

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the quarter ended 30 September 2022	Current Period		Cumulative Period	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue</b>	<b>924,681</b>	2,132,675	<b>2,647,957</b>	4,103,297
Cost of sales	<b>(825,594)</b>	(1,848,281)	<b>(2,348,222)</b>	(3,630,357)
Gross profit	<b>99,087</b>	284,394	<b>299,735</b>	472,940
Other income	<b>130</b>	92	<b>388</b>	631
Operating expenses	<b>(74,016)</b>	(175,249)	<b>(215,729)</b>	(297,116)
Finance costs	<b>(9,738)</b>	(11,606)	<b>(27,517)</b>	(25,428)
Interest income	<b>126</b>	588	<b>672</b>	960
<b>Profit before zakat and taxation</b>	<b>15,589</b>	98,219	<b>57,549</b>	151,987
Zakat	<b>(600)</b>	(10,600)	<b>(1,800)</b>	(11,800)
Taxation	<b>(5,612)</b>	(37,295)	<b>(16,602)</b>	(53,147)
<b>Profit for the financial period</b>	<b>9,377</b>	50,324	<b>39,147</b>	87,040
<b>Profit for the financial period attributable to:</b>				
Owners of the parent	<b>8,617</b>	49,835	<b>37,073</b>	86,675
Non-controlling interests	<b>760</b>	489	<b>2,074</b>	365
<b>Profit for the financial period</b>	<b>9,377</b>	50,324	<b>39,147</b>	87,040
<b>Earnings per share - sen</b>				
- Basic	<b>0.66</b>	3.81	<b>2.83</b>	6.62
- Diluted	<b>0.66</b>	3.81	<b>2.83</b>	6.62

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 30 September 2022	Current Period		Cumulative Period	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	9,377	50,324	39,147	87,040
<u>Other comprehensive income/(loss), net of tax</u>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translation gain of foreign operations	3,055	3,921	4,873	2,466
Recognition of actuarial (loss)/gain	(402)	-	(402)	619
	<u>2,653</u>	<u>3,921</u>	<u>4,471</u>	<u>3,085</u>
<b>Total comprehensive income for the financial period</b>	<b>12,030</b>	<b>54,245</b>	<b>43,618</b>	<b>90,125</b>
<b>Attributable to:</b>				
Owners of the parent	10,872	53,022	40,888	88,911
Non-controlling interests	1,158	1,223	2,730	1,214
<b>Total comprehensive income for the financial period</b>	<b>12,030</b>	<b>54,245</b>	<b>43,618</b>	<b>90,125</b>

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2022	As at 31 December 2021
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	395,180	364,617
Intangible assets	217,004	208,013
Rights-of-use assets	39,315	30,973
Deferred tax assets	33,677	33,066
	<u>685,176</u>	<u>636,669</u>
<b>Current assets</b>		
Inventories	1,304,113	1,264,369
Receivables	509,203	297,753
Tax recoverable	19,959	6,713
Deposits, cash and bank balances	32,795	52,359
	<u>1,866,070</u>	<u>1,621,194</u>
<b>TOTAL ASSETS</b>	<b><u>2,551,246</u></b>	<b><u>2,257,863</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	154,051	154,051
Reserves	257,110	296,411
<b>Shareholders' equity</b>	<b>411,161</b>	<b>450,462</b>
Non-controlling interests	22,610	19,979
<b>Total equity</b>	<b><u>433,771</u></b>	<b><u>470,441</u></b>
<b>Non-current liabilities</b>		
Borrowings	308,599	285,170
Lease liabilities	5,258	441
Deferred tax liabilities	24,376	21,352
Provision for defined benefit plan	9,659	9,079
Government grants	3,427	3,617
	<u>351,319</u>	<u>319,659</u>
<b>Current liabilities</b>		
Payables	947,114	858,408
Amount due to immediate holding company	231	1,208
Current tax liabilities	2,783	14,438
Contract liabilities	27,079	22,128
Government grants	267	332
Borrowings	776,995	570,056
Lease liabilities	5,137	1,193
Dividend payable	6,550	-
	<u>1,766,156</u>	<u>1,467,763</u>
<b>Total liabilities</b>	<b><u>2,117,475</u></b>	<b><u>1,787,422</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,551,246</u></b>	<b><u>2,257,863</u></b>

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter ended 30 September 2022	Attributable to shareholders of the Company						
	<----- Non-distributable ----->			Distributable	Total	Non-controlling Interests	Total Equity
	Share Capital	Exchange Reserve	Share Reserve	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022	154,051	1,016	1,670	293,725	450,462	19,979	470,441
- Net profit for the financial period	-	-	-	37,073	37,073	2,074	39,147
- Other comprehensive income/(loss)	-	4,110	-	(295)	3,815	656	4,471
<b>Total comprehensive income for the financial period</b>	-	4,110	-	36,778	40,888	2,730	43,618
<b>Transactions with owners</b>							
Share options granted under Share Option Plan	-	-	2,338	-	2,338	-	2,338
Dividends	-	-	-	(82,527)	(82,527)	(99)	(82,626)
<b>Total transactions with owners for the financial period</b>	-	-	2,338	(82,527)	(80,189)	(99)	(80,288)
<b>At 30 September 2022</b>	<b>154,051</b>	<b>5,126</b>	<b>4,008</b>	<b>247,976</b>	<b>411,161</b>	<b>22,610</b>	<b>433,771</b>
At 1 January 2021	153,339	452	1,996	181,741	337,528	17,437	354,965
- Net profit for the financial period	-	-	-	86,675	86,675	365	87,040
- Other comprehensive income	-	1,781	-	455	2,236	849	3,085
<b>Total comprehensive income for the financial period</b>	-	1,781	-	87,130	88,911	1,214	90,125
<b>Transactions with owners</b>							
Share options granted under							
- Long Term Incentive Plan	-	-	64	-	64	-	64
- Share Option Plan	-	-	403	-	403	-	403
Issuance of new shares							
- Long Term Incentive Plan	712	-	(712)	-	-	-	-
Forfeiture of shares options/ shares granted under							
- Share Option Plan	-	-	(1,331)	1,331	-	-	-
- Long Term Incentive Plan	-	-	(17)	17	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	(2,320)	(2,320)	2,320	-
Dividends	-	-	-	(32,746)	(32,746)	(44)	(32,790)
<b>Total transactions with owners for the financial period</b>	712	-	(1,593)	(33,718)	(34,599)	2,276	(32,323)
<b>At 30 September 2021</b>	<b>154,051</b>	<b>2,233</b>	<b>403</b>	<b>235,153</b>	<b>391,840</b>	<b>20,927</b>	<b>412,767</b>

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2022

	2022	2021
	RM'000	RM'000
<b>Operating Activities</b>		
Cash receipts from customers	2,486,854	4,070,653
Cash payments to suppliers and employees	(2,526,428)	(4,100,503)
<b>Net cash used in operations</b>	<b>(39,574)</b>	<b>(29,850)</b>
Interest paid	(36,182)	(23,938)
Tax paid	(37,166)	(6,824)
Zakat paid	-	(11,800)
Interest received	672	960
<b>Net cash used in operating activities</b>	<b>(112,250)</b>	<b>(71,452)</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(42,302)	(15,445)
Purchase of intangible assets	(9,589)	(1,016)
Proceeds from disposal of property, plant and equipment	20	58
Decrease/ (Increase) in investment in deposits maturing more than three (3) months	521	(352)
<b>Net cash used in investing activities</b>	<b>(51,350)</b>	<b>(16,755)</b>
<b>Financing Activities</b>		
Dividends paid to:		
- owners of the Company	(75,977)	(32,746)
- non-controlling interests of a subsidiary	(99)	(44)
Net drawdown of borrowings	223,936	136,279
Payment of lease liabilities	(3,530)	(517)
<b>Net cash generated from financing activities</b>	<b>144,330</b>	<b>102,972</b>
<b>Net increase in cash and cash equivalents</b>	<b>(19,270)</b>	<b>14,765</b>
Effects of exchange rate changes	227	(2,037)
Cash and cash equivalent at beginning of period	47,112	35,862
<b>Cash and cash equivalent at end of period</b>	<b>28,069</b>	<b>48,590</b>
<b>Analysis of cash and cash equivalents:</b>		
Cash and bank balances	24,869	31,790
Deposits with licensed banks	7,926	21,986
	<b>32,795</b>	<b>53,776</b>
Less: Deposits maturing more than three (3) months	(4,726)	(5,186)
	<b>28,069</b>	<b>48,590</b>

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

**A1. Basis of Preparation**

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2022 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 2021. 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 2021.

**A2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021, 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 2022.

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

On 1 January 2022, the Group applied the following new published standard and amendments to published standards:

- Annual Improvements to MFRS 9 "Financial Instruments" on 'Fees in the 10% test for derecognition of financial liabilities'.
- Amendments to MFRS 3 "Business Combinations" on 'Reference to Conceptual Framework'.
- Amendments to MFRS 116 "Property, Plant and Equipment" on 'Proceeds before intended use'.
- Amendments to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" on 'Onerous contracts—cost of fulfilling a contract'.

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) 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.

- ii) 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.
- iii) 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).
- iv) 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.

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

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**A2. Significant Accounting Policies (Cont'd)**

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

- v) 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.

- vi) Amendments to MFRS 16 "Leases" on Lease Liability in a Sale and Leaseback (effective for annual period beginning on or after 1 January 2024).

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 2021 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2021 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 5 April 2022, the Company paid a fourth interim dividend of 5.0 sen (2020: 0.2 sen\*) per share in respect of the financial year ended 31 December 2021 amounting to RM65.5 million (2020: RM2.6 million).

On 6 July 2022, the Company paid a first interim dividend of 0.8 sen (2021: 0.8 sen\*) per share in respect of the financial year ending 31 December 2022 amounting to RM10.5 million (2021: RM10.5 million).

On 4 October 2022, the Company paid a second interim dividend of 0.5 sen (2021: 1.5 sen) per share in respect of the financial year ending 31 December 2022 amounting to RM6.6 million (2021: RM19.6 million).

For the third quarter, the Directors have declared a third interim dividend of 0.6 sen (2021: 2.0 sen) per share in respect of the financial year ending 31 December 2022. The dividend will be paid on 22 February 2023 to shareholders registered in the Register of Members at the close of business on 9 December 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.

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

## A9. Operating segments

Operating segments information for the period is as follows:

RM'000	Logistics and distribution	Manufacturing	Indonesia	Unallocated corporate expenses	Eliminations	Total
<b>2022</b>						
<b>Revenue</b>						
External revenue	1,904,960	11,025	731,972	-	-	2,647,957
Inter-segment revenue	-	212,706	-	-	(212,706)	-
<b>Total revenue</b>	<b>1,904,960</b>	<b>223,731</b>	<b>731,972</b>	<b>-</b>	<b>(212,706)</b>	<b>2,647,957</b>
<b>Results</b>						
<b>Earnings before interest, taxation, depreciation and amortisation</b>						
Depreciation and amortisation	57,149	41,914	22,716	(10,328)	-	111,451
Finance costs	(6,818)	(14,248)	(5,991)	-	-	(27,057)
Interest income	(14,693)	(3,783)	(9,675)	-	634	(27,517)
Interest income	856	412	38	-	(634)	672
<b>Profit before zakat and taxation</b>	<b>36,494</b>	<b>24,295</b>	<b>7,088</b>	<b>(10,328)</b>	<b>-</b>	<b>57,549</b>
Zakat	(1,800)	-	-	-	-	(1,800)
Taxation	(8,717)	(6,329)	(1,555)	-	-	(16,601)
<b>Net profit for the financial period</b>	<b>25,977</b>	<b>17,966</b>	<b>5,533</b>	<b>(10,328)</b>	<b>-</b>	<b>39,148</b>
<b>Timing of revenue recognition</b>						
Goods or services transferred:						
- At a point in time	1,904,960	223,731	731,972	-	(212,706)	2,647,957
- Over time	-	-	-	-	-	-
	<b>1,904,960</b>	<b>223,731</b>	<b>731,972</b>	<b>-</b>	<b>(212,706)</b>	<b>2,647,957</b>
<b>2021</b>						
<b>Revenue</b>						
External revenue	1,814,104	1,613,004	676,189	-	-	4,103,297
Inter-segment revenue	-	164,732	-	-	(164,732)	-
<b>Total revenue</b>	<b>1,814,104</b>	<b>1,777,736</b>	<b>676,189</b>	<b>-</b>	<b>(164,732)</b>	<b>4,103,297</b>
<b>Results</b>						
<b>Earnings before interest, taxation, depreciation and amortisation</b>						
Depreciation and amortisation	44,334	144,688	16,988	(4,627)	-	201,383
Finance costs	(5,696)	(13,619)	(5,613)	-	-	(24,928)
Interest income	(9,192)	(9,340)	(10,134)	-	3,238	(25,428)
Interest income	3,789	391	18	-	(3,238)	960
<b>Profit before zakat and taxation</b>	<b>33,235</b>	<b>122,120</b>	<b>1,259</b>	<b>(4,627)</b>	<b>-</b>	<b>151,987</b>
Zakat	(2,700)	(9,100)	-	-	-	(11,800)
Taxation	(15,873)	(36,114)	(1,160)	-	-	(53,147)
<b>Net profit for the financial period</b>	<b>14,662</b>	<b>76,906</b>	<b>99</b>	<b>(4,627)</b>	<b>-</b>	<b>87,040</b>
<b>Timing of revenue recognition</b>						
Goods or services transferred:						
- At a point in time	1,814,104	1,777,736	676,189	-	(164,732)	4,103,297
- Over time	-	-	-	-	-	-
	<b>1,814,104</b>	<b>1,777,736</b>	<b>676,189</b>	<b>-</b>	<b>(164,732)</b>	<b>4,103,297</b>

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 30 September					
	2022			2021		
	IDR'000	Exchange ratio	RM'000	IDR'000	Exchange ratio	RM'000
Revenue	2,489,581,680	0.0294	731,972	2,359,801,767	0.028654	676,189
Earnings before interest, taxation, depreciation and amortisation	77,261,613	0.0294	22,716	59,285,662	0.0287	16,988



**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****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 24 November 2022 that will materially affect the financial statements of the financial period under review.

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

There were no changes in the composition of the Group for the financial period ended 30 September 2022.

**A13. Contingent Liabilities**

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

**A14. Commitments**

The Group has the following commitments as at 30 September 2022:

	<b>Authorised and contracted for RM'000</b>	<b>Authorised but not contracted for RM'000</b>	<b>Total RM'000</b>
Property, plant and equipment	30,905	242,148	273,053

**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 2021.

**A16. Intangible Assets**

<b>RM'000</b>	<b>Goodwill</b>	<b>Software</b>	<b>Capitalised development cost and work-in- progress</b>	<b>Manufacturing licence and trade name</b>	<b>Intellectual property</b>	<b>Total</b>
<b>Cost</b>						
At 1 January 2022	144,876	20,691	58,404	20,833	3,071	247,875
Additions	-	3,088	7,296	-	-	10,384
Written off	-	-	(498)	-	-	(498)
Foreign exchange adjustments	2,237	4,476	-	830	-	7,543
At 30 September 2022	147,113	28,255	65,202	21,663	3,071	265,304
<b>Accumulated amortisation</b>						
At 1 January 2022	-	5,049	821	15,520	975	22,365
Amortisation charged	-	1,160	507	1,560	-	3,227
Written off	-	-	-	-	-	-
Foreign exchange adjustments	-	4,476	-	735	-	5,211
At 30 September 2022	-	10,685	1,328	17,815	975	30,803
<b>Accumulated impairment</b>						
At 1 January 2022/ 30 September 2022	15,401	-	-	-	2,096	17,497
<b>Net carrying value</b>						
At 30 September 2022	131,712	17,570	63,874	3,848	-	217,004
At 31 December 2021	129,475	15,642	57,583	5,313	-	208,013

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****B17. Performance Review**

	Current Period			Cumulative Period		
	2022 RM'000	2021 RM'000	+ / (-) %	2022 RM'000	2021 RM'000	+ / (-) %
Revenue	924,681	2,132,675	-56.6%	2,647,957	4,103,297	-35.5%
Earnings before interest, taxation, depreciation and amortisation	34,770	117,711	-70.5%	111,451	201,383	-44.7%
Profit before interest, zakat and taxation	25,201	109,237	-76.9%	84,394	176,455	-52.2%
Profit before zakat and taxation	15,589	98,219	-84.1%	57,549	151,987	-62.1%
Profit for the financial period	9,377	50,324	-81.4%	39,147	87,040	-55.0%
Profit attributable to owners of the parent	8,617	49,835	-82.7%	37,073	86,675	-57.2%

**Quarter 3 2022 vs Quarter 3 2021**

For the third quarter ended 30 September 2022 (3Q FY2022), the Group recorded RM924.7 million in revenue, a reduction of 56.6% from RM2.1 billion in the previous year's corresponding quarter (3Q FY2021) as the country is entering into the endemic phase. Furthermore, the Group reported lower sales from its concession segment due to the timing of orders from the Ministry of Health (MOH). Nevertheless, the decrease in revenue was partially offset by the higher revenue from other segments including non-concession and Indonesia businesses.

In tandem with the lower revenue, the Group's earnings before interest, taxation, depreciation and amortisation (EBITDA) declined by 70.5% to RM34.8 million in 3Q FY2022 compared with RM117.7 million in the previous corresponding quarter. Correspondingly, profit before zakat and taxation (PBT) for the quarter decreased 84.1% to RM9.4 million, compared with RM50.3 million in 3Q FY2021.

**Period ended 30 September 2022 vs Period ended 30 September 2021**

For the first nine months period ended 30 September 2022 (9M FY2022), the Group registered a 35.5% lower revenue of RM2.6 billion compared with RM4.1 billion in the same period last year as the country is entering into endemic phase. However, the Group registered an encouraging growth in the concession business as additional products were added into the concession list which took effect from second half of 2021. In addition, there was also an improved contribution from the private sector by 54.9% as a result of aggressive sales efforts coupled with new products launched to the market during the period. The Group's Indonesia segment continues to post promising performance leveraging on the improved operational efficiency include among others stock optimisation and aggressive collection effort as well as digitalisation in its business processes.

In line with lower revenue, the Group posted lower EBITDA and PBT of RM111.5 million and RM57.5 million respectively in 9M FY2022, decreasing from RM201.4 million and RM152.0 million respectively in the same period last year. The profitability was further impacted by higher finance costs on the back of higher borrowings during the financial period under review.

The **Logistics and Distribution Division** recorded a higher EBITDA of RM57.1 million for 9M FY2022 compared with RM44.3 million in 9M FY2021. This was mainly attributable to stronger contribution from the concession business as additional products were added into the concession list coupled with higher demand of inhouse products from the Ministry of Health (MOH). This was further supported by improved contribution from the private sector as a result of aggressive sales efforts as well as new products launched to the market during the period. Hence, the PBT increased to RM36.5 million from RM33.2 million.

The Group continued to uphold the trust accorded by MOH to handle logistics and distribution services to deliver the 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 RM24.3 million on the back of RM223.7 million revenue for the financial period under review. With continued expansion of the Group's new product portfolio coupled with sustained demand, the Group's long-term prospects for its manufacturing division remain optimistic. Going forward, the Group will continue to actively enhance 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** registered a PBT of RM7.1 million for the financial period under review, a significant improvement compared with RM1.3 million in the corresponding period last year. This was primarily due to its improved operational efficiency include among others stock optimisation and aggressive collection effort as well as digitalisation in its business processes.

**Consolidated Statement of Financial Position**

Most of the Group's receivables are derived from the Government, which collection will be fully settled by end of the year, hence lower receivables and borrowings as of 31 December 2021 against the third quarter of 2022.

The higher inventories and trade payables were mainly due to the purchase in September 2022 to cater for the higher demand in October and November 2022.

**Consolidated Statement of Cash Flows**

For the period under review, the deficit in cash from operations was mainly due to lower collections from customers which was in tandem with lower sales in September 2022.

The higher purchase of fixed assets was for halal vaccine and insulin projects.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****B18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter**

	<b>Current Period</b>	<b>Immediate Preceding Period</b>	
	<b>2022 RM'000</b>	<b>2022 RM'000</b>	<b>+ / (-) %</b>
Revenue	924,681	761,102	21.5%
Earnings before interest, taxation, depreciation and amortisation	34,770	22,897	51.9%
Profit before interest, zakat and taxation	25,201	13,887	81.5%
Profit before zakat and taxation	15,589	4,521	> 100%
Profit for the financial period	9,377	914	> 100%
Profit attributable to owners of the parent	8,617	722	> 100%

In comparison with the immediate preceding quarter, the Group registered a 21.5% higher revenue of RM924.7 million for the quarter under review, largely due to higher contributions from the concession, non-concession and Indonesia businesses. Hence, the Group's PBT increased more than two-fold to RM15.6 million in the quarter under review from RM4.5 million in the immediate preceding quarter.

Correspondingly, the Group's PAT for the quarter under review increased to RM9.4 million from RM0.9 million in the immediate preceding quarter.

**B19. Prospects**

The Group's Indonesia business continues to become the main growth driver as it performs impressively, mainly propelled by enhanced operational efficiency and digitalisation with an ongoing stock optimisation exercise, aggressive collection efforts as well as increasing product portfolio. As of 30 September 2022, Indonesia business operations have achieved 8% growth in revenue and the Group targets to close the financial year ending 2022 by 15% growth.

On the local front, the Group is focusing to leverage its business portfolio in the private market that have registered remarkable revenue growth, rose by 57% quarter-on-quarter and 55% year-on-year. We expect to record more than RM120 million of revenue with an approximate 60% growth from the private sector by year end. Alongside this, the Group forecasts that its concession business will continue to register growth estimated at 8% for this year as additional products have been added by the Ministry of Health into the Approved Products Purchase List (APPL).

Moving forward, the Group remains cautiously optimistic of its performance in 2022 considering the volatile economic and geopolitical climate across the globe. Nevertheless, we have well-crafted strategic plans across the Group to cushion any risk or situation in ensuring minimum impact throughout our business operations.

**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**

	<b>Current Period</b>		<b>Cumulative Period</b>	
	<b>2022 RM'000</b>	2021 RM'000	<b>2022 RM'000</b>	2021 RM'000
Taxation based on profit for the period:				
- Current	<b>7,229</b>	34,229	<b>12,774</b>	48,269
- Deferred	<b>(1,080)</b>	3,066	<b>4,336</b>	5,165
	<b>6,149</b>	37,295	<b>17,110</b>	53,434
Over provision in prior periods:				
- Current	<b>(537)</b>	-	<b>(508)</b>	(79)
- Deferred	-	-	-	(208)
	<b>(537)</b>	-	<b>(508)</b>	(287)
	<b>5,612</b>	37,295	<b>16,602</b>	53,147

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**

The disclosure requirements for corporate proposal is not applicable.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****B23. Borrowings and Debt Securities**

	<b>30 September 2022 RM'000</b>	30 September 2021 RM'000	31 December 2021 RM'000
Non-current:			
Term loan	<b>31,960</b>	-	2,690
Revolving credits	<b>275,990</b>	293,699	282,299
Hire purchase:			
- Denominated in Ringgit Malaysia	<b>482</b>	104	115
- Denominated in Indonesian Rupiah	<b>167</b>	87	66
	<b>308,599</b>	293,890	285,170
Current:			
Bankers' acceptances:			
- Denominated in Ringgit Malaysia	<b>426,214</b>	288,256	397,261
- Denominated in Indonesian Rupiah	<b>182,580</b>	196,686	146,717
Revolving credits	<b>167,708</b>	31,300	25,700
Hire purchase:			
- Denominated in Ringgit Malaysia	<b>367</b>	294	258
- Denominated in Indonesian Rupiah	<b>126</b>	140	120
	<b>776,995</b>	516,676	570,056
The amount of borrowings denominated in Indonesian Rupiah	<b>IDR'000 601,555,921</b>	688,506,993	503,092,466
Exchange rate for Indonesian Rupiah	<b>RM 0.0304</b>	0.0286	0.0292

The Government will fully settle the outstanding debts by end of the year, hence, lower borrowings as at 31 December 2021 as compared with 30 September 2022.

As at 30 September 2022, the weighted average floating interest rate of borrowings was 4.1% (2021: 4.0%) 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:

	<b>Current Period</b>		<b>Cumulative Period</b>	
	<b>2022 RM'000</b>	2021 RM'000	<b>2022 RM'000</b>	2021 RM'000
Depreciation and amortisation	<b>9,569</b>	8,474	<b>27,057</b>	24,928
Net impairment of and write off of receivables	<b>462</b>	174	<b>634</b>	1,341
Net provision for stock obsolescence and write off of inventories	<b>2,285</b>	7,921	<b>10,576</b>	14,616
Write off of intangible assets	-	1,224	<b>498</b>	1,224
Net foreign exchange losses	<b>327</b>	81	<b>1,462</b>	33

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 30 September 2022.

**B25. Profit Forecast**

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

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)****B26. Earnings Per Share (“EPS”)**

## (a) Basic earnings per share

	Current Period		Cumulative Period	
	2022	2021	2022	2021
Profit attributable to owners of the Company (RM'000)	<b>8,617</b>	49,835	<b>37,073</b>	86,675
Average number of ordinary shares in issue ('000)	<b>1,309,959</b>	1,309,126	<b>1,309,959</b>	1,309,126
Basic earnings per share (sen)	<b>0.66</b>	3.81	<b>2.83</b>	6.62

## (b) Diluted earnings per share

Profit attributable to owners of the Company (RM'000)	<b>8,617</b>	49,835	<b>37,073</b>	86,675
Average number of ordinary shares in issue ('000)	<b>1,309,959</b>	1,309,126	<b>1,309,959</b>	1,309,126
Assumed shares issued under Long Term Incentive Plan ('000)	-	-	-	-
Weighted average number of ordinary shares in issue ('000)	<b>1,309,959</b>	1,309,126	<b>1,309,959</b>	1,309,126
Diluted earnings per share (sen)	<b>0.66</b>	3.81	<b>2.83</b>	6.62

The options granted under the Group's Option Plan are anti-dilutive as they are out-of-the-money and have not been considered in the calculation of diluted earnings per share.

**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 24 November 2022.

Kuala Lumpur  
24 November 2022

**By Order of the Board**

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