdn Bhd
80.0%	WM Caring Pharmacy Sdn Bhd

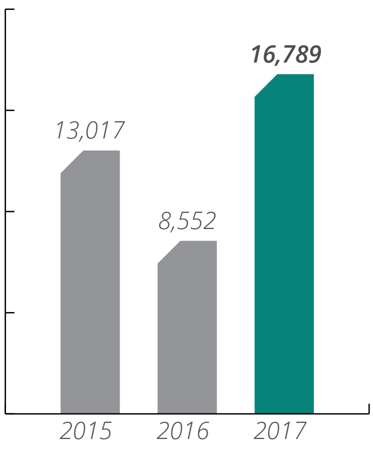
WHOLLY-OWNED SUBSIDIARIES	
100%	Caring Pharmacy (Kinrara) Sdn Bhd
100%	Stay Caring Sdn Bhd
100%	United RX Care Sdn Bhd
100%	Caring Pharmacy Estore Sdn Bhd
100%	Caring Pharmacy Sdn Bhd
100%	United Caring Venture Sdn Bhd
100%	Caring Empire Sdn Bhd
100%	Caring Pharmacy (Empire) Sdn Bhd

Financial Highlights

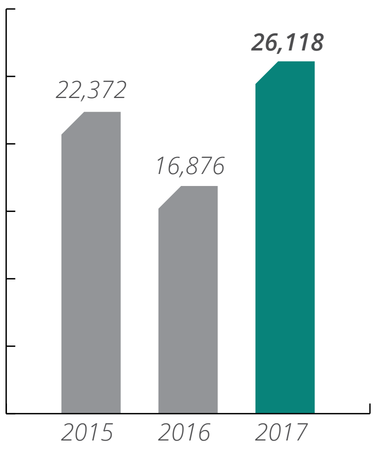
REVENUE (RM'000)



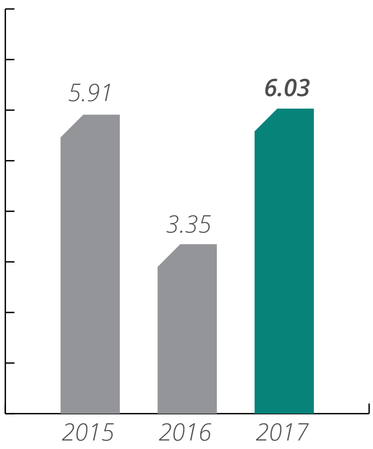
PROFIT AFTER TAX (RM'000)



EBITDA (RM'000)



BASIC EARNINGS PER SHARE (SEN)



UP **14%** REVENUE

UP **96%** PROFIT AFTER TAX

110 OUTLETS NATIONWIDE

Financial Year Ended 31 May		2015	2016	2017
Revenue	RM'000	364,112	402,569	459,957
Gross Profit (GP)	RM'000	79,344	80,367	93,805
GP Margin	%	21.79	19.96	20.39
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	22,372	16,876	26,118
Profit Before Taxation (PBT)	RM'000	18,499	12,232	21,952
PBT Margin	%	5.08	3.04	4.77
Profit After Taxation (PAT)	RM'000	13,017	8,552	16,789
PAT Margin	%	3.57	2.12	3.65
Basic Earnings Per Share [(a)]	sen	5.91	3.35	6.03

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

Datin Rashidah Binti Mohd Sies
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

Management Discussion and Analysis

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 2017.

FINANCIAL REVIEW

This year provided a strong opportunity for improvement for us where against the backdrop of a tough economic environment and stiff competition, **revenue** for the financial year ("FY") grew by 14% to **RM460 million**, against the previous corresponding year of RM403 million. This was achieved mainly through a healthy increase from last year in same store sales growth of RM31 million from the 78 outlets aged more than two years old and RM19 million from the 13 outlets aged more than one year old.

We have a total of 110 outlets as at the date of this report. During the FY under review, we opened 8 new outlets and relocated 1 outlet but closed down 8 underperforming outlets as well.

We were also able to increase **group annual pre-tax profit to RM22 million** representing a growth of 79.5% from the previous FY while **profit after tax** increased by **96.3% to RM16.8 million**.

As a result, we generated **RM43 million cash from our operations**, leading to **RM103 million cash and its equivalents** at the end of the FY under review. We reduced our **external borrowings to RM9.4 million**. **Our shareholders' funds stands at RM132 million**, providing **net assets per share of RM0.60**.

OPERATIONS REVIEW

We are mindful of the continuing competitive business environment and with the uncertainties of the near future, but we remain cautiously optimistic and will continue to adopt careful and prudent outlet expansion strategies with more stringent selection criteria being put in place.

We are committed to open only in the most strategic high potential areas. In the FY under review, we have opened **8 new outlets**, comprising 6 complex outlets and 2 high street outlets.

We also took difficult but necessary decisions to close down underperforming outlets. In the FY under review, **8 outlets were closed** comprising 3 outlets at Tesco hypermarkets, 3 complex outlets and 2 high street outlets.

UNDERLYING PRINCIPLES

The focus and commitment of our 1,000 colleagues enables us to execute our game plan well of serving and pleasing our customers, thereby, successfully defending and further expanding our market share while increasing our operating profit.

We intend to focus even further on **perfecting and building our current strength and capabilities on the most important attributes of why customers continue coming back to us**.

We have set the following strategies and initiatives for us to serve our customers better and create more value for our shareholders:

1 Competitive and Aggressive Pricing. We shall continue to position ourselves to be the **most cost effective pharmacy** who is committed to helping our customers to save more. The **"Big Cut"** campaign that we launched last year by dropping prices in near to 800 popular pharmacy items has benefitted most shoppers. As such, we need to continue expanding our Big Cut strategy to include even more items to let our customers enjoy better and more saving.

2 Good Customer Service and Professional Pharmacy Care. Great customer service and professional pharmacy care are crucial to the success of our business; in fact this is the fundamental value of our existence. We have to continue building strength in our training programs to ensure **consistent good customer service level at our frontlines**; we want to see highly motivated, enthusiastic and result-oriented frontline service teams across all outlets in our group.

Management Discussion and Analysis

Professional pharmacy care has always been the trademark of CARiNG. We shall continue to believe in the potential and opportunities derived from our huge base of professional pharmacists. This is our clear-cut competitive advantage and we shall continue to invest in this precious human capital to beat our competitors. For the FY under review, our Pharmacy Practice, Training and Outlet Operations Teams have worked tirelessly with our frontline pharmacists to ensure an effective and successful implementation of all professional pharmacy care projects and campaigns to benefit our customers. Our **"Caring Customer Care" (3C)** program, a comprehensive and holistic pharmacy care program developed to help our customer manage their health needs better is well received by many of our customers. In the new FY, we shall regaining our legendary pharmacy care service as one of our top agenda items whereby more attentions, more focuses and more efforts will be put in so that more customers will be able to enjoy high quality and cost effective pharmacy care.

3 Exciting High Quality Merchandises with Attractive Pricing. For the FY under review, we continue to build capability in this area to keep up with our customers' expectations of fun and excitement in shopping. Our buyers should be able to evaluate the markets, sense the latest trends and respond to demands swiftly to capture opportunities. They are 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 shall continue focusing in our **Exclusive Brand** project where our buying team is actively engaging with both local and international suppliers to bring in high quality and affordable health and personal care products to benefit our shoppers. We are pleased to report on the overwhelming response we received from the exclusive premium quality health supplement brand, **"Herbs of Gold" (HOG) from Australia**, which is now ranked among the top four vitamin supplement brand in our group. We are equally excited of our recently launched exclusive skincare range, **Linola, the number one therapeutic skincare brand in Germany** in our Group which makes Malaysia the 3rd country to launch this premium skincare after Hong Kong and Taiwan.

4 Convenience for Shoppers to find us is always in our minds. We shall continue building strength in this important proposition to provide our customers the convenience of shopping with us in our physical stores, on our e-commerce sites or online marketplaces, allowing them to get their goods wherever they want, either in our outlets or delivered to their doorsteps.

We shall continue to expand our outlet locations so that our customers can find us more easily for their shopping. **Our expansion focus is now set outside Klang Valley region** so that more people can benefit from CARiNG's professional and good pharmacy service. For the 8 outlets which are opened in the FY under review, six outlets are located outside Klang Valley, with two at Johor Bahru, one at Bukit Mertajam, Penang, one at Ipoh, one at Putra Jaya and one at Nilai, Negeri Sembilan. We are also working with Mydin Group, the number one home grown hypermarket and mall operator in Malaysia by operating two of our outlets in the Mydin Mall to tap into the Malay consumers market.

Besides the brick and mortar stores, we have been actively promoting our **"Click & Pick"** service via our e-commerce platform to provide maximum freedom and convenience to our customers on how they want to get their products from us. The popularity of "Click & Pick" will also attract more new walk-ins to patronise our outlets. Besides our own platform, we are currently present in four online marketplaces. We shall continue with our efforts and commitments to develop and expand our capacity of the e-commerce and multi-channel business model. We are accelerating our e-commerce capabilities and technological advances to further increase the revenue ratio of our online channel over our off line channel.

5 Operational Excellence. To support our value proposition of competitive pricing, we need to adopt a lean culture that applauds work accountability, condemns errors, promotes simplicity and attention to detail, with a passion to drive for operational excellence. We need to conduct business in the most efficient way to up productivity, curb redundancy, reduce wastage and save cost.

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. To support this value proposition, the management is going to introduce the Kaizen philosophy and method in our day to day work.

Management Discussion and Analysis

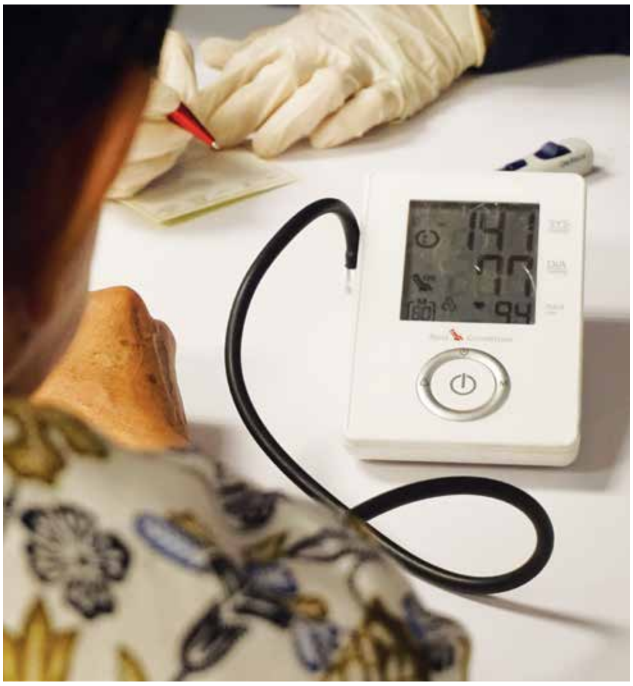
6 **Building Talent.** The company is as good as the people that are working in the organization. In order to stay competitive and be sustainable, talent building and retention is critical to our success. In the FY under review, much effort and resources have been put in to uplift the skills and capabilities of our people. This important initiative shall continue into the new FY where substantial budget will be allocated for training and development programs to intensify and improve our capabilities for both frontline and HQ team members. All the Head of Departments are requested to look into talent building, succession planning in detail in order to establish a comprehensive and structured talent development and retention program in their respective departments.

7 **Performance Based and Frugal Culture.** We are championing a high performance culture that encourages everyone in the company to work at the highest level. We are committed to drive performance by setting clear and specific goals; to reward our people based on objective performances and achievements, and to raise the bar every year to ensure competitiveness. In the FY under review, the management has revamped the appraisal system, restructured the incentive scheme to reflect on the aspiration of the company to pursue true performance based culture that rewards top performers and contributors while motivating the underperformers to move up.

To support the low price proposition, the company has to be frugal in whatever we do. We need to be cost conscious, careful in our spending and prudent in setting budgets, and to negotiate rigorously in all transactions. Lean culture is instilled in the group where everyone in CARiNG is encouraged to be cost sensitive in their daily endeavors.

8 **Digital Transformation.** Management embraces technology and innovation for us to stay competitive in our business. The management has invested significantly in system and process automation to increase our productivity and enhance our efficiency. In the FY under review, we have established our **Business Intelligence (BI)** system to enable our Category, Purchasing and Marketing department to abstract, process and analyse data more quickly and accurately to support a more objective and rational decision making process. We have also continued to develop our e-commerce strength, and perfect our "Click & Pick" module to move further towards Omni-channel reality.

Moving into new FY, we are embarking on an ambitious **Customer Experience Management (CEM)** project to integrate and enhance our customer experience via digital applications by capitalising on all digital media from web sites to mobile apps to customer loyalty programs.



The completion of this ambitious project will provide our customers with a seamless, exciting and rewarding shopping experience with us which integrates both offline and online channels we have. It will also uplift our marketing department analytical capability to package a more specific, cost effective and attractive Advertising & Promotion campaign targeted to our most valuable customers that we would want to retain.

We are consistently building capability and capacity on our management information systems (MIS) team so that they can support the company to ride on technology advances in data, algorithms, and forecasting capabilities to make us more efficient and competitive than our competitors.

CORPORATE 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 Sustainability and Corporate Responsibility Report in this Annual Report.

We have recently launched a program whereby our community pharmacists adopt a neighbouring school to provide them with basic yet essential pharmaceutical items e.g. First Aid kits.

Management Discussion and Analysis

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 progress on strategies and plans we have been put in place as highlighted in the Operations Review, closely monitored and measured with internal targets and key performance indicators. 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 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 a 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 locations 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 for 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. Bar any unforeseen circumstances, we shall deliver more encouraging results in the FY to come.

DIVIDEND

The Board of Directors remains committed to our company's dividend policy of paying not less than 30% of our Group's profit after taxation. For the FY ended, the Board recommends the payment of a final single tier dividend of **3 sen per share** subject to the shareholders' approval at the forthcoming annual general meeting. The dividend declared for the FY is **RM6.53 million** representing a dividend payout rate of approximately 38.9% to the profit after taxation for FY ended 31 May 2017.

The Group is in a healthy financial position with a net cash position of RM102.5 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 everything they have done for our customers and our business this year.

We have been through some tough years in our business, and we are happy to see encouraging results this FY. While we might have turned a corner in this FY, as always, we have more to do. Our goal now is to go even further together. We will keep placing the customer at the heart of the business, as we truly believe in our top core value to put our customers first in everything we do, and as long as we serve our customers well, our own success will follow.

To our customers, shareholders, suppliers 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.

Directors' Profile

Datin Sunita Mei-Lin Rajakumar
Aged: 49
Designation: Independent Non-Executive Chairperson
Appointment date: 27 December 2012
Tenure of service: 4 years 10 months

Profile:
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. Currently she is the Chair (independent non-executive director) of two public listed companies, namely Caring Pharmacy Group Berhad and Turiya Berhad, an independent non-executive director of public listed company Hai-O Enterprise Berhad, and independent non-executive director of two other public companies, namely Yayasan Usman Awang and MCIS Insurance Berhad. 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. Aside from this, she is the Festival Director of the Kuala Lumpur International Arts Festival.

Chong Yeow Siang
Aged: 50
Designation: Managing Director
Appointment date: 30 July 2012
Tenure of service: 5 years 3 months

Profile:
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.

Directors' Profile

Soo Chan Chiew
Aged: 49
Designation: Executive Director
Appointment date: 30 July 2012
Tenure of service: 5 years 3 months

Profile:
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: 50
Designation: Executive Director
Appointment date: 27 December 2012
Tenure of service: 4 years 10 months

Profile:
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.

Directors' Profile

Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf
Aged: 69
Designation: Senior Independent Non-Executive Director
Appointment date: 27 December 2012
Tenure of service: 4 years 10 months

Profile:
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 founded and 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: 50
Designation: Non-Independent Non-Executive Director
Appointment date: 27 December 2012
Tenure of service: 4 years 10 months

Profile:
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 a 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 a General Manager. In 2000, he was appointed as an Executive Director of Caring Pharmacy Holdings Sdn Bhd.

Directors' Profile

Datin Rashidah Binti Mohd Sies
Aged: 53
Designation: Non-Independent Non-Executive Director
Appointment date: 28 April 2017
Tenure of service: 6 months

Profile:
Datin Rashidah Binti Mohd Sies is the holder of Master in Bachelor Administration (MBA) from US International University California, United States of America. She obtained her bachelor in Business Administration (Finance) from Idaho State University, United States of America. She also holds a Diploma in Public Administration from National Institute of Public Administration (INTAN), Malaysia.

She has been appointed as the Director of Perbadanan Nasional Berhad with effect from 1 December 2016. She is currently the Deputy Secretary (Commercial Sector) at the Government Investment Companies Division, Ministry of Finance and was attached to the Ministry of Finance since 1989, holding various positions in the Ministry of Finance Including in the Investment Section, Privatization Section and Economic Sector of Finance Division. She is also a Director of Global Maritime Ventures Berhad, Express Rail Link Sdn Bhd, Johor Port Berhad, Boustead Naval Shipyard Sdn. Bhd. and Perbadanan Nasional Berhad.

Tan Thiam Hock
Aged: 57
Designation: Independent Non-Executive Director
Appointment date: 1 June 2016
Tenure of service: 1 year 5 months

Profile:
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
39 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 United Caring Venture (UCV) between 2005 and 2009. In 2009, he disposed shares in UCV 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
44 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
45 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.

Key Senior Management's Profile

Foo Lee Fah
41 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 in her current tenure as financial controller.

Wong Hooi Fen
52 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 in 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
40 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.

Sustainability and Corporate Responsibility Report

2017 Lunar Year Celebration at CARiNG Pharmacy HQ.

THE ENVIRONMENT

Although CARiNG Pharmacy, as a pure retailer, does not have a direct impact to the overall environment, we strive to minimise wastages and unnecessary consumption of resources as well as to promote eco-friendly ways in our daily operations.

Among the approaches are:

- Participate in Earth Hour campaign, by switching off all stores' internal signage lights and 30% of the fluorescent light boxes or down lights;
- Reduce usage of papers at office and stores e.g., reuse of printed papers on the blank sides;
- Support use of bio-degradable plastic bags at all outlets;
- Support "No Plastic Bag Day" campaign initiated by local authorities and encourage consumers to bring their own reusable bags;
- Reuse carton boxes at stores and warehouse for packaging;
- Reuse metal racks for new stores to display merchandise;
- Change existing store lights to energy-saving type;
- Switch off unnecessary lights and air-conditioners in office and stores; and
- Cut quantity of sales brochures and reuse display materials instead of one-off usage.

2017 CARiNG Annual Dinner – Back To School, at Connexion Conference & Event Centre, Bangsar South City on 11 May 2017.

THE WORKPLACE

Employee Welfare

CARiNG Pharmacy values the unique combination of talents, experiences and skills of each employee in driving our business success. The group commits to enhancing and developing our employees' professional skills through various learning programmes including taking care of our employees' welfares.

2016 Academic Excellence Rewards presentation. Proud employees with their excellent kids.

Our Group is dedicated to creating a workplace that cultivates caring, harmonious and healthy employees, and enabling our staff to achieve their best in work performances by providing the following benefits:

- Medical benefits, hospitalisation and surgical, and personal accidental insurance covers;
- Annual dinner, festive gatherings and movie nights to cultivate strong bonding amongst employees;
- Encouraging our employees to stay fit and healthy through various sports activities such as badminton, basketball, jogging and etc.; and
- Giving away of Academic Excellence Rewards to acknowledge our employees' children's outstanding academic achievements and hard works.

Sustainability and Corporate Responsibility Report

Internal Training – Pharmacist's Kick-Off Meeting 2017, Ipoh.
This yearly event gathers all pharmacists for a 2-day intensive medical updates and soft skills training.

Training and Development Program

The Group integrates management development and training as a responsive workforce by enhancing our employees' competencies to increase the operational results and support of business growth. Training and retaining talents is our top priority in people succession plan and this objective is continuously carried out through:

- New retail employees to attend monthly internal training to enhance their products knowledge and operational skills;
- Executives and managers are funded with external training opportunities to enhance their core competencies and proficiency levels;
- Various incentive programmes to reward our retail employees, outlets and support teams; and
- Employee's anniversary service awards to value the loyalty of our dedicated staff.

CARiNG Pharmacy has established Elite Club to recognise our employees who have shown outstanding performances and consistently demonstrate as role models for others. Having been chosen as Elite Club member, it is a life-long achievement with reward of an overseas learning trip together with our facilitators to instill the importance of performance accomplishment and leadership quality.

THE COMMUNITY

As a community pharmacy, the Group recognises the importance in fulfilling its corporate social responsibility to the communities in which it conducts its business.

Handover Ceremony of RM15,000 to SJAM-KPS on 27 March 2017 at Haemodialysis Centres in Kuala Selangor.

CARiNG Health Awareness Day ("CHAD") Series

We are committed to provide health awareness for our communities. Since 2014, we provide free health screenings, counselling and valuable health information through CHAD. We aim to improve our community understanding of medical illness and use of medication, thus encouraging medication adherence and better management of their medical conditions.

In 2016, more than 2500 free health screenings had been conducted for our communities through CHAD events in 37 CARiNG stores. Results from CHADs showed 69% participants had undesirable total cholesterol, whereas 20% uncontrolled blood glucose and 43% blood pressure levels respectively. 68% were found overweight or obese. These are the common factors leading to deadly complications such as stroke, heart attack and kidney failure.

RM15,000 Donation to SJAM-KPS

During the "Every Saturday is 20 cents Charity Day" campaign which ran from 8 April to 31 December 2016, CARiNG managed to collect RM15,000 from customers who shopped at CARiNG outlets on Saturdays and opted for plastic bags.

The handover of the RM15,000 collected was held on 27 March 2017 at Haemodialysis Centres in Kuala Selangor, which are managed by St. John Ambulance, Kawasan Wilayah Pantai Selangor (SJAM-KPS), to the Hon. Secretary-General of St. John Ambulans Malaysia, Dato' Yeo Kim Thong.

The donated sum would be utilised for maintaining and servicing the dialysis machines at all centres.

Sustainability and Corporate Responsibility Report

Take Control of Diabetes Workshop Series

Diabetes is a major cause of blindness, kidney failure, heart attack, stroke and lower lip amputation. Statistics show that 3.5 million or 17.5% of Malaysians aged 18 years and above have the disease.

In light of this, CARiNG had organised a series of Diabetes Workshops, beginning November 2016. More than 100 participants joined each of these workshops to learn from health experts in various fields, including neurologist, endocrinologist, cardiologist, nephrologist, dietitian, diabetic educator and pharmacist.

Scope	Date	Venue
Understanding HbA1c	25-Jun-16	CARiNG HQ, Petaling Jaya
Take Control of Diabetes	19-Nov-16	CARiNG HQ, Petaling Jaya
Take Control of Diabetes Series I: Early detection and management is critical to prevent costly complications (Neuropathy and Diabetic Foot)	15-Apr-17	CARiNG HQ, Petaling Jaya
Take Control of Diabetes Series II: Early detection and management is critical to prevent costly complications (Cardiovascular)	1-Jul-17	CARiNG HQ, Petaling Jaya
CARiNG Diabetes Workshop Series III: Early detection and management is critical to prevent costly complications (Nephropathy)	12-Aug-17	Sin Chew Auditorium Room, Petaling Jaya
CARiNG Diabetes Workshop Series IV: Early detection and management is critical to prevent costly complications (Retinopathy & Nephropathy)	9-Sep-17	CARiNG HQ, Petaling Jaya

Other Health Workshops:

1. World Urticaria Day Public Forum, 15 Oct 2016
2. Health Eating, Health Kids Workshop, 11 Mar 2017
3. Atopic Eczema Workshop, 21 May 2017

Diabetes Workshop at Training Room, CARiNG HQ. A series of workshops have been conducted and well received by the public.

Interactive games with the Orphanage House staff and kids. HQ and outlets' employee brought their family to share their weekend together.

Gift of Love Charity Drive

CARiNG HQ Team paid a visit to Rumah Charis and Shelter Home bringing items which included baby bath, stationery set and toothpaste contributed by the public during CARiNG Oh! My Kids Health Fair in 2016. Other items presented were personal care goods, rice, eggs, cooking oil and insect repellents contributed by CARiNG's HQ employees. The team also organised some interactive activities with the children. It was a happy and meaningful experience for all.

Keep The Heart Beating - Malaysia Largest CPR Relay & Practice

On 31 August 2016, CARiNG Pharmacy celebrated the 59th National Day in a different spirit. In line with our mission to be the driver and promoter of healthy lifestyles in the communities, CARiNG Pharmacy, together with UKECharisma, Atria Shopping Gallery & St. John Ambulance organised the largest CPR Relay event in Malaysia, with the objective to let the public learn and practise CPR for no charge.

The full day event started from 10 am and was opened to anyone who was physically fit and healthy. It educated participants on life-saving knowledge and taught them CPR skills. With a total of 1525 participants, the event made it to the Malaysia Book of Records for the largest participation in CPR relay!

Sustainability and Corporate Responsibility Report

THE MARKETPLACE

To achieve the sustainable development of the marketplace, the Group endeavours to carry out activities to promote responsible practices among our investors, suppliers and customers where high ethical standards in the respective areas are consistently applied.

(i) Investors

The Group strives to enhance corporate value and maintain stable and long term growth for the benefits of shareholders. The Group continues its efforts to engage with its shareholders through the following initiatives:

- Disclosing and disseminating all material information in a timely, open, fair and transparent manner;
- Ensuring a robust system of corporate governance;
- Implementing policies that promote ethical behaviour and conducting business responsibly through high standards and business ethics;
- Engaging with its shareholders and investors through various communication channels such as general meetings with shareholders and regular press releases; and
- Accessibility in the public domain and regular investors updates on our website.

(ii) Suppliers

The Group respects its suppliers and works closely with them through long-term relationships to realise mutual growths and trust. In this aspect, the Group engages its suppliers in ethical procurement practices by adopting standard procedures in vendors' qualifications and ensuring the products supplied are in accordance with the Group's requirements.

(iii) Customers

The Group believes in creating value for its customers through competitive pricing without comprising the interest of other stakeholders. In this aspect, the Group enhances its customers' satisfaction and confidence by providing quality products and services, and establishes customers' feedback system through dedicated email address to ensure all customers complaints are acknowledged and resolved promptly.

Financial Calendar

29 JULY 2016	02 SEPTEMBER 2016	26 OCTOBER 2016
Unaudited consolidated results for the fourth quarter ended 31 May 2016	Issuance of Annual Report 2016	4th Annual General Meeting Time: 11.00 a.m. Venue: Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur. Proposed final tax-exempt single-tier dividend of 1.5 sen Entitlement Date: 25 October 2016 Payment Date: 23 November 2016

27 OCTOBER 2016	24 JANUARY 2017	28 APRIL 2017
Unaudited consolidated results for the first quarter ended 31 August 2016	Unaudited consolidated results for the second quarter ended 30 November 2016	Unaudited consolidated results for the third quarter ended 28 February 2017

Corporate Governance ("CG") Statement

Commitment from the Board

The Board of Directors of the Company (or "the Board") of Caring Pharmacy Group Berhad ("Caring" or "the Company") remains committed in maintaining the highest standards of CG within the Company and adhering to the principles and best practices of CG, through observing and practising the core values of the new Malaysian Code on Corporate Governance which was released by Securities Commission on 26 April 2017 (the "MCCG") and Bursa Malaysia Corporate Governance Guide. The commitment from the top paves the way for the Management and all employees to ensure the Company's businesses and affairs are effectively managed in the best interest of all stakeholders.

The Board will do its best to implement the best practices during the financial year ("FY") ended 31 May 2017 or provide suitable alternative approach and may defer some to the following years. In this respect, the Practice Notes 4.1, 8.1, 8.4 & 12.1 would be deferred.

The Board is pleased to present the following reports on the application of the Principles as set out in the MCCG and the extent to which the Company and the subsidiaries ("Group" or "Caring Group") has complied with the Principles and Practices of the MCCG during the FY under review.

Principle A – Board Leadership and Effectiveness

(I) BOARD RESPONSIBILITIES

1. Establish Clear Roles and Responsibilities of the Board

1.1 Clear Functions of the Board

The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, performance monitoring and measurement, enterprise risk management and internal controls, standards of conduct, shareholder communication and critical business decisions.

Amongst others, the key responsibilities of the Board to discharge in the best interests of the Company in pursuance of its commercial objectives 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 annual corporate plan ("ACP") for Caring Group for the ensuing year, which includes the annual business plan and budget with Key Performance Indicators ("KPIs"), 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) 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 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.

Corporate Governance ("CG") Statement

On the other hand, 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.

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.

The Managing Director ("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.

The MD also formally presents to the Audit & Risk Management Committee ("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 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 provide 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 ("HoDs") 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.

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 Board has established the ARMC to assist in overseeing 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. Further details on the role and responsibilities of the ARMC are disclosed in page 35 to 37 of this Statement and the ARMC Report of this Annual Report.

Nevertheless, the Board has established an Enterprise Risk Management ("ERM") framework to formulate and review risk management policies and strategies. 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 to continues to promote ERM framework activities. 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. Reviewing the competence of the Board members and senior management team and to ensure succession planning of the Board and senior management team is put in place

The Board has established the Nomination Committee ("NC") to primarily responsible for reviewing candidates for the Board and 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 assesses the performance of the individual directors (including the MD and Executive Directors) and identifies of training requirements of the directors on an annual basis to ensure all directors possess essential skills and knowledge to discharge their responsibilities as directors of the Group.

The NC will review 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. The succession planning across the Group is implemented by stages of training programme designed specifically for retail staff. A detailed job description is established for each job level.

Through the input and feedback provided by the MD and Executive Directors, 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.

In addition, the Board has established the Remuneration Committee ("RC") to primarily responsible for the development and review of the remuneration policy and packages for the Board members and senior management. The RC meets on an annual basis to review the remuneration package and fees of the Executive Directors and senior management team as to ensure that it is commensurate with the respective performance and contribution. The results of the review by both the NC and RC are tabled to the Board for deliberation and approval.

Further details on the role and responsibilities of the NC and RC are disclosed in page 28 to 29 of this Statement.

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 leads the Company within a framework of prudent and effective controls. Hence, 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 owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times. Aside from the six key responsibilities listed above, each Board member is also expected to demonstrate and adhere with the following:

(i) Time commitment

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.

The Board ordinarily schedules four meetings in a year. Board and Board Committee meetings are scheduled well in advance. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Each Board member is expected to achieve at least fifty percent attendance of total Board Meetings in any applicable FY with appropriate leave of absence be notified to the Chairperson and/or Company Secretary, where applicable.

The Board met five times during the FY under review to approve, amongst others, the quarterly and annual financial results, business strategies and business plans, to review business performance of the Company and to ensure that the proper internal control systems are in place. 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 FY under review as set out as follows:

Corporate Governance ("CG") Statement

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	^2/2	1/1	1/1
Dr. Yusof Bin Ismail*	2/5	-	-	-	1/1
Tan Thiam Hock#	4/5	-	-	-	1/1
Datin Rashidah Binti Mohd Sies**	1/5	-	-	-	-

@ Fourth Annual General Meeting ("AGM") held on 26 October 2016
^ Chairperson/Chairman of the Board or Board Committees or AGM
* Appointed on 1 March 2016 and resigned on 28 April 2017
# Appointed on 1 June 2016
** Appointed on 28 April 2017

Prior to the acceptance of new Board appointment(s) in other public listed companies ("PLC"), the Directors are to notify the Chairperson and/or the Company Secretary in writing. To ensure the Directors have time to focus and fulfill their roles and responsibilities effectively, one criteria 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). As at the date of this CG Statement, none of the Directors have exceeded the limit.

(ii) 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.

(iii) 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. It is of the Company's intention that each new Director is given a comprehensive briefing on the Company's history, operations, financial control system, governance process and site visit to enable him/her to have first-hand understanding of the Company's operation. In this respect, an induction programme and/or briefing will be organised by the Management teams for a new Director.

Corporate Governance ("CG") Statement

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, either at the Company's expense or through self-reading.

All the Directors have attended the MAP. During the FY under review and up to the date of this CG Statement, 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 Mosaics of Malaysia by Human Capital Leadership Institute ii) The Leadership Energy Summit Asia 2017 by ICLIF iii) Elevating The Standards of Malaysian Corporate Governance iv) Engagement with Potential Directors by FIDE Forum v) An Event for the In-house Community of Legal and Compliance Professionals vi) 1st Distinguished Board Leadership Series by Professor Jeffrey Sampler vii) Breakfast Talk with ACGA by ICLIF and MINDA viii) Sustainable Lecture Development in Malaysia by ISIS Malaysia ix) Invest ASEAN 2017 by Malayan Banking Berhad x) Nomura Luncheon Speaker Series ETP-Growing the Economy and Sustainability xi) The Velocity of Global Change and Sustainability - The New Business Model for Directors & CEO by Bursa
Chong Yeow Siang	i) Owner/President Management Program Part II by Harvard Business School
Soo Chan Chiew	i) 6th Annual Enterprise Innovation CXO Forum by Questex Asia ii) Cybersecurity Summit - Kuala Lumpur by Palo Alto Networks iii) Retail Asia Forum by StrongPoint iv) 4th Annual Customer Experience Asia Summit by IQPC v) Anti-Corruption & Integrity – Foundation of Corporate Sustainability by Bursa
Tan Lean Boon	i) Global Transformation Forum 2017 ii) New Companies Act 2016 by SSM
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	i) Company Law 2016: Total Revamp with Huge Tax Planning Opportunities
Ang Khoon Lim	i) TIMA 2017 Conference Kuala Lumpur "Healthcare Beyond Medicine" ii) Korea Pharm Exhibition
Dr. Yusof Bin Ismail*	i) Finance Festival Agrobank by Bank Negara Malaysia ii) 2017 Global Offset and Countertrade Association Conference by G.O.C.A iii) Corporate Governance for Development Financial Institution by Bank Negara Malaysia
Tan Thiam Hock#	-
Datin Rashidah Binti Mohd Sies**	i) Budget Retreat by MOF i) Advance Leadership and Management Programme by JPA

* Appointed on 1 March 2016 and resigned on 28 April 2017
\# Appointed on 1 June 2016
** Appointed on 28 April 2017

Corporate Governance ("CG") Statement

(iv) 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 for the FY2017 are set out under Note 33 to the Annual Audited Financial Statements on pages 103 to 104 of this Annual Report. The ARMC had reviewed the related party transactions that arose within the Group to ensure that the transactions were fair, reasonable and on normal commercial terms as well as not detrimental to the minority shareholders and were in the best interest of the Company.

1.2 Chairperson of the Board

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 Directors, she leads the discussion on the strategies and policies recommended by the Management. She also chairs the meetings of the Board and the shareholders.

1.3 Separation of Positions of the Chairperson and MD

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 spokesman.

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.

1.4 Qualified and Competent Company Secretary

The Company Secretary of Caring is competent and suitably qualified to act as company secretary under Section 235 of the Companies Act 2016 ("the Act"). The Directors have individual and independent access to the advice and dedicated support services of the Company Secretary. The Company Secretary plays significant role in supporting the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations of Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group.

The Company Secretary also notifies the Board 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.

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.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her functions.

1.5 Supply of Information

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. During the meetings, the MD, Executive Directors and the Group Financial Controller will lead the presentation of board papers and provide comprehensive explanations of pertinent issues. Any proposals and recommendations by the Management will be deliberated and discussed by the Board before a decision is made. Management provides further detailed information and clarification on issues raised by members of the Board on any aspect of the Company's operations or business concerns. Time is allocated for Directors to raise other matters not covered by the formal agenda.

Decisions of the Board are made unanimously or by consensus. All proceedings, deliberations and conclusions of the Board and Board Committees Meetings, including whether any director abstained from voting or deliberating on a particular matter are clearly recorded in the minutes of meetings. Such minutes of each Board and Board Committees Meeting are circulated to Chairperson and/or Chairman of Meeting as well as the other Board members for perusal prior to confirmation of the minutes at the following meetings and execution as correct record by the Chairperson and/or Chairman of the Meeting. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings on routine matters as allowed under the Company's Articles of Association.

Individual Directors may also obtain independent professional or other advice in furtherance of their duties at the Company's expense on specific issues, 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.

2. Clear Responsibilities between the Board, Board Committees and Management

2.1 Board Charter

The Board 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 Group where the roles of the Board, Board Committees and Management are clearly delineated as 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 (including those of the Senior Independent Director) and in discharging their duties towards the Group as well as boardroom activities.

Significant matters requiring deliberation and approval from the Board are also clearly defined in the Board Charter as matters reserved for the Board for consideration and approval during the Board's meetings. The key matters reserved for the Board's approval, amongst other matters, include other ventures, corporate plan and programme, material acquisitions and disposals, material investments, changes in the major activities, major borrowings, major agreements/contracts, changes to the management and control structure and compliance with relevant laws and regulations. In addition, the authorisation requirements delegated to the Management are incorporated in the key business processes and stated in the Group's policies and procedures.

Corporate Governance ("CG") Statement

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.

Other than the MD, the Board is also delegated specific powers to the relevant Board Committees to oversee the Group's affairs, with authority to act on its behalf 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 Chairperson and/or Chairman 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. Details of the respective ToR are available for reference on the Company's website.

Board Committees of the Company comprise ARMC, NC and RC as set out hereunder:

a. ARMC

The ARMC was established on 18 February 2013 with clearly defined ToR. Practice Note 8 of the MCCG and Paragraph 15.12 of the Listing Requirements spelled out the duties of the ARMC. The scope of duties of the ARMC includes primarily the duties detailed therein.

Further details on the role and responsibilities as well as summary of activities of the ARMC are set out on page 35 to 37 of this Statement and a full ARMC Report pursuant to Paragraph 15.15 of the Listing Requirements in this Annual Report.

b. NC

The NC was established on 18 February 2013 with clearly defined ToR, and comprises three Non-Executive Directors of whom two are Independent Directors and one is Non-Independent Director. In line with Practice Note 4.7 of the MCCG, the NC is chaired by an Independent Non-Executive Director who is also the Senior Independent Non-Executive Director.

The specific responsibilities of the NC shall include, amongst others:

- Formulating the nomination, selection and succession policies for the members of the Board and senior management;
- 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.

c. **RC**

The RC was established on 18 February 2013 with clearly defined ToR and in line with Practice Note 6.2 of the MCCG, comprises three Non-Executive Directors of whom two are Independent Directors and one is Non-Independent Director. The RC is chaired by an Independent Non-Executive Director.

The specific responsibilities of the RC shall 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.

Further details on the summary of activities of the NC and RC are set out on page 31 to 33 of this Statement respectively.

3. Promoting Good Business Conduct and Maintaining a Healthy Corporate Culture

3.1 Formalised Ethical Standards Through Code of Conduct and 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.

3.2 Formalised Policies and Procedures on Whistleblowing

The Board also has a separate whistleblowing policy and procedures ("WPP") stating the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the WPP is in line with Section 587 of 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.

3.3 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.

Corporate Governance ("CG") Statement

(II) BOARD COMPOSITION

4. Strengthen Board Objectivity

4.1 Board Size, Leadership and Competencies

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 requirement of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") for Independent Non-Executive Directors to make up at least one-third of the Board membership. This fairly reflects the investment by minority shareholders through Independent Directors.

The Board comprises of members from various professions with individual personalised quality, expertise, skills and relevant market and industry knowledge and ensures at all times that necessary financial and human resources are in place for the Company to meet its strategic objectives. With the age of the Directors ranges from 49 to 69, the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

The Board has however, deferred the implementation of recommendation of the MCCG under Practice Note 4.1 whereby the Board shall comprise at least half of Independent Directors to the following year. Although increasing number in Independent Directors can help to ensure more fresh ideas and viewpoints available to the Board, the Board is of the view that the existing representation of high caliber Independent Non-Executive Directors has provided the necessary balance and the current composition and size have constituted an effective Board to Caring Group. The Board, through the NC will endeavor to identify suitable candidates with the relevant market and industry knowledge for the proposed appointment as Independent Non-Executive Director(s) of the Company.

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 since 2014 with recommendation from the NC and approved by the Board. The role of Senior Independent Non-Executive Director is defined in the Board Charter adopted. Generally, Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf acts as a point of contact for shareholders and other stakeholders with concerns relating to the Company which have not been resolved or those deemed inappropriate to be communicated through the normal channels. 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.

4.2 Tenure of Independent Director

The Board has implemented a nine-year policy for Independent Non-Executive Directors. 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.

To in line with Practice Note 4.2 of the MCCG, the Board should seek annual shareholders' approval through a two-tier voting process if the retention of such Independent Director was after the twelfth year.

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.

Corporate Governance ("CG") Statement

4.3 Develop, Maintain and Review Criteria for Recruitment of Directors and Senior Management

The NC is guided by the Policies and Procedures for Nomination of Directors 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 from either the Management, the existing Board member(s) or major shareholder(s) for the proposed appointment as Directors of the Company. The NC may also obtain and rely upon independent sources such as a directors' registry, open advertisement or use of independent search firms in furtherance of their duties at the Company's expense, subject to approval by the Chairperson or the Board, depending on the quantum of the fees involved. If the selection of candidates was solely based on the recommendations made by the Management, the existing Board member(s) or major shareholder(s), the NC will explain why other sources were not used.

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 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.

4.4 Gender Diversity Policy

The Board is supportive of the 30% female representation on the Board as set out in Practice Note 4.5 of the MCCG and recognises that diversity is critical to a well-functioning Board and an essential measure of good governance. The Board currently has 25% female representation, i.e. two female directors of whom one is the Chairperson of the Board. 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.

5. Strengthen Board Effectiveness

5.1 Formalised Annual Evaluation on the Performance of Board and Board Committees

The Board, through the NC will carry out the annual assessment exercise on its composition, performance and effectiveness, the Board Committees as well as individual Directors annually in accordance with the procedures as set out in the Policies and Procedures for Nomination of Directors. 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, the time commitment in discharging their role and responsibilities through attendance at their respective meetings as well as the application of good governance principles to create sustainable shareholder's value.

The NC will also assess the independence of Non-Executive Directors annually using the Policy on Assessing Independence of Directors approved by the Board on 23 July 2014, as one of the factors in determining their eligibility to stand for re-election and/or re-appointment as well as new appointments.

Corporate Governance ("CG") Statement

The Company Secretary will facilitate the NC in carrying out the annual assessment exercise. 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, Directors' evaluation form, Board and Board committee evaluation form (Collectively referred to as "Questionnaires").

The Board, through the Questionnaires and recommendation from the NC, will examine the Board and 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 FY 2017 was conducted via Questionnaires in mid-August 2017. 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 5 September 2017. 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 was satisfied that all the Independent Directors have satisfied the criteria for an independent director as prescribed in the Listing Requirements and Practice Note 13 of 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 Board through the NC.

On a formal assessment on the performance and effectiveness of the ARMC and its members, the Board, through the recommendation of the NC and with the exception of the Directors who are also ARMC were generally satisfied that the size of the ARMC was enough to perform the duties as defined and its judgment was not impaired as they were sufficiently independent from Management.

On the other hand, the ARMC Chairperson has continuously demonstrated the strength, personality and tact dealing with Directors, internal auditors and external auditors. In addition, the ARMC Chairperson is experienced and effective in conducting meetings. All the ARMC members have also fulfilled the requirements in terms of roles and responsibilities in accordance with its ToR during the FY under review.

The NC also reviewed the list of Directors standing for re-election/re-appointment at the Fifth (5th) Annual General Meeting of the Company as summarized below:

Name	Designation
Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf	Independent Non-Executive Director
Soo Chan Chiew	Executive Director
Datin Rashidah Binti Mohd Sies	Non-Independent Non-Executive Director

Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf and Soo Chan Chiew are due to retire pursuant to Article 95 whereas Datin Rashidah Binti Mohd Sies is due to retire pursuant to Article 103 at the 5th 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 the Directors' Profile of this Annual Report.

Corporate Governance ("CG") Statement

(III) REMUNERATION

6. Level and Composition of Remuneration of the Directors and Senior Management

6.1 Remuneration Policies

The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company and other individuals serving as members of the Board Committees as well as senior management. Hence, the Board has, through RC established formal and transparent remuneration policies for the Board and Board Committees as well as senior management, 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, the Company's performance and market conditions. The RC also takes into consideration the remuneration of Directors of other PLCs in order to ensure competitive remuneration policies that reflect the prevailing market rate.

The Board has partially departed from the recommendation of the MCCG under Practice Note 6.1 whereby the remuneration policy is not made available on the Company's website.

7. Remuneration of the Individual Directors and Senior Management

7.1 Detailed Disclosure on a Named Basis

In 2017, 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 FY2017 for the approval of the shareholders at the 5th Annual General Meeting as well as those of key senior management. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board and key senior management. Disclosure of the Directors' remuneration, including that of the MD, is set out in the Annual Audited Financial Statements of this Annual Report.

Remunerations of the Directors, distinguishing between Executive and Non-Executive Directors, and key senior management received/ receivable from the Company and subsidiaries respectively for FY2017 in aggregate, with categorisation into appropriate components, are as follows:

(i) Received from Caring

	Executive Directors	Non-Executive Directors	Key Senior Management
[RM, In Gross] *			
Salaries	-	-	-
Directors Fees **	-	202,000	-
Emoluments ***	-	8,000	-
Benefits ^	-	-	-
Total	**-**	**210,000**	**-**

(ii) Received on Group Basis

	Executive Directors	Non-Executive Directors	Key Senior Management
[RM, In Gross] *			
Salaries	979,200	-	1,383,000
Directors Fees **	208,800	202,000	36,000
Emoluments ***	428,600	8,000	507,092
Benefits ^	-	-	-
Total	**1,616,600**	**210,000**	**1,926,092**

* Numbers are provided before tax.

** Fees paid to Executive and 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 and the key senior management whose remuneration band falls within the following successive bands of RM50,000 is as follows:

(i) Received from Caring

Ranges of Remuneration [MYR] [RM, in Gross]*	Executive Directors	Non-Executive Directors	Key Senior Management
1 – 50,000	-	3	-
50,000 – 100,000	-	2	-
150,000 – 500,000	-	-	-
1,000,000 – 2,000,000	-	-	-
2,800,000 – 2,950,000	-	-	-
Total	**-**	**5**	**-**

(ii) Received on Group Basis

Ranges of Remuneration [MYR] [RM, in Gross]*	Executive Directors	Non-Executive Directors	Key Senior Management
1 – 50,000	-	3	-
50,000 – 100,000	-	2	-
150,000 – 500,000	3	-	6
1,000,000 – 2,000,000	-	-	-
2,800,000 – 2,950,000	-	-	-
Total	**3**	**5**	**6**

* Numbers are provided before tax

In respect of the non-disclosure of detailed remuneration of each Director and each of the key senior management on a named basis as recommended by the Practice Note 7 of the MCCG, the Board views that the transparency in respect of the Directors' and key senior management's remuneration has been appropriately dealt with by the 'band disclosure' presented in this CG Statement.

Principle B – Effective Audit and Risk Management

(I) AUDIT COMMITTEE

8. Effective and Independent Audit Committee

8.1 The Chairperson of the ARMC is not the Chairperson of the Board

The Chairperson of the ARMC is also the Chairperson of the Board. In this respect, it is also not in line with Practice Note 8.1 of the MCCG. The Board was of the view that the Chairperson of the ARMC has performed the duties as defined and her judgment was not impaired as she was sufficiently independent from Management in leading the discussion on the matters being deliberated and findings as well as recommendations made by the ARMC objectively in the Board meetings.

Having said that, the Board through the NC, will endeavor to identify candidate(s) who is/are financially literature as member(s) and/or Chairman of the ARMC.

8.2 Cooling-off Period for a Former Audit Partner to be Appointed as ARMC Member

The ARMC has a 2-year cooling-off period policy for a candidate whom is a former audit partner before being appointed as a member of the ARMC as recommended by the Practice Note 8.2 of the MCCG.

However, the said policy currently does not apply to the ARMC given none of the ARMC nor Board members is a former audit partner as at the date of this CG Statement.

8.3 Policies and Procedures for Assessment of Suitability, Objectivity and Independence of External Auditors

The ARMC maintains a transparent and professional relationship with the external auditors of the Company. 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 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 HoDs.

The ARMC undertakes an annual assessment of the suitability and independence of the external auditors in accordance with the Non-Audit Services Policy which was adopted by the Board 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"). Under this policy, only non-audit services which are able to provide clear efficiencies and value-added benefits to the Group and do not impede the external auditors' audit works will be accepted by the ARMC.

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 5 September 2017, 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 FY2017. 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. Details of statutory audit, audit-related and non-audit fees paid/payable in the FY2017 to the external auditors are set out in the Additional Compliance Information of this Annual Report.

Having satisfied itself with their performance and fulfillment of criteria as set out in the 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 5th Annual General Meeting.

8.4 ARMC Composition

The ARMC comprises three Non-Executive Directors of whom two are Independent Directors and one is Non-Independent Director. This is not in line with Practice Note 8.4 of the MCCG whereby the ARMC should comprise solely of Independent Directors. Notwithstanding that, the Board is of the view that the ARMC is able to assist the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards.

Having said that, the Board through the NC, will endeavor to identify candidate(s) who is/are financially literature as member(s) and/or Chairman of the ARMC.

8.5 Continuous Professional Development

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.

To assist the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards, all the ARMC members will undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The Board, through the recommendation of the NC and with the exception of the Directors who are also ARMC is generally satisfied that all the ARMC are financially literature and have sufficient understanding of the Company's business.

Accordingly, the Board has deferred the implementation of recommendation of the MCCG under Practice Notes 8.1 & 8.4 to the following year.

(II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Recognise and Manage Risks

9.1 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.

Corporate Governance ("CG") Statement

9.2 Implementation of Mitigating Measures

The responsibilities of identifying and managing risks are delegated to the HoDs. The ARMC is 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.

9.3 Risk Management Committee

The ARMC was renamed on 7 September 2015 with its scope of duty and responsibilities being broadened and the importance being placed on the risk management of the various elements of the Company's business whilst also covering the areas of internal control, financial reporting and corporate governance.

The ARMC comprises three Non-Executive Directors of whom two are Independent Directors and one is Non-Independent Director. This is in line with Practice Note 9.3 of the MCCG whereby the risk management committee should comprise a majority of Independent Directors.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the ARMC Report and the Statement on Internal Control and Risk Management of this Annual Report.

10. Effective Governance, Risk Management and Internal Control Framework

10.1 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 HoDs who report directly to the ARMC. 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.

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.

10.2 Competency of Internal Auditors

To ensure that the responsibilities of internal auditors are fully discharged, the ARMC reviews the adequacy of the scope, functions and resources of the internal audit function as well as the competency i.e. qualification and experience of the internal auditors on a yearly basis.

An overview of the state of internal controls function within the Group, which includes the risk and key internal control structures, are set out in the ARMC Report and the Statement on Internal Control and Risk Management of this Annual Report.

Corporate Governance ("CG") Statement

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

(I) COMMUNICATION WITH STAKEHOLDERS

11. Ensure Timely and High Quality Disclosure

11.1 Effective, Transparent and Regular Communication with its Stakeholders

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 investor relations function by including share price information, all announcements made, annual reports as well as the corporate and governance structure of the Company.

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, its current 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.

In ensuring equal and fair access to information by the investing public, various channels of communications are made through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary via Bursa LINK in a timely manner as required under the Listing Requirements, 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.

11.2 Integrated Reporting

To improve the quality of information available to the shareholders and stakeholders and promote greater transparency and accountability on the part of the Company, the Board will prepare an integrated report entailing the detailed information flows about the Company's strategy, performance, governance and prospects lead to value creation on yearly basis. In this respect, Caring complies with the recommendation of the MCCG under the Practice Note 11.2.

A full Sustainability Report pursuant to Paragraph 9.45(2) and Paragraph 29, Part A of Appendix 9C of the Listing Requirements and Practice Note 9 is set out in this Annual Report.

(II) CONDUCT OF GENERAL MEETINGS

12. Strengthen Relationship Between the Company and Shareholders

12.1 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 dispatched its Notice of Annual General Meeting to shareholders at least twenty one days before the Annual General Meeting in 2017, under the Act and Listing Requirements. This is not in line with the Practice Note 12.1 of the MCCG. Accordingly, the Board has deferred the implementation of recommendation of the MCCG under Practice Note 12.1 to the following year whereby the Company shall only give Notice of Annual General Meeting with period of at least twenty eight days to shareholders before the forthcoming Sixth Annual General Meeting.

The Board believes the current practice would still 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 5th Annual General Meeting dated 29 September 2017. 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.

12.2 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 5th Annual General Meeting. The proceedings of the 5th Annual General Meeting will include the Chairperson's briefing on the Company's overall performance for FY2017, 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 financial statements 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 5th Annual General Meeting by the Minority Shareholder Watchdog Group, if any.

Corporate Governance ("CG") Statement

12.3 Facilitate Greater Shareholder Participation at General Meetings

Under 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 5th Annual General Meeting.

In view thereof, the Board will consider leveraging technology to facilitate electronic poll voting and remote shareholder participation in the coming general meetings, to more fairly reflect shareholders' views and to ensure accurate and efficient outcomes of the voting process, which is in line with Practice Note 12.3 of the MCCG.

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 a general meeting will be announced to Bursa Securities on the same meeting day.

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 save and except for the Practice Notes 4.1, 8.1, 8.4 & 12.1 which are deferred to following year with alternative approach adopted; and Practice Notes 6.1, 7.1, 7.2 & 7.3 which are partially departed and/or not adopted as disclosed herein, the Company has fully complied with the principles and recommendations of the MCCG, the relevant chapters of the Listing Requirements on CG and all applicable laws and regulations throughout FY2017.

This CG Statement was approved by the Board on 5 September 2017.

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.

To in line with Paragraph 15.20 of the Listing Requirements, the Board, through Nomination Committee ("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 ("FY") ended 31 May 2017, 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").

The ToR will be reviewed periodically or as and when required by the ARMC and recommendation will be made to the Board for approval on any revision.

MEETINGS

The ARMC held five meetings in FY2017 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") and other senior management were 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, Crowe Horwath responsible for the Group attended three ARMC meetings held on 29 July 2016, 2 September 2016 and 28 April 2017 respectively to present the audit findings and auditors' report on the Annual Audited Financial Statements for FY2016 as well as the audit plan for FY2017. The lead audit engagement partner had declared their independence to the Group and their compliance with By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

During the first meeting between the external auditors and the ARMC in FY2017, 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 brief on the significant risks, areas of audit focus and key audit matters as well as 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.

The ARMC had three private sessions with external auditors where the external auditors were given opportunities to raise any matters without the presence of management staff and the executive board members. There were no areas of concern raised by external auditors that needed to be escalated to the Board. During the private sessions, 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.

The ARMC was satisfied with the suitability of Crowe Horwath and quality of services provided by Crowe Horwath after having considered the adequacy of experience and resources of the firm and the professional staff assigned to the audit, level of audit and non-audit services to be rendered by the external auditors to the Company and had on 5 September 2017 recommended to the Board for their approval the re-appointment of Crowe Horwath as the external auditors of Caring for FY2018.

Audit and Risk Management Committee ("ARMC") Report

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 FY2017, the unaudited quarterly financial results were reviewed by the ARMC to ensure they were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements. The ARMC Chairperson presented to the Board the recommendations of the ARMC for approval of the unaudited quarterly financial results and annual 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 ("HoDs") 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 execution of the Enterprise Risk Management ("ERM") framework. With the reporting and update by the Executive Risk Management Committee ("ERMC") on key risk management issues and summary of the ERMC activities, 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 including recurrent related party transactions of a revenue and 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 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, key audit matters, 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 and non-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.

Audit and Risk Management Committee ("ARMC") Report

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 2016 ("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, MFRS 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 principles and the extent of the Group's compliance with the best practices set out under with the new Malaysian Code for Corporate Governance;
- 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.

Audit and Risk Management Committee ("ARMC") Report

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 HoDs 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 FY2017 were outsourced to an independent assurance provider, NGL Tricor Governance Sdn Bhd ("NGL Tricor") 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.

The ARMC was satisfied with the performance of NGL Tricor and approved its re-appointment as the internal auditors of the Company for FY2018.

Statement of 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 ("FY") ended 31 May 2017. For the purpose of disclosure, this Statement is guided by the Statement on Risk Management and 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 B(II) of the new Malaysian Code on Corporate Governance ("MCCG").

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 Practice 9.1, Principle B(II) of the MCCG 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 maintains a database of risks specific to the Group together with their corresponding controls, which are categorised as follows:-

- Strategic and Market, which are risks that affect the overall direction of the business;
- Operational, which are risks that impact the retail division operation and management operation of the Group; and
- People, which are risks that affect efficiency, productivity, retention and promotion of employees.

Statement of Internal Control and Risk Management

Through the ERM framework, the Board established an on-going process for identifying, evaluating, and managing risks. 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;
- Promote an effective risk awareness culture where risk management is an integral aspect of the Group's management systems; and
- Ensure compliance with the MCCG.

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 quarterly 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 established to promote the ERM framework activities and to provide reporting and update to the ARMC on key risk management issues.

The ERMC has met four (4) times during the financial year under review whereby the Head of Departments ("HoDs") reported the key risks to the attention of the ERMC and ERMC carried out the review on key business risks identified by assessing the likelihood and impact of material exposures and updated the Risk Register accordingly. From there, ERMC determined the corresponding risk mitigation measures and evaluated the effectiveness of mitigating measures and controls already put in place. To ensure a robust risk management and internal control process throughout the Group, ERMC conducted follow-ups on the status of implementation and monitored the compliance activities of the Group.

The responsibility for day-to-day risk management however, still 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 conducted. Both Managing Director and Chairman of ERMC reiterated the importance of risk management at beginning of each ERMC meeting to all ERMC committee.

MAIN FEATURES OF INTERNAL CONTROL

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. A quarterly review of the annual budget is undertaken by Management to identify and where appropriate, to address significant variances from the budget. The Executive Summary entailing the comparison between the actual and budgeted results will be tabled together with the quarterly financial results to the ARMC and the Board for deliberation and approval;

Statement of Internal Control and Risk 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 and management operations, including the follow-up on management feedback and internal audit findings on the retail and management 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 FY2017, 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 value 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 put in place 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.

Statement of Internal Control and Risk Management

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.

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.

In view that the development of a sound system of internal control is an on-going process, 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 5 September 2017.

Directors' Responsibility Statement for the Annual Audited Financial Statements

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Act in Malaysia and the 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.

The Board, after due consideration, is satisfied that the financial statements for the financial year ended 31 May 2017 has been prepared adopting appropriate accounting policies and applied them consistently and made judgement and estimation that are reasonable and prudent. The Board also considers that relevant approved accounting standards have been followed and confirms that the financial statements have been prepared 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

Directors' Report

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 2017.

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.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit after taxation for the financial year	16,788,759	6,673,560
Attributable to:-		
Owners of the Company	13,129,959	6,673,560
Non-controlling interests	3,658,800	-
	16,788,759	6,673,560

DIVIDENDS

The Company paid a final single tier dividend of 1.5 sen per ordinary share amounting to RM3,265,596 for the financial year ended 31 May 2016 on 23 November 2016.

At the forthcoming Annual General Meeting, a final single tier dividend of 3.0 sen per ordinary share amounting to RM6,531,192 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 2018.

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 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.

Directors' Report

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 ensure that any current assets, 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.

Directors' Report

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 in which this report is made.

DIRECTORS

The names of directors in office from the beginning of the financial year and up to the date of this report are as follows:-

ANG KHOON LIM
CHONG YEOW SIANG
DATIN SUNITA MEI-LIN RAJAKUMAR
DATIN RASHIDAH BINTI MOHD SIES (Appointed on 28.4.2017)
DR. YUSOF BIN ISMAIL (Resigned on 28.4.2017)
SOO CHAN CHIEW
TAN LEAN BOON
TAN SRI DATO' HAJI MOHD ARIFFIN BIN MOHD YUSUF
TAN THIAM HOCK (Appointed on 1.6.2016)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

ANG HOOI HOON
ANG SWEE LIM
BEH SIEW LIAN
CHAN CHIA HUOI
CHAN HUA HUNG
CHAN MEI TENG
CHAN YIN MEI
CHEAM SHIAU TYNG
CHEONG NGEE KOON
CHIA PENG KWANG
CHOW CHING YEI
CHUA JIA YUNN
CHUA QI YUN (Appointed on 1.10.2016)
DEREK MOON WENG CHEE
ELAINE POON SIEW YAN
FOO FUNG JIUN
GOH SEONG POR
GOO YUAN TIEH
GOOI CHEAN KEONG
HAFIZ BIN MOS @ MOHSIN
HO CHIEW LIM
HOONG WUAN LEIK (Appointed on 17.4.2017)
KHOO KEH AI
KOH PEI YING
KOH TENG HEIN

Directors' Report

DIRECTORS (CONT'D)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows (Cont'd):-

KRISTY TING MEI LING
KUAN MUN NI
LAI KOK YOONG
LAU YEE VOON
LEE SU FEN
LEE SZE WEI (Appointed on 15.3.2017)
LEE WEI PHANG
LEE YOON LEONG
LEONG BEE GO
LEONG SOW FUN
LIEW POOI CHENG
LIM AI LUAN
LOO CHING HSIN
LOO HOOI HUAN (Resigned on 1.12.2016)
LOO JOOI LENG
LOW YUEN KER
NG CHIN YEE (Resigned on 1.12.2016)
NG SHIH SIANG
NG SIOW LING (Resigned on 1.11.2016)
NG YEE CHOUNG
NG YI CHAN
ONG CHIN YEE
ONG WAI CHENG (Resigned on 24.1.2017)
OOI JIN YI
OOI LAY KIM
OOI PEI LIN
OOI THEAN THEAN
SEOW FUE CHIN
SHARON LAI WAI LING
SIOW CHEUK CHING
SOO WAI HAN
TAN CHEW HONG
TAN FEI WUN (Appointed on 1.10.2016)
TAN KIAN CHONG
TAN THIEN THIEN
TANG SEE YEEN @ TAN SEE YEEN (Resigned on 24.1.2017)
TAY LAY EAN
TEE PHAIK KIEN
TEO BEE CHUAN
TEY LU PING
VON JEN VUI
VUN YAW PHING
WONG KAIT CHON
WONG SHIN YI (Appointed on 1.10.2016)
YEE SIEW FEN

Directors' Report

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			
THE COMPANY	**At 1.6.2016**	**BOUGHT**	**SOLD**	**At 31.5.2017**
Direct Interests				
ANG KHOON LIM	127,301	-	-	127,301
CHONG YEOW SIANG	127,401	-	-	127,401
DATIN SUNITA MEI-LIN RAJAKUMAR	150,000	-	-	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	100,000	-	-	100,000

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			
MOTIVASI OPTIMA SDN. BHD. (HOLDING COMPANY)	**At 1.6.2016**	**BOUGHT**	**SOLD**	**At 31.5.2017**
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

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

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 remuneration received or due and receivables by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 33 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.

Directors' Report

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 32 to the financial statements.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 37 to the financial statements.

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.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 26 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

Soo Chan Chiew

Chong Yeow Siang

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

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 63 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 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 115, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

Soo Chan Chiew **Chong Yeow Siang**

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

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 63 to 114 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

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

Foo Lee Fah

Before me

Independent Auditors' Report

To the Members of Caring Pharmacy Group Berhad
(Incorporated in Malaysia)
Company No : 1011859-D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Caring Pharmacy Group Berhad, which comprise the statements of financial position as at 31 May 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2017 and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditors' Report

To the Members of Caring Pharmacy Group Berhad
(Incorporated in Malaysia)
Company No : 1011859-D

Recognition of other operating income - advertisement and promotion funding, and central distribution charges	
Key Audit Matter	**How our audit addressed the key audit matter**
The Group has two categories of other operating income: advertising and promotion funding, and central distribution charges. Advertising and promotion funding, and central distribution charges are earned over the period of the contractual agreements with individual suppliers. The total income recognised in profit or loss in a year is therefore based on the expected entitlement earned up to the balance sheet date under each supplier agreement and requires the management to estimate based on the contractual terms in place with each of its suppliers together with estimates of amounts the Group is entitled to where transactions span the financial period end and valid. The relative level of judgement in each category of other operating income is considered below: **Advertisement and promotion funding, and central distribution charges** These incomes varied with regards to the nature and timing of the activity to which they relate, and are recognised in accordance with written agreements with suppliers. These incomes are based on specific agreements, and their recognitions require estimation by management in determining the amount that the Group is entitled to. Our focus was on assessing whether a written agreement for the advertising and promotion funding, and central distribution charges existed, whether the relevant advertising or promotion had taken place and whether the incomes recognised were recorded in the appropriate period.	Our procedures included, amongst others:- **Controls testing:** Our controls work encompassed understanding, evaluating and testing management's key controls in respect of the recognition of advertising and promotion funding, and central distribution charges. These key controls included the monitoring of invoices raised and the accuracy of confirmations from suppliers. Our testing of management's key system controls contributed to our evidence in determining whether advertising and promotion funding, and central distribution charges had been recorded appropriately and in the correct period. **Income statement testing:** We selected samples of advertisement and promotion funding, and central distribution charges' transactions covering different suppliers to agree to correspondence letters and contractual agreement with individual suppliers. These verifications allowed us to evaluate whether advertisement and promotion funding, and central distribution charges had been appropriately recognised in the period, as well as assessing the validity of income recognised at the period-end. **Balance sheet testing:** We selected sample of suppliers to review the reconciliations between suppliers' statement balances compared to balances as per general ledger, in order to obtain independent evidence of the value and timing of advertising and promotion funding, and central distribution charges to evaluate that it had been recognised in the correct period. We also agreed the accrued income to evidence of post-year end cash receipt, or offset from trade creditors, where relevant. We performed cut-off procedures testing to provide further evidence to support the timing of the recognition of advertising and promotion funding, and central distribution charges. Cut-off work involved testing a sample of advertising and promotion funding, and central distribution charges recognised both pre and post period-end and evaluating by reference to documentation from suppliers that the timing of recognition was appropriate.

Independent Auditors' Report

To the Members of Caring Pharmacy Group Berhad
(Incorporated in Malaysia)
Company No : 1011859-D

Impairment of goodwill and other intangible assets Refer to Note 7 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
We consider the impairment of goodwill and other intangible assets to be a significant audit risk because of the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability.	Our procedures included, amongst others:- • Evaluating the future cash flow forecasts and the process by which they were drawn up, including confirming the accuracy and the underlying calculations and checking the forecasts were consistent with the latest Board approved budgets. • Evaluating the reasonableness of the directors' forecast by comparing the assumptions made to internal and external data. In particular: - comparing forecast revenue and operating expenses to the management's budgets; - assessing the achievability of future margins based on past and current performance; and - challenging the discount rate used to determine the present value by assessing the cost of capital for the Company. • Challenging management's sensitivity analyses and performing our own sensitivity calculations to assess the level of headroom in place based on reasonably expected movements in such assumptions. • Considering the adequacy of management's disclosures in respect of impairment testing and whether the sensitivity disclosures appropriately communicate the underlying sensitivities.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To the Members of Caring Pharmacy Group Berhad
(Incorporated in Malaysia)
Company No : 1011859-D

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report
To the Members of Caring Pharmacy Group Berhad
(Incorporated in Malaysia)
Company No : 1011859-D

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 on page 115 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 266 of the Companies Act 2016 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 2017

	NOTE	THE GROUP 2017 RM	THE GROUP 2016 RM (RESTATED)	THE COMPANY 2017 RM	THE COMPANY 2016 RM (RESTATED)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	37,409,918	36,362,860	-	-
Intangible assets	7	3,476,430	2,996,430	-	-
Investment in subsidiaries	8	-	-	215,372,397	205,372,397
Deferred tax assets	9	256,812	18,500	-	-
		41,143,160	39,377,790	215,372,397	205,372,397
CURRENT ASSETS					
Inventories	10	88,990,241	91,240,129	-	-
Trade receivables	11	722,167	972,920	-	-
Other receivables, deposits and prepayments	12	6,887,254	7,722,591		
Amounts owing by a subsidiary	13	-	-	6,567,569	3,298,251
Current tax assets		4,710,036	3,490,976	-	-
Short-term investments	14	25,982,449	31,956,909	11,421,989	21,171,766
Fixed deposits with licensed banks	15	370,483	359,469	-	-
Cash and bank balances		76,193,028	45,615,528	163,886	261,852
		203,855,658	181,358,522	18,158,444	24,739,586
TOTAL ASSETS		244,998,818	220,736,312	233,530,841	230,111,983

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

Statements of Financial Position
31 May 2017

	NOTE	THE GROUP 2017 RM	THE GROUP 2016 RM (RESTATED)	THE COMPANY 2017 RM	THE COMPANY 2016 RM (RESTATED)
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	225,108,316	217,706,400	225,108,316	217,706,400
Share premium	17	-	7,401,916	-	7,401,916
Retained profits		88,431,791	79,446,685	8,386,494	4,978,530
Merger deficit	18	(181,984,395)	(181,984,395)	-	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		131,555,712	122,570,606	233,494,810	230,086,846
NON-CONTROLLING INTERESTS		3,915,912	2,016,816	-	-
TOTAL EQUITY		135,471,624	124,587,422	233,494,810	230,086,846
NON-CURRENT LIABILITIES					
Term loans	19	7,821,016	8,865,001	-	-
Hire purchase payable	20	57,466	123,082	-	-
Deferred tax liabilities	9	33,950	38,144	-	-
		7,912,432	9,026,227	-	-
CURRENT LIABILITIES					
Trade payables	21	88,324,879	74,612,274	-	-
Other payables and accruals	22	7,574,467	6,523,063	34,227	24,236
Amount owing to non-controlling shareholders	23	2,745,200	3,752,400	-	-
Amounts owing to related parties	24	87,028	45,165	1,804	901
Current tax liabilities		1,360,572	670,481	-	-
Term loans	19	1,456,940	1,456,940	-	-
Hire purchase payable	20	65,676	62,340	-	-
		101,614,762	87,122,663	36,031	25,137
TOTAL LIABILITIES		109,527,194	96,148,890	36,031	25,137
TOTAL EQUITY AND LIABILITIES		244,998,818	220,736,312	233,530,841	230,111,983

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 2017

		THE GROUP		THE COMPANY	
	NOTE	2017 RM	2016 RM (RESTATED)	2017 RM	2016 RM
REVENUE	25	459,957,103	402,568,739	6,567,569	3,298,851
COST OF SALES		(366,152,221)	(322,201,742)	-	-
GROSS PROFIT		93,804,882	80,366,997	6,567,569	3,298,851
OTHER OPERATING INCOME		25,546,036	26,893,360	468,369	686,481
		119,350,918	107,260,357	7,035,938	3,985,332
SELLING AND DISTRIBUTION EXPENSES		(73,177,245)	(70,924,342)	-	-
ADMINISTRATIVE EXPENSES		(19,866,232)	(19,141,440)	(352,327)	(324,960)
OTHER OPERATING EXPENSES		(4,230,388)	(4,777,629)	(10,051)	-
FINANCE COSTS		(124,631)	(185,227)	-	-
PROFIT BEFORE TAXATION	26	21,952,422	12,231,719	6,673,560	3,660,372
INCOME TAX EXPENSE	27	(5,163,663)	(3,680,204)	-	(6,057)
PROFIT AFTER TAXATION		16,788,759	8,551,515	6,673,560	3,654,315
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		16,788,759	8,551,515	6,673,560	3,654,315

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 2017

		THE GROUP		THE COMPANY	
		2017	2016	2017	2016
	NOTE	RM	RM	RM	RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		13,129,959	7,289,061	6,673,560	3,654,315
Non-controlling interests		3,658,800	1,262,454	-	-
		16,788,759	8,551,515	6,673,560	3,654,315
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		13,129,959	7,289,061	6,673,560	3,654,315
Non-controlling interests		3,658,800	1,262,454	-	-
		16,788,759	8,551,515	6,673,560	3,654,315
EARNINGS PER SHARE (SEN)					
Basic	28	6.03	3.35		
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 2017

		<-----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 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
Contribution by and distributions to owners of the Company:-								
- Issuance of shares by subsidiaries		-	-	-	-	-	80,500	80,500
- Dividends:								
- by the Company	29	-	-	-	(4,354,128)	(4,354,128)	-	(4,354,128)
- by subsidiaries to non-controlling interests		-	-	-	-	-	(485,125)	(485,125)
		-	-	-	(4,354,128)	(4,354,128)	(404,625)	(4,758,753)
Changes in subsidiaries' ownership interests that do not result in a loss of control		-	-	-	(406,098)	(406,098)	354,598	(51,500)
Total transactions with owners		-	-	-	(4,760,226)	(4,760,226)	(50,027)	(4,810,253)
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.

Statements of Changes in Equity
For the Financial Year Ended 31 May 2017

		<-----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 31.5.2016/1.6.2016		217,706,400	7,401,916	(181,984,395)	79,446,685	122,570,606	2,016,816	124,587,422
Total comprehensive income for the financial year		-	-	-	13,129,959	13,129,959	3,658,800	16,788,759
Contribution by and distributions to owners of the Company:-								
- Dividends:								
- by the Company	29	-	-	-	(3,265,596)	(3,265,596)	-	(3,265,596)
- by subsidiaries to non-controlling interests		-	-	-	-	-	(1,830,650)	(1,830,650)
		-	-	-	(3,265,596)	(3,265,596)	(1,830,650)	(5,096,246)
Changes in a subsidiaries' ownership interests that do not result in a loss of control		-	-	-	(879,257)	(879,257)	70,946	(808,311)
Transfer to share capital upon implementation of the Companies Act 2016	16	7,401,916	(7,401,916)	-	-	-	-	-
Total transactions with owners		7,401,916	(7,401,916)	-	(4,144,853)	(4,144,853)	(1,759,704)	(5,904,557)
Balance at 31.5.2017		225,108,316	-	(181,984,395)	88,431,791	131,555,712	3,915,912	135,471,624

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

Statements of Changes in Equity
For the Financial Year Ended 31 May 2017

THE COMPANY	NOTE	SHARE CAPITAL RM	<NON-DISTRIBUTABLE> SHARE PREMIUM RM	<DISTRIBUTABLE> RETAINED PROFITS RM	TOTAL EQUITY RM
Balance at 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	29	-	-	(4,354,128)	(4,354,128)
Balance at 31.5.2016/1.6.2016		217,706,400	7,401,916	4,978,530	230,086,846
Total comprehensive income for the financial year		-	-	6,673,560	6,673,560
Dividends paid	29	-	-	(3,265,596)	(3,265,596)
Transfer to share capital upon implementation of the Companies Act 2016	16	7,401,916	(7,401,916)	-	-
Total transactions with owners		7,401,916	(7,401,916)	(3,265,596)	(3,265,596)
Balance at 31.5.2017		225,108,316	-	8,386,494	233,494,810

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

Statements of Cash Flows

For the Financial Year Ended 31 May 2017

	NOTE	THE GROUP 2017 RM	THE GROUP 2016 RM (RESTATED)	THE COMPANY 2017 RM	THE COMPANY 2016 RM (RESTATED)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		21,952,422	12,231,719	6,673,560	3,660,372
Adjustments for:-					
Impairment losses on trade receivables		5,939	-	-	-
Depreciation of property, plant and equipment		4,039,834	4,458,852	-	-
Deposits written off		-	47,932	-	-
Equipment written off		103,176	107,520	-	-
Interest expenses		125,465	185,227	-	-
Gain on disposal of property, plant and equipment		(18,700)	(53,330)	-	-
Interest income		(1,455,504)	(1,304,329)	(468,369)	(646,458)
Loss on winding up of subsidiaries		87,216	-	-	-
Rental income		(148,200)	(141,440)	-	-
Operating profit before working capital changes		24,691,648	15,532,151	6,205,191	3,013,914
Decrease/(Increase) in inventories		2,249,888	(7,754,269)	-	-
Decrease/(Increase) in trade and other receivables		1,080,150	393,190	2,717	(2,717)
Increase/(Decrease) in trade and other payables		14,717,753	(2,639,720)	9,991	97
CASH FROM OPERATIONS		42,739,439	5,531,352	6,217,899	3,011,294
Income tax paid		(6,252,443)	(6,217,307)	-	(122,357)
Income tax refunded		317,306	476,761	-	-
Interest paid		(125,465)	(185,227)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		36,678,837	(394,421)	6,217,899	2,888,937

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

Statements of Cash Flows

For the Financial Year Ended 31 May 2017

	Note	THE GROUP 2017 RM	THE GROUP 2016 RM (RESTATED)	THE COMPANY 2017 RM	THE COMPANY 2016 RM (RESTATED)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Changes in subsidiaries' ownership interests that do not result in a loss of control		(808,311)	(51,500)	-	-
Interest received		1,455,504	1,304,329	468,369	646,458
(Advances to)/Repayment from a subsidiary		-	-	(3,269,318)	1,556,611
Additional investment in an existing subsidiary		-	-	(10,000,000)	-
Proceeds from disposal of property, plant and equipment		71,907	53,330	-	-
Payment of goodwill		(480,000)	(50,000)	-	-
Purchase of property, plant and equipment	30	(5,243,275)	(4,047,704)	-	-
Rental received		148,200	141,440	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(4,855,975)	(2,650,105)	(12,800,949)	2,203,069
CASH FLOW FOR FINANCING ACTIVITIES					
Dividends paid to:-					
- shareholders of the Company	29	(3,265,596)	(4,354,128)	(3,265,596)	(4,354,128)
- non-controlling shareholders of subsidiaries		(1,830,650)	(485,125)	-	-
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders		-	80,500	-	-
Repayment of hire purchase		(62,280)	(10,078)	-	-
Repayment of term loans		(1,043,985)	(994,900)	-	-
(Repayment to)/Advances from non-controlling shareholders		(1,007,200)	240,502	-	-
Advance from/(Repayment to) a related party		903	(901)	903	(901)
NET CASH FOR FINANCING ACTIVITIES		(7,208,808)	(5,524,130)	(3,264,693)	(4,355,029)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		24,614,054	(8,568,656)	(9,847,743)	736,977
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		77,931,906	86,500,562	21,433,618	20,696,641
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31	102,545,960	77,931,906	11,585,875	21,433,618

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

Notes to the Financial Statements

For the Financial Year Ended 31 May 2017

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in 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 15 september 2017.

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.

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 2016 in Malaysia.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101: Disclosure Initiative
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle

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:-

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

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

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.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Depreciation of Property, Plant and Equipment (Cont'd)

The Group anticipates that the residual values of its property, plant 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.

(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 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(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 and Central Distribution Charges

Advertisement and promotional income and central distribution charges are 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 agreement. The Group only recognises advertisement and promotional income and central distribution charges where there are 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 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (Cont'd)

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.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

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 in profit or loss immediately.

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

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

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

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

(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.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(i) Financial Liabilities at 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.

(ii) Other financial liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

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

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

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

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

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation on property, plant and equipment 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 land	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, plant 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. Any changes are accounted for as a change in estimate.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 IMPAIRMENT (CONT'D)

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

With the exception of available-for-sale 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 an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

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 FINANCE LEASE

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method 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 bonuses 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

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 INCOME TAXES (CONT'D)

(b) Deferred Tax (Cont'd)

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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

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.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

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, unless the probability of outflow of economic benefits is remote. 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.

Notes to the Financial Statements

For the Financial Year Ended 31 May 2017

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

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(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.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

6. PROPERTY, PLANT AND EQUIPMENT

THE GROUP NET BOOK VALUE	AT 1.6.2016 RM	ADDITIONS (NOTE 30) RM	DISPOSAL RM	WRITTEN OFF RM	RECLASSIFICATION RM	DEPRECIATION CHARGE RM	AT 31.5.2017 RM
Leasehold land	16,420,154	1,092,281	-	-	-	(192,181)	17,320,254
Buildings	10,289,071	323,639	-	-	-	(222,048)	10,390,662
Computer equipment	1,294,366	567,702	(9,115)	(268)	-	(825,938)	1,026,747
Motor vehicles	695,994	-	-	-	-	(244,465)	451,529
Office equipment	2,003,457	523,356	(15,921)	(18,242)	(6)	(671,926)	1,820,718
Furniture and fittings	2,502,398	883,225	(26,278)	(23,098)	(24,824)	(886,784)	2,424,639
Renovation	3,157,420	485,072	(1,893)	(61,568)	24,830	(996,492)	2,607,369
Asset in progress	-	1,368,000	-	-	-	-	1,368,000
Total	36,362,860	5,243,275	(53,207)	(103,176)	-	(4,039,834)	37,409,918

THE GROUP NET BOOK VALUE	AT 1.6.2015 RM	ADDITIONS (NOTE 30) RM	WRITTEN OFF RM	RECLASSIFICATION RM	DEPRECIATION CHARGE RM	AT 31.5.2016 RM
Leasehold land	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

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

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

THE GROUP AT 31.5.2017	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
Leasehold land	18,016,489	(696,235)	17,320,254
Buildings	11,102,042	(711,380)	10,390,662
Computer equipment	6,215,662	(5,188,915)	1,026,747
Motor vehicles	1,537,279	(1,085,750)	451,529
Office equipment	5,790,564	(3,969,846)	1,820,718
Furniture and fittings	8,384,874	(5,960,235)	2,424,639
Renovation	7,838,118	(5,230,749)	2,607,369
Asset in progress	1,368,000	-	1,368,000
Total	60,253,028	(22,843,110)	37,409,918

THE GROUP AT 31.5.2016	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
Leasehold land	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

Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles with a total net book value of RM172,058 (2016 – RM218,983), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related hire purchase liabilities of the Group as disclosed in Note 20 to the financial statements.

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

Net Book Value	THE GROUP 2017 RM	2016 RM
Leasehold land	12,160,465	12,285,892
Buildings	7,759,617	7,921,454
	19,920,082	20,207,346

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

7. INTANGIBLE ASSETS

THE GROUP	GOODWILL RM	TRADEMARK RM	TOTAL RM
Cost:-			
Balance at 1 June 2016	1,121,560	1,874,870	2,996,430
Addition during the financial year	480,000	-	480,000
Net carrying amount at 31 May 2017	1,601,560	1,874,870	3,476,430

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

	THE GROUP 2017 RM	2016 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	50,000
Caring Pharmacy (SW) Sdn. Bhd.	480,000	-
	1,601,560	1,121,560

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		GROWTH RATE		DISCOUNT RATE	
	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Goodwill	21 - 25	22	5	-	10	9
Trademark	21	20	5	-	10	9

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) Growth rate

Based on the estimated GDP growth for Malaysia forecast by the Malaysian Institute of Economic Research.

(iii) 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.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

8. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2017	2016
	RM	RM
Unquoted shares, at cost - in Malaysia	215,372,397	205,372,397

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Corporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Subsidiary of the Company				
Caring Pharmacy Retail Management Sdn. Bhd.	Malaysia	100	100	Investment holding, provision of management services and central warehousing and distribution of pharmaceutical, healthcare and personal care products
Subsidiaries of Caring *Pharmacy Retail Management Sdn. Bhd.*				
Caring Health Solutions Sdn. Bhd.	Malaysia	76	76	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (Kinrara) Sdn. Bhd.	Malaysia	100	75	As above
Caring Pharmacy (Ampang) Sdn. Bhd.	Malaysia	60	60	As above
Caring Belle Sdn. Bhd.	Malaysia	90	90	As above
Be Caring Sdn. Bhd.	Malaysia	51	51	As above
Sterling Pharmacy Sdn. Bhd.	Malaysia	51	51	As above
Stay Caring Sdn. Bhd.	Malaysia	100	76	As above
Vertex Pharmacy Sdn. Bhd.	Malaysia	51	51	As above
MN Pharmacy Sdn. Bhd.	Malaysia	60	60	As above
Caring Pharmacy (KLP) Sdn. Bhd.	Malaysia	80	80	As above
Caring 'N' You Pharmacy Sdn. Bhd.	Malaysia	60	60	As above
Caring Pharmacy Sdn. Bhd.	Malaysia	100	100	As above
Tonic Pharma Sdn. Bhd.	Malaysia	60	60	As above
Ace Caring Pharmacy Sdn.Bhd.	Malaysia	76	76	As above
My Caring Pharmacy Sdn. Bhd.	Malaysia	60	60	As above
Caring Pharmacy Paradise Sdn. Bhd.	Malaysia	60	60	As above
Preciouslife Pharmacy Sdn. Bhd.	Malaysia	70	70	As above

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Principal Place of Business/ Country of Corporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Caring Pharmacy (SK) Sdn. Bhd.	Malaysia	70	70	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy Rising Sdn. Bhd.	Malaysia	60	60	As above
Caring Clover Sdn. Bhd.	Malaysia	60	60	As above
Caring Trio Sdn. Bhd.	Malaysia	60	60	As above
Victorie Caring Sdn. Bhd.	Malaysia	70	70	As above
Caring Pharmacy (IDR) Sdn. Bhd.	Malaysia	51	51	As above
Living Glory Sdn. Bhd.	Malaysia	70	70	As above
Caring Pharmacy (ABM) Sdn. Bhd.	Malaysia	75	75	As above
Caring Pharmacy (MPLS) Sdn. Bhd.	Malaysia	60	60	As above
United RX Care Sdn. Bhd.	Malaysia	100	60	As above
One Caring Pharmacy Sdn. Bhd.	Malaysia	60	60	As above
Caring Pharmacy Always Sdn. Bhd.	Malaysia	70	70	As above
Caring Pharmacy (Shah Alam) Sdn. Bhd.	Malaysia	85	85	As above
Caring Pharmacy (JB Molek) Sdn. Bhd.	Malaysia	60	60	As above
Cosy Vision Sdn. Bhd.	Malaysia	60	60	As above
Fuji Acre Sdn. Bhd.	Malaysia	81	70	As above
Mega Caring Sdn. Bhd.	Malaysia	60	60	As above
Viva Caring Sdn. Bhd.	Malaysia	85	100	As above
Caring Trinity Sdn. Bhd.	Malaysia	60	60	As above
Caring Pharmacy (SW) Sdn. Bhd.	Malaysia	51	100	As above
WM Pharmacy Sdn. Bhd. (formerly known as " Caring Pharmacy (MSF) Sdn. Bhd.")	Malaysia	80	100	As above
Green Surge Sdn. Bhd.	Malaysia	60	100	As above
Caring Pharmacy Estore Sdn. Bhd.	Malaysia	100	100	Internet and warehouse sales of healthcare and personal care products
United Caring Venture Sdn. Bhd.	Malaysia	100	100	Members' voluntary winding up
Caring Pharmacy (Puchong) Sdn. Bhd.	Malaysia	80	80	Members' voluntary winding up
Caring Pharmacy (Empire) Sdn. Bhd.	Malaysia	100	100	Members' voluntary winding up
Caring Empire Sdn. Bhd.	Malaysia	100	100	Dormant
Miracle Cure Caring Sdn. Bhd.	Malaysia	-	100	Strike off
Caring Pharmacy Help Sdn. Bhd.	Malaysia	-	100	Strike off

Notes to the Financial Statements

For the Financial Year Ended 31 May 2017

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	THE GROUP 2017 RM	THE GROUP 2016 RM
Non-controlling interests with the following effective equity interest :-		
- 40.10% - 50.00%	2,373,305	906,348
- 30.10% - 40.00%	1,148,341	378,809
- 20.10% - 30.00%	363,327	290,595
- 10.00% - 20.00%	30,939	441,064
	3,915,912	2,016,816

Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

9. DEFERRED TAX (ASSETS)/LIABILITIES

The Group	AT 1.6.2016 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 27) RM	AT 31.5.2017 RM
2017			
Deferred tax assets			
Property, plant and equipment	(18,500)	(238,312)	(256,812)

The Group	AT 1.6.2015 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 27) RM	AT 31.5.2016 RM
2016			
Deferred tax assets			
Property, plant and equipment	(10,200)	(8,300)	(18,500)

The Group	AT 1.6.2016 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 27) RM	AT 31.5.2017 RM
2017			
Deferred tax liabilities			
Property, plant and equipment	38,144	(4,194)	33,950

Notes to the Financial Statements

For the Financial Year Ended 31 May 2017

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

The Group	AT 1.6.2015 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 27) RM	AT 31.5.2016 RM
2016			
Deferred tax liabilities			
Property, plant and equipment	375,594	(337,450)	38,144

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

	THE GROUP	
	2017 RM	2016 RM
Unabsorbed tax losses	5,210,700	6,583,600
Unutilised capital allowances	834,600	2,087,700
Other temporary differences	1,032,000	720,700
	7,077,300	9,392,000

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	
	2017 RM	2016 RM
At cost		
Trading goods	88,990,241	91,240,129

None of the inventories are stated at net realisable value.

The amount of inventories recognised as an expenses in cost of sales was RM366,455,971 (2016 – RM322,201,742).

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

11. TRADE RECEIVABLES

	THE GROUP 2017 RM	THE GROUP 2016 RM
Trade receivables	728,106	972,920
Less: Allowance for impairment losses	(5,939)	-
	722,167	972,920
Allowance for impairment losses:-		
At 1 June	-	-
Addition during the financial year (Note 26)	5,939	-
At 31 May	5,939	-

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	551,296	1,448,438	-	2,717
Deposits	6,335,958	6,240,849	5,000	5,000
Prepayments	-	33,304	-	-
	6,887,254	7,722,591	5,000	7,717

13. AMOUNTS OWING BY A SUBSIDIARY

	THE COMPANY 2017 RM	THE COMPANY 2016 RM
Subsidiary		
Non-trade balances	-	(600)
Dividend receivable	6,567,569	3,298,851
	6,567,569	3,298,251

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

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14. SHORT-TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM (RESTATED)	2017 RM	2016 RM (RESTATED)
Fair value through profit or loss financial assets - Money market funds (quoted in Malaysia)	25,982,449	31,956,909	11,421,989	21,171,766

The funds invest mainly into deposits and money market instruments and thus have minimum exposure to changes in market value.

The weighted average effective interest rates for the money market funds of the Group and the Company at the reporting date are 2.28% to 3.96% (2016: 2.54% to 4.13%) and 2.28% to 3.96% (2016: 2.54% to 3.58%) respectively.

There is no maturity period for money market funds as these money are callable on demand and have cheque facilities.

The money market funds of the Group and of the Company are carried at fair value. The fair value hierarchy for money market funds are classified as Level 1.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates of 2.95% (2016 – 3.15%) per annum. The fixed deposits have maturity periods of 30 days (2016 – 30 days).

16. SHARE CAPITAL

	THE GROUP/THE COMPANY			
	2017 Number of Shares	2016 Number of Shares	2017 RM	2016 RM
Authorised				
Ordinary shares of RM1 each	N/A	500,000,000	N/A	500,000,000

N/A Not applicable due to the adoption of the Companies Act 2016.

	THE GROUP/THE COMPANY			
	2017 Number of Shares	2016 Number of Shares	2017 RM	2016 RM
Issued and Fully paid up				
Ordinary shares with No Par Value (2016 – Par Value of RM1 Each)				
At 1 June	217,706,400	217,706,400	217,706,400	217,706,400
Transfer from share premium account	-	-	7,401,916	-
At 31 May	217,706,400	217,706,400	225,108,316	217,706,400

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For the Financial Year Ended 31 May 2017

16. SHARE CAPITAL (CONT'D)

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

17. SHARE PREMIUM

The Company has adopted the transitional provisional set out in Section 618(2) of the Companies Act 2016 where the sum standing to the credit of the Company's share premium account became part of the Company's share capital.

18. MERGER DEFICIT

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

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

19. TERM LOANS

	THE GROUP	
	2017	**2016**
	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 years and not later than 5 years	4,370,820	4,370,820
Later than 5 years	1,993,256	3,037,241
	7,821,016	8,865,001
	9,277,956	10,321,941

Term loans are repayable over 120 (2016 – 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	**2017**	**2016**
	%	**RM**	**RM**
Floating rate term loans	4.20 per annum	9,277,956	10,321,941

Notes to the Financial Statements

For the Financial Year Ended 31 May 2017

20. HIRE PURCHASE PAYABLE (SECURED)

	THE GROUP	
	2017 RM	2016 RM
Minimum hire purchase payments:		
– not later than 1 year	70,547	70,547
– later than 1 year and not later than 5 years	58,835	129,323
	129,382	199,870
Less: Future finance charges	(6,240)	(14,448)
Present value of hire purchase payables	123,142	185,422
Current		
Not later than 1 year	65,676	62,340
Non-current		
Later than 1 year and not later than 5 years	57,466	123,082
	123,142	185,422

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 6 to the financial statements. The hire purchase arrangements are expiring in 2 (2016 - 3) years.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates of 5.22% (2016 – 5.22%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 120 days (2016 – 30 days to 120 days). Other credit terms are granted to the Group on a case-by-case basis.

22. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM (RESTATED)	2017 RM	2016 RM (RESTATED)
Other payables	1,302,413	883,359	4,227	4,236
Goods and service tax payable	504,051	739,671	-	-
Accrued expenses	1,759,952	1,819,004	30,000	20,000
Payroll liabilities	4,008,051	3,081,029	-	-
	7,574,467	6,523,063	34,227	24,236

23. 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 3.41% to 3.54% (2016 – 3.71% to 3.76%) per annum.

24. AMOUNTS OWING TO RELATED PARTIES

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM (RESTATED)	2017 RM	2016 RM (RESTATED)
Companies in which certain directors have significant financial interests				
Trade balances	22,238	44,264	-	-
A company in which a director has significant financial interests				
Trade balances	62,986	-	-	-
A company in which a substantial shareholder has significant financial interest				
Non-trade balance	1,804	901	1,804	901
	87,028	45,165	1,804	901

(a) The trade balances are subject to the normal trade credit terms of 60 days (2016 – 60 days). The amounts owing are to be settled in cash.

(b) The non-trade balances represent unsecured payments made on behalf. The amount owing is repayable on demand and to be settled in cash.

25. REVENUE

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Sales of goods	459,957,103	402,568,739	-	-
Dividend income	-	-	6,567,569	3,298,851
	459,957,103	402,568,739	6,567,569	3,298,851

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26. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration				
- audit fees	294,000	283,000	30,000	20,000
- non-audit fees	134,600	152,200	8,000	8,000
Impairment losses on trade receivables (Note 11)	5,939	-	-	-
Depreciation of property, plant and equipment (Note 6)	4,039,834	4,458,852	-	-
Equipment written off (Note 6)	103,176	107,520	-	-
Fair value loss on short-term investments	548	-	10,051	-
Interest expense				
- hire purchase	8,208	1,680	-	-
- term loans	12,702	45,510	-	-
- others	104,555	138,037	-	-
Loss on winding up of subsidiaries	87,216	-	-	-
Staff costs	42,538,319	38,592,074	-	-
Fair value gain on short-term investments	-	(1,315)	-	(1,315)
Interest income				
- short-term investments	(1,102,148)	(1,238,923)	(468,336)	(646,458)
- fixed deposits with licensed banks	(11,012)	(11,156)	-	-
- others	(342,344)	(54,250)	(33)	-

Included in staff costs is EPF contribution of RM4,256,283 (2016 – RM3,952,620) of the Group.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

27. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax expenses:-				
Malaysian Income Tax for the current financial year	5,426,996	3,913,318	-	
(Over)/Under provision in the previous financial year	(20,827)	112,636	-	6,057
	5,406,169	4,025,954	-	6,057
Deferred tax expenses (Note 9):-				
Relating to origination and reversal of temporary differences	(291,206)	(333,250)	-	-
Under/(Over) provision in the previous financial year	48,700	(12,500)	-	-
	(242,506)	(345,750)	-	-
	5,163,663	3,680,204	-	6,057

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation	21,952,422	12,231,719	6,673,560	3,660,372
Tax at the statutory tax rate of 24%	5,268,581	2,935,613	1,601,654	878,489
Tax effects of:-				
Non-deductible expenses	687,253	708,197	86,971	77,990
Non-taxable income	(264,516)	(297,632)	(1,688,625)	(956,479)
(Over)/Under provision of Malaysian Income Tax in the previous financial year	(20,827)	112,636	-	6,057
Deferred tax assets not recognised during the financial year	-	233,890	-	-
Reversal of deferred tax assets not recognised in prior year	(555,528)	-	-	-
Under/(Over) provision of deferred tax in the previous financial year	48,700	(12,500)	-	-
Tax charge for the financial year	5,163,663	3,680,204	-	6,057

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 – 24%) of the estimated assessable profit for the financial year.

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

27. INCOME TAX EXPENSE (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 2017 RM	THE GROUP 2016 RM
Unabsorbed tax losses	5,210,700	6,583,600
Unutilised capital allowances	834,600	2,087,700
	6,045,300	8,671,300

28. EARNINGS PER SHARE

	THE GROUP 2017	THE GROUP 2016
Profit attributable to owners of the Company (RM)	13,129,959	7,289,061
Weighted average number of ordinary shares	217,706,400	217,706,400
Basic earnings per share (sen)	6.03	3.35

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

29. DIVIDENDS

	THE GROUP/THE COMPANY 2017 RM	THE GROUP/THE COMPANY 2016 RM
Paid:-		
In respect of the previous financial year:-		
Final single tier dividend of:-		
- 1.5 sen per ordinary share	3,265,596	-
- 2.0 sen per ordinary share	-	4,354,128
	3,265,596	4,354,128

At the forthcoming Annual General Meeting, a final single tier dividend of 3.0 sen per ordinary share amounting to RM6,531,192 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 2018.

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP 2017 RM	THE GROUP 2016 RM
Cost of property, plant and equipment purchased (Note 6)	5,243,275	4,243,204
Amount financed through hire purchase	-	(195,500)
Cash disbursed for purchase of property, plant and equipment	5,243,275	4,047,704

31. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM (RESTATED)	2017 RM	2016 RM (RESTATED)
Short-term investments	25,982,449	31,956,909	11,421,989	21,171,766
Fixed deposits with licensed banks	370,483	359,469	-	-
Cash and bank balances	76,193,028	45,615,528	163,886	261,852
	102,545,960	77,931,906	11,585,875	21,433,618

32. 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive directors:				
Short-term employee benefits:				
- fees	208,800	208,800	-	-
- salaries, bonuses and other benefits	1,187,520	1,111,878	-	-
	1,396,320	1,320,678	-	-
Defined contribution benefits	220,280	205,485	-	-
	1,616,600	1,526,163	-	-
Non-Executive directors:				
Short-term employee benefits:				
- fee	202,000	162,000	202,000	162,000
- other benefits	8,000	3,200	8,000	3,200
	210,000	165,200	210,000	165,200
Directors of the subsidiaries				
Executive directors:				
Short-term employee benefits				
- fee	556,800	533,600	-	-
- salaries, bonuses and other benefits	6,855,773	6,745,355	-	-
	7,412,573	7,278,955	-	-
Defined contribution benefits	1,041,273	1,046,734	-	-
	8,453,846	8,325,689	-	-
	10,280,446	10,017,052	210,000	165,200

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32. 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 2017 RM	THE GROUP 2016 RM
Short-term employee benefits	628,417	573,259
Define contribution benefits	95,488	82,218
	723,905	655,477

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM72,983 and RM50,383 (2016 – RM72,983 and RM50,383) respectively.

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

	2017	2016
	Number Of Directors	
Executive directors:-		
RM500,001 – RM550,000	3	3
Non-Executive directors:-		
Below RM50,000	3	3
RM50,001 – RM100,000	2	1

33. 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 vice 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.

33. RELATED PARTIES DISCLOSURES (CONT'D)

(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	
	2017 RM	2016 RM	2017 RM	2016 RM
Subsidiaries				
Dividend income received/ receivable	-	-	6,567,569	3,298,851
Companies in which certain directors have significant financial interests				
Rental expenses paid/payable	57,600	62,700	-	-
Purchase of goods	189,241	138,656	-	-
Rental income received/receivable	(46,800)	-	-	-
Accounting services income/ receivable	(12,000)	(12,000)	-	-
A company in which a director has significant financial interest				
Purchase of goods	270,356	-	-	-
Companies in which a substantial shareholder has significant financial interests				
Rental expenses paid/payable	413,364	377,312	-	-
Share registration services paid/ payable	17,076	20,258	17,076	20,258

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.

34. 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.

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35. CAPITAL COMMITMENTS

	THE GROUP	
	2017 RM	2016 RM
Authorised but not contracted for		
- property, plant and equipment	800,000	1,743,000
Contracted but not provided for		
- property, plant and equipment	1,032,000	2,322,000
	1,832,000	4,065,000

36. FINANCIAL INSTRUMENTS

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.

36.1 Financial Risk Management Policies

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

(a) 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.

(iii) Equity Price Risk

The Group's and the Company's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group and the Company manage its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

If prices for quoted investments at the end of the reporting period strengthen by 1% (2016 - 1%) with all other variables being held constant, the Group's and the Company's profit after taxation would have increased by RM197,467 and RM86,807 (2016 – RM242,873 and RM160,905) respectively. A 1% (2016 - 1%) weakening in the quoted prices would have had an equal but opposite effect on the Group's and the Company's profit after taxation.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(b) 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	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2017			
Not past due	271,152	-	271,152
Past due:-			
- less than 3 months	262,903	-	262,903
- 3 to 6 months	163,446	-	163,446
- over 6 months	30,605	(5,939)	24,666
	728,106	(5,939)	722,167
2016			
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

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional 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.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(c) 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
2017						
Trade payables	-	88,324,879	88,324,879	88,324,879	-	-
Other payables and accruals	-	7,070,416	7,070,416	7,070,416	-	-
Amount owing to non-controlling shareholders	3.41 – 3.54	2,745,200	2,842,380	2,842,380	-	-
Amounts owing to related parties	-	87,028	87,028	87,028	-	-
Term loans	4.20	9,277,956	11,655,520	1,456,940	4,370,820	5,827,760
Hire purchase payable	5.22	123,142	129,382	70,547	58,835	-
		107,628,621	110,109,605	99,852,190	4,429,655	5,827,760

Notes to the Financial Statements
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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

THE GROUP	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM (RESTATED)	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM (RESTATED)	WITHIN 1 YEAR RM (RESTATED)	1 – 5 YEARS RM (RESTATED)	OVER 5 YEARS RM RESTATED)
2016						
Trade payables	-	74,612,274	74,612,274	74,612,274	-	-
Other payables and accruals	-	5,783,392	5,783,392	5,783,392	-	-
Amount owing to non-controlling shareholders	3.71 - 3.76	3,752,400	3,893,490	3,893,490	-	-
Amounts owing to related parties	-	45,165	45,165	45,165	-	-
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

Notes to the Financial Statements

For the Financial Year Ended 31 May 2017

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

THE COMPANY	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2017				
Other payables and accruals	-	34,227	34,227	34,227
Amounts owing to related parties	-	1,804	1,804	1,804
		36,031	36,031	36,031

THE COMPANY	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM (RESTATED)	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM (RESTATED)	WITHIN 1 YEAR RM (RESTATED)
2016				
Other payables and accruals	-	24,236	24,236	24,236
Amounts owing to related parties	-	901	901	901
		25,137	25,137	25,137

36.2 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.

Notes to the Financial Statements
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36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM (RESTATED)	2017 RM	2016 RM (RESTATED)
Financial assets				
Loans and receivables financial assets				
Trade receivables (Note 11)	722,167	972,920	-	-
Other receivables and deposits (Note 12)	6,887,254	7,689,287	5,000	7,717
Amounts owing by a subsidiary (Note 13)	-	-	6,567,569	3,298,251
Fixed deposits with licensed banks (Note 15)	370,483	359,469	-	-
Cash and bank balances	76,193,028	45,615,528	163,886	261,852
	84,172,932	54,637,204	6,736,455	3,567,820
Fair value through profit or loss				
Short-term investments (Note 14)	25,982,449	31,956,909	11,421,989	21,171,766
Financial liabilities				
Other financial liabilities				
Trade payables (Note 21)	88,324,879	74,612,274	-	-
Other payables and accruals (Note 22)	7,070,416	5,783,392	34,227	24,236
Amount owing to non-controlling shareholders (Note 23)	2,745,200	3,752,400	-	-
Amounts owing to related parties (Note 24)	87,028	45,165	1,804	901
Term loans (Note 19)	9,277,956	10,321,941	-	-
Hire purchase (Note 20)	123,142	185,422	-	-
	107,628,621	94,700,594	36,031	25,137

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 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			TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3		
The Group	RM	RM	RM	RM	RM	RM	RM	RM
2017								
Financial Assets								
Short-term investments	25,982,449	-	-	-	-	-	25,982,449	25,982,449
Financial Liabilities								
Hire purchase payables	-	-	-	-	122,981	-	122,981	123,142
Term loans	-	-	-	-	9,277,956	-	9,277,956	9,277,956
2016								
Financial Assets								
Short-term investments	31,956,909	-	-	-	-	-	31,956,909	31,956,909
Financial Liabilities								
Hire purchase payables	-	-	-	-	185,422	-	185,422	185,422
Term loans	-	-	-	-	10,321,941	-	10,321,941	10,321,941

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 Fair Value Information (Cont'd)

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 (Cont'd):-

The Company	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2017								
<u>Financial Assets</u>								
Short-term investments	11,421,987	-	-	-	-	-	11,421,987	11,421,987
2016								
<u>Financial Assets</u>								
Short-term investments	21,171,766	-	-	-	-	-	21,171,766	21,171,766

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 Fair Value Information (Cont'd)

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

The fair value of short-term investments is determined at their quoted closing bid prices at the end of the reporting period.

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

(a) The fair values of the Group's terms loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(b) 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	
	2017	**2016**
	%	**%**
Hire purchase payables	5.31	5.22

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

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 Caring Pharmacy Retail Management Sdn. Bhd. (herein after referred as "CPRM");

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;

c) subscription of 1,500,000 new ordinary shares of RM1.00 each in Caring Pharmacy Sdn. Bhd. for a total consideration of RM1,500,000 by CPRM;

d) subscription of 100,000 new ordinary shares of RM100.00 each in CPRM for a total consideration of RM10,000,000 by the Company;

e) disposal of 147,000 ordinary shares of RM1.00 each in Caring Pharmacy (SW) Sdn. Bhd. for a total consideration of RM147,000 by CPRM resulting a decrease in CPRM's effective equity interest in the subsidiary from 100% to 51%;

f) disposal of 124,000 ordinary shares of RM1.00 each in Green Surge Sdn. Bhd. for a total consideration of RM124,000 by CPRM resulting a decrease in CPRM's effective equity interest in the subsidiary from 100% to 60%;

g) acquisition of 25,000 ordinary shares of RM1.00 each in Caring Pharmacy (Kinrara) Sdn. Bhd. for a total cash consideration of RM901,953 resulting an increase in CPRM's effective equity interest in the subsidiary from 75% to 100%;

h) acquisition of 40,000 ordinary shares of RM1.00 each in United RX Care Sdn. Bhd. for a total cash consideration of RM2.00 resulting an increase in CPRM's effective equity interest in the subsidiary from 60% to 100%;

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

The following are the significant events involving the Group during the financial year (Cond't):-

i) acquisition of 24,500 ordinary shares of RM1.00 each in Stay Caring Sdn. Bhd. for a total cash consideration of RM200,000 resulting an increase in CPRM's effective equity interest in the subsidiary from 75.5% to 100%;

j) acquisition of 11,250 ordinary shares of RM1.00 each in Fuji Acre Sdn. Bhd. for a total cash consideration of RM2 resulting an increase in CPRM's effective equity interest in the subsidiary from 70% to 81.25%;

k) disposal of 20,000 ordinary shares of RM1.00 each in WM Caring Pharmacy Sdn. Bhd. (formerly known as Caring Pharmacy (MSF) Sdn. Bhd.) for a total cash consideration of RM20,000 resulting a decrease in CPRM's effective equity interest in the subsidiary from 100% to 80%; and

l) disposal of 15,000 ordinary shares of RM1.00 each in Viva Caring Pharmacy Sdn. Bhd. for a total cash consideration of RM15,000 resulting a decrease in CPRM's effective equity interest in the subsidiary from 100% to 85%.

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
Statements of Financial Position (Extract):-		
Short-term investments	31,956,909	-
Deposits with financial institutions	-	32,316,378
Fixed deposits with licensed banks	359,469	-
Other payables and accruals	6,523,063	6,523,964
Amounts owing to related parties	45,165	44,264
Statements of Profit or Loss and Other Comprehensive Income (Extract):-		
Selling and distribution expenses	(70,924,342)	(64,080,032)
Administrative expenses	(19,141,440)	(25,985,750)

	THE COMPANY	
	AS RESTATED RM	AS PREVIOUSLY REPORTED RM
Statements of Financial Position (Extract):-		
Short-term investments	21,171,766	-
Deposits with financial institutions	-	21,171,766
Other payables and accruals	24,236	25,137
Amounts owing to related parties	901	-

Notes to the Financial Statements
For the Financial Year Ended 31 May 2017

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the Company and its subsidiaries:-				
- realised	92,262,271	79,750,921	8,386,494	4,978,530
- unrealised	222,862	(19,644)	-	-
	92,485,133	79,731,277	8,386,494	4,978,530
Less: Consolidation adjustments	(4,053,342)	(284,592)	-	-
At 31 May	88,431,791	79,446,685	8,386,494	4,978,530

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 31.5.2017 (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: 34 years Tenure: 99 years - Till 18 April 2076 Category of land use: Building	2 March 2012	1,154,355
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: 34 years Tenure: 99 years - Till 5 April 2078 Category of land use: Building	26 August 2008	1,584,975
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: 20 years Tenure: 99 years - Till 27 August 2088 Category of land use: Building	26 November 2007	1,189,201

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 31.5.2017 (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: Four (4) Storey Detached Factory Existing Use: Headquarter and Warehouse	Land area: 33,778 Built up area: 68,000	Approximate age of building: 3 years Tenure: 99 years Commencing From Issuance of Title Category of land use: Building	28 December 2011	19,920,080
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 (3) 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: 34 years Tenure: 99 years - Till 10 December 2077 Category of land use: Building	18 February 2013	2,453,566
6.	Caring Pharmacy Retail Management Sdn. Bhd.	15, Jalan USJ 2/2C, 47600 Subang Jaya, Selangor Darul Ehsan	Description of Property: One and a half (1.5) Storey Intermediate Shophouse Existing Use: CARiNG outlet	Land Area: 1,302 Build up Area: 1,953	Approximate age of building: 8 years Tenure: Freehold Category of land use: Building	30 November 2016	1,408,739

Additional Compliance Information Disclosure

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 2017 are as follows:

	The Company	The Group
	RM ('000)	RM ('000)
Audit fees	30	294
Non audit fees	8	135

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 2017 and the audited financial results for the period ended 31 May 2017 announced by the Company on 27 July 2017.

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 30 AUGUST 2017

Issue and fully paid-up share capital: 217,706,400 ordinary shares

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
Less than 100	46	3.69	498	0.00
100-1,000	356	28.55	232,480	0.11
1,001-10,000	655	52.53	2,964,400	1.36
10,001-100,000	140	11.23	4,668,000	2.14
100,001-10,885,319	48	3.84	72,440,165	33.28
10,885,320 and above	2	0.16	137,400,857	63.11
Total	**1,247**	**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

* 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	-	-
Tan Thiam Hock	-	-	-	-
Datin Rashidah Binti Mohd Sies	-	-	-	-

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

Analysis of Shareholdings
As at 30 August 2017

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 AUGUST 2017

NO	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	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lye Ek Seang (MGN-LES0002M)	8,934,035	4.10
5	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fabulous Channel Sdn Bhd (AF0010)	8,710,000	4.00
6	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Arsam Bin Damis (MGN-ARD0003M)	6,592,160	3.03
7	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ismail Bin Osman (MGN-IBO0001M)	6,574,035	3.02
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	3,320,200	1.53
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 Ismail Bin Osman (MGN-MSS0010M)	2,500,000	1.15
14	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Jitumaju Sdn Bhd (MGN-IBO0001M)	1,365,000	0.63
15	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Jitumaju Sdn Bhd (MGN-WSA0001M)	1,115,000	0.51
16	Jitumaju Sdn Bhd	1,095,000	0.50
17	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sinar Pavilion Sdn Bhd	1,023,700	0.47
18	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pantai Cemerlang Sdn Bhd	1,000,000	0.46
19	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Generasi Panduan Sdn Bhd (Margin)	700,000	0.32
20	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Jitumaju Sdn Bhd (MGN-ARD0003M)	550,000	0.25
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hii Siew Hee	500,000	0.23
22	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Arsam Bin Damis (MGN-MSS0010M)	500,000	0.23
23	Susy Ding	398,000	0.18
24	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Yee Hui	317,800	0.15
25	Ong Seng Khek	300,000	0.14
26	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Harmoni Genting Sdn Bhd (AH0020)	300,000	0.14
27	Ch'Ng Haw Chong	297,860	0.14
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
		206,527,162	**94.86**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth 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 Tuesday, 24 October 2017 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 2017 together with the Reports of Directors and Auditors thereon.

2. To approve the payment of Directors' fees for the financial year ended 31 May 2017. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' fees up to RM418,800 for the financial year ending 31 May 2018 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **(Ordinary Resolution 2)**

4. To declare a final tax-exempt single-tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 May 2017. **(Ordinary Resolution 3)**

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

   (a) Mr Soo Chan Chiew **(Ordinary Resolution 4)**

   (b) Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf **(Ordinary Resolution 5)**

6. To re-elect Datin Rashidah Binti Mohd Sies, the Director who retires in accordance with Article 103 of the Company's Articles of Association. **(Ordinary Resolution 6)**

7. 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:-

8. **Authority for Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016 ("the Act")** **(Ordinary Resolution 8)**

   "THAT, subject always to 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 75 of the Act to allot and issue new ordinary shares 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."

Notice of Annual General Meeting

9. **Proposed renewal of authority for the Company to purchase its own shares** **(Ordinary Resolution 9)**

"THAT, subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Company be and is hereby given full authority, to seek shareholders' approval for the renewal of authority for the Company to purchase and/or such amount of ordinary shares in the Company ("Shares") through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

(i) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued and paid-up capital of the Company; and
(ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the retained profits of the Company.

THAT the Directors be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 127 of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT such approval and authorisation shall only continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by 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 AGM after that date is required by law to be held; or
(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate."

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

Notice of Annual General Meeting

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed final tax-exempt single-tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 May 2017, if approved, will be paid on 14 November 2017 to depositors registered in the Record of Depositors of the Company at the close of business on 16 October 2017.

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 16 October 2017 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
29 September 2017

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 16 October 2017 shall be regarded as members and be entitled to attend, participate, speak and vote at the Fifth Annual General Meeting.

2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. 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 twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Fifth AGM to vote by poll.

EXPLANATORY NOTES TO THE AGENDA

7. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

8. Item 3 of the Agenda - Ordinary Resolution no. 2
Approval of Directors' fees for the financial year ending 31 May 2018

Directors' fees approved for the financial year ended 31 May 2017 was RM410,800. The Directors' fees proposed for the financial year ending 31 May 2018 are calculated based on the number of scheduled Board and Committee Meetings for 2018 and assuming that all Non-Executive Directors will hold office until the conclusion of the next annual general meeting.

This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed are insufficient (e.g. due to more meetings), approval will be sought at the next annual general meeting for additional fees to meet the shortfall.

9. Item 8 of the Agenda - Ordinary Resolution no. 8
Authority to Allot and Issue Shares pursuant to Section 75 of the Act

(a) The proposed resolution, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the Fifth Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding in total of ten percent (10%) of the issued and paid-up capital of the Company (excluding treasury shares, if any) 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.

(b) The General Mandate is a renewal from the previous mandate obtained at the last annual general meeting held on 26 October 2016 which will expire at the conclusion of the Fifth Annual General Meeting of the Company.

(c) As at the date of this Notice, the Company did not issue any new shares based on the previous mandate obtained at the last annual general meeting.

(d) 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 current and/or future investment project(s), working capital and/or payment of bank borrowings and acquisition.

10. Item 9 of the Agenda - Ordinary Resolution no. 9
Proposed renewal of authority for the Company to purchase its own shares

The proposed resolution, if passed, will allow the Directors of the Company 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 Circular to Shareholders dated 29 September 2017.

11. Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Fifth Annual General Meeting ("AGM") and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 Fifth 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 or failing him/her*, the CHAIRMAN OF THIS MEETING as my/our proxy to vote for me/us and on my/our behalf at the Fifth 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 Tuesday, 24 October 2017 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 2017		
2	Approval of Directors' fees for the financial year ending 31 May 2018		
3	Declaration of a final tax-exempt single-tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 May 2017		
4	Re-election of Mr Soo Chan Chiew as Director		
5	Re-election of Tan Sri Dato' Haji Mohd Ariffin Bin Mohd Yusuf as Director		
6	Re-election of Datin Rashidah Binti Mohd Sies 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 75 of the Companies Act 2016		
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....................................... 2017

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

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 16 October 2017 shall be regarded as members and be entitled to attend, participate, speak and vote at the Fifth Annual General Meeting.*
2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. 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 shareholding 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 twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Fifth AGM to vote by poll.*

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AFFIX
STAMP
HERE

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

No. 1, Jalan 51/203A, Kawasan Perindustrian Tiong Nam,
Seksyen 51, 46050 Petaling Jaya.
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