

Pharmaniaga Berhad (467709-M)**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

For the quarter ended 30 June 2011	Current Period		Cumulative Period	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	396,435	350,335	781,763	667,895
Cost of sales	(341,264)	(293,891)	(663,645)	(566,512)
Gross profit	55,171	56,444	118,118	101,383
Other income	292	1,277	1,924	2,351
Operating expenses	(34,987)	(36,456)	(76,758)	(68,304)
Finance cost	(915)	(825)	(1,775)	(1,817)
Share of results of associate	(181)	(113)	(337)	(855)
Profit before taxation	19,380	20,327	41,172	32,758
Taxation	(5,335)	(5,809)	(11,528)	(8,931)
Profit for the period	14,045	14,518	29,644	23,827
Attributable to:				
Shareholders of the Company	13,920	14,747	29,404	24,054
Minority interests	125	(229)	240	(227)
Profit for the period	14,045	14,518	29,644	23,827
Earnings per share - sen				
Basic	13.01	13.79	27.49	22.48

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

Pharmaniaga Berhad (467709-M)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the quarter ended 30 June 2011	Current Period		Cumulative Period	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	14,045	14,518	29,644	23,827
Foreign currency translation difference in respect of foreign operations	373	313	724	(95)
Total comprehensive income for the period	14,418	14,831	30,368	23,732
Attributable to:				
Shareholders of the Company	14,293	15,060	30,128	23,959
Minority interests	125	(229)	240	(227)
Total comprehensive income for the period	14,418	14,831	30,368	23,732

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011		Audited 31 December
	2011 RM'000	2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	284,344	276,976
Prepaid lease payment	2,909	2,950
Goodwill	28,820	28,820
Investment in associates	3,141	5,427
Other intangible asset	3,795	-
Deferred tax assets	12,285	10,945
	<u>335,294</u>	<u>325,118</u>
Current assets		
Inventories	257,263	230,013
Receivables	295,362	127,295
Amounts due from related companies	-	9,614
Amount due from an associate	726	559
Cash, bank balances and deposits	62,089	102,977
Tax recoverable	5,193	6,304
	<u>620,633</u>	<u>476,762</u>
Non-current asset held for sale	<u>1,950</u>	<u>-</u>
TOTAL ASSETS	<u>957,877</u>	<u>801,880</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	106,978	106,978
Reserves	344,994	314,866
Shareholders' equity	<u>451,972</u>	<u>421,844</u>
Minority interests	<u>15,869</u>	<u>15,629</u>
Total equity	<u>467,841</u>	<u>437,473</u>
Non-current liabilities		
Provision for defined benefit plan	3,676	3,175
Long term borrowings	51	59
Deferred tax liabilities	717	1,530
	<u>4,444</u>	<u>4,764</u>
Current liabilities		
Payables	442,183	325,020
Amount due to a related company	2	-
Amount due to an associate	31	31
Amount due to immediate holding company	-	97
Short term borrowings	38,553	33,067
Taxation	4,823	1,428
	<u>485,592</u>	<u>359,643</u>
Total liabilities	<u>490,036</u>	<u>364,407</u>
TOTAL EQUITY AND LIABILITIES	<u>957,877</u>	<u>801,880</u>
NET ASSET PER SHARE - RM		
Attributable to shareholders of the Company	<u>4.22</u>	<u>3.94</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to shareholders of the Company →						
For the financial period ended 30 June 2011	Share Capital	* Share Premium	* Other Reserves	Retained Profits	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2011	106,978	22,447	(3,885)	296,304	421,844	15,629	437,473
Total comprehensive income for the period	-	-	724	29,404	30,128	240	30,368
Balance as at 30 June 2011	106,978	22,447	(3,161)	325,708	451,972	15,869	467,841
As at 1 January 2010	106,978	22,447	(2,421)	303,629	430,633	15,703	446,336
Total comprehensive (expense)/ income for the period	-	-	(95)	24,054	23,959	(227)	23,732
2009 final gross dividend of 27 sen per share, less taxation of 25%	-	-	-	(21,663)	(21,663)	-	(21,663)
2009 special gross dividend of 10 sen per share, less taxation of 25%	-	-	-	(8,023)	(8,023)	-	(8,023)
2010 interim gross dividend of 10 sen per share, less taxation of 25%	-	-	-	(8,023)	(8,023)	-	(8,023)
Balance as at 30 June 2010	106,978	22,447	(2,516)	289,974	416,883	15,476	432,359

* Denotes non distributable reserves

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 30 June 2011

	2011	2010
	RM'000	RM'000
Operating Activities		
Receipts from customers	666,280	618,966
Payments to suppliers	(628,713)	(530,554)
Payments to employees and for expenses	(62,861)	(65,911)
Net cash (used in)/generated from operations	(25,294)	22,501
Interest paid	(1,773)	(1,871)
Income taxes paid	(10,943)	(13,582)
Interest received	546	554
Net cash (used in)/generated from operating activities	(37,464)	7,602
Investing Activities		
Purchase of property, plant and equipment	(8,056)	(5,576)
Proceeds from disposal of property, plant and equipment	144	63
Net cash used in investing activities	(7,912)	(5,513)
Financing Activities		
Drawdown of short term borrowings	4,654	4,530
Repayment of term loan	(8)	(8,550)
Term loan interest paid	(11)	(496)
Net cash generated from/(used in) financing activities	4,635	(4,516)
Effects of exchange rate changes	(147)	66
Net change in cash and cash equivalents	(40,888)	(2,361)
Cash and cash equivalent at beginning of period	102,977	104,408
Cash and cash equivalent at end of period	62,089	102,047
Analysis of cash and cash equivalents		
Cash, bank balances and deposits	62,089	102,047
Cash and cash equivalent at end of period	62,089	102,047

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Part A - Explanatory Notes Pursuant to FRS 134**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2010.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2011.

A2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Classification of Rights Issue
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
Improvements to FRS 2010	

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**A2. Changes in Accounting Policies (cont'd)****A2.2 FRS, IC Interpretations and Amendments to IC Interpretation issued but not yet effective**

At the date of authorisation of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretation were issued but not yet effective and have not been applied by the Group:

FRS, IC Interpretation and Amendments to IC Interpretation		Effective for annual period beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011

IC Interpretation 15 Agreements for the Construction of Real Estate will also be effective for annual periods beginning on or after 1 January 2012. This IC Interpretation is, however, not applicable to the Group.

A3. Audit report in respect of the 2010 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2010 was not qualified.

A4. Seasonal or cyclical factors

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

A5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cashflows during the financial period.

A6. Material changes in estimates used

There were no material changes in estimates of amounts reported in the prior interim periods of the current financial year or the previous financial year.

A7. 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.

A8. Dividends

(i) The Board of Directors do not recommend any dividend for the financial period ended 30 June 2011.

(ii) There were no dividends paid during the current financial period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**A9. Operating segments**

Operating segment information for the cumulative period is as follows:

	Manufacturing RM'000	Trading & Distribution RM'000	Medical products & services RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
2011						
Revenue						
External revenue	172	779,253	2,338	-	-	781,763
Inter-segment revenue	57,038	-	123	2,699	(59,860)	-
Total revenue	57,210	779,253	2,461	2,699	(59,860)	781,763
Results						
Segment results	3,933	40,689	(433)	2,699	-	46,888
Unallocated corporate expenses	-	-	-	(4,136)	-	(4,136)
Profit/(loss) from operations	3,933	40,689	(433)	(1,437)	-	42,752
Interest expense	-	(1,764)	-	(11)	-	(1,775)
Interest income	-	532	-	-	-	532
Share of results of associate	-	-	-	(337)	-	(337)
Profit/(loss) before taxation	3,933	39,457	(433)	(1,785)	-	41,172
Taxation						(11,528)
Profit for the period						29,644
2010						
Revenue						
External revenue	316	666,930	649	-	-	667,895
Inter-segment revenue	65,340	-	78	4,042	(69,460)	-
Total revenue	65,656	666,930	727	4,042	(69,460)	667,895
Results						
Segment results	8,429	24,823	(580)	137	5,522	38,331
Unallocated corporate expenses	-	-	-	(3,455)	-	(3,455)
Profit/(loss) from operations	8,429	24,823	(580)	(3,318)	-	34,876
Interest expense	-	(1,677)	-	(701)	561	(1,817)
Interest income	-	554	-	561	(561)	554
Share of results of associate	-	-	-	(855)	-	(855)
Profit/(loss) before taxation	8,429	23,700	(580)	(4,313)	-	32,758
Taxation						(8,931)
Profit for the period						23,827

A10. Carrying Amount of Revalued Assets

There has been no revaluation of property, plant and equipment during the current financial period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**A11. Subsequent Event**

On 30 June 2011, the Company entered into a Share Purchase Agreement with UEM Group Berhad for the sale of 1,500,000 ordinary shares of RM1.00 each representing 30% of the Company's interest in the total issued and paid up share capital in its associate company, Forte Tech Solutions Sdn Bhd, for a sale consideration of Ringgit Malaysia Four Million Nine Hundred Fifty Nine Thousand One Hundred and Seven Only (RM4,959,107). The transaction was completed on 14 July 2011 upon payment received from UEM Group Berhad.

There was no other material subsequent event that will materially affect the financial statements of financial period under review.

A12. Changes in the Composition of the Group

Following the completion of the acquisition of 86.81% interest in the Company by Boustead Holdings Berhad ("BHB") from UEM Group Berhad on 25 March 2011, BHB is now the holding company. The ultimate holding corporation is Lembaga Tabung Angkatan Tentera ("LTAT") which holds 59.28% interest in BHB.

There were no other changes in the composition of the Group for the period under review.

A13. Contingent Liabilities

There were no changes in the contingent liabilities that has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 30 June 2011:

	Authorised and contracted for RM'000	Authorised but not contracted for RM'000	Total RM'000
Property, plant and equipment	10,866	11,800	22,666

A15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for year ended 31 December 2010.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia**B16. Performance Review**

For the financial period under review, the Group's revenue of RM396.4 million was 13.2% higher than the RM350.3 million achieved in the corresponding period last year. This was mainly attributed to higher sales from the Government sector.

The Group's pre-tax profit of RM19.4 million for the quarter under review was marginally lower compared with the previous year's corresponding quarter of RM20.3 million. This was a result of lower gross profit margins and amortisation of the new plant which commenced production during the quarter under review.

For the cumulative period, the Group's revenue of RM781.8 million was 17.0% higher than corresponding period last year. This was partly contributed by the price revision of products sold to the Ministry of Health which took effect on 1 February 2011 as well as higher tender sales to the Government.

The Group's pre-tax profit for the cumulative period was RM41.2 million, higher by RM8.4 million in comparison with the same period last year. The increase was a result of a higher gross profit contribution of RM16.7 million, which was offset by the allowance made on a slow moving stock, Oseltamivir amounting to RM8.8 million in quarter one.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**B17. Comparison Between the Current Quarter and the Immediate Preceding Quarter**

The Group's revenue for the current quarter under review was RM396.4 million, an increase of RM11.1 million (2.9%) from RM385.3 million achieved in the preceding quarter.

Despite the increase in revenue, the Group's pre-tax profit of RM19.4 million for the quarter was RM2.4 million lower than the RM21.8 million recorded in the previous quarter. This was mainly due to a lower gross profit margin of 13.9% as compared with 16.3% in the preceding quarter. The lower gross profit margin was mainly caused by sales mix and recognition of amortisation of new plant which commenced production during the quarter under review.

B18. Prospects

The Group is optimistic of its prospects in the domestic market as a result of strong domestic demand and supportive government policy measures. At the regional and international front, our collaborative strategies with established partners should result in positive outcomes in terms of growing our market presence in new countries. Overall, the positive economic outlook, both for Malaysia and regionally, bodes well for the Group in the foreseeable future.

On the logistic and distribution side, efforts will be concentrated on fulfilling customer needs by focusing on critical areas, particularly expanding/acquiring warehouse space. On the manufacturing side, ongoing projects are improving the capacity and efficiency of the plants. These will be integral in helping the Group enhance its shareholders value in a sustainable manner.

Barring unforeseen circumstances, the Group is expected to achieve satisfactory performance for the financial year ending 31 December 2011.

B19. Notes on variance in actual profit and shortfall in profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interests and shortfall in profit guarantee are not applicable.

B20. Income Tax

For the quarter ended 30 June 2011	Current Period		Cumulative Period	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on profit for the period :				
-Current	2,865	6,791	10,925	11,712
-Deferred	2,470	(982)	677	(2,285)
	5,335	5,809	11,602	9,427
Over provision of prior years	0	0	(74)	(496)
	5,335	5,809	11,528	8,931

The Group's effective tax rate for the period is 28%, which is higher than the statutory tax rate of 25% principally due to certain expenses which were not deductible for tax purposes.

B21. Disposal of Unquoted Investments and/or Properties

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

B22. Investments in Quoted Securities

The Group does not have any investment in quoted securities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**B23. Corporate Proposals**

On 6 July 2011, the Company together with BHB announced a corporate exercise to jointly collaborate to address the public spread shareholding requirement of the Company. In this respect, BHB will undertake restricted offer for sale of the Company's shares to BHB shareholders (excluding LTAT) and divestment of the Company's shares to LTAT, BHB directors and employees and other identified investors ("Proposals").

The Company will undertake a Proposed Bonus Issue, involving issuance of up to 10,697,779 Bonus Shares on the basis of 1 Bonus Share for every 10 existing shares held, which will be implemented after the completion of the above Proposals by BHB.

B24. Borrowings and Debt Securities - Unsecured

	30 June 2011	31 December 2010
	RM'000	RM'000
Short Term Loan	38,553	33,067

The above loan denomination is in Indonesian Rupiah (IDR) and equivalent to IDR 109,683 million.

B25. Derivative Financial Instruments

There were no outstanding derivatives as at 30 June 2011.

B26. Gains/Losses from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 30 June 2011.

B27. Material Litigation

In the case referred to in Note 36 of the 2010 Audited Financial Statements, the court had fixed the matter for hearing of the Notice of Motion on the appeal by Safri on 21 July 2011. The court had struck out Safri's appeal with costs of RM5,000 to be paid to the Company by Safri.

There were no other changes in material litigations since the last annual balance sheet as at 31 December 2010.

B28. Realised and Unrealised Profits of the Group

The retained profits as at 30 June 2011 is analysed as follows:

	30 June 2011	31 December 2010
	RM'000	RM'000
Total retained profits of the Group and its subsidiaries:		
- realised profits	377,771	376,233
- unrealised profits/ (loss)	577	(1,140)
	378,348	375,093
Total share of retained profits from associated companies:		
- realised profits	2,854	3,004
	381,202	378,097
Less: Consolidation adjustments	(55,494)	(81,793)
Total Group retained profits as per consolidated accounts	325,708	296,304

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**B29. Economic Profit ("EP") Statement**

For the quarter ended 30 June 2011	Current Period		Cumulative Period	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Economic profit	7,078	10,282	17,691	15,171

B30. Profit Forecast

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

B31. Earnings Per Share ("EPS")

For the quarter ended 30 June 2011	Current Period		Cumulative Period	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit attributable to shareholders of the Company	13,920	14,747	29,404	24,054
Weighted average number of ordinary shares in issue ('000)	106,978	106,978	106,978	106,978
Basic earnings per share (sen)	13.01	13.79	27.49	22.48

B32. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 August 2011.

By Order of the Board

Kuala Lumpur
10 August 2011

SHARIFAH MALEK (LS00448)
YANTI IRWANI ABU HASSAN (MACS01349)
Joint Secretaries