pharmaniaga
(467709-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006.

THE FIGURES HAVE BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

			INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
			31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
			RM'000	RM'000	RM'000	RM'000
1.	(a)	**Revenue**	**266,941**	**244,209**	**1,057,868**	**936,431**
	(b)	Cost of sales	(226,926)	(213,765)	(903,965)	(783,815)
	(c)	Gross profit	40,015	30,444	153,903	152,616
	(d)	Other income	8,556	44	8,765	804
	(e)	Expenses	(46,304)	(27,683)	(125,478)	(105,102)
	(f)	Finance costs	(2,924)	(2,148)	(9,995)	(6,246)
	(g)	**(Loss) / profit before income tax**	**(657)**	**657**	**27,195**	**42,072**
	(h)	Income tax	(2,655)	524	(13,111)	(12,938)
	(i)	**(Loss) / profit for the year**	**(3,312)**	**1,181**	**14,084**	**29,134**
		Attributable to:				
	(j)	Equity holders of the company	(3,680)	1,012	12,481	26,902
	(k)	Minority interest	368	169	1,603	2,232
			(3,312)	**1,181**	**14,084**	**29,134**
2.		**(Loss) / earnings per share attributable to equity holders of the company:-**				
	(a)	Basic	**(3.44) sen**	**0.95 sen**	**11.67 sen**	**25.98 sen**
	(b)	Fully diluted	**(3.44) sen**	**0.95 sen**	**11.67 sen**	**25.98 sen**

The condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

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II. CONDENSED CONSOLIDATED BALANCE SHEET

	Audited As at end of current quarter 31/12/2006 RM'000	Audited As at preceding financial year end 31/12/2005 (As restated) RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	275,904	251,544
Investment in associates	6,283	19
Goodwill	31,620	31,620
Other intangible assets	3,001	2,634
Deferred tax assets	2,207	1,915
	319,015	287,732
2. Current assets		
Inventories	171,704	161,984
Receivables	237,998	251,254
Amount due from related companies	16,198	38,499
Amount due from an associated company	7,830	-
Tax recoverable	5,286	5,628
Fixed deposits	1,161	1,212
Cash and bank balances	68,573	51,569
	508,750	510,146
Total assets	**827,765**	**797,878**

II. CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

		Audited As at end of current quarter 31/12/2006 RM'000	Audited As at preceding financial year end 31/12/2005 (As restated) RM'000
	EQUITY AND LIABILITIES		
3.	Equity attributable to equity holders of the company		
	Share capital	106,963	106,952
	Reserves		
	Share premium	22,410	22,372
	Other non-distributable reserves	352	31,361
	Retained earnings	186,515	153,872
		316,240	314,557
4.	Minority interests	11,151	9,548
	Total equity	327,391	324,105
5.	Non-current liabilities		
	Long term borrowings	105,960	86,654
	Deferred tax liabilities	3,767	3,766
		109,727	90,420
6.	Current liabilities		
	Payables	234,383	270,121
	Short term borrowings	133,416	97,882
	Current portion of long term borrowings	16,200	8,249
	Amount due to holding companies	190	-
	Amount due to related companies	4,932	5,744
	Tax payable	1,526	1,357
		390,647	383,353
	Total liabilities	500,374	473,773
	Total equity and liabilities	**827,765**	**797,878**
7.	**Net assets per share attributable to ordinary equity holders of the company**	**RM2.96**	**RM2.94**

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		Audited Twelve months to 31/12/2006 RM'000	Audited Twelve months to 31/12/2005 RM'000
Operating activities			
Cash receipts from customers and related parties		1,081,992	866,334
Cash payments to suppliers		(919,527)	(771,577)
Cash payments to employees and for expenses		(116,812)	(97,301)
Cash generated from / (used in) operations		45,653	(2,544)
Interest paid		(5,119)	(3,224)
Profit on Murabahah Commercial Paper paid		(1,508)	(318)
Income taxes paid		(11,791)	(20,623)
Interest received		261	254
Net cash generated from / (used in) operating activities		27,496	(26,455)
Investing activities			
Proceeds from disposal of property, plant and equipment		281	171
Purchase of property, plant and equipment		(67,837)	(50,592)
Acquisition of a subsidiary company, net of cash acquired		-	(493)
Acquisition of brand		(1,000)	-
Additional investment in subsidiary company		-	(70,278)
Additional investment in associate company		(8,499)	-
Deposit for acquisition of an associated company		-	(13,014)
Proceeds from the sale of subsidiary, net of cash disposed		21,696	-
Net cash used in investing activities		(55,359)	(134,206)
Financing activities			
Proceeds from issuance of shares – exercise of share options		49	21,495
Dividends paid		(12,300)	(14,483)
Drawdown of short term borrowings		34,017	20,546
Proceeds from issuance of Murabahah Medium Term Notes / Commercial Paper		35,000	64,788
(Repayment) / drawdown of term loan		(7,200)	69,750
Term loan interest paid		(3,549)	(2,330)
Profit on Murabahah Medium Term Notes paid		(1,313)	(518)
Fixed deposits released		51	963
Net cash generated from financing activities		44,755	160,211
Net change in cash and cash equivalents		**16,892**	**(450)**
Currency translation differences		112	(230)
Net cash and cash equivalents as at beginning of financial year		51,569	52,249
Net cash and cash equivalents as at end of financial year	(a)	**68,573**	**51,569**

III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

		Audited As at 31/12/2006 RM'000	Audited As at 31/12/2005 RM'000
(a)	**Cash and cash equivalents comprise the following amounts:**		
	Cash and bank balances	68,573	51,569
	Fixed deposits	1,161	1,212
		69,734	**52,781**
	Less: Fixed deposits pledged to banks	(1,161)	(1,212)
	Cash and cash equivalents	**68,573**	**51,569**

The condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

		Equity attributable to equity holders of the company							Minority interest	Total equity
			Non-distributable				Distributable			
	Note	Share Capital RM'000	Share Premium RM'000	Consolidation Reserves RM'000	Exchange Reserves RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
Twelve months to 31 December 2006 (Audited)										
Balance as at 31 December 2005 as previously stated		106,952	22,372	32,462	(1,101)	-	156,972	317,657	9,548	327,205
Prior year adjustment	1 (d)	-	-	-	-	-	(3,100)	(3,100)		(3,100)
Balance as at 31 December 2005 as restated		106,952	22,372	32,462	(1,101)	-	153,872	314,557	9,548	324,105
Effects of adopting FRS 3	1 (b)	-	-	(32,462)	-	-	32,462	-	-	-
Balance as at 1 January 2006 as adjusted		106,952	22,372	-	(1,101)	-	186,334	314,557	9,548	324,105
Currency translation differences		-	-	-	143	-	-	143	-	143
Income recognised directly in equity		-	-	-	143	-	-	143	-	143
Profit for the year		-	-	-	-	-	12,481	12,481	1,603	14,084
Total recognised income and expense for the year		-	-	-	143	-	12,481	12,624	1,603	14,227
Issues of ordinary shares: Pursuant to ESOS		11	38	-	-	-	-	49	-	49
Share-based payment under ESOS and EES		-	-	-	-	1,310	-	1,310	-	1,310
2005 final 11.5% tax exempt dividend		-	-	-	-	-	(12,300)	(12,300)	-	(12,300)
Balance as at 31 December 2006		106,963	22,410	-	(958)	1,310	186,515	316,240	11,151	327,391

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (CONT'D)

		Equity attributable to equity holders of the company						Minority interests	Total equity
		Non-distributable				Distributable			
	Note	Share Capital RM'000	Share Premium RM'000	Consolidation Reserves RM'000	Exchange Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
Twelve months to 31 December 2005 (Audited)									
Balance as at 1 January 2005 as previously stated		101,927	5,902	32,462	-	144,553	284,844	66,637	351,481
Prior year adjustment	1 (d)	-	-	-	-	(3,100)	(3,100)	-	(3,100)
Balance as at I January 2005 as restated		101,927	5,902	32,462	-	141,453	281,744	66,637	348,381
Currency translation differences		-	-	-	(1,101)	-	(1,101)	-	(1,101)
Expense recognised directly in equity		-	-	-	(1,101)	-	(1,101)	-	(1,101)
Profit for the year		-	-	-	-	26,902	26,902	2,232	29,134
Total recognised income and expense for the year		-	-	-	(1,101)	26,902	25,801	2,232	28,033
Acquisition of minority interest portion in subsidiary company		-	-	-	-	-	-	(59,321)	(59,321)
Issues of ordinary shares: Pursuant to ESOS		5,025	16,470	-	-	-	21,495	-	21,495
2004 final 10.5% tax exempt dividend		-	-	-	-	(10,740)	(10,740)	-	(10,740)
2005 Interim 3.5% tax exempt dividend		-	-	-	-	(3,743)	(3,743)		(3,743)
Balance as at 31 December 2005 as restated		106,952	22,372	32,462	(1,101)	153,872	314,557	9,548	324,105

The condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The notes to the condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

1. Accounting policies and methods of computation

The interim consolidated financial statements are audited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The significant accounting policies adopted are consistent with those of the audited financial year ended 31 December 2005 except for the adoption of the following new/revised FRS effective 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 5, 102, 110, 116, 121, 127, 128, 131, 132, 133, 136, 138 and 140 does not have significant financial impact on the Group.

i) The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:-

a) **FRS 2: Share-based Payment**

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity or entity's parent or another entity in the same group as the entity.

Employee Share Option Scheme ("ESOS")

The Group operates an equity-settled, share-based compensation plan for the employees of the Group, namely ESOS. Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense which relates to the fair value of the employee services received in exchange for the share options granted, is recognised in the income statement over the vesting period of the grants with a corresponding increase in equity.

Under the transitional provisions of FRS 2, this FRS must be applied to share options granted after 31 December 2004 and had not yet vested on 1 January 2006. The adoption of this FRS has resulted in a charge of RM600,515 to the profit of the Group for the twelve months ended 31 December 2006 (2005: nil).

Employee Equity Scheme ("EES")

UEM Group Berhad ("UEM") (formerly known as United Engineers (Malaysia) Berhad) operates an equity-settled, share-based compensation plan for the eligible employees of UEM, its subsidiaries and certain of its associates and Khazanah Nasional Berhad, namely EES, in relation to the shares of UEM World Berhad.

a) **FRS 2: Share-based Payment (cont'd)**

Employee Equity Scheme ("EES") (cont'd)

As a subsidiary of UEM, the employees of Pharmaniaga and its group of companies participate in the EES. Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting period of the grants with a corresponding increase in equity.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and not yet vested on 1 January 2006.

For the current year under review, FRS 2 has resulted in a charge of approximately RM709,627 to the profit of the Group arising from the share options under the EES granted to the employees of the Group.

b) **FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets**

FRS 3 requires simultaneous adoption with FRS 136 and FRS 138. The adoption of FRS 3, FRS 136 and FRS 138 resulted in a change in accounting policy for goodwill. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over the estimated useful life of not more than 15 years and assessed for an indication of impairment at each balance sheet date.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill arising from acquisition"), after reassessment, is now recognised immediately in profit or loss. Prior to 1 January 2006, negative goodwill was directly credited to Reserves on Consolidation.

In accordance with the transitional provisions of FRS 3, the negative goodwill arising from acquisition, which was previously recognised as a Reserve on Consolidation by the Group, has been transferred to the opening retained earnings of the current year as follows:

	As at **1/1/2006** RM'000
Equity attributable to equity holders of the company	
Reserve on consolidation	(32,462)
Retained earnings	32,462
	-

With effect from 1 January 2006, in accordance with the provision of FRS 3, the Group ceased amortisation of goodwill. Accumulated amortisation as at 31 December 2005 has been eliminated with corresponding decrease in the cost of goodwill. From the financial year ending 31 December 2006 onwards, goodwill is tested annually for impairment, including in the year of its initial recognition as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

FRS 138 requires intangible assets with indefinite useful lives be tested for impairment annually. Accordingly, the brand which was acquired by the Group on 2 October 2006 has not been amortised as there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group.

Other intangible assets of the Group with finite useful lives continue to be stated at cost less accumulated amortisation and impairment losses.

c) **FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 requires changes in the presentation of minority interests, share of net after-tax results of associates and other disclosures in the condensed consolidated income statement.

FRS 101 also requires disclosure, on the face of the statement of changes in total equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the parent and to minority interests.

The current year's presentation of the Group's condensed consolidated financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform to the current year's presentation.

d) **FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors**

During the construction of a temporary Scheduled Waste Store at Safire Pharmaceuticals (M) Sdn. Bhd. ("Safire") in Bandar Sri Iskandar, Perak, it was found that the soil has been contaminated with certain disposed items categorised as Scheduled Waste, which had been buried in the manufacturing site. The dumping of waste items in the manufacturing site occurred prior to the acquisition of Safire by Pharmaniaga Berhad ("the Company") in 2003.

In June 2006, the Company engaged a scheduled waste contractor to assist Safire in restoring the site to meet the Department of Environment's requirements. The total cost of restoring the site was RM3.1 million.

In accordance with FRS 3, the necessary adjustments to changes in values of assets and liabilities of Safire acquired by the Company should be made by the end of the first annual financial period commencing after the acquisition. When these conditions are not satisfied, the adjustment should be recognised as income or expense and no adjustment should be made to goodwill or negative goodwill. As the error in determining the fair values of the identifiable assets and liabilities of Safire at the date of the acquisition was only discovered in 2006, the costs should be recognised as an expense. Further to that and in accordance with FRS 108, the costs which relates to prior periods should be reported by adjusting the opening balances of retained earnings of the Group and the relevant comparative information should be restated.

This has increased the amount due to related companies of the Group and accrual as at 31 December 2005 by RM1.1 million and RM2.0 million with corresponding decrease in retained earnings by RM3.1 million.

2. **Audit report in respect of the 2005 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2005 was not qualified.

3. **Seasonal or cyclical factors**

The Group's operations are not subject to any significant seasonal or cyclical factors.

4. **Unusual items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current financial year ended 31 December 2006.

5. **Material changes in estimates used**

There were no other changes in estimates of amounts reported in prior interim periods of the current financial year or prior financial years that have a material effect in the current year except for:

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the estimated useful lives of certain machineries from five to ten years with effect from 1 January 2006. The revision was accounted for as change in accounting estimates and as a result, the depreciation charges for the current quarter and the current financial year ended 31 December 2006 have been reduced by RM780,376.

6. **Debt and equity securities**

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year ended 31 December 2006 except for:

(a) an issuance of RM35 million Murabahah Medium Term Notes in March 2006; and

(b) the issuance of new ordinary shares of RM1 each pursuant to the ESOS:

Option price per share RM	No. of shares issued	Cash proceeds RM'000
4.43	11,200	49.6

7. **Dividend**

A final tax exempt dividend of 11.5% (2005: 10.5%) on 106,958,888 (2005: 102,289,298) ordinary shares of RM1.00 each in respect of the previous financial year amounting to RM12,300,272 (2005: RM10,740,376) was paid on 28 June 2006.

For the current financial year ended 31 December 2006, the Board of Directors recommend a final 15.0% tax exempt dividend (2005: 11.5% tax exempt dividend) on ordinary shares in issue (2005: 106,958,888) for shareholders' approval at the forthcoming Annual General Meeting. The date of the Annual General Meeting and the book closure for the final dividend payment will be announced in due course.

8. **Segment information for the current financial year**

Segment information for the current financial year to 31 December 2006 is as follows:

	Pharmaceutical manufacturing RM'000	**Pharmaceutical trading, marketing, distribution and e-services RM'000**	**Medical products and services RM'000**	**Other operations RM'000**	**Eliminations RM'000**	**Group RM'000**
Revenue						
External revenue	6,230	1,042,705	8,933	-	-	1,057,868
Inter-segment revenue	118,190	27,690	1,233	-	(147,113)	-
Total revenue	124,420	1,070,395	10,166	-	(147,113)	1,057,868
Results						
Segment results	26,124	25,239	(1,364)	(853)	(11,275)	37,871
Unallocated corporate expenses						(1,314)
Profit from operations						36,557
Interest expense	-	(6,084)	-	(7,296)	3,757	(9,623)
Interest income	-	248	11	3,759	(3,757)	261
Profit before income tax						27,195
Income tax						(13,111)
Profit for the year						**14,084**

8. **Segment information for the current financial year (cont'd)**

	Pharmaceutical manufacturing	Pharmaceutical trading, marketing, distribution and e-services	Medical products and services	Other operations	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Attributable to:						
Equity holders of the company						12,481
Minority interest						1,603
						14,084

9. **Valuation of property, plant and equipment**

The valuations of property, plant and equipment used in the condensed financial statements have been brought forward without amendment from the previous financial statements.

10. **Material events subsequent to the end of the current financial year**

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2006 to the date of this announcement which would substantially affect the financial results of the Group for the twelve months ended 31 December 2006.

11. **Changes in the composition of the Group**

There were no significant changes in the composition of the Group for the current quarter and financial year including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations except for:

(a) the acquisition by Pharmaniaga Pegasus (Seychelles) Co. Ltd., a wholly-owned subsidiary of Pharmaniaga Berhad; of an associate company, Wuxi Worldbest Treeful Pharma Pharmaceutical Co. Ltd. following the final payment of 40% of the purchase price upon all conditions precedent being fulfilled on 30 March 2006, and

(b) the disposal of 70% equity interest in Pharmaniaga Solutions Sdn Bhd ("Pharmaniaga Solutions"); previously a wholly owned subsidiary of the Group, on 28 December 2006 to UEM World Berhad for a cash consideration of RM21.842 million. Subsequent to the disposal, Pharmaniaga Solutions became an associated company of the Group.

12. **Contingent liabilities**

There are no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2005 except as disclosed below:

Description of contingent liabilities	RM'000
Total bank performance bonds and guarantees for projects and utilities undertaken by subsidiaries	73,200

13. Capital commitments

Authorised capital expenditures for the purchase of property, plant and equipment not provided for in the condensed consolidated financial statements were as follows:

	As at 31/12/2006 RM'000
Authorised and contracted for:	
- acquisition of property, plant and equipment	12,901
Authorised but not contracted for:	
- acquisition of property, plant and equipment	1,945

14. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
- Current taxation	2,314	(1,008)	9,934	11,825
- Under / (over) provision in prior years	-	-	1,700	(416)
- Deferred taxation	-	254	1	291
Sub-total	2,314	(754)	11,635	11,700
Foreign taxation				
- Current taxation	189	811	1,768	1,328
- Deferred taxation	152	(581)	(292)	(90)
Sub-total	341	230	1,476	1,238
Grand Total	2,655	(524)	13,111	12,938

The effective tax rate for the current financial year is higher than statutory tax rate as a result of the provision for impairment of its China investment.

15. Disposal of unquoted investments and/or properties

There were no disposal of unquoted investments and/or properties in the current year.

16a) Acquisitions and disposals of quoted securities

There were no acquisitions and disposals of quoted securities in the current year.

16b) **Investments in quoted securities**

There were no investments in quoted securities as at 31 December 2006.

17. **Status of corporate proposals announced but not completed as at the date of this announcement**

There are no corporate proposals announced but not completed as at the date of this announcement.

18. **Borrowings and debt securities**

Details of Group borrowings and debt securities as at 31 December 2006 are as follows:

	Long term borrowings			**Short term borrowings**		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities						
Domestic						
- Murabahah Commercial Paper	-	-	-	-	39,617	39,617
- Murabahah Medium Term Notes	-	59,610	59,610	-	-	-
Other borrowings						
Domestic						
- Bankers acceptance	-	-	-	-	84,377	84,377
- Term loan	46,350	-	46,350	16,200	-	16,200
Foreign						
Indonesia Rupiah						
- Term loan	-	-	-	9,422	-	9,422
TOTAL	**46,350**	**59,610**	**105,960**	**25,622**	**123,994**	**149,616**

19. **Off Balance Sheet financial instruments**

There are no financial instruments with off-balance sheet risks as at the date of this announcement.

20. **Material litigation**

Since the preceding financial year ended 31 December 2005, there are no changes in material litigation as at the date of this announcement except for the following:

(a) Demand by Siemens Financial Services GmbH ("Siemens") for USD12.0 million

As at the date of this announcement, the Company confirms that no civil suit on the Company and its subsidiaries, Pharmaniaga Logistics Sdn. Bhd. ("PLSB") and Safire Pharmaceuticals (M) Sdn. Bhd. ("Safire") has been filed by Siemens.

The Board of Directors of the Company upon consultation with the solicitors, is of the opinion that the positions of both PLSB and Safire are defendable.

20. **Material litigation (cont'd)**

(b) Danaharta Urus Sdn. Bhd. vs Safri bin Nawawi ("Safri") and Hamimah Binti Idruss ("Hamimah") (by original action)
Safri bin Nawawi & Anor vs Danaharta Urus Sdn. Bhd. and 6 others (action by counterclaim)

The Company announced on 18 January 2005, that Safri bin Nawawi and Hamimah binti Idruss, former directors of Safire, on 28 December 2004 have each commenced an action by way of Counterclaim against the Company in the legal suit originally filed by Danaharta Urus Sdn. Bhd. against them. The Company and Safire are named 4th Defendant and 3rd Defendant respectively in both Actions by Counterclaim and were served with the court papers on 11 January 2005. The Company had filed its Memorandum of Appearance in Court on 14 January 2005 and 18 January 2005 in respect of the Counterclaim.

The Company and Safire have both filed their respective defense to the Action by Counterclaim on 31 January 2005. The Company has further filed an application to strike out the Counterclaim on 3 March 2005. The Company's application to strike out the Counterclaim by Safri and Hamimah is pending in Court as there are other various interlocutory applications which have yet to be disposed of. The matter is currently fixed for hearing on 5 April 2007.

The Board of Directors of the Company upon consultation with the solicitors, is of the opinion that the positions of both the Company and Safire are defendable.

21. **Comparison between the current quarter and the immediate preceding quarter**

The Group's total revenue of RM266.9 million for the current quarter is 7.6% lower as revenue for the immediate preceding quarter includes a one-off tender sale to Government hospitals of RM27.5 million.

However, the Group recorded an operational profit of RM15.2 million for the current quarter compared to RM13.5 million registered in the immediate preceding quarter due to lower expenses incurred in the current quarter.

However, the Group posted a loss before income tax for the current quarter mainly due to the provision for impairment of its China investment of RM21.5 million. This is partially mitigated by the gain on disposal of 70% equity stake in Pharmaniaga Solutions Sdn Bhd of RM7.3 million.

22. **Review of performance for the current quarter and year**

The Group's revenue for the current quarter was higher by 9.3% compared to the same quarter last year resulting from increased concession sales to Ministry of Health by 20.9% coupled with improved contribution from the Indonesian operations by 22.0%. The Group's operational results of the current quarter surpassed that of the same quarter last year of RM2.7 million, mainly driven by margin improvements recorded by almost all its business segments.

The Group recorded a loss before income tax of RM0.7 million compared to a profit of RM0.7 million in the fourth quarter last year mainly due to provision for impairment of its China investment.

The Group's revenue for the year has crossed the one-billion mark, registering a 13.0% growth over last year. This was mainly contributed by increased sales of local pharmaceutical and improved performance of the Indonesian subsidiary by 13.4% and 27.3% respectively. In line with the growth in revenue, the Group's operational results also improved by 5.1% compared to last year.

The Group recorded a decrease in profit before income tax by 35.4% for current year compared to last year due to provision for impairment as mentioned above.

23. **Prospects for 2007**

The continued economic growth experienced by Malaysia will provide a supportive environment for further growth in healthcare industry. Going forward, the Group will strive to focus and increase its market share by leveraging on its strategic domestic network and improve assets productivity that has been put in place. The Group will continue to intensify its efforts to grow its business in Indonesia and other key ASEAN markets.

Barring any unforeseen circumstances, the Board of Directors is confident that the Group will continue to improve its operational results for 2007.

24. **Profit forecast**

No commentary is made on any variance between actual profit from forecast profit, as it does not apply to the Group.

25. **Earnings per share**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
		31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
		RM'000	RM'000	RM'000	RM'000
(a)	Basic earnings per share				
	(Loss) / profit attributable to equity holders of company	(3,680)	1,012	12,481	26,902
	Weighted average number of ordinary shares in issue ('000)	106,959	106,952	106,959	103,560
	Basic (loss) / earnings per share	**(3.44) sen**	**0.95 sen**	**11.67 sen**	**25.98 sen**
(b)	Diluted earnings per share				
	Adjusted weighted average number of ordinary shares in issue ('000) and issuable	106,982	106,952	106,965	103,560
	Diluted (loss) / earnings per share	**(3.44) sen**	**0.95 sen**	**11.67 sen**	**25.98 sen**

26. **Voluntary disclosure on Economic Profit ("EP") Statement**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
	RM'000	RM'000	RM'000	RM'000
Economic Profit / (Loss)	**7,173**	**(4,910)**	**8,716**	**7,583**

Explanatory notes

EP is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital.

The EP performance for the current year recorded RM8.7 million as compared to RM7.6 million last year. The underlying factor for the increase is in line with the better operational performance registered by the Group.

By Order of the Board

WONG LEE LOO (MAICSA 7001219)
NORHANA BINTI OTHMAN (LS0008547)
Joint Secretaries

Kuala Lumpur
26 February 2007