Pharmaniaga Berhad (199801011581 (467709-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the quarter ended 31 December 2021	Current Period		Cumulative Period	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	**711,718**	634,583	**4,815,015**	2,725,071
Cost of sales	**(554,643)**	(581,652)	**(4,185,000)**	(2,429,875)
Gross profit	**157,075**	52,931	**630,015**	295,196
Other income	**872**	337	**1,503**	1,276
Operating expenses	**(25,526)**	(62,078)	**(322,642)**	(227,610)
Finance costs	**(7,896)**	(4,880)	**(33,324)**	(33,702)
Interest income	**563**	184	**1,523**	633
Profit/(Loss) before zakat and taxation	**125,088**	(13,506)	**277,075**	35,793
Zakat	**(12,273)**	(1,409)	**(24,073)**	(2,522)
Taxation	**(27,650)**	7,868	**(80,797)**	(7,002)
Profit/(Loss) for the financial period/year	**85,165**	(7,047)	**172,205**	26,269
Profit/(Loss) for the financial period/year attributable to:				
Owners of the parent	**85,475**	(6,331)	**172,150**	27,489
Non-controlling interests	**(310)**	(716)	**55**	(1,220)
Profit/(Loss) for the financial period/year	**85,165**	(7,047)	**172,205**	26,269
Earnings/(Loss) per share - sen				
- Basic	**6.53**	(0.48) *	**13.15**	2.10 *
- Diluted	**6.53**	(0.48) *	**13.15**	2.10 *

* For comparative purpose, the earnings per share for the quarter and cumulative period ended 31 December 2020 had been adjusted to reflect the bonus issue of 4 for every 1 existing ordinary share which was completed on 7 July 2021.

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 December 2021	Current Period		Cumulative Period	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) for the financial period/year	**85,165**	(7,047)	**172,205**	26,269
Other comprehensive income/(loss), net of tax				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation (loss)/gain of foreign operations	**(1,601)**	2,134	**865**	(3,248)
Recognition of actuarial (loss)/gain	**(958)**	295	**(339)**	295
	(2,559)	2,429	**526**	(2,953)
Total comprehensive income/(loss) for the financial period/year	**82,606**	(4,618)	**172,731**	23,316
Attributable to:				
Owners of the parent	**83,554**	(4,213)	**172,465**	24,868
Non-controlling interests	**(948)**	(405)	**266**	(1,552)
Total comprehensive income/(loss) for the financial period/year	**82,606**	(4,618)	**172,731**	23,316

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 December 2021	As at 31 December 2020
	RM'000	**RM'000**
ASSETS		
Non-current assets		
Property, plant and equipment	**364,617**	365,529
Intangible assets	**208,013**	205,037
Rights-of-use assets	**30,973**	32,942
Deferred tax assets	**33,066**	50,405
	636,669	653,913
Current assets		
Inventories	**1,264,369**	586,713
Receivables	**297,753**	287,932
Amount due from immediate holding company	**-**	7
Tax recoverable	**6,713**	10,896
Deposits, cash and bank balances	**52,359**	40,696
	1,621,194	926,244
TOTAL ASSETS	**2,257,863**	1,580,157
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**154,051**	153,339
Reserves	**296,411**	184,189
Shareholders' equity	**450,462**	337,528
Non-controlling interests	**19,979**	17,437
Total equity	**470,441**	354,965
Non-current liabilities		
Borrowings	**285,170**	337
Lease liabilities	**441**	590
Deferred tax liabilities	**21,352**	16,239
Provision for defined benefit plan	**9,079**	10,259
Government grants	**3,617**	3,948
	319,659	31,373
Current liabilities		
Payables	**858,408**	515,088
Amount due to immediate holding company	**1,208**	74
Current tax liabilities	**14,438**	926
Contract liabilities	**22,128**	6,567
Government grants	**332**	341
Borrowings	**570,056**	669,272
Lease liabilities	**1,193**	1,551
	1,467,763	1,193,819
Total liabilities	**1,787,422**	1,225,192
TOTAL EQUITY AND LIABILITIES	**2,257,863**	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			
For the year ended 31 December 2021	**Share Capital**	**Exchange Reserve**	**Share Reserve**	**Retained Earnings**	**Total**	**Non-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 for the financial year	**-**	**-**	**-**	**172,150**	**172,150**	**55**	**172,205**
- Other comprehensive income/(loss)	**-**	**564**	**-**	**(249)**	**315**	**211**	**526**
Total comprehensive income for the financial year	**-**	**564**	**-**	**171,901**	**172,465**	**266**	**172,731**
Transactions with owners							
Share granted under Long Term Incentive Plan	**-**	**-**	**64**	**-**	**64**	**-**	**64**
Share options granted under Share Option Plan	**-**	**-**	**1,670**	**-**	**1,670**	**-**	**1,670**
Issuance of new shares - Long Term Incentive Plan	**712**	**-**	**(712)**	**-**	**-**	**-**	**-**
Forfeiture of shares options/ shares granter under							
- Share Option Plan	**-**	**-**	**(1,331)**	**1,331**	**-**	**-**	**-**
- Long Term Incentive Plan	**-**	**-**	**(17)**	**17**	**-**	**-**	**-**
Changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(2,320)**	**(2,320)**	**2,320**	**-**
Dividends	**-**	**-**	**-**	**(58,945)**	**(58,945)**	**(44)**	**(58,989)**
Total transactions with owners for the financial year	**712**	**-**	**(326)**	**(59,917)**	**(59,531)**	**2,276**	**(57,255)**
At 31 December 2021	**154,051**	**1,016**	**1,670**	**293,725**	**450,462**	**19,979**	**470,441**
At 1 January 2020	151,879	3,289	7,191	175,492	337,851	19,075	356,926
- Net profit/(loss) for the financial year	-	-	-	27,489	27,489	(1,220)	26,269
- Other comprehensive (loss)/income	-	(2,837)	-	216	(2,621)	(332)	(2,953)
Total comprehensive (loss)/income for the financial year	-	(2,837)	-	27,705	24,868	(1,552)	23,316
Transactions with owners							
Share options granted under Share Option Plan	-	-	91	-	91	-	91
Shares granted under Long Term Incentive Plan	-	-	860	-	860	-	860
Issuance of new shares - Long Term Incentive Plan	1,460	-	(1,460)	-	-	-	-
Forfeiture of shares options/ shares granter under							
- Share Option Plan	-	-	(4,260)	4,260	-	-	-
- Long Term Incentive Plan	-	-	(426)	426	-	-	-
Dividends	-	-	-	(26,142)	(26,142)	(86)	(26,228)
Total transactions with owners for the financial year	1,460	-	(5,195)	(21,456)	(25,191)	(86)	(25,277)
At 31 December 2020	153,339	452	1,996	181,741	337,528	17,437	354,965

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 year ended 31 December 2021

	2021 RM'000	2020 RM'000
Operating Activities		
Cash receipts from customers	**5,039,553**	2,706,052
Cash payments to suppliers and employees	**(5,008,570)**	(2,688,355)
Net cash generated from operations	**30,983**	17,697
Interest paid	**(32,631)**	(38,574)
Tax paid	**(39,858)**	(2,944)
Zakat paid	**(24,073)**	(2,522)
Interest received	**1,523**	633
Net cash used in operating activities	**(64,056)**	(25,710)
Investing Activities		
Purchase of property, plant and equipment	**(30,387)**	(9,253)
Purchase of intangible assets	**(14,969)**	(23,384)
Proceeds from disposal of property, plant and equipment	**212**	1
Increase in investment in deposits maturing more than three (3) months	**(413)**	-
Net cash used in investing activities	**(45,557)**	(32,636)
Financing Activities		
Dividends paid to:		
- owners of the Company	**(58,945)**	(26,142)
- non-controlling interests of a subsidiary	**(44)**	(86)
Net drawdown of borrowings	**182,139**	108,359
Payment of lease liabilities	**(2,412)**	(10,642)
Net cash generated from financing activities	**120,738**	71,489
Net increase in cash and cash equivalents	**11,125**	13,143
Effects of exchange rate changes	**125**	(231)
Cash and cash equivalent at beginning of year	**35,862**	22,950
Cash and cash equivalent at end of year	**47,112**	35,862
Analysis of cash and cash equivalents:		
Cash and bank balances	**27,036**	22,562
Deposits with licensed banks	**25,323**	18,134
	52,359	40,696
Less: Deposits maturing more than three (3) months	**(5,247)**	(4,834)
	47,112	35,862

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 year ended 31 December 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’.
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 on 'Interest Rate Reform Benchmark - Phase 2'

The adoption of the above amendments to published standards did not have any significant impact on the amounts recognised in the current period as well as any prior period and is not expected to significantly 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. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

The amendments shall be applied retrospectively.

vi) Amendments to MFRS 112 "Income Taxes" on 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

A2. Significant Accounting Policies (Cont'd)

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

vii) Amendments to MFRS 10 "Consolidated Financial Statements" and MFRS 128 "Investments in Associates and Joint Ventures" on '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).

viii) Amendments to MFRS 101 "Presentation of Financial Statements" 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.

ix) Amendments to MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" (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 year under review.

A6. Change in Estimates

There were no material changes in estimates of amounts reported in the current financial year.

A7. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial year other than:

a) The issuance of 286,000 ordinary shares for nil consideration pursuant to the Company's Long Term Incentive Plan on 8 June 2021. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

b) The bonus issue of up to 1,047,966,928 new ordinary shares in the Company on the basis of 4 Bonus Shares for every 1 existing ordinary share in the Company. The bonus issue was completed on 7 July 2021.

A8. Dividends

On 22 April 2021, the Company paid a fourth interim dividend of 0.2 sen* (2019: Nil) per share in respect of the financial year ended 31 December 2020 amounting to RM2.6 million (2019: Nil).

On 6 July 2021, the Company paid a first interim dividend of 0.8 sen* (2020: 1.2 sen*) per share in respect of the financial year ended 31 December 2021 amounting to RM10.4 million (2020: RM15.7 million).

On 30 September 2021, the Company paid a second interim dividend of 1.5 sen (2020: 0.5 sen*) per share in respect of the financial year ended 31 December 2021 amounting to RM19.6 million (2020: RM6.5 million).

On 29 December 2021, the Company paid a third interim dividend of 2.0 sen (2020: 0.3 sen*) per share in respect of financial year ended 31 December 2021 amounting to RM26.2 million (2020: RM3.9 million).

For the fourth quarter, the Directors have declared a fourth interim dividend of 5.0 sen (2020: 0.2 sen*) per share in respect of the financial year ended 31 December 2021. The dividend will be paid on 5 April 2022 to shareholders registered in the Register of Members at the close of business on 8 March 2022.

* The number of ordinary shares in issue for the purpose of the computation of the dividend per share had been adjusted retrospectively to reflect the Company's Bonus Issue which were completed on 7 July 2021 as referred to in Note B22.

A9. Operating segments

Operating segments information for the year is as follows:

RM'000	Logistics and distribution	Manufacturing	Indonesia	Unallocated corporate expenses	Eliminations	Total
2021						
Revenue						
External revenue	2,276,190	1,645,746	893,079	-	-	4,815,015
Inter-segment revenue	-	219,577	-	-	(219,577)	-
Total revenue	2,276,190	1,865,323	893,079	-	(219,577)	4,815,015
Results						
Earnings before interest, taxation, depreciation and amortisation	94,855	231,546	20,230	(4,377)	-	342,254
Depreciation and amortisation	(7,553)	(18,284)	(7,541)	-	-	(33,378)
Finance costs	(16,924)	(4,979)	(12,838)	-	1,417	(33,324)
Interest income	2,412	506	22	-	(1,417)	1,523
Profit/(Loss) before zakat and taxation	72,790	208,789	(127)	(4,377)	-	277,075
Zakat	(5,128)	(18,945)	-	-	-	(24,073)
Taxation	(15,815)	(63,752)	(1,230)	-	-	(80,797)
Net profit/(loss) for the financial year	51,847	126,092	(1,357)	(4,377)	-	172,205
Timing of revenue recognition						
Goods or services transferred:						
- At a point in time	2,276,190	1,865,323	893,079	-	(219,577)	4,815,015
- Over time	-	-	-	-	-	-
	2,276,190	1,865,323	893,079	-	(219,577)	4,815,015
2020						
Revenue						
External revenue	1,913,133	2,161	809,777	-	-	2,725,071
Inter-segment revenue	-	250,492	-	-	(250,492)	-
Total revenue	1,913,133	252,653	809,777	-	(250,492)	2,725,071
Results						
Earnings before interest, taxation, depreciation and amortisation	62,040	30,232	14,724	(5,793)	-	101,203
Depreciation and amortisation	(8,859)	(15,909)	(7,573)	-	-	(32,341)
Finance costs	(16,433)	(4,641)	(14,604)	-	1,976	(33,702)
Interest income	2,043	542	24	-	(1,976)	633
Profit/(Loss) before zakat and taxation	38,791	10,224	(7,429)	(5,793)	-	35,793
Zakat	(2,172)	(350)	-	-	-	(2,522)
Taxation	(9,398)	3,347	(951)	-	-	(7,002)
Net profit/(loss) for the financial year	27,221	13,221	(8,380)	(5,793)	-	26,269
Timing of revenue recognition						
Goods or services transferred:						
- At a point in time	1,913,133	252,653	809,777	-	(250,492)	2,725,071
- Over time	-	-	-	-	-	-
	1,913,133	252,653	809,777	-	(250,492)	2,725,071

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:

	Year Ended 31 December					
	2021			2020		
	IDR'000	Exchange ratio	RM'000	IDR'000	Exchange ratio	RM'000
Revenue	3,111,211,770	0.0287	893,079	2,789,691,367	0.0290	809,777
Earnings before interest, taxation, depreciation and amortisation	70,475,080	0.0287	20,230	50,724,355	0.0290	14,724

A10. Carrying Amount of Revalued Assets

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

A11. Subsequent Event

There was no subsequent event as at 17 February 2022 that will materially affect the financial statements of the financial year under review.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial year ended 31 December 2021 except for:

a) 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.

b) the acquisition of a total 600,000 ordinary shares in 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 subsidiaries 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 December 2021:

	Authorised and contracted for RM'000	Authorised but not contracted for RM'000	Total RM'000
Property, plant and equipment	66,950	295,020	361,970

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	-	1,261	14,318	-	-	-	15,579
Transfer from property, plant and equipment	-	-	833	-	-	-	833
Written off	-	-	(5,931)	-	-	-	(5,931)
Foreign exchange adjustments	1,118	88	-	412	-	-	1,618
At 31 December 2021	144,876	20,691	58,404	20,833	342,865	3,071	590,740
Accumulated amortisation							
At 1 January 2021	-	3,551	553	13,178	342,865	804	360,951
Amortisation charged	-	1,410	268	2,028	-	171	3,877
Written off	-	-	-	-	-	-	-
Foreign exchange adjustments	-	88	-	314	-	-	402
At 31 December 2021	-	5,049	821	15,520	342,865	975	365,230
Accumulated impairment							
At 1 January 2021	12,653	-	-	-	-	-	12,653
Impairment	2,748	-	-	-	-	2,096	4,844
At 31 December 2021	15,401	-	-	-	-	2,096	17,497
Net carrying value							
At 31 December 2021	129,475	15,642	57,583	5,313	-	-	208,013
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	711,718	634,583	12.2%	4,815,015	2,725,071	76.7%
Earnings before interest, taxation, depreciation and amortisation	140,871	250	56248.4%	342,254	101,203	238.2%
Profit/(Loss) before interest, zakat and taxation	132,421	(8,810)	1603.1%	308,876	68,862	348.5%
Profit/(Loss) before zakat and taxation	125,088	(13,506)	1026.2%	277,075	35,793	674.1%
Profit/(Loss) for the financial period/year	85,165	(7,047)	1308.5%	172,205	26,269	555.5%
Profit/(Loss) attributable to owners of the parent	85,475	(6,331)	1450.1%	172,150	27,489	526.3%

Quarter 4 2021 vs Quarter 4 2020

For the fourth quarter ended 31 December 2021, the Group recorded RM712 million in revenue, a 12% jump from RM635 million in the previous year's corresponding quarter. This improved performance was attributable to positive growth across the Group's concession, non-concession and Indonesian businesses. The non-concession business was a key driver due to sales of the Sinovac COVID-19 Vaccine to the private sector.

In tandem with the higher revenue, the Group’s earnings before interest, taxation, depreciation and amortisation (EBITDA) grew to RM141 million compared with RM0.3 million in the same quarter last year. Correspondingly, profit before zakat and taxation (PBT) for the quarter increased substantially to RM125 million, compared with a deficit of RM14 million in the previous year's corresponding quarter.

Year ended 31 December 2021 vs Year ended 31 December 2020

For the financial year ended 31 December 2021 under review, the Group registered a 77% growth in revenue to RM4.8 billion as compared with RM2.7 billion in the previous year. This was largely due to the sale of Sinovac COVID-19 vaccines to the Ministry of Health (“MOH”) and private sector, followed by stronger growth experienced by the Group's concession, non-concession and Indonesian businesses. Similarly, the Group posted higher EBITDA of RM342 million, increasing by over twofold from RM101 million in the previous year. This saw the Group clocking in a higher PBT and profit after tax (PAT) of RM277 million and RM172 million respectively from RM36 million and RM26 million respectively a year ago.

The **Logistics and Distribution Division** recorded stronger PBT of RM73 million for the year under review, compared to RM39 million in the previous year. The improved profitability was mainly due to the surge in demand experienced by the Group’s concession business as well as the distribution of vaccines. The Group was entrusted by MOH to handle the logistics and distribution of vaccines including the AstraZeneca COVID-19 vaccines received from AstraZeneca, COVAX Facility and donations by foreign governments. Pharmaniaga Logistics Sdn Bhd, a wholly-owned subsidiary of the Company, was selected through an open tender by MOH as it possesses the infrastructure, expertise and capabilities, with more than 25 years of proven track record in handling vaccines.

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 includes, but not limited to, personal protective equipment and medicines, which were delivered efficiently across the nation and East Malaysia via air freight.

The **Manufacturing Division** recorded a PBT of RM209 million, a significant increase as compared to the previous year. This was mainly contributed by the fill and finish manufacturing of Sinovac COVID-19 vaccines and imported finished vaccine from Sinovac Life Sciences Co. Ltd. With continued expansion of the vaccine manufacturing business and demand, the long-term prospects of the manufacturing division remain optimistic. Going forward, the Group is actively enhancing the division’s operational efficiency and will build on its growing portfolio of products to broaden its global presence, as well as leverage on its increased capacity utilisation via its contract manufacturing business.

The **Indonesia Division** narrowed its loss before tax (“LBT”) to RM0.1 million for the year under review from a LBT of RM7.4 million in the previous year. This was primarily due to the ongoing stock optimisation exercise, active payment collection coupled with the reduction in finance costs as a result of the lower overnight rate policy by the Indonesian Government.

Consolidated Statement of Financial Position

Higher inventories as of 31 December 2021 was mainly due to higher inventories for COVID-19 vaccines, circa RM560 million.

Higher payables as of 31 December 2021 were mainly due to the purchase of stocks in anticipation of higher demand from customers in January and February 2022.

Higher borrowings as of 31 December 2021 were primarily due to the purchase of COVID-19 vaccines, hence, higher gearing ratio of 1.9.

Consolidated Statement of Cash Flows

For the year under review, the significant increase in cash receipts from customers and cash payments to suppliers were derived from the sales and purchased of COVID-19 vaccines. The higher purchase of fixed assets was mainly for halal vaccine equipment.

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

	Current Period	Immediate Preceding Period	
	2021	**2021**	**+/(-)**
	RM'000	**RM'000**	**%**
Revenue	711,718	2,132,675	-66.6%
Earnings before interest, taxation, depreciation and amortisation	140,871	117,711	19.7%
Profit before interest, zakat and taxation	132,421	109,237	21.2%
Profit before zakat and taxation	125,088	98,219	27.4%
Profit for the financial period	85,165	50,324	69.2%
Profit attributable to owners of the parent	85,475	49,835	71.5%

In comparison with the immediate preceding quarter, the Group registered lower revenue of RM712 million for the current quarter, largely due to lower sales of Sinovac COVID-19 vaccines to MOH. Despite the lower revenue, the Group's PBT rose 27% to RM125 million from RM98 million in the immediate preceding quarter as a result of lower selling and distribution expenses and other operating expenditure recorded in the quarter under review.

Correspondingly, the Group's PAT for the quarter under review increased 69% to RM85 million from RM50 million in the immediate preceding quarter.

B19. Prospects

The year 2021 has been tremendously challenging for every business, regardless of industry. We were all geared up to fight against COVID-19, which plays a critical role in protecting the nation given our proven capabilities and expertise to supply and manufacture Sinovac COVID-19 vaccine.

The venture into vaccine manufacturing with Sinovac Life Sciences Co Ltd signifies a key milestone, not only for the Group but for Malaysia, as the first human vaccine to be filled and finished locally. The move has given the Group a record performance that will continue to be sustained via various strategies and plans for 2022 and beyond.

The Group aims to maintain the growth momentum of its consumer healthcare segment and achieve double-digit growth in the financial year ending 31 December 2022 ("FY2022") by ramping up marketing for its consumer healthcare products.

Pharmaniaga continues to pursue avenues of growth to emphasise the research and development ("R&D") of biopharmaceuticals, vaccines and insulins to bolster its product portfolio. The Group has a large and capable R&D team to formulate its own generic pharmaceutical products every year, allowing the Group to capture new markets.

The Group remains committed in expanding its non-concession businesses, of which the Group had embarked on establishing the world's first Halal vaccine and insulin facilities. Construction of the plant is progressing smoothly and is on track for commercialisation by 2025, barring any unforeseen circumstances.

The construction of the new Halal plant is timely for our growth as there are currently more than 537 million adults globally as at end-December 2021 who are living with diabetes and this number is expected to rise to 643 million by 2030 and 783 million by 2045*. The global insulin drugs market size is also expected to grow from USD25.9 billion 2020 to USD32.1 billion by 2025**. The Group believes that there is a huge potential to capture part of this market as demand for insulins are on the rise in low and middle income countries.

Meanwhile, the successful rollout of the National COVID-19 Immunisation Programme ("NIP") meant 78.7% of the population had received at least two doses of a COVID-19 vaccine since its inception in February 2021. Since then, Pharmaniaga delivered 20.4 million doses of Sinovac COVID-19 vaccine and booster shots for the NIP and approximately 2.5 million doses to the private sector.

With Omicron infection soaring the whole world, we foresee continuity of demand for Sinovac COVID-19 vaccine as latest study shows 3 doses of the vaccine produced higher antibodies in 95% of the recipients against all variants including Omicron.

World health bodies from several countries including United States, Canada and Australia have all recommended the use of vaccines for children aged 5 to 12***. The continued demand for vaccines in Malaysia bodes well with the Group's future prospects.

Leveraging on the experience and expertise in manufacturing fill and finish the Sinovac COVID-19 vaccine, the Group intends to export the vaccine to countries such as Indonesia, Philippines, Cambodia, Thailand and several African nations, that are facing vaccine supply shortages. Pharmaniaga is actively negotiating with Sinovac Biotech Ltd to secure a deal to allow the Group to speed up the supply of vaccines to these countries. With its proven track record in vaccine management and wide distribution channels, the Group is optimistic that it will be able to secure the deal.

In November 2021, Pharmaniaga inked a Memorandum of Collaboration with Malaysia Healthcare Travel Council ("MHTC") to supply and distribute Hepatitis C drug to MHTC's designated hospitals and clinics. This will provide the Group with another source of recurring income, which will contribute positively to the Group's financial performance in the foreseeable future.

In addition to that, Pharmaniaga is finalising the agreement with MOH for the continuation of its medical supply logistics services to MOH facilities for a period of 10 years. The extension of the Group's concession business will continue to provide a steady and sustainable revenue stream for the foreseeable future.

B19. Prospects

In Indonesia, moving forward, the Group is optimistic in improving its profitability. This came on the back of the successful reorganisation of its business operations to enhance operational efficiency. These include the appointment of local Indonesian as President Komisari to strategise our logistics arm in Jakarta and Local President Director for our manufacturing arm in Bandung. Moving forward, we will continue to keep our Indonesian operations lean and strive to increase its contribution to the Group.

Pharmaniaga is optimistic that its outlook is bright as its strategies and initiatives are in place and global economic markets are expected to maintain positive growth in 2022****.

*	https://diabetesatlas.org/#:~:text=Diabetes%20around%20the%20world%20in%202021%3A,%2D%20and%20middle%2Dincome%20countries
**	https://www.globenewswire.com/news-release/2022/01/11/2365132/0/en/Insulin-Drugs-Market-Players-Adopt-Advanced-Tech-To-Reduce-R-D-Costs-As-Per-The-Business-Research-Company-s-Insulin-Drugs-Global-Market-Report-2022.html#:~:text=The%20global%20insulin%20drugs%20market,(CAGR)%20of%205.1%25
***	https://www.straitstimes.com/asia/se-asia/malaysia-to-roll-out-covid-19-vaccination-for-kids-aged-five-to-12-from-feb-3
****	https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022

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 RM'000	2020 RM'000	**2021 RM'000**	2020 RM'000
Taxation based on profit for the period:				
- Current	**7,809**	2,167	**56,078**	11,685
- Deferred	**19,609**	(9,862)	**24,774**	(3,366)
	27,418	(7,695)	**80,852**	8,319
Under /(Over) provision in prior periods:				
- Current	**1,394**	(173)	**1,315**	(357)
- Deferred	**(1,162)**	-	**(1,370)**	(960)
	232	(173)	**(55)**	(1,317)
	27,650	(7,868)	**80,797**	7,002

The Group's effective tax rate is higher than the statutory tax rate of 24% principally due to non-allowable expenses.

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.

The Proposed Bonus Issue has been completed on 7 July 2021.

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.

B22. Corporate Proposal (Cont'd)

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

Proposed By-Laws Amendment (cont'd)

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 has been approved by the shareholders of Pharmaniaga at the EGM on 16 June 2021.

B23. Borrowings and Debt Securities - Unsecured

		31 December 2021 RM'000	31 December 2020 RM'000
Non-current:			
Term loan		**2,690**	-
Revolving credits		**282,299**	-
Hire purchase:			
- Denominated in Ringgit Malaysia		**115**	155
- Denominated in Indonesian Rupiah		**66**	182
		285,170	337
Current:			
Bankers' acceptances:			
- Denominated in Ringgit Malaysia		**397,261**	315,396
- Denominated in Indonesian Rupiah		**146,717**	123,441
Revolving credits		**25,700**	230,000
Hire purchase:			
- Denominated in Ringgit Malaysia		**258**	289
- Denominated in Indonesian Rupiah		**120**	146
		570,056	669,272
The amount of borrowings denominated in Indonesian Rupiah	**IDR'000**	**503,092,466**	432,758,741
Exchange rate for Indonesian Rupiah	**RM**	**0.0292**	0.0286

Higher borrowings as of 31 December 2021 was primarily due to purchase of COVID-19 vaccines which resulted in higher gearing ratio of 1.9.

As at 31 December 2021, the weighted average floating interest rate of borrowings was 3.6% (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	**8,450**	9,060	**33,378**	32,341
Net impairment of and write off of receivables	**4,089**	1,642	**5,430**	2,421
Net provision for stock obsolescence and write off of inventories	**12,110**	9,444	**26,726**	19,249
Impairment of goodwill	**2,748**	-	**2,748**	-
Impairment of other intangible assets	**2,096**	-	**2,096**	-
Write off of intangible assets	**4,707**	3,911	**5,931**	4,811
Net foreign exchange (gains)/losses	**(539)**	880	**(506)**	1,027

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 year ended 31 December 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/(Loss) Per Share ("EPS")

(a) Basic earnings/(loss) per share

	Current Period		Cumulative Period	
	2021	2020	**2021**	2020
Profit/(Loss) attributable to owners of the Company (RM'000)	**85,475**	(6,331)	**172,150**	27,489
Average number of ordinary shares in issue ('000)	**1,309,336**	1,307,361	**1,309,336**	1,307,361
Basic earnings/(loss) per share (sen)	**6.53**	(0.48)	**13.15**	2.10

(b) Diluted earnings/(loss) per share

	Current Period		Cumulative Period	
	2021	2020	**2021**	2020
Profit/(Loss) attributable to owners of the Company (RM'000)	**85,475**	(6,331)	**172,150**	27,489
Average number of ordinary shares in issue ('000)	**1,309,336**	1,307,361	**1,309,336**	1,307,361
Assumed shares issued under Long Term Incentive Plan ('000)	**-**	1,730	**-**	1,730
Weighted average number of ordinary shares in issue ('000)	**1,309,336**	1,309,091	**1,309,336**	1,309,091
Diluted earnings/(loss) per share (sen)	**6.53**	(0.48)	**13.15**	2.10

For comparative purpose, the earnings/(loss) per share for the quarter and cumulative period ended 31 December 2020 had been adjusted to reflect the bonus issue of 4 for every 1 existing ordinary share which was completed on 7 July 2021.

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 17 February 2022.

By Order of the Board

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

Kuala Lumpur
17 February 2022