

V. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. Changes in the composition of the Group

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

A settlement agreement dated 14 December 2009 was entered into between the Company and Amcare Labs International Inc. ("ALI") for the disposal of the Company's entire 40% equity interest in Amcare Labs (M) Sdn Bhd ("ALM") to ALI for a consideration of RM1.00 ("Disposal"). Disposal was completed on 24 November 2010.

11. Acquisitions and disposals of property, plant and equipment

	Current year quarter 31/12/2010 RM'000	Twelve months to 31/12/2010 RM'000
Total acquisitions of property, plant and equipment	4,152	16,176
Total disposals of property, plant and equipment	107	108
Total (loss)/profit on disposal	(1)	72

The proceeds of RM1.0 million was received from the sale of non current assets transacted in previous year.

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 2009 except as disclosed below:

<u>Description of contingent liabilities</u>	As at 01/01/2010 RM'000	Increase	Decrease	As at 31/12/2010 RM'000
Bank performance and reimbursement bonds for concession business undertaken by a subsidiary company	45,000	-	-	45,000
Bank guarantee for projects and utilities undertaken by subsidiary companies	19,360	4,765	(1,597)	22,528
	<u>64,360</u>	<u>4,765</u>	<u>(1,597)</u>	<u>67,528</u>

13. Capital commitments

There are no material capital commitments except as disclosed below:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	<u>9,411</u>
Authorised but not contracted for:	
Property, plant and equipment	<u>2,237</u>

Pharmaniaga Berhad
467709-M
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2010 RM'000	Preceding year corresponding quarter 31/12/2009 RM'000	Twelve months to 31/12/2010 RM'000	Twelve months to 31/12/2009 RM'000
Current tax				
- Malaysian income tax	4,346	3,152	20,625	18,867
- foreign income tax	1,040	120	1,396	1,833
- over provision in prior years	(93)	(228)	(189)	(228)
Deferred tax				
- reversal of net temporary differences	(5,060)	2,328	(6,898)	(763)
- over provision in prior years	(1,744)	-	(1,744)	-
	<u>(1,511)</u>	<u>5,372</u>	<u>13,190</u>	<u>19,709</u>

The Group's effective tax rate for the year is 29%, which is higher than the statutory tax rate of 25% as a result of losses in subsidiaries and non-allowable expenses.

15. Disposal of unquoted investments and/or properties

	Current year quarter 31/12/2010 RM'000	Twelve months to 31/12/2010 RM'000
Total acquisitions of unquoted investment in associate	-	2,610
Less: Provision for impairment losses	-	(2,610)
	<u>-</u>	<u>-</u>
Total disposals of unquoted investment in associate	-	-
(Gain)/loss on disposal of unquoted investment in associate	-	-

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 other than securities in existing subsidiary as at 31 December 2010.

17. Related party transactions

	Transaction value		Balance outstanding	
	Twelve months ended		As at	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM'000	RM'000	RM'000	RM'000
Sales				
Subsidiaries of immediate holding company	3,149	6,154	9,614	15,699
Associate	-	-	559	1,789
	<u>3,149</u>	<u>6,154</u>	<u>10,173</u>	<u>17,488</u>
Purchases				
Immediate holding company	1,316	591	97	428
Subsidiaries of immediate holding company	2,660	2,797	-	100
Associate	11,661	18,321	31	4,571
	<u>15,637</u>	<u>21,709</u>	<u>128</u>	<u>5,099</u>