

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	309,650	256,235	309,650	256,235
(b) Cost of sales	<u>(248,767)</u>	<u>(218,975)</u>	<u>(248,767)</u>	<u>(218,975)</u>
(c) Gross profit	60,883	37,260	60,883	37,260
(d) Other income	287	455	287	455
(e) Expenses	(32,161)	(24,772)	(32,161)	(24,772)
(f) Finance costs	(1,856)	(2,441)	(1,856)	(2,441)
(g) Share of results of associate	<u>221</u>	<u>(272)</u>	<u>221</u>	<u>(272)</u>
(h) Profit before income tax	27,374	10,230	27,374	10,230
(i) Income tax	<u>(8,392)</u>	<u>(3,737)</u>	<u>(8,392)</u>	<u>(3,737)</u>
(j) Profit for the period	<u>18,982</u>	<u>6,493</u>	<u>18,982</u>	<u>6,493</u>
Attributable to:				
(k) Equity holders of the Company	18,545	6,069	18,545	6,069
(l) Minority interest	<u>437</u>	<u>424</u>	<u>437</u>	<u>424</u>
	<u>18,982</u>	<u>6,493</u>	<u>18,982</u>	<u>6,493</u>
2. Earnings per share attributable to equity holders of the Company :-				
(a) Basic	<u>17.34 sen</u>	<u>5.67 sen</u>	<u>17.34 sen</u>	<u>5.67 sen</u>
(b) Fully diluted	<u>- *</u>	<u>- *</u>	<u>- *</u>	<u>- *</u>

*The fully diluted earnings per share is not shown as the effect is anti-dilutive.

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

II. CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As at end of current quarter 31/03/2008	Audited As at preceding financial year end 31/12/2007
	RM'000	RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	242,823	241,013
Prepaid lease payments	21,399	21,431
Investments in associated companies	6,662	6,441
Goodwill	31,620	31,620
Other intangible assets	2,210	2,368
Deferred tax assets	2,696	2,297
	307,410	305,170
2. Current assets		
Inventories	181,168	182,130
Receivables	311,538	289,845
Amount due from intermediate holding company	20	18
Amounts due from related companies	15,384	13,698
Amounts due from associated companies	9,254	1,087
Tax recoverable	2,862	2,796
Fixed deposits	8	8
Cash and bank balances	21,747	56,132
	541,981	545,714
3. Non-current assets held for sale	33,965	33,965
Total assets	883,356	884,849

II. CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

	Unaudited As at end of current quarter 31/03/2008	Audited As at preceding financial year end 31/12/2007
	RM'000	RM'000
EQUITY AND LIABILITIES		
4. Equity attributable to equity holders of the Company		
Share capital	106,963	106,963
Reserves		
Share premium	22,410	22,410
Other reserves	(708)	(253)
Retained earnings	239,096	220,551
	367,761	349,671
5. Minority interest	13,226	12,789
Total equity	380,987	362,460
6. Non-current liabilities		
Long term borrowings	53,626	58,486
Deferred tax liabilities	3,762	3,767
	57,388	62,253
7. Current liabilities		
Payables	334,591	286,561
Amounts due to related companies	1,766	2,561
Amounts due to associated companies	337	716
Tax payable	7,719	3,842
Dividend payable	7	7
Short term borrowings	57,323	133,449
Current portion of long term borrowings	43,238	33,000
	444,981	460,136
Total liabilities	502,369	522,389
Total equity and liabilities	883,356	884,849
8. Net assets per share attributable to ordinary equity holders of the Company	RM3.44	RM3.27

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 31/03/2008 RM'000	Unaudited Three months to 31/03/2007 RM'000
Operating activities		
Cash receipts from customers and related parties	286,427	198,840
Cash payments to suppliers	(207,413)	(197,461)
Cash payments to employees and for expenses	(27,635)	(24,028)
Cash generated from / (used in) operations	<u>51,379</u>	<u>(22,649)</u>
Interest paid	(1,155)	(1,615)
Profit on Murabahah Commercial Paper paid	(565)	(548)
Income taxes paid	(7,200)	(1,849)
Interest received	11	60
Net cash generated from / (used in) operating activities	<u>42,470</u>	<u>(26,601)</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	30	51
Purchase of property, plant and equipment	(4,703)	(10,563)
Net cash used in investing activities	<u>(4,673)</u>	<u>(10,512)</u>
Financing activities		
(Repayments) / drawdown of short term borrowings	(66,258)	7,008
Redemption of Murabahah Commercial Paper	-	(10,000)
Repayment of term loan	(4,500)	(4,050)
Term loan interest paid	(440)	(848)
Profit on Murabahah Medium Term Notes paid	(800)	(800)
Fixed deposits pledged	-	(4)
Net cash used in financing activities	<u>(71,998)</u>	<u>(8,694)</u>
Net change in cash and cash equivalents	<u>(34,201)</u>	<u>(45,807)</u>
Currency translation differences	(184)	(169)
Net cash and cash equivalents as at beginning of financial period	56,132	68,573
Net cash and cash equivalents as at end of financial period (a)	<u>21,747</u>	<u>22,597</u>

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

	Unaudited As at 31/03/2008 RM'000	Unaudited As at 31/03/2007 RM'000
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	21,747	22,597
Fixed deposits	8	1,136
	<u>21,755</u>	<u>23,733</u>
Less: Fixed deposits pledged to banks	(8)	(1,136)
Cash and cash equivalents	<u><u>21,747</u></u>	<u><u>22,597</u></u>

The condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

← Equity attributable to equity holders of the Company →

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Exchange reserves RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Three months to 31 March 2008 (unaudited)								
Balance as at 1 January 2008	106,963	22,410	3,428	(3,681)	220,551	349,671	12,789	362,460
Currency translation differences, representing expenses recognised directly in equity	-	-	-	(455)	-	(455)	-	(455)
Profit for the period	-	-	-	-	18,545	18,545	437	18,982
Total recognised income and expense for the period	-	-	-	(455)	18,545	18,090	437	18,527
Balance as at 31 March 2008	<u>106,963</u>	<u>22,410</u>	<u>3,428</u>	<u>(4,136)</u>	<u>239,096</u>	<u>367,761</u>	<u>13,226</u>	<u>380,987</u>

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

	← Equity attributable to equity holders of the Company →							
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Exchange reserves RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Three months to 31 March 2007 (unaudited)								
Balance as at 1 January 2007	106,963	22,410	1,310	(958)	186,515	316,240	11,151	327,391
Currency translation differences, representing expenses recognised directly in equity	-	-	-	(780)	-	(780)	-	(780)
Profit for the period	-	-	-	-	6,069	6,069	424	6,493
Total recognised income and expense for the period	-	-	-	(780)	6,069	5,289	424	5,713
Balance as at 31 March 2007	<u>106,963</u>	<u>22,410</u>	<u>1,310</u>	<u>(1,738)</u>	<u>192,584</u>	<u>321,529</u>	<u>11,575</u>	<u>333,104</u>

The condensed Statement of Changes in Total Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2007.

V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The notes to the condensed Financial Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") except for the mandatory adoption of the following revised Financial Reporting Standards ("FRS") effective for the financial period beginning on 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoptions of the above FRSs do not have any significant financial impact to the Group.

2. Audit report in respect of the 2007 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2007 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 period ended 31 March 2008.

5. Material changes in estimates used

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

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 period ended 31 March 2008.

7. Dividend

No interim ordinary dividend has been declared for the financial period ended 31 March 2008 (2007: nil).

A final tax exempt dividend of 18.0% (2006: 15.0%) on 106,963,188 (2006: 106,963,188) ordinary shares of RM1.00 each in respect of the financial year ended 31 December 2007 was approved by the shareholders at the 10th Annual General Meeting on 22 May 2008. The book closure and payment dates for the final dividend will be on 9 June 2008 and 2 July 2008 respectively.

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

Segment information for the current financial period to 31 March 2008 is as follows:

	Pharmaceutical manufacturing RM'000	Pharmaceutical trading, marketing and distribution RM'000	Medical products and services RM'000	Other operations RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	3,296	297,739	8,615	-	-	309,650
Inter-segment revenue	55,755	339	-	-	(56,094)	-
Total revenue	59,051	298,078	8,615	-	(56,094)	309,650
Results						
Segment results	12,956	18,094	(1,107)	(191)	3,286	33,038
Unallocated corporate expenses						(4,326)
Profit from operations						28,712
Interest expense	-	(1,216)	(4)	(1,716)	1,080	(1,856)
Interest income	-	297	-	1,080	(1,080)	297
Share of results of associate						221
Profit before income tax						27,374
Income tax						(8,392)
Profit for the period						18,982
Attributable to:						
Equity holders of the Company						18,545
Minority interest						437
						<u>18,982</u>

9. **Non current assets held for sale**

Non current assets held for sale are:

- an intention by the Group to dispose certain property, plant and equipment with a net book value of RM33,660,339 in one of its subsidiary company to a third party. The Directors were recently made aware that the third party which had initially agreed to purchase the property, plant and equipment had withdrawn its intention. However, the Directors are still committed to its plan and are aggressively sourcing a potential buyer; and
- disposal of a property, plant and equipment with a net book value of RM305,000 held by a subsidiary company of the Group, namely Pharmaniaga Trading (M) Sdn. Bhd. which is currently undergoing liquidation.

10. Changes in the composition of the Group

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

- (a) the liquidation of the three dormant subsidiary companies of the Group, namely Pharmaniaga Medisystem Sdn. Bhd., Pharmaniaga Diagnostics Sdn. Bhd. and Pharmaniaga Trading (M) Sdn. Bhd. and an associated company, Rumpun Lagenda Sdn. Bhd. are in progress; and
- (b) the Jiangsu Province Wuxi Intermediate People's Court, upon application by Wuxi Worldbest Treeful Pharma Pharmaceutical Co. Ltd. ("WWTPP"), has ruled on 10 July 2007 to accept the bankruptcy application of WWTPP in accordance with the law. On 16 July 2007, the Court further appointed Wuxi Jin Shun Economic Consulting Co. Ltd. as the Bankruptcy Administrator for WWTPP to take control over WWTPP. Pharmaniaga Pegasus (Seychelles) Co. Ltd. has then appointed a legal representative and an arbitrator for the participation in the Creditors Meeting and bankruptcy proceeding respectively. The date for the Creditors Meeting has not been fixed.

11. 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 2007 except as disclosed below:

	As at 01/01/2008	Increase	Decrease	As at 31/03/2008 RM'000
Bank performance and reimbursement bonds for concession business undertaken by a subsidiary company	45,000	-	-	45,000
Bank guarantees for projects and utilities undertaken by subsidiary companies	25,116	-	(2,348)	22,768
Total	70,116	-	(2,348)	67,768

12. 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 31/03/2008 RM'000
Authorised and contracted for:	
- acquisition of property, plant and equipment	<u>9,328</u>

13. **Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/03/2008 RM'000	Preceding year corresponding quarter 31/03/2007 RM'000	Three months to 31/03/2008 RM'000	Three months to 31/03/2007 RM'000
Malaysian taxation				
- Current taxation	8,268	3,309	8,268	3,309
- Deferred taxation	(339)	-	(339)	-
Sub-total	<u>7,929</u>	<u>3,309</u>	<u>7,929</u>	<u>3,309</u>
Foreign taxation				
- Current taxation	529	341	529	341
- Deferred taxation	(66)	87	(66)	87
Sub-total	<u>463</u>	<u>428</u>	<u>463</u>	<u>428</u>
Grand Total	<u>8,392</u>	<u>3,737</u>	<u>8,392</u>	<u>3,737</u>

The effective tax rate for the current financial period is higher than statutory tax rate as a result of non-allowable expenses and losses in a subsidiary which has yet to commence operation.

14. **Disposal of unquoted investments and/or properties**

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

15a) **Acquisitions and disposals of quoted securities**

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

15b) **Investments in quoted securities**

There were no investments in quoted securities as at 31 March 2008.

16. **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 except for:

- (a) on 5 February 2008, the Company entered into a Memorandum of Understanding with Visor Holding LLP ("Visor") of the Republic of Kazakhstan to collaborate and jointly participate in the Republic of Kazakhstan's healthcare industry. The Company is currently negotiating with Visor on the terms of the collaboration. It is expected to be completed by end of June 2008; and
- (b) on 15 February 2008, the Company announced that it has been notified by UEM Group Berhad ("UEM Group") through CIMB Investment Bank Berhad that UEM World Berhad ("UEM World") has on the same day announced a proposed non-renounceable restricted offer for sale of all of its ordinary share in its listed subsidiaries which includes the Company to the shareholders of UEM World ("Proposed ROS"). UEM Group has given an undertaking to UEM World to subscribe for its entitlement under the Proposed ROS as well as the shares in the Company which are not taken up or applied for by other shareholders (including under the excess application process) under the Proposed ROS. Upon the Proposed ROS becoming unconditional, in accordance with Part II of the Malaysian Code on Take-Overs and Mergers, 1998 ("Code"), UEM Group will be obliged to extend a mandatory take-over offer for the remaining voting shares in the Company that UEM Group does not already own ("Pharmaniaga MGO").

17. **Borrowings and debt securities**

Details of Group borrowings and debt securities as at 31 March 2008 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
<u>Debt securities</u>						
Domestic						
- Murabahah Commercial Paper	-	-	-	-	29,412	29,412
- Murabahah Medium Term Notes	-	29,805	29,805	-	15,000	15,000
<u>Other borrowings</u>						
Domestic						
- Bankers acceptance	-	-	-	-	27,911	27,911
- Term loan	23,400	-	23,400	18,450	-	18,450
Foreign						
Indonesia Rupiah						
- Term loan	272	-	272	9,458	-	9,458
- Time loan	13	-	13	72	-	72
- Hire purchase	136	-	136	258	-	258
TOTAL	23,821	29,805	53,626	28,238	72,323	100,561

18. **Off Balance Sheet financial instruments**

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

19. **Material litigation**

Since the preceding financial year ended 31 December 2007, 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 defensible.

19. **Material litigation (Continued)**

(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 decision on the Company's application to strike out the Counterclaim by Safri and Hamimah has been adjourned to 23 June 2008 for mention pending disposal of the appeals by Safri and Hamimah on the various interlocutory applications.

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.

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

The Group's revenue for the first quarter ended 31 March 2008 grew by 5.7% from RM292.8 million registered in the immediate preceding quarter. The growth was spurred by the increase in concession sales, institutional sales and also higher billings for its hospital equipping works at Institute Jantung Negara in the current quarter.

The Group's profit before taxation of RM27.4 million for the first quarter ended 31 March 2008 was 16.1% higher than its immediate preceding quarter ended 31 December 2007. The increase was mainly due to improvement in operational gross profit margin and lower finance expense following higher repayment of borrowings.

21. **Review of performance for the current quarter**

For the first quarter ended 31 March 2008, the Group registered a growth of 20.8% higher than that of the preceding quarter ended 31 March 2007. The growth was mainly contributed from all its market sectors, most notably in Ministry of Health, Institutions, General Health Care, Medical Equipment Unit and Contract Manufacturing market segments. In addition, its Indonesian subsidiary performance has also improved by 6.1%, contributing to approximately 22.2% to the Group's revenue. Furthermore, during the first quarter 2007, there were technical issues with the new system which had affected the delivery of products to customers.

The Group's profit before taxation (“PBT”) improved by 167.6% over the same period last year. The current quarter PBT was mainly boosted by margins recognised from concession sales to government hospitals and private sectors sales.

22. **Prospects for 2008**

As announced in its preceding quarter announcement ended 31 December 2007, the Group has set its main headline Key Performance Indicators (“KPI”) of Revenue growth and Return on Equity of 20% and 18% respectively. Thus, the Group has put in motion aggressive marketing strategies, process improvements to enhance product quality and efficiency and cost containment in order to achieve its KPI.

Based on the progress of the Group to date and barring any unforeseen circumstances, the Board believes that the Group can achieve its KPI targets.

23. **Profit forecast**

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

24. **Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2008 RM'000	Preceding year corresponding quarter 31/03/2007 RM'000	Three months to 31/03/2008 RM'000	Three months to 31/03/2007 RM'000
(a) Basic earnings per share				
Profit attributable to equity holders of the Company	18,545	6,069	18,545	6,069
Weighted average number of ordinary shares in issue ('000)	106,963	106,963	106,963	106,963
Basic earnings per share	<u>17.34 sen</u>	<u>5.67 sen</u>	<u>17.34 sen</u>	<u>5.67 sen</u>

The computations of diluted earnings per share for both the current period and preceding quarter ended 31 March 2007 were not calculated as the potential ordinary shares are anti-dilutive coupled with the average market prices of the ordinary shares are lower than the ESOS price.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2008 RM'000	Preceding year corresponding quarter 31/03/2007 RM'000	Three months to 31/03/2008 RM'000	Three months to 31/03/2007 RM'000
Economic Profit	13,398	2,521	13,398	2,521

Explanatory notes

The EP statement is as prescribed under the GLC Transformation program, and is disclosed on a voluntary basis. 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 period recorded RM13.4 million as compared to RM2.5 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

**Kuala Lumpur
28 May 2008**

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