Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 September 2014	**Current Period**		**Cumulative Period**	
(All figures are stated in RM'000)	**2014**	**2013**	**2014**	**2013**
Revenue	**502,086**	440,807	**1,495,830**	1,378,779
Cost of sales	**(416,079)**	(376,263)	**(1,248,063)**	(1,166,043)
Gross profit	**86,007**	64,544	**247,767**	212,736
Other income	**(257)**	(189)	**470**	1,016
Operating expenses	**(56,802)**	(47,625)	**(150,007)**	(143,626)
Finance costs	**(4,261)**	(3,500)	**(11,319)**	(10,908)
Interest income	**258**	231	**815**	772
Profit before taxation	**24,945**	13,461	**87,726**	59,990
Taxation	**(9,944)**	(9,291)	**(30,122)**	(24,496)
Profit for the period	**15,001**	4,170	**57,604**	35,494
Profit for the period attributable to:				
Owners of the parent	**14,955**	3,751	**57,147**	34,387
Non-controlling interests	**46**	419	**457**	1,107
Profit for the period	**15,001**	4,170	**57,604**	35,494
Earnings per share - sen				
Basic	**5.78**	1.45	**22.07**	13.28

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 INCOME STATEMENT (CONTINUED)

For the quarter ended 30 September 2014	**Current Period**		**Cumulative Period**	
(All figures are stated in RM'000)	**2014**	**2013**	**2014**	**2013**
Profit for the period	**15,001**	4,170	**57,604**	35,494
Other comprehensive (loss)/income, net of tax				
Foreign currency translation difference in respect of foreign operations	**(145)**	(4,592)	**(522)**	(4,328)
	(145)	**(4,592)**	**(522)**	**(4,328)**
Total comprehensive income/(loss) for the period	**14,856**	**(422)**	**57,082**	**31,166**
Attributable to:				
Owners of the parent	**16,110**	1,225	**56,813**	32,007
Non-controlling interests	**(1,254)**	(1,647)	**269**	(841)
Total comprehensive income/(loss) for the period	**14,856**	(422)	**57,082**	31,166

The Unaudited Condensed Consolidated Statement of Comprehensive Income 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 FINANCIAL POSITION

	As at 30 September 2014	As at 31 December 2013
(All figures are stated in RM'000)		
ASSETS		
Non-current assets		
Property, plant and equipment	360,224	353,368
Prepaid lease payments	1,036	1,075
Investment in an associate	19	19
Intangible assets	227,254	124,508
Deferred tax assets	8,564	6,625
	597,097	485,595
Current assets		
Inventories	380,470	410,531
Receivables	265,995	168,825
Tax recoverable	7,730	13,215
Deposits, cash and bank balances	40,867	32,900
	695,062	625,471
TOTAL ASSETS	1,292,159	1,111,066
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	129,441	129,441
Reserves	378,241	358,191
Shareholders' equity	507,682	487,632
Non-controlling interests	21,055	15,631
Total equity	528,737	503,263
Non-current liabilities		
Loans and borrowings	209	318
Deferred tax liabilities	24,254	12,834
Provision for defined benefit plan	5,553	4,789
	30,016	17,941
Current liabilities		
Payables	353,813	387,404
Amount due to immediate holding company	61	200
Current tax liabilities	6,988	2,696
Loans and borrowings	372,544	199,562
	733,406	589,862
Total liabilities	763,422	607,803
TOTAL EQUITY AND LIABILITIES	1,292,159	1,111,066

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 period ended 30 September 2014	**Share Capital**	*** Share Premium**	*** Exchange Reserve**	**Retained Earnings**	**Total**	**Non-controlling Interests**	**Total Equity**
(All figures are stated in RM'000)							
At 1 January 2014	**129,441**	**11,751**	**(4,131)**	**350,571**	**487,632**	**15,631**	**503,263**
Total comprehensive income for the period	**-**	**-**	**(335)**	**57,148**	**56,813**	**269**	**57,082**
Transactions with owners							
Dividends	-	-	-	**(36,763)**	**(36,763)**	**-**	**(36,763)**
Acquisition of a subsidiary	-	-	-	**-**	**-**	**4,969**	**4,969**
Issue of shares by a subsidiary	-	-	-	**-**	**-**	**186**	**186**
At 30 September 2014	**129,441**	**11,751**	**(4,466)**	**370,956**	**507,682**	**21,055**	**528,737**
At 1 January 2013	117,674	11,751	(1,058)	343,651	472,018	15,835	487,853
Total comprehensive income for the period	-	-	(2,380)	34,387	32,007	(642)	31,365
Transaction with owners							
Bonus issue	11,767	-	-	(11,767)	-	-	-
Dividends	-	-	-	(29,421)	(29,421)	-	(29,421)
At 30 September 2013	129,441	11,751	(3,438)	336,850	474,604	15,193	489,797

* 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.

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 30 September 2014

(All figures are stated in RM'000)	2014	2013
Operating Activities		
Cash receipts from customers	**1,397,611**	1,337,318
Cash payments to suppliers and employees	**(1,359,241)**	(1,197,616)
Net cash generated from operations	**38,370**	139,702
Interest paid	**(11,389)**	(12,543)
Tax paid	**(11,742)**	(27,363)
Interest received	**807**	735
Net cash generated from operating activities	**16,046**	100,531
Investing Activities		
Acquisition of a subsidiary	**(69,333)**	(4,504)
Issue of shares by a subsidiary	**186**	-
Settlement on novation consideration	**-**	(21,083)
Purchase of property, plant and equipment	**(24,780)**	(19,805)
Purchase of intangible assets	**(49,437)**	(11,653)
Proceeds from disposal of property, plant and equipment	**49**	213
Net cash used in investing activities	**(143,315)**	(56,832)
Financing Activities		
Dividend paid	**(36,761)**	(29,421)
Net drawdown/(repayment) of borrowings	**172,780**	(31,311)
Net cash generated from/(used in) financing activities	**136,019**	(60,732)
Net increase/(decrease) in cash and cash equivalents	**8,750**	(17,033)
Effects of exchange rate changes	**(783)**	(945)
Cash and cash equivalent at beginning of period	**32,900**	34,553
Cash and cash equivalent at end of period	**40,867**	16,575
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**40,867**	16,575

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

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

A1. Basis of Preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2014 have been prepared in accordance with MFRS134 Interim Financial Reporting, IAS 34 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. 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 2013.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following Amendments to Malaysian Financial Reporting Standards (MFRSs) which are applicable for the Group's financial period beginning 1 January 2014.

A2.1 Adoption of Amendments to MFRSs

On 1 January 2014, the Group adopted the following Amendments to MFRSs:-

Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS 12	Disclosure of Interests in Other Entities
Amendments to MFRS 127	Separate financial statements
Amendments to MFRS 132	Financial Instruments : Presentation
Amendments to MFRS 136	Impairment of Assets : Disclosures

Adoption of the above Amendments to MFRSs did not have any material effect on the financial performance, position or presentation of the Group.

A2.2 MFRSs and Amendments to MFRSs issued but not yet effective

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

a) Annual Improvements to MFRSs 2010 - 2012 Cycle

i) Amendments to MFRS 3 “Business Combinations” (effective from 1 July 2014) clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 "Financial Instruments: Presentation" and that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

ii) Amendments to MFRS 8 “Operating Segments” (effective from 1 July 2014) requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The Amendment clarifies that reconciliation of the total reportable segments’ assets to the entity’s assets is required if that amount is regularly provided to the chief operating decision maker.

iii) Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 138 “Intangible Assets” (effective from 1 July 2014) clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

iv) Amendments to MFRS 124 “Related Party Disclosures” (effective from 1 July 2014) extends the definition of ‘related party’ to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A2. Significant Accounting Policies (Continued)

A2.2 MFRSs and Amendments to MFRSs issued but not yet effective (continued)

b) Annual Improvements to MFRSs 2011 - 2013 Cycle

i) Amendments to MFRS 3 “Business Combinations” (effective from 1 July 2014) clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 "Joint Arrangements") in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangement for their interests in the joint arrangement.

ii) Amendments to MFRS 13 “Fair Value Measurement” (effective from 1 July 2014) clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 “Financial Instruments: Recognition and Measurement” or MFRS 9 “Financial Instruments”, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

c) Amendments to MFRS 119 “Defined Benefit Plans: Employee Contributions”

Amendments to MFRS 119 “Defined Benefit Plans: Employee Contributions” (effective from 1 July 2014) provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan’s contribution formula or on a straight-line basis).

d) Amendments to MFRS 11 “Joint Arrangements”

Amendments to MFRS 11 “Joint Arranegments” (effective from 1 January 2016) clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses.

The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not remeasured if the joint operator retains joint control.

e) Amendments to MFRS 116 “Property, Plant and Equipment”

Amendments to MFRS 116 “Property, Plant and Equipment" (effective from 1 January 2016) provide additional guidance on how the depreciation of property, plant and equipment should be calculated. The Amendments prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The price component may be affected by inflation, which has no bearing upon the way in which an asset is consumed.

f) Amendments to MFRS 138 “Intangible Assets”

Amendments to MFRS 138 “Intangible Assets” (effective from 1 January 2016) provide additional guidance on how the amortisation of intangible assets should be calculated. The Amendments introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate (for the same reasons as the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:

a) in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or

(b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

A2.2 MFRSs and Amendments to MFRSs issued but not yet effective (continued)

g) MFRS 15 Revenue from Contracts with Customers

The introduction of MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2017) is to improve the financial reporting of revenue and comparability of the financial statements among companies globally. The new Standard is expected to provide better clarity on revenue recognition especially on areas where existing requirements unintentionally created diversity in practice. It also provides new guidance for transactions that were not previously addressed comprehensively. The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

For the real estate industry, MFRS 15 is expected to enable property developers to recognise revenue progressively. For other contracts, such as long-term service contracts and multiple-element arrangements (e.g. telecommunications and automobile sectors), MFRS 15 could result in some changes either to the amounts or timing of the revenue recognised.

MFRS 15 includes new disclosures (quantitative and/or qualitative information) to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The new comprehensive disclosures are in response to investors' comments that companies present revenue in isolation which made it difficult for them to relate to the company's financial position.

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application.

A3. Audit report in respect of the 2013 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2013 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 current financial period or the previous financial year.

A7. Debt and equity securities

There were no 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 2 April 2014, the Company paid a fourth interim dividend of 6.20 sen (2012: 4.55 sen) per share in respect of the financial year ended 31 December 2013 amounting to RM16.0 million (2012: RM11.8 million).

On 16 June 2014, the Company paid a first interim dividend of 4.00 sen (2013: 3.41 sen) per share in respect of the financial year ending 31 December 2014 amounting to RM10.4 million (2013: RM8.8 million).

On 24 September 2014, the Company paid a second interim dividend of 4.00 sen (2013: 3.41 sen) per share in respect of the financial year ending 31 December 2014 amounting to RM10.4 million (2013: RM8.8 million).

For the third quarter, the Directors have declared a third interim dividend of 8.00 sen (2013: 3.00 sen) per share in respect of the year ending 31 December 2014. The dividend will be paid on 30 December 2014 to shareholders registered in the Register of Members at the close of business on 9 December 2014.

A9. Operating segments

Operating segment information for the period is as follows:

RM'000	Logistics and Distribution	Manufacturing	Eliminations	Total
2014				
Revenue				
External revenue	1,482,944	12,886	-	1,495,830
Inter-segment revenue	3,822	263,597	(267,419)	-
Total revenue	1,486,766	276,483	(267,419)	1,495,830
Results				
Segment results	30,394	78,037	(10,201)	98,230
Finance costs	(11,234)	(1,297)	1,212	(11,319)
Interest income	2,014	13	(1,212)	815
Profit before taxation	21,174	76,753	(10,201)	87,726
Taxation				(30,122)
Profit for the period				57,604
2013				
Revenue				
External revenue	1,378,324	455	-	1,378,779
Inter-segment revenue	2,339	225,876	(228,215)	-
Total revenue	1,380,663	226,331	(228,215)	1,378,779
Results				
Segment results	18,723	37,761	13,642	70,126
Finance costs	(10,763)	(2,080)	1,935	(10,908)
Interest income	2,701	6	(1,935)	772
Profit before taxation	10,661	35,687	13,642	59,990
Taxation				(24,496)
Profit for the period				35,494

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 21 November 2014 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 financial period ended 30 September 2014 other than the acquisition of 75% equity interest in PT Errita Pharma during the period.

A13. Contingent Liabilities

No contingent liability has arisen since the financial period end.

A14. Commitments

The Group has the following commitments as at 30 September 2014:

	Authorised and contracted for RM'000	Authorised but not contracted for RM'000	Total RM'000
Property, plant and equipment	7,921	40,620	48,541

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 2013.

A16. Intangible Assets

RM'000	Goodwill	Software	Right to supply	Total
Cost				
At 1 January 2014	89,825	3,346	104,981	198,152
Additions	-	-	55,262	55,262
Acquisition of a subsidiary	59,153	-	-	59,153
Foreign exchange adjustments	-	615	-	615
At 30 September 2014	148,978	3,961	160,243	313,182
Accumulated amortisation				
At 1 January 2014	-	1,681	59,310	60,991
Amortisation charged	-	384	11,299	11,683
Foreign exchange adjustments	-	601	-	601
At 30 September 2014	-	2,666	70,609	73,275
Accumulated impairment				
At 1 January/30 September 2014	12,653	-	-	12,653
Net carrying value				
At 30 September 2014	136,325	1,295	89,634	227,254
At 31 December 2013	77,172	1,665	45,671	124,508

On 18 February 2014, the Group completed the acquisition of PT Errita Pharma ("PT Errita"). As of the date of this report, management has yet to finalise the purchase price allocation ("PPA") for the business combination, as required by MFRS 3 "Business Combination".

Based on the preliminary assessment, the goodwill on acquisition is estimated at RM59.2 million. Management has 12 months from the date of completion of the acquisition to complete the PPA and the initial accounting for the transaction. The results of the PPA exercise will determine the final value of goodwill arising from the acquisition of PT Errita. Upon finalisation of the PPA, the Group will recognise any adjustments to the provisional values of the excess of the cost of business over the Group's interest in the fair value of identifiable net assets acquired from the business combination.

B17. Performance Review

Quarter 3 2014 vs Quarter 3 2013

The Group reported Quarter 3 2014 revenue of RM502.1 million, resulting an increase of 14% from RM440.8 million in the corresponding period last year. This was translated into a Group profit before tax (PBT) of RM24.9 million, a significant increase from RM13.5 million in the previous year’s corresponding quarter, largely due to the favourable contribution from operations in the current quarter. The higher provision for doubtful debt in the corresponding quarter a year ago is another contributor to the growth in the current quarter’s bottom line.

Period ended 30 September 2014 vs Period ended 30 September 2013

For the nine-month period ended 30 September 2014, the revenue hit the RM1.5 billion mark, grew 8.5% year-on-year on the back of stronger contributions from the Group entire core businesses.

Cumulatively, the Group’s PBT for the period of RM87.7 million was higher compared with RM60.0 million for corresponding period last year. This was achieved as a result of strong contributions from operations and continuous improvements in manufacturing as well as reduced operating expenses, including lower amortisation and provision for doubtful debts.

The **Logistics and Distribution Division** recorded a higher PBT of RM21.2 million for the nine-month period, versus RM10.7 million in the same period a year earlier. This was mainly attributable to higher volume of sales and fuelled by lower provision for doubtful debts during the period under review.

The **Manufacturing Division** posted a cumulative PBT of RM66.5 million for the period compared with RM49.3 million in the previous year’s corresponding period. This was attributable to improved margins following an increase in average selling price coupled with higher off-take for in-house products from government hospitals.

B18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter

Despite decline in the Group's revenue in the current quarter under review to RM502.1 million from RM525.7 million in the preceding quarter, the Group has recorded a PBT of RM24.9 million, a marginal increase of 1.2% from RM24.6 million in the preceding quarter.

In the current quarter, the **Logistics and Distribution Division** posted a PBT of RM4.9 million, more than a two-fold increase from the RM1.5 million in the preceding quarter mainly due to an increase in average selling price coupled with increase in volume of business.

The **Manufacturing Division** registered a lower PBT of RM20.0 million compared with RM23.1 million in the preceding quarter due to lower off-take for in-house products from government hospitals as well as higher operating expenses including research and development expenditure in current quarter.

B19. Prospects

Moving forward, the Group's outlook continues to be positive, with the global economy showing moderate but sustained expansion and the pharmaceutical sector in Malaysia showing improved prospects. The Group's Logistics and Distribution Division is expected to continue generating a stable income while focusing on cost optimisation measures.

As Manufacturing Division is the major part of the Group's business strategy moving forward, focus will be on product portfolio expansion and enhancements in its research and development efforts. Aside from the Division's ongoing manufacturing improvement processes, there will be collaborations with multinational companies in the European Union (EU) region via our EU-certified plant.

The Group expects the recently acquired manufacturing plant in Indonesia to contribute positively towards its long term earnings, as it concentrates on exploring new viable business opportunities to broaden its earnings base.

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

	Current Period		**Cumulative Period**	
RM'000	**2014**	2013	**2014**	2013
Taxation based on profit for the period:				
- Current	**3,794**	8,683	**19,783**	23,775
- Deferred	**5,400**	2,228	**9,751**	413
	9,194	10,911	**29,534**	24,188
(Over)/underprovision of prior years:				
- Current	**750**	(1,620)	**588**	308
	9,944	9,291	**30,122**	24,496

The Group's effective tax rate for the current period ended 30 September 2014 is higher than the statutory tax rate of 25% principally due to certain expenses which were not deductible for tax purposes.

B22. Corporate Proposal

Proposed joint venture

On 20 May 2013, the Company announced that a Joint Venture Agreement between Modern Healthcare Solutions Company Limited and Pharmaniaga Berhad ("Parties") had been signed to form and operate a joint venture limited liability company ("JV Company") in the Kingdom of Saudi Arabia. Upon the fulfillment of conditions precedent, the JV Company will be incorporated with each Party having a 50% equity interest in share capital of the JV Company.

On 17 November 2014, the Parties have agreed to further extend the validity of the JV Agreement for another six (6) months until 16 May 2015 or such later date as both Parties shall agree in writing to finalise the fulfilment of conditions precedent.

B23. Borrowings and Debt Securities - Unsecured

	30 September 2014 RM'000	31 December 2013 RM'000
Current:		
Bankers' acceptances	77,858	50,805
Revolving credits	245,000	105,000
Short term foreign time loan	49,541	43,596
Hire purchase	145	161
	372,544	199,562
Non-current:		
Hire purchase	209	318

Short term foreign time loan of RM49.5 million (2013: RM43.6 million) is denominated in Indonesian Rupiah (IDR) and is equivalent to IDR184,167 million (2013: IDR162,067 million).

B24. Realised and Unrealised Profits of the Group

The retained profits as at 30 September 2014 is analysed as follows:

	30 September 2014 RM'000	31 December 2013 RM'000
Total retained profits of the Group and its subsidiaries:		
- realised profits	400,471	373,704
- unrealised profits	(15,894)	(10,209)
	384,577	363,495
Less: Consolidation adjustments	(13,621)	(12,924)
Total Group retained profits as per consolidated accounts	370,956	350,571

B25. Additional Disclosures

	Current Period		Cumulative Period	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation and amortisation	12,500	16,160	35,030	47,690
Provision for and write off of receivables	1,156	3,303	3,584	14,655
Provision for and write off of inventories	4,345	1,339	11,141	3,927
Foreign exchange gain	379	347	(16)	124

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 cumulative period ended 30 September 2014.

B26. Economic Profit Statement

	Cumulative Period	
	2014 RM'000	2013 RM'000
Economic profit	15,709	(3,236)

B27. Profit Forecast

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

B28. Earnings Per Share ("EPS")

	Current Period		Cumulative Period	
	2014	**2013**	**2014**	**2013**
Profit attributable to shareholders of the Company (RM'000)	**14,955**	3,751	**57,147**	34,387
Weighted average number of ordinary shares in issue ('000)	**258,883**	258,883	**258,883**	258,883
Basic earnings per share (sen)	**5.78**	1.45	**22.07**	13.28

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 21 November 2014.

By Order of the Board

Kuala Lumpur
21 November 2014

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