

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	313,716	309,650	313,716	309,650
(b) Cost of sales	<u>(264,420)</u>	<u>(248,767)</u>	<u>(264,420)</u>	<u>(248,767)</u>
(c) Gross profit	49,296	60,883	49,296	60,883
(d) Other income	204	287	204	287
(e) Expenses	(28,445)	(32,161)	(28,445)	(32,161)
(f) Finance costs	(1,181)	(1,856)	(1,181)	(1,856)
(g) Share of results of associate	<u>310</u>	<u>221</u>	<u>310</u>	<u>221</u>
(h) Profit before income tax	20,184	27,374	20,184	27,374
(i) Income tax	<u>(5,491)</u>	<u>(8,392)</u>	<u>(5,491)</u>	<u>(8,392)</u>
(j) Profit for the period	<u>14,693</u>	<u>18,982</u>	<u>14,693</u>	<u>18,982</u>
Attributable to:				
(k) Equity holders of the Company	14,522	18,545	14,522	18,545
(l) Minority interest	<u>171</u>	<u>437</u>	<u>171</u>	<u>437</u>
	<u>14,693</u>	<u>18,982</u>	<u>14,693</u>	<u>18,982</u>
2. Basic earnings per share attributable to equity holders of the Company	<u>13.57 sen</u>	<u>17.34 sen</u>	<u>13.57 sen</u>	<u>17.34 sen</u>

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.

II. CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As at end of current quarter 31/03/2009 RM'000	Audited As at preceding financial year end 31/12/2008 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	257,094	257,804
Prepaid lease payments	3,095	3,116
Investments in associated companies	7,693	7,382
Goodwill	30,620	30,620
Other intangible assets	577	735
Deferred tax assets	3,462	3,246
	302,541	302,903
2. Current assets		
Inventories	158,727	162,210
Receivables	234,799	167,300
Amounts due from related companies	22,933	19,752
Amounts due from associated companies	2,700	3,091
Tax recoverable	2,472	1,607
Fixed deposits	30,700	58,300
Cash and bank balances	17,632	35,873
	469,963	448,133
3. Non-current assets held for sale	47,282	47,282
Total assets	819,786	798,318

III. CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

	Unaudited As at end of current quarter 31/03/2009 RM'000	Audited As at preceding financial year end 31/12/2008 RM'000
EQUITY AND LIABILITIES		
4. Equity attributable to equity holders of the Company		
Share capital	106,978	106,978
Reserves		
Share premium	22,447	22,447
Other reserves	(6,412)	(6,491)
Retained earnings	279,623	265,101
	402,636	388,035
5. Minority interest	14,338	14,167
Total equity	416,974	402,202
6. Non-current liabilities		
Long term borrowings	25,329	26,238
Deferred tax liabilities	3,236	3,236
	28,565	29,474
7. Current liabilities		
Payables	306,811	265,371
Amount due to immediate holding company	319	21
Amounts due to related companies	520	2,244
Amounts due to associated companies	3,159	2,112
Taxation payable	-	981
Dividend payable	6	6
Short term borrowings	32,682	41,722
Current portion of long term borrowings	30,750	54,185
	374,247	366,642
Total liabilities	402,812	396,116
Total equity and liabilities	819,786	798,318
8. Net assets per share attributable to ordinary equity holders of the Company	RM3.76	RM3.63

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.

III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 31/03/2009 RM'000	Unaudited Three months to 31/03/2008 RM'000
Operating activities		
Cash receipts from customers and related parties	250,224	286,427
Cash payments to suppliers	(228,689)	(207,413)
Cash payments to employees and for expenses	(29,804)	(27,635)
Cash (used in) / generated from operations	(8,269)	51,379
Interest paid	(964)	(1,155)
Profit on Murabahah Commercial Paper paid	(278)	(565)
Income taxes paid	(8,393)	(7,200)
Income taxes refund	840	-
Interest received	3	11
Net cash (used in) / generated from operating activities	(17,061)	42,470
Investing activities		
Proceeds from disposal of property, plant and equipment	87	30
Partial proceeds from disposal of non-current asset held for sale	6,300	-
Purchase of property, plant and equipment	(1,233)	(4,703)
Net cash generated from / (used in) investing activities	5,154	(4,673)
Financing activities		
Repayments of short term borrowings	(12,459)	(66,258)
Redemption of Murabahah Commercial papers	(16,000)	-
Repayment of term loan	(4,950)	(4,500)
Term loan interest paid	(234)	(440)
Profit on Murabahah Medium Term Notes paid	(694)	(800)
Net cash used in financing activities	(34,337)	(71,998)
Net change in cash and cash equivalents	(46,244)	(34,201)
Currency translation differences	403	(184)
Net cash and cash equivalents as at beginning of financial period	94,173	56,132
Net cash and cash equivalents as at end of financial period (a)	48,332	21,747

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

	Unaudited As at 31/03/2009 RM'000	Unaudited As at 31/03/2008 RM'000
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	17,632	21,747
Fixed deposits	30,700	8
	48,332	21,755
Less: Fixed deposits pledged to banks	-	(8)
Cash and cash equivalents	48,332	21,747

The condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.

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	Exchange reserves RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Three months to 31 March 2009 (Unaudited)							
Balance as at 1 January 2009	106,978	22,447	(6,491)	265,101	388,035	14,167	402,202
Currency translation differences, representing expenses recognised directly in equity	-	-	79	-	79	-	79
Profit for the period	-	-	-	14,522	14,522	171	14,693
Total recognised income and expense for the period	-	-	79	14,522	14,601	171	14,772
Balance as at 31 March 2009	<u>106,978</u>	<u>22,447</u>	<u>(6,412)</u>	<u>279,623</u>	<u>402,636</u>	<u>14,338</u>	<u>416,974</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 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>

The condensed Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.

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 2008.

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").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

2. Audit report in respect of the 2008 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2008 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 period ended 31 March 2009.

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 2009 except for the redemption of RM16 million Murabahah Commercial Papers in February 2009.

7. Dividend

No interim ordinary dividend has been declared for the financial period ended 31 March 2009 (2008: nil).

The Board of Directors recommends a final gross dividend of 27.0%, less taxation of 25% (2007: 18.0% tax exempt dividend) on 106,977,788 (2007: 106,963,188) ordinary shares of RM1.00 each in respect of the financial year ended 31 December 2008 for shareholders' approval at the 11th Annual General Meeting on 26 May 2009. The book closure and payment dates for the final dividend will be on 9 June 2009 and 2 July 2009 respectively.

8. Segment information for the current financial period

Segment information for the current financial period to 31 March 2009 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	2,449	305,206	6,061	-	-	313,716
Inter-segment revenue	30,043	-	-	3,175	(33,218)	-
Total revenue	32,492	305,206	6,061	3,175	(33,218)	313,716
Results						
Segment results	1,920	15,638	(273)	1,012	6,180	24,477
Unallocated corporate expenses						(3,801)
Profit from operations						20,676
Interest expense	-	(854)	-	(1,146)	819	(1,181)
Interest income	-	379	-	819	(819)	379
Share of results of associate						310
Profit before income tax						20,184
Income tax						(5,491)
Profit for the period						14,693
Attributable to: Equity holders of the Company						14,522
Minority interest						171
						14,693

9. Non current assets held for sale

Non current assets held for sale are:

- the disposal of certain property, plant and equipment with a carrying value of RM32,689,000 in one of its subsidiary company, Safire Pharmaceuticals (M) Sdn. Bhd. to Idaman Pharma Sdn. Bhd.(a third party), for a total consideration of RM35 million of which partial payments totalling RM6,650,000 have been received (including an initial deposit of RM350,000 received in previous year); and
- two lots of vacant freehold land of Pharmaniaga LifeScience Sdn. Bhd. with carrying value of RM14,593,000.

10. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the current 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 one dormant subsidiary company of the Group, Pharmaniaga Trading (M) Sdn. Bhd. has been completed;
- (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. ("Pharmaniaga Pegasus") has then appointed a legal representative for the participation in the Creditors Meeting and bankruptcy proceeding respectively. At the Creditors Meeting, various resolutions/arrangements were made as to asset-management matters, including the realisation of assets and the priority of claims. The Liquidation Committee will be carrying out the realisation, management and distribution of the assets.

As of to date, WWTPP's assets is valued at RMB80 million and the amount outstanding to creditors is RMB113 million. As an unsecured creditor, it is highly unlikely that Pharmaniaga Pegasus will be paid from the realisation of WWTPP's assets.

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 2008 except as disclosed below:

	As at 01/01/2009	Increase	Decrease	As at 31/03/2009
	RM'000	RM'000	RM'000	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	16,516	1,968	(50)	18,434
Total	61,516	1,968	(50)	63,434

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 31/03/2009 RM'000
Authorised and contracted for:	
- acquisition of property, plant and equipment	<u>11,899</u>

13. **Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/03/2009 RM'000	Preceding year corresponding quarter 31/03/2008 RM'000	Three months to 31/03/2009 RM'000	Three months to 31/03/2008 RM'000
Malaysian taxation				
- Current taxation	5,378	8,268	5,378	8,268
- Deferred taxation	-	(339)	-	(339)
Sub-total	<u>5,378</u>	<u>7,929</u>	<u>5,378</u>	<u>7,929</u>
Foreign taxation				
- Current taxation	329	529	329	529
- Deferred taxation	(216)	(66)	(216)	(66)
Sub-total	<u>113</u>	<u>463</u>	<u>113</u>	<u>463</u>
Grand Total	<u><u>5,491</u></u>	<u><u>8,392</u></u>	<u><u>5,491</u></u>	<u><u>8,392</u></u>

The effective tax rate for the current 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 2009.

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

There are no corporate proposals announced by Pharmaniaga Berhad ('Pharmaniaga') but not completed as at the date of this announcement except for:

- (a) The updates on UEM Group Berhad ("UEM Group")'s mandatory take-over offer of Pharmaniaga are as follows:

On 28 August 2008, in accordance with Part II of the Malaysian Code on Take-Overs and Mergers, 1998, UEM Group extended a mandatory take-over offer for the remaining voting shares in Pharmaniaga that UEM Group does not already own ("Offer").

As at the closing date of the Offer on 6 November 2008, the shareholding position of UEM Group and persons acting in concert with it as at 5.00 p.m. was 92,868,619 Pharmaniaga shares representing 86.81% of the issued and paid up capital of Pharmaniaga.

16. Status of corporate proposals announced but not completed as at the date of this announcement (Continued)

Based on the Company's Record of Depositors as at 6 November 2008, the public shareholding spread of Pharmaniaga is 12.96%, comprising 13,864,307 ordinary shares of RM1.00 each in Pharmaniaga held by 803 public shareholders holding not less than 100 shares each. Consequently, Pharmaniaga does not comply with the requirement under Paragraph 8.15(1) of the Listing Requirements of Bursa Securities, of ensuring at least 25% of the total listed Pharmaniaga shares are in the hands of at least 1,000 public shareholders holding not less than 100 Pharmaniaga shares each ("Required Public Shareholding Spread"). Pharmaniaga had on 10 November 2008, sought Bursa Securities' approval for an extension of time to meet the Required Public Shareholding Spread.

On 4 December 2008, Pharmaniaga announced that Bursa Securities had granted an extension of time of six (6) months until 5 May 2009 for Pharmaniaga to comply with the Required Public Shareholding Spread.

On 20 April 2009, Pharmaniaga has applied to Bursa Securities for a further extension of time to comply with the Required Public Shareholding Spread on the basis that given the current market conditions and investors' sentiment, the timing and environment may not be appropriate and/or conducive to implement any corporate exercise to address the shortfall.

- (b) On 27 November 2008, the Company announced that one of its wholly-owned subsidiaries, Safire Pharmaceuticals (M) Sdn. Bhd. has entered into a sales and purchase agreement with Idaman Pharma Sdn. Bhd. (a third party) for the proposed disposal of land and asset for a total consideration of RM35 million. The proposal is expected to be completed upon full payment of the consideration. To date, a total of RM6,650,000 have been received as part payments. The transaction is expected to be completed in 2009.

17. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 March 2009 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	-	-	-	-	13,690	13,690
- Murabahah Medium Term Notes	-	14,863	14,863	-	15,000	15,000
<u>Other borrowings</u>						
Domestic						
- Term loan	7,650	-	7,650	15,750	-	15,750

17. **Borrowings and debt securities (Continued)**

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign						
Indonesia Rupiah						
- Term loan	2,694	-	2,694	18,832	-	18,832
- Time loan	-	-	-	24	-	24
- Hire purchase	122	-	122	136	-	136
TOTAL	10,466	14,863	25,329	34,742	28,690	63,432

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 2008, 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.

**(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.

Safri and Hamimah have filed an appeal in the Court of Appeal against the decision of the High Court on 17 November 2008 in dismissing their various interlocutory applications. As there is no application for a stay of proceedings in the High Court and Court of Appeal by Safri and Hamimah, the High Court has fixed for hearing on the Company’s application to strike out the Counterclaim by Safri and Hamimah on 6 May 2009.

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 defensible.

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

Group revenue for the first quarter of 2009 financial year was RM313.7 million, a 4.4% reduction from RM328.2 million registered in the immediate preceding quarter, reflecting the unfavourable economic condition. This is attributable to the expiry of some tender sales as well as contraction in private sector sales. In addition, there were lower billings for sales of medical equipments to Institute Jantung Negara as compared to the last quarter of 2008.

Group profit before taxation in the first quarter of 2009 were down 17.6% at RM20.2 million, compared with RM24.5 million registered in the immediate preceding quarter as a result of the contraction in revenue and gross profit margin due to a higher mix of lower margin products sold.

21. Review of performance for the current quarter

The Group registered a modest revenue growth of 1.3% compared with the same period in 2008, to reach RM313.7 million. The growth was mainly contributed by increases in concession sales (+8%), international sales (>+100%) and its Indonesian subsidiary, PT Millennium Pharmacon International Tbk (+16.5%).

The Group's profit before taxation, however declined 26.2% to RM20.2 million, from RM27.4 million recorded in the same period last year. This is due to an increase in raw materials cost effective from the second half 2008. In addition, there is a more conservative buying pattern by customers in the current weaker economic condition.

22. Prospects for 2009

As anticipated, the growth of the Group's private sector sales has been affected by the economic slowdown. Nevertheless, the Group will continuously review its business model, enhance its capabilities and invest in areas that provide value to customers. These measures include operational efficiency improvements and cost containment initiatives.

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 31/03/2009 RM'000	Preceding year corresponding quarter 31/03/2008 RM'000	Three months to 31/03/2009 RM'000	Three months to 31/03/2008 RM'000
Basic earnings per share				
Profit attributable to equity holders of the Company	14,522	18,545	14,522	18,545
Weighted average number of ordinary shares in issue ('000)	106,978	106,963	106,978	106,963
Basic earnings per share	<u>13.57 sen</u>	<u>17.34 sen</u>	<u>13.57 sen</u>	<u>17.34 sen</u>

25. **Voluntary disclosure on Economic Profit (“EP”) and headline Key Performance Indicators (“KPI”)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Economic Profit	10,343	13,398	10,343	13,398

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 is recorded at RM10.3 million as compared with RM13.4 million in the same period of 2008. The decrease in EP was mainly due to lower earnings in the current quarter ended 31 March 2009.

As announced in the last quarter of 2008, the Group has set its main headline Key Performance Indicators (“KPI”) for 2009 of 6% Revenue Growth and 15% Return On Equity (“ROE”) and will endeavour to meet the expectations.

By Order of the Board

Kuala Lumpur
8 May 2009

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