

**Pharmaniaga Berhad (467709-M)**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

<b>For the quarter ended 30 September 2012</b>	<b>Current Period</b>		<b>Cumulative Period</b>	
<b>(All figures are stated in RM'000)</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Revenue</b>	<b>426,460</b>	371,432	<b>1,329,942</b>	1,153,195
Cost of sales	<b>(344,080)</b>	(316,485)	<b>(1,078,898)</b>	(980,130)
Gross profit	<b>82,380</b>	54,947	<b>251,044</b>	173,065
Other income	<b>21</b>	(28)	<b>1,590</b>	1,364
Operating expenses	<b>(50,406)</b>	(38,497)	<b>(143,710)</b>	(115,255)
Finance cost	<b>(3,580)</b>	(1,017)	<b>(10,251)</b>	(2,792)
Interest income	<b>78</b>	241	<b>393</b>	773
Share of results of Associate	-	-	-	(337)
<b>Profit before taxation</b>	<b>28,493</b>	15,646	<b>99,066</b>	56,818
Taxation	<b>(2,957)</b>	(4,387)	<b>(28,392)</b>	(15,915)
Zakat	-	(300)	-	(300)
<b>Profit for the period</b>	<b>25,536</b>	10,959	<b>70,674</b>	40,603
<b>Profit for the period attributable to:</b>				
Shareholders of the Company	<b>25,247</b>	10,811	<b>69,645</b>	40,215
Non-controlling interest	<b>289</b>	148	<b>1,029</b>	388
<b>Profit for the period</b>	<b>25,536</b>	10,959	<b>70,674</b>	40,603
<b>Earnings per share - sen</b>				
Basic	<b>21.46</b>	9.19	<b>59.18</b>	34.17

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**Pharmaniaga Berhad (467709-M)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<b>For the quarter ended 30 September 2012</b>	<b>Current Period</b>		<b>Cumulative Period</b>	
<b>(All figures are stated in RM'000)</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Profit for the period	<b>25,536</b>	10,959	<b>70,674</b>	40,603
Foreign currency translation difference in respect of foreign operations	<b>(1,618)</b>	1,001	<b>(2,615)</b>	1,725
<b>Total comprehensive income for the period</b>	<b>23,918</b>	11,960	<b>68,059</b>	42,328
<b>Attributable to:</b>				
Shareholders of the Company	<b>24,357</b>	11,812	<b>69,833</b>	41,940
Non-controlling interest	<b>(439)</b>	148	<b>(1,774)</b>	388
<b>Total comprehensive income for the period</b>	<b>23,918</b>	11,960	<b>68,059</b>	42,328

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2012	As at 31 December 2011	As at 1 January 2011
(All figures are stated in RM'000)		Restated*	Restated*
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	338,415	346,340	276,976
Prepaid lease payment	2,806	2,867	2,950
Investment in an Associate	19	19	5,427
Intangible assets	156,987	102,186	28,820
Deferred tax assets	9,163	12,307	10,945
	<u>507,390</u>	<u>463,719</u>	<u>325,118</u>
<b>Current assets</b>			
Inventories	439,275	384,614	230,013
Receivables	318,860	221,572	137,468
Tax recoverable	11,978	8,495	6,304
Deposits, cash and bank balances	38,965	55,075	102,977
	<u>809,078</u>	<u>669,756</u>	<u>476,762</u>
<b>TOTAL ASSETS</b>	<u><b>1,316,468</b></u>	<u><b>1,133,475</b></u>	<u><b>801,880</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	117,674	106,978	106,978
Share premium	11,751	22,447	22,447
Foreign currency translation reserve	2,085	1,897	-
Retained earnings	364,906	337,625	292,419
<b>Shareholders' equity</b>	<u><b>496,416</b></u>	<u><b>468,947</b></u>	<u><b>421,844</b></u>
Non-controlling interest	12,586	14,360	15,629
<b>Total equity</b>	<u><b>509,002</b></u>	<u><b>483,307</b></u>	<u><b>437,473</b></u>
<b>Non-current liabilities</b>			
Loans and borrowings	-	-	59
Deferred tax liabilities	5,137	5,051	1,530
Provision for defined benefit plan	4,276	3,863	3,175
	<u><b>9,413</b></u>	<u><b>8,914</b></u>	<u><b>4,764</b></u>
<b>Current liabilities</b>			
Payables	407,670	440,771	325,051
Amount due to immediate holding company	459	223	97
Current tax liabilities	8,810	4,842	1,428
Loans and borrowings	381,114	188,197	33,067
Dividend payable	-	7,221	-
	<u><b>798,053</b></u>	<u><b>641,254</b></u>	<u><b>359,643</b></u>
<b>Total liabilities</b>	<u><b>807,466</b></u>	<u><b>650,168</b></u>	<u><b>364,407</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>1,316,468</b></u>	<u><b>1,133,475</b></u>	<u><b>801,880</b></u>

\* Upon the adoption of the MFRS framework, the Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2011 and 1 January 2011 have been restated.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company						
For the financial period ended 30 September 2012	Share Capital	* Share Premium	* Foreign Currency Translation Reserve	Retained Earnings	Total	Non- controlling Interest	Total Equity
<b>(All figures are stated in RM'000)</b>							
At 1 January 2012 (restated)	106,978	22,447	1,897	337,625	468,947	14,360	483,307
Total comprehensive income for the period	-	-	188	69,645	69,833	(1,774)	68,059
<b>Transaction with owners</b>							
Bonus issue	10,696	(10,696)	-	-	-	-	-
Dividends	-	-	-	(42,364)	(42,364)	-	(42,364)
At 30 September 2012	<u>117,674</u>	<u>11,751</u>	<u>2,085</u>	<u>364,906</u>	<u>496,416</u>	<u>12,586</u>	<u>509,002</u>
At 1 January 2011 (restated)	106,978	22,447	-	292,419	421,844	15,629	437,473
Total comprehensive income for the period	-	-	1,725	40,215	41,940	388	42,328
At 30 September 2011 (restated)	<u>106,978</u>	<u>22,447</u>	<u>1,725</u>	<u>332,634</u>	<u>463,784</u>	<u>16,017</u>	<u>479,801</u>

\* Denotes non distributable reserves

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 30 September 2012

(All figures are stated in RM'000)	2012	2011
<b>Operating Activities</b>		
Cash receipts from customers	1,284,525	1,054,007
Cash payments to suppliers and employees	<u>(1,299,715)</u>	<u>(1,120,682)</u>
<b>Net cash used in operations</b>	<b>(15,190)</b>	<b>(66,675)</b>
Interest paid	(5,248)	(2,785)
Tax paid	(23,242)	(16,378)
Interest received	<u>371</u>	<u>789</u>
<b>Net cash used in operating activities</b>	<b><u>(43,309)</u></b>	<b><u>(85,049)</u></b>
<b>Investing Activities</b>		
Settlement on acquisition of a subsidiary	(48,868)	-
Settlement on novation consideration (Note B22)	(30,000)	-
Purchase of property, plant and equipment	(10,373)	(24,687)
Purchase of intangible assets	(19,808)	-
Proceeds from disposal of property, plant and equipment	34	175
Proceeds from disposal of an associate	-	4,928
<b>Net cash used in investing activities</b>	<b><u>(109,015)</u></b>	<b><u>(19,584)</u></b>
<b>Financing Activities</b>		
Dividend paid	(49,583)	-
Net drawdown of short term borrowings	185,312	30,001
Repayment of term loans	-	(13)
Term loan interest paid	<u>-</u>	<u>(11)</u>
<b>Net cash generated from financing activities</b>	<b><u>135,729</u></b>	<b><u>29,977</u></b>
<b>Net change in cash and cash equivalents</b>	<b>(16,595)</b>	<b>(74,656)</b>
Effects of exchange rate changes	485	(346)
Cash and cash equivalent at beginning of period	<u>55,075</u>	<u>102,977</u>
<b>Cash and cash equivalent at end of period</b>	<b><u>38,965</u></b>	<b><u>27,975</u></b>
<b>Analysis of cash and cash equivalents</b>		
Deposits, cash and bank balances	<u>38,965</u>	<u>27,975</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134")

## A1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2012 have been prepared in accordance with MFRS134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These unaudited condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position is set out in Note A2.1 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

## A2. Significant Accounting Policies

## A2.1 Application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

**Foreign currency translation reserve**

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM3,885,000 (30 September 2011: RM3,885,000; 31 December 2011: RM3,885,000) were adjusted to retained earnings.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 January 2011

RM'000	FRS as at 1 January 2011	Reclassifications	MFRS as at 1 January 2011
<b>Equity</b>			
Foreign currency translation reserve	(3,885)	3,885	-
Retained earnings	296,304	(3,885)	292,419

Reconciliation of equity as at 30 September 2011

RM'000	FRS as at 30 September 2011	Reclassifications	MFRS as at 30 September 2011
<b>Equity</b>			
Foreign currency translation reserve	(2,160)	3,885	1,725
Retained earnings	336,519	(3,885)	332,634

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****A2. Significant Accounting Policies (cont'd)****A2.1 Application of MFRS 1 (cont'd)****Foreign currency translation reserve (cont'd)**

Reconciliation of equity as at 31 December 2011

RM'000	FRS as at 31 December 2011	Reclassifications	MFRS as at 31 December 2011
<b>Equity</b>			
Foreign currency translation reserve	(1,988)	3,885	1,897
Retained earnings	341,510	(3,885)	337,625

**A2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

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

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual period beginning on or after
Amendments to MFRS 101 Presentation of items of other comprehensive income	1 July 2012
MFRS 10 Consolidated financial statements	1 January 2013
MFRS 11 Joint arrangements	1 January 2013
MFRS 12 Disclosures on interests in other entities	1 January 2013
MFRS 13 Fair value measurements	1 January 2013
MFRS 119 Employee benefits	1 January 2013
MFRS 127 Separate financial statements	1 January 2013
MFRS 128 Investments in associates and joint ventures	1 January 2013
Amendments to MFRS 7 Disclosures - Offsetting financial assets and financial liabilities	1 January 2013
IC Interpretation 20 Stripping costs in the production phase of a surface mine	1 January 2013
Amendments to MFRS 132 Offsetting financial assets and financial liabilities	1 January 2014
MFRS 9 Financial instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

**A3. Audit report in respect of the 2011 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2011 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 cash flows during the period under review.

**A6. Change in Estimates**

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.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****A7. Debt and equity securities**

There were no 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 in the current financial period.

**A8. Dividends**

On 12 September 2012, the Company paid a second interim single tier dividend of 7.5 sen (2011: Nil) per share in respect of the financial year ending 31 December 2012 amounting to RM8.8 million.

For the third quarter, the Directors have declared a third interim single tier dividend of 10 sen (2011: Nil) per share in respect of the year ending 31 December 2012. The dividend will be paid on 17 December 2012 to shareholders registered in the Register of Members at the close of business on 23 November 2012.

**A9. Operating segments**

Operating segment information for the cumulative period is as follows:

RM'000	Logistics & Distribution	Manufacturing	Eliminations	Total
<b>2012</b>				
<b>Revenue</b>				
External revenue	1,294,548	35,394	-	1,329,942
Inter-segment revenue	3,774	219,017	(222,791)	-
Total revenue	<u>1,298,322</u>	<u>254,411</u>	<u>(222,791)</u>	<u>1,329,942</u>
<b>Results</b>				
Segment results	65,260	66,224	(22,560)	108,924
Finance costs	(10,048)	(3,193)	2,990	(10,251)
Interest income	3,369	14	(2,990)	393
<b>Profit before taxation</b>	<u>58,581</u>	<u>63,045</u>	<u>(22,560)</u>	<u>99,066</u>
Taxation				(28,392)
<b>Profit for the period</b>				<u>70,674</u>
<b>2011</b>				
<b>Revenue</b>				
External revenue	1,152,627	568	-	1,153,195
Inter-segment revenue	1,040	100,142	(101,182)	-
Total revenue	<u>1,153,667</u>	<u>100,710</u>	<u>(101,182)</u>	<u>1,153,195</u>
<b>Results</b>				
Segment results	46,384	9,866	2,924	59,174
Finance costs	(2,792)	-	-	(2,792)
Interest income	773	-	-	773
Share of results of associate	(337)	-	-	(337)
<b>Profit before taxation</b>	<u>44,028</u>	<u>9,866</u>	<u>2,924</u>	<u>56,818</u>
Taxation				(15,915)
Zakat				(300)
<b>Profit for the period</b>				<u>40,603</u>



**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**

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**A10. Carrying Amount of Revalued Assets**

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

**A11. Subsequent Event**

There was no subsequent event as at 6 November 2012 that will materially affect the financial statements of the financial period under review.

**A12. Changes in the Composition of the Group**

There was no change in the composition of the Group for the current period ended 30 September 2012.

**A13. Contingent Liabilities**

No contingent liability has arisen since the financial year end.

**A14. Capital Commitments**

The Group has the following commitments as at 30 September 2012:

	<b>Authorised and contracted for RM'000</b>	<b>Authorised but not contracted for RM'000</b>	<b>Total RM'000</b>
Property, plant and equipment	10,147	24,018	34,165

**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 2011.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****A16. Intangible Assets**

<b>RM'000</b>	<b>Goodwill</b>	<b>Brand</b>	<b>Software</b>	<b>Right to supply</b>	<b>Total</b>
<b>Cost</b>					
At 1 January 2012	97,453	1,000	5,104	12,108	115,665
Additions	-	-	-	71,886	71,886
Foreign exchange adjustments	-	-	(392)	-	(392)
At 30 September 2012	97,453	1,000	4,712	83,994	187,159
<b>Accumulated amortisation</b>					
At 1 January 2012	7,628	-	1,680	371	9,679
Amortisation charged	-	-	460	16,380	16,840
Foreign exchange adjustments	-	-	(147)	-	(147)
At 30 September 2012	7,628	-	1,993	16,751	26,372
<b>Accumulated impairment</b>					
At 1 January 2012	2,800	1,000	-	-	3,800
Impairment	-	-	-	-	-
At 30 September 2012	2,800	1,000	-	-	3,800
<b>Net carrying value</b>					
At 30 September 2012	87,025	-	2,719	67,243	156,987
At 31 December 2011	87,025	-	3,424	11,737	102,186

A subsidiary of the Group had entered into Novation Agreement as mentioned in Note B22. Under the Novation Agreement, Idaman Pharma Sdn Bhd ("IPSB") will novate and transfer all its rights, benefits, liabilities and obligations under the Supply Agreement previously entered by IPSB and Pharmaniaga Logistics Sdn Bhd ("PLSB") for the supply of 45 pharmaceutical products by IPSB to PLSB for the period from 1 February 2011 to 31 January 2014. This novation consideration of RM51.083 million which represents the net present value of the margin income that IPSB would have generated under the Supply Agreement for the period 1 November 2011 until the expiry date.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**

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

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**B17. Performance Review**

*3rd Quarter 2012 versus 3rd Quarter 2011*

Group revenue for the first nine months of the financial year was RM1.3 billion, up by 15.3% compared with the corresponding period last year. Higher sales volume to the Government coupled with improvement in operational efficiencies in both domestic and overseas business have contributed to an increase in revenue for the Group.

For the period ended September 2012, the Group posted a profit before tax of RM99.1 million, which was 74.5% higher compared with a profit of RM56.8 million posted for the corresponding period last year.

Cumulatively, the Group's profit after tax of RM70.7 million was higher than last year's profit after tax of RM40.6 million, reflecting a RM30.1 million increase or 74.1% jump. The tax rate for the current period of 28.7% was higher than statutory tax rate mainly due to the non-deductibility of certain expenses.

The **Logistics & Distribution Division** posted a cumulative pre-tax profit of RM58.6 million against last year's corresponding period of RM44.0 million as the main revenue contributor, the concession business had achieved a higher sales volume together with improvements in operational efficiencies.

Whilst, the **Manufacturing Division** contributed a significantly higher pre-tax profit of RM40.5 million (2011: RM12.8 million). Amongst the contributing factors are contribution by Idaman Pharma Manufacturing Sdn Bhd and improvement in manufacturing productivity and efficiency of the existing plants.

**B18. Comparison Between the Current Quarter and the Immediate Preceding Quarter**

The Group's revenue in the current quarter was RM426.5 million, lower than the immediate preceding quarter by 6.6% due to lower demand from both government and private sector.

The current quarter's profit before tax was RM28.5 million, which was marginally higher than the immediate preceding quarter's result of RM27.6 million.

The **Logistics and Distribution Division** revenue was marginally higher compared with the immediate preceding quarter as a result of higher sales volume and new tenders awarded during the current quarter for the government sector. However, the Division posted a lower profit before tax for the current quarter mainly due to higher operating expenses.

The **Manufacturing Division** recorded a lower revenue and higher profit before tax for the current quarter by a variance of RM10.0 million and RM9.8 million respectively compared with the immediate preceding quarter. The higher profit before tax was due to one-off impact arising from the elimination of unrealised profit on goods supplied by IPMSB to the Group in the immediate preceding quarter.

**B19. Prospects**

Global economy has slowly improved in the first half of 2012, but Europe continues to struggle with recession while China adjusts to slower economic growth. Amid the increasingly challenging external environment, the prospects for the Malaysian economy is expected to grow at a steady pace of 4% to 5% in 2012, supported by stiff domestic demand.

On the domestic front, the prospects for the Malaysian pharmaceutical industry remain reasonable bright. The growing health care needs and aging population are factors that will ensure a steady growth for the industry. Additionally, the Malaysian Government continues to be the major purchaser of generic drugs in their quest to reduce the cost of healthcare financing. This should augur well for the Manufacturing Division as a leading generic pharmaceutical manufacturer in the country.

Going forward, the Group's concession business is expected to remain the main growth driver with private sector and overseas operations are now expected to drive the Group's growth for the foreseeable future. In view of the patent expiry of blockbuster drugs coupled with escalating healthcare costs, the Group has taken positive steps in strengthening its Research and Development team and investing in the development of a new range of products in anticipation of demand for generic drugs.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****B20. 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 non-controlling interest and shortfall in profit guarantee are not applicable.

**B21. Income Tax**

For the quarter ended 30 September 2012	Current Period		Cumulative Period	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on profit for the period :				
-Current	(10,510)	4,587	31,585	15,512
-Deferred	13,467	(200)	(3,193)	477
	<u>2,957</u>	<u>4,387</u>	<u>28,392</u>	<u>15,989</u>
Over provision of prior years	-	-	-	(74)
	<u>2,957</u>	<u>4,387</u>	<u>28,392</u>	<u>15,915</u>

The Group's effective tax rate for the financial period is 28.7%, which is higher than the statutory tax rate of 25% principally due to certain expenses which were not deductible for tax purposes.

**B22. Corporate Proposals****Novation Agreement between Pharmaniaga Logistics Sdn Bhd ("PLSB") and Idaman Pharma Manufacturing Sdn Bhd ("IPMSB") with Idaman Pharma Sdn Bhd ("IPSB")**

On 23 March 2012, the Company announced that the Novation Agreement become unconditional and the novation of the PLSB-IPSB Supply Agreement by IPSB to IPMSB was effective on the same date. The Novation Consideration of RM30.0 million ("First Tranche Payment") was settled on 18 April 2012 while the remaining balance of RM21.083 million ("Second Tranche Payment") will be paid 1 year after the payment of the First Tranche Payment together with the interest rate of 4.5% per annum on the Second Tranche Payment.

**B23. Borrowings and Debt Securities - Unsecured**

	30 September 2012	31 December 2011
	RM'000	RM'000
Current:		
Overdraft	5,000	-
Bankers' acceptances	178,823	100,892
Revolving credits	160,000	50,000
Short term foreign time loan	37,291	37,305
	<u>381,114</u>	<u>188,197</u>

Short term foreign time loan of RM37.3 million (2011: RM37.3 million) is denominated in Indonesian Rupiah (IDR) and is equivalent to IDR116,534 million (2011: IDR107,625 million).

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****B24. Realised and Unrealised Profits of the Group**

The retained profits as at 30 September 2012 is analysed as follows:

	<b>30 September 2012 RM'000</b>	<b>31 December 2011 RM'000 Restated</b>
Total retained profits of the Group and its subsidiaries:		
- realised profits	426,077	414,274
- unrealised profits	6,111	1,383
	<b>432,188</b>	415,657
Less: Consolidation adjustments	(67,282)	(78,032)
Total Group retained profits as per consolidated accounts	<b>364,906</b>	337,625

**B25. Additional Disclosures**

<b>For the quarter ended 30 September 2012</b>	<b>Current Period</b>		<b>Cumulative Period</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Depreciation and amortisation	15,228	6,660	37,786	16,142
Provision for and write off of receivables	3,107	104	10,828	306
Provision for and write off of inventories	(569)	2,218	3,513	12,286
Foreign exchange gain	63	(32)	288	(1,182)

Other than the items mentioned above which have been included in the statement of comprehensive income, there were no impairment of assets, gain or loss on derivatives, gain or loss on disposal of subsidiaries and exceptional items included in the results for the current quarter ended 30 September 2012.

**B26. Economic Profit ("EP") Statement**

<b>For the quarter ended 30 September 2012</b>	<b>Cumulative Period</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Economic profit	34,649	19,427

**B27. Profit Forecast**

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

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****B28. Earnings Per Share (“EPS”)**

For the quarter ended 30 September 2012	Current Period		Cumulative Period	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit attributable to shareholders of the Company	<b>25,247</b>	10,811	<b>69,645</b>	40,215
Weighted average number of ordinary shares in issue ('000)	<b>117,674</b>	117,674	<b>117,674</b>	117,674
Basic earnings per share (sen)	<b>21.46</b>	9.19	<b>59.18</b>	34.17

The weighted average number of ordinary shares in issue for the purpose of the computation of the earnings per share as tabulated above had been adjusted retrospectively to reflect the Company's bonus issue which was completed on 20 February 2012.

**B29. 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 6 November 2012.

**By Order of the Board**

**Kuala Lumpur  
6 November 2012**

**SHARIFAH MALEK (LS00448)**