

Pharmaniaga Berhad
467709-M
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

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 adoption of the following new/revised Financial Reporting Standards ("FRS") effective 1 January 2010 as disclosed below:

FRS 7: Financial Instruments: Disclosure
FRS 8: Operating Segments
FRS 101 (Revised): Presentation of Financial Statements
FRS 123 (Revised): Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs 'Improvements to FRSs (2009)
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment

The adoption of the above pronouncements does not have significant impact to the Group, except as described below:

(a) FRS 8: Operating Segment

With effect from 1 January 2010, the Group determines and presents operating segments based on information that is internally provided to the Managing Director of the Company, who is the Group's chief operating decision maker, which are similar to those currently disclosed externally.

(b) FRS 101 (revised): Presentation of Financial Statements

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. This standard requires changes in the format of the financial statements including the amount directly attributable to owners of the parent in the primary statements. Pursuant to the revised standard, the Group presents all non-owner changes in equity separately in the consolidated statement of comprehensive income. Comparative information has been re-presented in conformity with the revised standard.

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

2. Audit report in respect of the 2009 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2009 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 cashflows that were unusual because of their nature, size or incidence in the current period.

5. Material changes in estimates used

There were no 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 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 30 September 2010 except for the redemption of RM14.0 million Murabahah Commercial Papers in August 2010 and RM15.0 million Murabahah Medium Term Notes in September 2010.

7. Dividend

An interim gross dividend of 10 sen per share, less taxation of 25% on 106,977,788 ordinary shares of RM1.00 each in respect of the financial year ending 31 December 2010 amounting to RM8,023,334.10 was approved by the Board on 28 June 2010 and paid on 19 August 2010.