Pharmaniaga Berhad (199801011581 (467709-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the quarter ended 31 March 2021	Current Period		Cumulative Period	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	**793,499**	819,921	**793,499**	819,921
Cost of sales	**(702,639)**	(721,589)	**(702,639)**	(721,589)
Gross profit	**90,860**	98,332	**90,860**	98,332
Other income	**217**	295	**217**	295
Operating expenses	**(54,250)**	(58,321)	**(54,250)**	(58,321)
Finance costs	**(5,435)**	(9,613)	**(5,435)**	(9,613)
Interest income	**132**	187	**132**	187
Profit before zakat and taxation	**31,524**	30,880	**31,524**	30,880
Zakat	**(600)**	(4)	**(600)**	(4)
Taxation	**(8,096)**	(8,461)	**(8,096)**	(8,461)
Profit for the financial period	**22,828**	22,415	**22,828**	22,415
Profit for the financial period attributable to:				
Owners of the parent	**23,136**	22,399	**23,136**	22,399
Non-controlling interests	**(308)**	16	**(308)**	16
Profit for the financial period	**22,828**	22,415	**22,828**	22,415
Earnings per share - sen				
- Basic	**8.84**	8.57	**8.84**	8.57
- Diluted	**8.83**	8.54	**8.83**	8.54

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

Pharmaniaga Berhad (199801011581 (467709-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2021	Current Period		Cumulative Period	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the financial period	**22,828**	22,415	**22,828**	22,415
Other comprehensive loss, net of tax				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation loss of foreign operations	**(1,832)**	(12,520)	**(1,832)**	(12,520)
	(1,832)	(12,520)	**(1,832)**	(12,520)
Total comprehensive income for the financial period	**20,996**	9,895	**20,996**	9,895
Attributable to:				
Owners of the parent	**21,407**	11,626	**21,407**	11,626
Non-controlling interests	**(411)**	(1,731)	**(411)**	(1,731)
Total comprehensive income for the financial period	**20,996**	9,895	**20,996**	9,895

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 (199801011581 (467709-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2021	As at 31 December 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	**367,487**	365,529
Intangible assets	**207,002**	205,037
Rights-of-use assets	**32,217**	32,942
Deferred tax assets	**51,004**	50,405
	657,710	653,913
Current assets		
Inventories	**630,411**	586,713
Receivables	**544,839**	287,932
Amount due from immediate holding company	**-**	7
Tax recoverable	**9,917**	10,896
Deposits, cash and bank balances	**62,781**	40,696
	1,247,948	926,244
TOTAL ASSETS	**1,905,658**	1,580,157
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**153,339**	153,339
Reserves	**203,384**	184,189
Shareholders' equity	**356,723**	337,528
Non-controlling interests	**19,346**	17,437
Total equity	**376,069**	354,965
Non-current liabilities		
Borrowings	**334**	337
Lease liabilities	**361**	590
Deferred tax liabilities	**17,080**	16,239
Provision for defined benefit plan	**10,628**	10,259
Government grants	**3,864**	3,948
	32,267	31,373
Current liabilities		
Payables	**697,472**	515,088
Amount due to immediate holding company	**64**	74
Current tax liabilities	**1,756**	926
Contract liabilities	**6,474**	6,567
Government grants	**341**	341
Borrowings	**790,143**	669,272
Lease liabilities	**1,072**	1,551
	1,497,322	1,193,819
Total liabilities	**1,529,589**	1,225,192
TOTAL EQUITY AND LIABILITIES	**1,905,658**	1,580,157

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 (199801011581 (467709-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company						
	<---------- Non-distributable	---------->		Distributable		Non-	
For the period ended 31 March 2021	**Share Capital**	**Exchange Reserve**	**Share Reserve**	**Retained Earnings**	**Total**	**controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2021	**153,339**	**452**	**1,996**	**181,741**	**337,528**	**17,437**	**354,965**
- Net profit/(loss) for the financial period	**-**	**-**	**-**	**23,136**	**23,136**	**(308)**	**22,828**
- Other comprehensive loss	**-**	**(1,729)**	**-**	**-**	**(1,729)**	**(103)**	**(1,832)**
Total comprehensive (loss)/income for the financial period	**-**	**(1,729)**	**-**	**23,136**	**21,407**	**(411)**	**20,996**
<u>Transactions with owners</u>							
Share options granted under Long Term Incentive Plan	**-**	**-**	**108**	**-**	**108**	**-**	**108**
Changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(2,320)**	**(2,320)**	**2,320**	**-**
Total transactions with owners for the financial period	**-**	**-**	**108**	**(2,320)**	**(2,212)**	**2,320**	**108**
At 31 March 2021	**153,339**	**(1,277)**	**2,104**	**202,557**	**356,723**	**19,346**	**376,069**
At 1 January 2020	151,879	3,289	7,191	175,492	337,851	19,075	356,926
- Net profit for the financial period	-	-	-	22,399	22,399	16	22,415
- Other comprehensive loss	-	(10,773)	-	-	(10,773)	(1,747)	(12,520)
Total comprehensive (loss)/income for the financial period	-	(10,773)	-	22,399	11,626	(1,731)	9,895
<u>Transactions with owners</u>							
Share options granted under Share Option Plan	-	-	68	-	68	-	68
Shares granted under Long Term Incentive Plan	-	-	430	-	430	-	430
Total transactions with owners for the financial period	-	-	498	-	498	-	498
At 31 March 2020	151,879	(7,484)	7,689	197,891	349,975	17,344	367,319

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 (199801011581 (467709-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2021

	2021	2020
	RM'000	RM'000
Operating Activities		
Cash receipts from customers	**663,891**	564,012
Cash payments to suppliers and employees	**(737,287)**	(650,558)
Net cash used in operations	**(73,396)**	(86,546)
Interest paid	**(7,275)**	(8,412)
Tax (paid)/refunded	**(5,714)**	12,983
Zakat paid	**(10)**	(4)
Interest received	**132**	23
Net cash used in operating activities	**(86,263)**	(81,956)
Investing Activities		
Purchase of property, plant and equipment	**(8,407)**	(3,119)
Purchase of intangible assets	**(3,186)**	(2,514)
Proceeds from disposal of property, plant and equipment	**9**	1
Net cash used in investing activities	**(11,584)**	(5,632)
Financing Activities		
Net drawdown of borrowings	**120,687**	95,613
Payment of lease liabilities	**(781)**	-
Net cash generated from financing activities	**119,906**	95,613
Net increase in cash and cash equivalents	**22,059**	8,025
Effects of exchange rate changes	**26**	(1,579)
Cash and cash equivalent at beginning of period	**35,862**	22,950
Cash and cash equivalent at end of period	**57,947**	29,396
Analysis of cash and cash equivalents:		
Cash and bank balances	**23,947**	27,496
Deposits with licensed banks	**38,834**	6,734
	62,781	34,230
Less: Deposits maturing more than three (3) months	**(4,834)**	(4,834)
	57,947	29,396

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 31 March 2021 have been prepared in accordance with MFRS 134 Interim Financial Reporting, IAS 34 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2020.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020, except for the adoption of the following new published standard and amendments to published standards that are effective for the Group's financial year beginning on or after 1 January 2021.

A2.1 Standards and amendments to published standards that are effective

On 1 January 2021, the Group applied the following new published standard and amendments to published standards:

- Amendments to MFRS 16 "Leases" on ‘COVID-19-Related Rent Concessions’.

The adoption of the above amendments to published standards did not have any significant impact on the current period or any prior period and is not likely to affect future periods.

A2.2 Amendments that have been issued but not yet effective

i) Annual Improvements to MFRS 9 "Financial Instruments" on ‘Fees in the 10% test for derecognition of financial liabilities’ (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other’s behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

ii) Amendments to MFRS 3 "Business Combinations" on ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 ‘Provisions, contingent liabilities and contingent assets’ and IC Interpretation 21 ‘Levies’ when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

iii) Amendments to MFRS 116 "Property, Plant and Equipment" on ‘Proceeds before intended use’ (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

iv) Amendments to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" on ‘Onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The amendments shall be applied retrospectively.

v) Amendments to MFRS 101 "Presentation of Financial Statements" on ‘Classification of liabilities as current or non-current’ (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

The amendments shall be applied retrospectively.

A2. Significant Accounting Policies (Cont'd)

A2.2 Amendments that have been issued but not yet effective (Cont'd)

vi) Amendments to MFRS 10 "Consolidated Financial Statements" and MFRS 128 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between Investor and its Associate or Joint Venture (the effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board).

vii) Amendments to MFRS 101 and MFRS Practice Statement 2 (effective for annual period beginning on or after 1 January 2023). The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

viii) Amendments to MFRS 108 (effective for annual period beginning on or after 1 January 2023). The amendments to MFRS 108, redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors.

Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

The Group is assessing the impact of the above amendments to published standards on the financial statements of the Group in the year of initial adoption.

A3. Audit report in respect of the 2020 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2020 was unqualified.

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.

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 in the current financial period.

A8. Dividends

On 22 April 2021, the Company paid a fourth interim dividend of 1.0 sen (2019: Nil) per share in respect of the financial year ended 31 December 2020 amounting to RM2.6 million (2019: Nil).

For the first quarter, the Directors have declared a first interim dividend of 4.0 sen (2020: 6.0 sen) per share in respect of the financial year ending 31 December 2021. The dividend will be paid on 6 July 2021 to shareholders registered in the Register of Members at the close of business on 8 June 2021.

A9. Operating segments

Operating segments information for the period is as follows:

RM'000	Logistics and distribution	Manufacturing	Indonesia	Unallocated corporate expenses	Eliminations	Total
2021						
Revenue						
External revenue	591,533	252	201,714	-	-	793,499
Inter-segment revenue	-	65,190	-	-	(65,190)	-
Total revenue	591,533	65,442	201,714	-	(65,190)	793,499
Results						
Earnings before interest, taxation, depreciation and amortisation	27,488	15,086	3,945	(1,394)	-	45,125
Depreciation and amortisation	(1,955)	(4,569)	(1,774)	-	-	(8,298)
Finance costs	(2,730)	(117)	(3,297)	-	709	(5,435)
Interest income	729	106	6	-	(709)	132
Profit/(Loss) before zakat and taxation	23,532	10,506	(1,120)	(1,394)	-	31,524
Zakat	(600)	-	-	-	-	(600)
Taxation	(5,959)	(1,597)	(540)	-	-	(8,096)
Net profit/(loss) for the financial period	16,973	8,909	(1,660)	(1,394)	-	22,828
<u>Timing of revenue recognition</u>						
Goods or services transferred:						
- At a point in time	591,533	65,442	201,714	-	(65,190)	793,499
- Over time	-	-	-	-	-	-
	591,533	65,442	201,714	-	(65,190)	793,499
2020						
Revenue						
External revenue	579,897	836	239,188	-	-	819,921
Inter-segment revenue	-	67,360	-	-	(67,360)	-
Total revenue	579,897	68,196	239,188	-	(67,360)	819,921
Results						
Earnings before interest, taxation, depreciation and amortisation	29,370	14,613	6,701	(1,201)	-	49,483
Depreciation and amortisation	(2,567)	(4,867)	(1,743)	-	-	(9,177)
Finance costs	(3,961)	(824)	(4,995)	-	167	(9,613)
Interest income	203	148	3	-	(167)	187
Profit/(Loss) before zakat and taxation	23,045	9,070	(34)	(1,201)	-	30,880
Zakat	(4)	-	-	-	-	(4)
Taxation	(5,611)	(2,311)	(539)	-	-	(8,461)
Net profit/(loss) for the financial period	17,430	6,759	(573)	(1,201)	-	22,415
<u>Timing of revenue recognition</u>						
Goods or services transferred:						
- At a point in time	579,312	68,196	239,188	-	(67,360)	819,336
- Over time	585	-	-	-	-	585
	579,897	68,196	239,188	-	(67,360)	819,921

For Indonesia segment, the breakdown of segment revenue and results that is denominated in foreign currency and the currency exchange ratio used are as follows:

	Period Ended 31 March					
	2021			2020		
	IDR'000	Exchange ratio	RM'000	IDR'000	Exchange ratio	RM'000
Revenue	703,760,938	0.0287	201,714	814,520,039	0.0294	239,188
Earnings before interest, taxation, depreciation and amortisation	13,763,729	0.0287	3,945	22,819,283	0.0294	6,701

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 May 2021 that will materially affect the financial statements of the financial period under review except for the corporate proposals as disclosed in Note B22 below.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 March 2021 except for the acquisition of a total 20,000 ordinary shares in Paradigm Industry Sdn Bhd ("PISB") by Pristine Pharma Sdn Bhd ("PPSB"), a wholly-owned subsidiary of the Company, for a purchase consideration of RM1.00 representing the remaining 20% of the total issued and paid-up capital of PISB. The Company also acquired a total 600,000 ordinary shares of Bio-Collagen Technologies Sdn Bhd ("BCT") for a purchase consideration of RM1.00 representing the remaining 30% of the total issued and paid-up capital of BCT. Upon acquisition, both PISB and BCT are effectively 100% owned subsidairies of the Company.

A13. Contingent Liabilities

There is no other contingent liability has arisen since the financial year end.

A14. Commitments

The Group has the following commitments as at 31 March 2021:

	Authorised and contracted for RM'000	Authorised but not contracted for RM'000	Total RM'000
Property, plant and equipment	1,295	117,647	118,942

A15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for year ended 31 December 2020.

A16. Intangible Assets

RM'000	Goodwill	Software	Capitalised development cost and work-in-progress	Manufacturing licence and trade name	Rights to supply	Intellectual property	Total
Cost							
At 1 January 2021	143,758	19,342	49,184	20,421	342,865	3,071	578,641
Additions	-	-	3,050	-	-	-	3,050
Transfer from property, plant and equipment	-	-	136	-	-	-	136
Foreign exchange adjustments	(186)	(15)	(47)	(69)	-	-	(317)
At 31 March 2021	143,572	19,327	52,323	20,352	342,865	3,071	581,510
Accumulated amortisation							
At 1 January 2021	-	3,551	553	13,178	342,865	804	360,951
Amortisation charged	-	336	66	506	-	51	959
Foreign exchange adjustments	-	(15)	-	(40)	-	-	(55)
At 31 March 2021	-	3,872	619	13,644	342,865	855	361,855
Accumulated impairment							
At 1 January/ 31 March 2021	12,653	-	-	-	-	-	12,653
Net carrying value							
At 31 March 2021	130,919	15,455	51,704	6,708	-	2,216	207,002
At 31 December 2020	131,105	15,791	48,631	7,243	-	2,267	205,037

B17. Performance Review

	Current Period			Cumulative Period		
	2021 RM'000	**2020 RM'000**	**+/(-) %**	**2021 RM'000**	**2020 RM'000**	**+/(-) %**
Revenue	793,499	819,921	-3.2%	793,499	819,921	-3.2%
Earnings before interest, taxation, depreciation and amortisation	45,125	49,483	-8.8%	45,125	49,483	-8.8%
Profit before interest, zakat and taxation	36,827	40,306	-8.6%	36,827	40,306	-8.6%
Profit before zakat and taxation	31,524	30,880	2.1%	31,524	30,880	2.1%
Profit for the financial period	22,828	22,415	1.8%	22,828	22,415	1.8%
Profit attributable to owners of the parent	23,136	22,399	3.3%	23,136	22,399	3.3%

Quarter 1 2021 vs Quarter 1 2020

For the first quarter ended 31 March 2021, the Group recorded lower revenue of RM793 million compared with RM820 million in the previous year's corresponding quarter. This was mainly attributable to lower demand from the Indonesian business due to the ongoing COVID-19 pandemic, which saw the Group registering lower earnings before interest, taxation, depreciation and amortisation (EBITDA) of RM45 million. Nevertheless, the Group recorded a higher profit before zakat and taxation of RM32 million due to reduced finance cost as a result of the lower overnight policy rate by Bank Negara Malaysia of 1.75% as compared with 2.50% as at 31 March 2020.

The **Logistics and Distribution Division** recorded a higher PBT of RM24 million for the quarter under review, compared with RM23 million in the same quarter last year. This was primarily due to the reduced finance cost as a result of the lower overnight policy rate by Bank Negara Malaysia as explained above. The Group continued to uphold the trust accorded by MOH to handle logistics and distribution services to deliver much-needed medical supplies to healthcare facilities during the pandemic. This included personal protective equipment as well as medicines which were efficiently delivered across the nation, including to East Malaysia via air freight.

The **Manufacturing Division** turned in a PBT of RM11 million on the back of a revenue of RM65 million for the financial period, despite the impact of the pandemic on public and private sector demand coupled with order trends from both Government and private hospitals. The Group remains optimistic on long term prospects for the Division, particularly given the critical role of Pharmaniaga in the fill and finish manufacturing of the Sinovac COVID-19 vaccine and the continued expansion of the vaccine manufacturing business. The Division also continues to optimise operational efficiencies and build on its growing portfolio of products to broaden its global presence, as well as tapping on increased capacity utilisation via its contract manufacturing business.

The **Indonesia Division** registered a deficit of RM1 million for the financial period. This was primarily due to lower demand during the pandemic, coupled with Indonesia's large scale social restrictions, *Pembatasan Sosial Berskala Besar*, which resulted in limited access to doctors, clinics, pharmacies and hospitals, impacting our performance. Nevertheless, prospects are expected to improve moving forward.

Consolidated Statement of Financial Position

The higher receivables were a result of pending collection for advance payment on COVID-19 vaccine of RM101 million which was received in April 2021. The majority of the receivables are from the Government, which collection to be fully paid by end of the year, hence lower receivables as at 31 December 2020 against the first quarter of 2021.

Consolidated Statement of Cash Flows

For the period under review, the significant negative operating cash flow was the result of advance payment made to the supplier for the purchase of the Sinovac COVID-19 vaccine.

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

	Current Period	Immediate Preceding Period	
	2021 RM'000	**2020 RM'000**	**+/(-) %**
Revenue	793,499	634,583	25.0%
Earnings before interest, taxation, depreciation and amortisation	45,125	250	>100%
Profit/(Loss) before interest, zakat and taxation	36,827	(8,810)	>100%
Profit/(Loss) before zakat and taxation	31,524	(13,506)	>100%
Profit/(Loss) for the financial period	22,828	(7,047)	>100%
Profit/(Loss) attributable to owners of the parent	23,136	(6,331)	>100%

In comparison with the immediate preceding quarter, the Group recorded higher revenue of RM793 million for the current quarter. This was primarily attributable to stronger demand from Government and private hospitals in Malaysia as compared with the immediate preceding quarter. This saw the Group post a PBT of RM32 million compared with an LBT of RM14 million in the immediate preceding quarter.

Accordingly, PAT for the quarter under review stood at RM23 million, compared with a LAT of RM7 million in the immediate preceding quarter.

B19. Prospects

World Health Organisation (WHO) reported 163 million positive cases of COVID-19 and 3 million deaths worldwide as of 18 May 2021. This unprecedented global pandemic now touches every corner of the globe. The effects of the virus are wide-ranging, worsening access to education, basic healthcare, social protection, and destroying economy especially in the developing countries. To end the COVID-19 pandemic, equitable access to safe and effective vaccines is critical at this juncture to protect against disease and infection as well as transmission. However, to ensure things fall into place, fair access to COVID-19 should be made available for all countries, and build strong systems to deliver them.

To date, Malaysia has ordered a total of 66.7 million vaccine doses, enough to cover 109.65% of the country's estimated 32.7 million population, with Sinovac Life Sciences Co Ltd to supply 18.75% of the population or 12 million doses; Pfizer, 50% of the population or 32 million doses; AstraZeneca, 20% the population or 12.8 million doses; CanSino Biologics, 10.9% of the population or 3.5 million doses and Russian's Sputnik V, 10% of the population or 6.4 million doses. Thus far, Sinovac, Pfizer and AstraZeneca have been given the approval by the National Pharmaceutical Regulatory Agency for emergency use in Malaysia.

As one of the largest pharmaceutical companies in Malaysia, the Group is focused on the supply and distribution of COVID-19 vaccines, which are expected to persist given new waves of cases around the world. This is a priority and the Group is privileged to continue being entrusted with this critical role in Malaysia's fight against the pandemic. The Group is making good progress on this front, with the approval granted by the National Pharmaceutical Regulatory Agency for the fill and finish manufacturing of the Sinovac COVID-19 vaccine. The distribution of the first batch of 290,480 doses of the vaccine to the market has commenced on 11 May 2021.

As part of the long-term sustainable growth plans, the Group aims to accelerate the growth of the vaccine manufacturing business by embarking on a Halal vaccine project. This will see the Group establishing the world's first Halal vaccine facility, which is targeted for completion by 2024, creating a new income stream. On this background, the Group is pursuing aggressively on the renewal of contract to supply medicine and medical supplies to Ministry of Health facilities. The Group is also leveraging digitalisation within the value chain and utilising advanced technologies in the logistics supply chain, such as the newly implemented Oracle Transport Management System, which will help automate the end-to-end transportation business processes.

With strategic plans already in motion, the Group is expected to record better revenue beyond concession in the coming quarters by expanding its product pipeline via research and development, as well as executing its aggressive strategy to broaden its presence in the private sector, focusing on the consumer healthcare segment. The Group is confident of long-term positive prospects and will continue to tap on new opportunities to enhance the growth and business value.

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	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Taxation based on profit for the period:				
- Current	**7,602**	8,179	**7,602**	8,179
- Deferred	**781**	1,479	**781**	1,479
	8,383	9,658	**8,383**	9,658
Over provision in prior years:				
- Current	**(79)**	(184)	**(79)**	(184)
- Deferred	**(208)**	(1,013)	**(208)**	(1,013)
	(287)	(1,197)	**(287)**	(1,197)
	8,096	8,461	**8,096**	8,461

The Group's effective tax rate is higher than the statutory tax rate of 24% principally due to losses of certain subsidiaries.

B22. Corporate Proposal

On 7 May 2021, the Company announced the following proposals:

Proposed Bonus Issue

The proposed bonus issue of up to 1,056,154,928 new ordinary shares in Pharmaniaga ("Bonus Share(s)") on the basis of 4 Bonus Shares for every 1 existing ordinary share in Pharmaniaga ("Pharmaniaga Share(s)" or "Share(s)") held on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Bonus Issue").

The Proposed Bonus Issue is subject to the following approvals being obtained:

(i) Bursa Securities, for the listing of and quotation for up to 1,056,154,928 Bonus Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Bonus Issue; and

(ii) the shareholders of Pharmaniaga, at the forthcoming extraordinary general meeting of the Company ("EGM") to be convened; and

(iii) approvals of any other relevant authorities and/or parties, if required.

B22. Corporate Proposal (cont'd)

On 7 May 2021, the Company announced the following proposals (cont'd):

Proposed By-Laws Amendment

Pharmaniaga had on 13 May 2016 ("Effective Date") implemented the Share Issuance Scheme ("Scheme") which is in force for 5 years and will be valid until 12 May 2021 ("Initial Term"). However, the Board has the sole and absolute discretion to extend the duration of the Initial Term for up to another 5 years immediately after the expiry of the Initial Term provided that the duration of the Scheme does not exceed a maximum of 10 years in its entirety from the Effective Date.

The Board has resolved to extend the duration of the Initial Term of the Scheme for a further period of 5 years from 13 May 2021 to 12 May 2026, in accordance with the terms of the By-Laws.

The proposed amendments to the by-laws governing the existing Scheme ("Proposed By-Laws Amendment") shall consist of the following amendments to the following terms under the By-Laws:

(i) amending the definition of eligible persons as specified under the By-Laws to include all employees of Pharmaniaga Group (excluding foreign and dormant subsidiaries) to enable them to participate in the Option Plan and LTIP under the Scheme;

(ii) streamlining the By-Laws to be aligned with the Companies Act, 2016 ("Act"), which had come into force on 31 January 2017, and to be in compliance with the Listing Requirements, which include amongst others, the abolition of the par value regime and the maximum allocation to the Directors and senior management;

(iii) providing that not more than 65% of the total number of Pharmaniaga Shares to be issued under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group who are eligible persons under the Scheme (where "senior management" shall be subject to any criteria as may be determined at the sole discretion of the committee established to administer the Scheme ("Scheme Committee") from time to time); and

(iv) reducing the Maximum Shares Available from 15% to 8.5% of the then issued share capital (excluding treasury shares) of the Company at any point of time, from time to time, during the duration of the Scheme.

The Proposed By-Laws Amendment is in line with the rationale to attract, retain, motivate and reward valuable employees of Pharmaniaga Group through the award of ordinary shares in Pharmaniaga Berhad ("Pharmaniaga Shares") or the rights to subscribe for Pharmaniaga Shares as determined by the Scheme Committee.

The Proposed By-Laws Amendment is subject to the approval of the shareholders of Pharmaniaga at the forthcoming EGM to be convened.

B23. Borrowings and Debt Securities - Unsecured

		31 March 2021 RM'000	31 March 2020 RM'000	31 December 2020 RM'000
Non-current:				
Hire purchase:				
- Denominated in Ringgit Malaysia		**193**	365	155
- Denominated in Indonesian Rupiah		**141**	98	182
		334	463	337
Current:				
Bankers' acceptances:				
- Denominated in Ringgit Malaysia		**389,554**	276,208	315,396
- Denominated in Indonesian Rupiah		**144,961**	153,817	123,441
Revolving credits		**255,000**	210,000	230,000
Hire purchase:				
- Denominated in Ringgit Malaysia		**477**	294	289
- Denominated in Indonesian Rupiah		**151**	116	146
		790,143	640,435	669,272
The amount of borrowings denominated in Indonesian Rupiah	**IDR'000**	**509,659,649**	583,450,758	432,758,741
Exchange rate for Indonesian Rupiah	**RM**	**0.0285**	0.0264	0.0286

As at 31 March 2021, the increased borrowings are primarily due to advance payment made to supplier for the purchase of COVID-19 vaccines.

As at 31 March 2021, the weighted average floating interest rate of borrowings is 3.7% (2020: 3.8%) per annum.

For borrowings denominated in foreign currency, there is no hedging as the amounts are due within 12 months.

B24. Additional Disclosures

The Group's profit before zakat and taxation is stated after charging/(crediting) the following:

	Current Period		Cumulative Period	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Depreciation and amortisation	**8,298**	9,177	**8,298**	9,177
Net impairment of and write off of receivables	**881**	491	**881**	491
Net provision for stock obsolescence and write off of inventories	**2,946**	3,229	**2,946**	3,229
Net foreign exchange (gains)/losses	**(493)**	349	**(493)**	349

Other than the items mentioned above which have been included in the consolidated statement of profit or loss and consolidated 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 period ended 31 March 2021.

B25. Profit Forecast

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

B26. Earnings Per Share ("EPS")

(a) Basic earnings per share

	Current Period		Cumulative Period	
	2021	2020	**2021**	2020
Profit attributable to owners of the Company (RM'000)	**23,136**	22,399	**23,136**	22,399
Average number of ordinary shares in issue ('000)	**261,706**	261,230	**261,706**	261,230
Basic earnings per share (sen)	**8.84**	8.57	**8.84**	8.57

(b) Diluted earnings per share

	Current Period		Cumulative Period	
	2021	2020	**2021**	2020
Profit attributable to owners of the Company (RM'000)	**23,136**	22,399	**23,136**	22,399
Average number of ordinary shares in issue ('000)	**261,706**	261,230	**261,706**	261,230
Assumed shares issued under Long Term Incentive Plan ('000)	**286**	916	**286**	916
Weighted average number of ordinary shares in issue ('000)	**261,992**	262,146	**261,992**	262,146
Diluted earnings per share (sen)	**8.83**	8.54	**8.83**	8.54

B27. 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 May 2021.

By Order of the Board

WAN INTAN IDURA WAN ISMAIL (LS 0010452)
SYARUZAIMI BIN YUSOF (LS 0010451)
Company Secretaries

Kuala Lumpur
21 May 2021