Pharmaniaga Berhad (199801011581 (467709-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the quarter ended 30 September 2024	Current Period		Cumulative Period	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Revenue	**1,029,822**	885,486	**2,833,037**	2,614,674
Cost of sales	**(802,353)**	(775,219)	**(2,398,694)**	(2,313,271)
Gross profit	**227,469**	110,267	**434,343**	301,403
Other income	**147**	338	**2,080**	1,493
Operating expenses	**(71,760)**	(151,014)	**(203,582)**	(299,217)
Finance costs	**(18,259)**	(16,208)	**(53,836)**	(45,570)
Interest income	**888**	358	**1,858**	1,167
Profit/ (Loss) before zakat and taxation	**138,485**	(56,259)	**180,863**	(40,724)
Zakat	-	-	-	-
Taxation	**(37,166)**	7,212	**(49,519)**	(3,233)
Profit/ (Loss) for the financial period	**101,319**	(49,047)	**131,344**	(43,957)
Profit/ (Loss) for the financial period attributable to:				
Owners of the parent	**101,032**	(49,339)	**129,475**	(44,731)
Non-controlling interests	**287**	292	**1,869**	774
Profit/ (Loss) for the financial period	**101,319**	(49,047)	**131,344**	(43,957)
Earnings/ (Loss) per share - sen				
- Basic	**7.01**	(3.67)	**8.98**	(3.33)
- Diluted	**7.01**	(3.67)	**8.98**	(3.33)

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 2024	Current Period		Cumulative Period	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/ (Loss) for the financial period	**101,319**	(49,047)	**131,344**	(43,957)
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation (losses)/ gains for foreign operations	**(4,053)**	(1,703)	**(7,442)**	5,856
Recognition of actuarial gains	**-**	-	**88**	119
Items that will not be reclassified to profit or loss				
Gain on revaluation of land and buildings	**-**	-	**176**	101,870
	(4,053)	(1,703)	**(7,178)**	107,845
Total comprehensive income/ (loss) for the financial period	**97,266**	(50,750)	**124,166**	63,888
Attributable to:				
Owners of the parent	**98,080**	(49,240)	**124,148**	60,166
Non-controlling interests	**(814)**	(1,510)	**18**	3,722
Total comprehensive income/ (loss) for the financial period	**97,266**	(50,750)	**124,166**	63,888

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 30 September 2024	As at 31 December 2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	**516,857**	515,319
Intangible assets	**150,074**	149,558
Rights-of-use assets	**86,790**	90,429
Deferred tax assets	**51,644**	52,082
	805,365	807,388
Current assets		
Inventories	**620,345**	580,643
Receivables	**637,043**	369,187
Tax recoverable	**17,085**	30,195
Deposits, cash and bank balances	**66,428**	127,441
	1,340,901	1,107,466
TOTAL ASSETS	**2,146,266**	1,914,854
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**200,046**	200,046
Reserves	**(374,964)**	(499,112)
Shareholders' equity	**(174,918)**	(299,066)
Non-controlling interests	**24,750**	24,976
Capital deficiency	**(150,168)**	(274,090)
Non-current liabilities		
Borrowings	**113,590**	139,372
Lease liabilities	**2,112**	341
Deferred tax liabilities	**28,659**	32,846
Provision for defined benefit plan	**11,032**	10,841
Government grants	**2,901**	3,097
	158,294	186,497
Current liabilities		
Payables	**924,954**	881,308
Amount due to immediate holding company	**51,715**	50,515
Current tax liabilities	**31,566**	9,795
Contract liabilities	**6,635**	8,899
Government grants	**260**	260
Borrowings	**1,120,037**	1,047,727
Lease liabilities	**2,973**	3,943
	2,138,140	2,002,447
Total liabilities	**2,296,434**	2,188,944
TOTAL EQUITY AND LIABILITIES	**2,146,266**	1,914,854

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

For the period ended 30 September 2024	Attributable to shareholders of the Company							
	Share Capital	Exchange Reserve	Revaluation Reserve	Share Reserves	Accumulated Losses	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	**200,046**	**149**	**100,534**	**3,624**	**(603,419)**	**(299,066)**	**24,976**	**(274,090)**
- Net profit for the financial period	**-**	**-**	**-**	**-**	**129,475**	**129,475**	**1,869**	**131,344**
- Other comprehensive (loss)/ income	**-**	**(5,568)**	**176**	**-**	**65**	**(5,327)**	**(1,851)**	**(7,178)**
Total comprehensive (loss)/ income for the financial period	**-**	**(5,568)**	**176**	**-**	**129,540**	**124,148**	**18**	**124,166**
Transactions with owners								
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(244)**	**(244)**
Total transactions with owners for the financial period	**-**	**-**	**-**	**-**	**-**	**-**	**(244)**	**(244)**
At 30 September 2024	**200,046**	**(5,419)**	**100,710**	**3,624**	**(473,879)**	**(174,918)**	**24,750**	**(150,168)**
At 1 January 2023 (as previously stated)	154,189	(2,281)	-	3,624	(404,274)	(248,742)	21,386	(227,356)
Restatement of comparatives	-	-	-	-	(120,952)	(120,952)	-	(120,952)
At 1 January 2023 (as restated)	154,189	(2,281)	-	3,624	(525,226)	(369,694)	21,386	(348,308)
- Net (loss)/ profit for the financial period	-	-	-	-	(44,731)	(44,731)	774	(43,957)
- Other comprehensive income	-	4,306	98,812	-	1,779	104,897	2,948	107,845
Total comprehensive income/ (loss) for the financial period	-	4,306	98,812	-	(42,952)	60,166	3,722	63,888
Transactions with owners								
Issuance of Ordinary Shares pursuant to Private Placement	45,857	-	-	-	-	45,857	-	45,857
Dividends	-	-	-	-	-	-	(211)	(211)
Total transactions with owners for the financial period	45,857	-	-	-	-	45,857	(211)	45,646
At 30 September 2023	200,046	2,025	98,812	3,624	(568,178)	(263,671)	24,897	(238,774)

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 30 September 2024

	2024 RM'000	2023 RM'000
Operating Activities		
Cash receipts from customers	**2,607,802**	2,508,729
Cash payments to suppliers and employees	**(2,601,980)**	(2,438,577)
Net cash generated from operations	**5,822**	70,152
Interest paid	**(53,484)**	(44,955)
Tax paid	**(18,706)**	(10,788)
Interest received	**1,858**	1,167
Net cash (used in)/generated from operating activities	**(64,510)**	15,576
Investing Activities		
Purchase of property, plant and equipment	**(19,236)**	(27,915)
Purchase of intangible assets	**(5,907)**	(7,469)
Proceeds from disposal of property, plant and equipment	**9**	5,036
Increase in investment in deposits maturing more than three (3) months	**(5,878)**	-
Net cash used in investing activities	**(31,012)**	(30,348)
Financing Activities		
Dividends paid to:		
- owners of the Company	**-**	(7,859)
- non-controlling interests of a subsidiary	**(244)**	(211)
Net drawdown/(repayment) of borrowings	**35,150**	(38,286)
Proceeds from issuance of share capital	-	45,857
Payment of lease liabilities	**(5,068)**	(7,287)
Net cash generated from/ (used in) financing activities	**29,838**	(7,786)
Net decrease in cash and cash equivalents	**(65,684)**	(22,558)
Effects of exchange rate changes	**(1,207)**	435
Cash and cash equivalent at beginning of period	**127,441**	52,849
Cash and cash equivalent at end of period	**60,550**	30,726
Analysis of cash and cash equivalents:		
Cash and bank balances	**53,650**	28,409
Deposits with licensed banks	**12,778**	2,317
	66,428	30,726
Less: Deposits maturing more than three (3) months	**(5,878)**	-
	60,550	30,726

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

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

A1. Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 30 September 2024 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 2023. 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 2023.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2023, 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 2024.

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

On 1 January 2024, the Group applied the following new published standard and amendments to published standards:

- Amendments to MFRS 16 ‘Lease Liability in a Sale and Leaseback’ specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 ‘Revenue from Contracts with Customers’ to be accounted for as a sale.
- Amendments to MFRS 101 "Presentation of Financial Statements" on ‘Classification of liabilities as current or non-current’ clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 ‘Financial Instruments: Presentation’ does not impact the current or non-current classification of the convertible instrument.
- Amendments to MFRS 101 "Presentation of Financial Statements" on ‘Non-current Liabilities with Covenants’ specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.
- Amendments to MFRS 107 and MFRS 7 ‘Supplier Finance Arrangements’.

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 121 “The Effects of Changes in Foreign Exchange Rates” – Lack of Exchangeability (effective 1 January 2025).

ii) Annual improvements to MFRS Accounting Standards - Volume 11 (effective 1 January 2026).

iii) Amendments to MFRS 7 "Financial Instruments: Disclosures" and MFRS 9 "Financial Instruments" on the Classification and Measurement of Financial Instruments (effective 1 January 2026).

iv) MFRS 18 "Presentation and Disclosure in Financial Statements" (effective 1 January 2027).

v) MFRS 19 "Subsidiaries without Public Accountability: Disclosures" (effective 1 January 2027).

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

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 2023 financial statements

The audit report on the Group’s financial statements for the financial year ended 31 December 2023 was unqualified with emphasis of matter on material uncertainty related to going concern.

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

No interim dividend was proposed or declared in respect of the financial period ended 30 September 2024 (2023: Nil).

A9. Operating segments

Operating segments information for the period is as follows:

	------------- Malaysia -------------		--- Indonesia ---			
RM'000	**Logistics and distribution**	**Manufacturing**	**Manufacturing & distribution**	**Unallocated corporate expenses**	**Eliminations**	**Total**
2024						
Revenue						
External revenue	1,948,893	3,765	880,379	-	-	2,833,037
Inter-segment revenue	-	222,790	-	-	(222,790)	-
Total revenue	1,948,893	226,555	880,379	-	(222,790)	2,833,037
Results						
Earnings before interest, taxation, depreciation and amortisation	182,503	54,427	27,034	-	-	263,964
Depreciation and amortisation	(10,783)	(13,422)	(6,918)	-	-	(31,123)
Finance costs	(66,659)	(17,942)	(16,232)	-	46,997	(53,836)
Interest income	48,708	130	17	-	(46,997)	1,858
Profit before zakat and taxation	153,769	23,193	3,901	-	-	180,863
Zakat	-	-	-	-	-	-
Taxation	(46,692)	(1,896)	(931)	-	-	(49,519)
Net profit for the financial period	107,077	21,297	2,970	-	-	131,344
Timing of revenue recognition						
Goods or services transferred:						
- At a point in time	1,948,893	226,555	880,379	-	(222,790)	2,833,037
- Over time	-	-	-	-	-	-
	1,948,893	226,555	880,379	-	(222,790)	2,833,037
2023						
Revenue						
External revenue	1,860,945	5,457	748,272	-	-	2,614,674
Inter-segment revenue	-	218,476	-	-	(218,476)	-
Total revenue	1,860,945	223,933	748,272	-	(218,476)	2,614,674
Results						
(Loss)/ Earnings before interest, taxation, depreciation and amortisation	(7,163)	21,475	26,170	(7,439)	-	33,043
Depreciation and amortisation	(11,577)	(12,252)	(5,535)	-	-	(29,364)
Finance costs	(53,017)	(15,646)	(13,946)	-	37,039	(45,570)
Interest income	37,566	104	536	-	(37,039)	1,167
(Loss)/Profit before zakat and taxation	(34,191)	(6,319)	7,225	(7,439)	-	(40,724)
Zakat	-	-	-	-	-	-
Taxation	3,234	(1,316)	(5,151)	-	-	(3,233)
Net (loss)/profit for the financial period	(30,957)	(7,635)	2,074	(7,439)	-	(43,957)
Timing of revenue recognition						
Goods or services transferred:						
- At a point in time	1,860,945	223,933	748,272	-	(218,476)	2,614,674
- Over time	-	-	-	-	-	-
	1,860,945	223,933	748,272	-	(218,476)	2,614,674

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					
	2024			**2023**		
	IDR'000	**Exchange ratio**	**RM'000**	**IDR'000**	**Exchange ratio**	**RM'000**
Revenue	2,974,551,288	0.0296	880,379	2,535,856,243	0.0295	748,272
Earnings before interest, taxation, depreciation and amortisation	91,340,229	0.0296	27,034	88,688,816	0.0295	26,170

A10 Carrying Amount of Revalued Assets

Land and buildings within the property, plant and equipment and leasehold land within right-of-use assets are measured initially at cost, including transaction costs and borrowing costs if the land and buildings meet the definition of qualifying assets. After initial recognition, land and buildings are carried at revaluation, less subsequent depreciation (except freehold land) and impairment losses. All other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses except for capital work-in-progress which are not depreciated.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity.

A11 Subsequent Events

There was no subsequent event as at 26 November 2024 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 2024.

A13 Contingent Liabilities

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

A14 Commitments

The Group has the following commitments as at 30 September 2024:

	Authorised and contracted for RM'000	Authorised but not contracted for RM'000	Total RM'000
Property, plant and equipment	5,255	198,244	203,499

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 2023.

A16 Intangible Assets

RM'000	Goodwill	Software	Capitalised development cost and work-in-progress	Manufacturing licences and trade name	Intellectual property	Total
Cost						
At 1 January 2024	143,143	20,148	60,679	21,246	3,071	248,287
Additions	-	-	5,907	-	-	5,907
Written off	-	-	(305)	-	-	(305)
Foreign exchange adjustments	(211)	(300)	(488)	(1,791)	-	(2,790)
At 30 September 2024	142,932	19,848	65,793	19,455	3,071	251,099
Accumulated amortisation						
At 1 January 2024	-	4,307	5,952	19,724	975	30,958
Amortisation charged	-	1,402	2,338	197	-	3,937
Foreign exchange adjustments	-	(87)	-	(1,554)	-	(1,641)
At 30 September 2024	-	5,622	8,290	18,367	975	33,254
Accumulated impairment						
At 1 January 2024/ 30 September 2024	65,675	-	-	-	2,096	67,771
Net carrying value						
At 30 September 2024	77,257	14,226	57,503	1,088	-	150,074
At 31 December 2023	77,468	15,841	54,727	1,522	-	149,558

B17. Performance Review

	Current Period			Cumulative Period		
	2024 RM'000	**2023 RM'000**	**+/(-) %**	**2024 RM'000**	**2023 RM'000**	**+/(-) %**
Revenue	1,029,822	885,486	16.3%	2,833,037	2,614,674	8.4%
Earnings/(Loss) before interest, taxation, depreciation and amortisation	166,173	(30,684)	> 100.0%	263,964	33,043	> 100.0%
Profit/(Loss) before interest, zakat and taxation	155,856	(40,409)	> 100.0%	232,841	3,679	> 100.0%
Profit/ (Loss) before zakat and taxation	138,485	(56,259)	> 100.0%	180,863	(40,724)	> 100.0%
Profit/ (Loss) for the financial period	101,319	(49,047)	> 100.0%	131,344	(43,957)	> 100.0%
Profit/(Loss) attributable to owners of the parent	101,032	(49,339)	> 100.0%	129,475	(44,731)	> 100.0%

Quarter 3 2024 vs Quarter 3 2023

For the third quarter ended 30 September 2024, the Group recorded RM1,029.8 million in revenue, reflecting a 16.3% increase from RM885.5 million in the corresponding quarter of the previous financial year. This growth was primarily driven by the increased demand in the concession segment, attributed to the addition of new products to the Approved Product Price List and price adjustments under the new concession cycle due to rising supplier costs coupled with the reversal of penalty charges from the government. Higher revenue was also contributed by increased customer demand in the Indonesia segment, fuelled by a surge in orders from existing principals and additional sales generated from the opening of two new branches in February 2024. However, this growth was partially offset by a decline in revenue in the non-concession segment, which was impacted by the completion of the supply of a blood product.

With the higher revenue in the current quarter and the absence of substantial one-off impairments and provisions recorded in the previous corresponding quarter—such as the provision for stock obsolescence of expiring pandemic-related consumables (e.g., personal protective equipment and needles), the write-off of new product development costs due to the non-commercial viability of certain products, and the cessation of non-core businesses, which also led to a write-down of machinery and equipment—the Group's earnings before interest, taxation, depreciation and amortisation (EBITDA) rebounded significantly to RM166.2 million, compared to a loss before interest, taxation, depreciation and amortisation (LBITDA) of RM30.7 million in the corresponding quarter of the previous year.

Correspondingly, the Group’s profit before zakat and taxation (PBT) showed a significant improvement to RM138.5 million, compared to a loss before zakat and taxation (LBT) of RM56.3 million in the corresponding quarter of the previous year.

Period ended 30 September 2024 vs Period ended 30 September 2023

For the nine-month period ended 30 September 2024, the Group recorded RM2.8 billion in revenue, representing a 8.4% increase from the corresponding period of the previous year. This growth was primarily driven by the increased demand in the concession segment, attributed to the addition of new products to the Approved Product Price List and price adjustments under the new concession cycle due to rising supplier costs coupled with the reversal of penalty charges from the government.

Additionally, higher revenue was also contributed by increased customer demand in the Indonesia segment, fueled by a surge in orders from existing principals and additional sales generated from the opening of two new branches in February 2024. However, this growth was partially offset by a decline in revenue in the non-concession segment, which was impacted by the completion of the supply of a blood product.

With the higher revenue in the current period and the absence of substantial one-off impairments and provisions recorded in the previous period—such as the provision for stock obsolescence of expiring pandemic-related consumables (e.g., personal protective equipment and needles), the write-off of new product development costs due to the non-commercial viability of certain products, and the cessation of non-core businesses, which also led to a write-down of machinery and equipment—the Group's EBITDA rebounded significantly to RM264.0 million, compared to RM33.0 million in the corresponding period of the previous year.

In line with the increase in EBITDA, the Group recorded higher PBT of RM180.9 million, marking a significant increase from LBT of RM40.7 million in the same period last year.

The **Logistics and Distribution Division** recorded a higher PBT of RM153.8 million for the period under review, compared with LBT of RM34.2 million in the corresponding period of the previous year. This increase was mainly attributable to higher concession sales and the reversal of penalty charges from government. The growth in revenue for the concession segment was primarily due to the addition of new products to the Approved Product Price List and price revisions under the new concession cycle resulting from increased supplier costs. Additionally, cost optimisation measures including the cessation of non-core and non-performing businesses, contributed to the improved profitability of the Division.

The Group maintained its commitment to the Ministry of Health Malaysia by efficiently managing logistics and distribution services to ensure the timely delivery of critical medical supplies to healthcare facilities.

The **Manufacturing Division** reported a PBT of RM23.2 million, a significant improvement compared with a LBT of RM6.3 million in the same period last year due to the absence of the one-off provision for stock obsolescence, write-off of new product development costs due to the non-commercial viability of the products, and write-down of plant and equipment resulting from the cessation of non-core businesses. The long-term outlook for the Group's Manufacturing Division remains positive, primarily as a result of the ongoing expansion of the vaccine manufacturing business coupled with sustained demand.

The **Indonesia Division** registered an EBITDA of RM27.0 million for the financial period under review, an improvement compared with RM26.2 million in the corresponding period last year. This was driven by higher revenue from products of existing principals and additional sales generated from the opening of two new branches in February 2024. However, the Division recorded a lower PBT of RM3.9 million as impacted by higher amortisation, depreciation and finance costs.

Consolidated Statement of Financial Position

The majority of the receivables are from the Government, with collection expected to be fully paid by end of the year. This explains why receivables as at 31 December 2023 were lower compared to the third quarter of 2024.

Higher payables as of 30 September 2024 were primarily due to increased purchases resulting from the addition of new products to the Approved Product Price List in the new concession period, as well as price revisions under the new concession cycle due to increased supplier costs.

Consolidated Statement of Cash Flows

For the period under review, the lower net cash generated from operations was mainly due to the payment of the overdue suppliers.

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

	Current Period	Immediate Preceding Period	
	2024	**2024**	**+/(-)**
	RM'000	**RM'000**	**%**
Revenue	1,029,822	838,256	22.9%
Earnings before interest, taxation, depreciation and amortisation	166,173	31,296	> 100.0%
Profit before interest, zakat and taxation	155,856	21,008	> 100.0%
Profit before zakat and taxation	138,485	3,334	> 100.0%
Profit for the financial period	101,319	3,846	> 100.0%
Profit attributable to owners of the parent	101,032	2,797	> 100.0%

The Group's revenue for the third quarter under review increased by 22.9% to RM1,029.8 million compared with the previous quarter (Q2 2024), largely due to the increased demand in the concession segment, attributed to the addition of new products to the Approved Product Price List coupled with the reversal of penalty charges from the government. As a result, the Group recorded a higher PBT of RM138.5 million as compared with the preceding quarter of RM3.3 million.

Correspondingly, the Group recorded a profit after tax (PAT) of RM101.3 million for the quarter under review, compared with the RM3.8 million in the immediate preceding quarter.

B19. Prospects

As we approach the end of 2024, Pharmaniaga Berhad remains well-positioned for growth, bolstered by resilient performance in the concession segment, significant advancements in biopharmaceuticals, and strategic expansion in Indonesia.

Our concession segment continues to demonstrate strength, with a notable increase in revenue for the year-to-date September 2024. We anticipated further growth in Q4 2024 and into 2025, as the number of active products under the Approved Product Purchase List (APPL) is expected to increase from 655 products in Q3 2024 to 832 products by the end of 2025. This expansion is projected to drive both sales and volume within the concession segment, reinforcing Pharmaniaga's commitment as a strategic partner to the Ministry of Health in serving the nation.

In the recent budget announcement, Prime Minister Dato' Seri Anwar Ibrahim allocated approximately RM45.3 billion to the Ministry of Health for 2025, marking a 9.8% increase from the RM41.2 billion budgeted in 2024. While the increase in the minimum wage to RM1,700 is expected to slightly impact the Group’s profitability, this effect is mitigated by the Government's increased concession budget allocation from RM1.8 billion to RM2.0 billion, providing a stronger foundation for sustained growth in this segment. To support localisation and supply security, the Government announced plans for an off-take policy and special procurement for domestic pharmaceutical investments, particularly in vaccine security. This aligns closely with Pharmaniaga’s strategic initiatives and we are optimistic about the growth opportunities this presents as we further strengthen our role in Malaysia’s healthcare ecosystem.

A significant milestone was reached in our Biopharmaceutical venture with the official launch of Malaysia’s first local manufacturing plant on 9 September 2024. This facility exemplifies Pharmaniaga’s capabilities in local manufacturing, supporting the Government’s efforts in import substitution and supply security. In addition to this, the Group’s flagship recombinant human insulin product received regulatory approval from the National Pharmaceutical Regulatory Agency (NPRA) in November 2024 and is expected to be supplied to government hospitals by Q1 2025.

In line with the Government’s focus on supporting local vaccine production, the Group has signed a grant agreement with the National Institute of Biotechnology Malaysia (NIBM), under the Ministry of Science, Technology, and Innovation (MOSTI). This funding, through the National Vaccine Production Development and Strengthening Fund (DPVN) Scheme, will enhance our vaccine research and development capabilities. These efforts are part of our vision to establish Pharmaniaga as a key player in the biopharmaceutical sector, strengthening our contributions to both local and global healthcare advancements. This grant forms part of the Group’s broader investments dedicated to the development of two key vaccines under the National Immunisation Programme (NIP), underscoring Pharmaniaga’s commitment to supporting public health initiatives and advancing Malaysia’s self-sufficiency in vaccine supply.

Furthermore, for 2025, Pharmaniaga plans to launch seven new small molecule products across key therapeutic areas, namely Anti-Infectives, Alimentary Tract & Metabolism, as well as Cardiovascular. These products are expected to eventually generate an additional RM30 million in revenue annually, aligning with our goal to enhance our product portfolio and meet evolving healthcare needs.

The Group’s Indonesia operations continued to show promising momentum. The opening of two branches in February (Puwarkata and Mataram) and an additional branch (Pematang Siantar) in September has expanded Pharmaniaga's reach across Indonesia, further supporting the Group’s growth trajectory in this key market. Additionally, our manufacturing plant is in the final stages of negotiation to provide Contract Manufacturing services for five products with a multinational principal and four products with a local pharmacy chain, a promising expansion that leverages our production capabilities to meet broader market demands.

Guided by Vision 525, the Group’s forward-looking approach continues to strengthen our market leadership and commitment to sustainable growth in the healthcare industry. With these strategic initiatives and a dedicated focus on operational excellence, Pharmaniaga is well-poised for a strong close to 2024 and a promising outlook for 2025.

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	
	2024	2023	**2024**	2023
	RM'000	RM'000	**RM'000**	RM'000
Taxation based on profit for the period:				
- Current	**24,544**	3,281	**36,484**	11,874
- Deferred	**8,342**	(12,562)	**10,644**	(13,089)
	32,886	(9,281)	**47,128**	(1,215)
Under provision in prior periods:				
- Current	**4,106**	-	**4,106**	2,379
- Deferred	**174**	2,069	**(1,715)**	2,069
	4,280	2,069	**2,391**	4,448
	37,166	(7,212)	**49,519**	3,233

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

B22. Corporate Proposal

On 23 February 2024, the Group had submitted its regularisation plan to Bursa Malaysia ("Proposed Regularisation Plan") with the following proposals:

- proposed capital reduction of the issued share capital of the Company by the cancellation of RM180.0 million issued share capital which is lost and/or unrepresented by available assets;
- proposed renounceable rights issue to its shareholders to raise gross proceeds of up to RM354.6 million; and
- proposed private placement to third party investor(s) to be identified at a later date to raise gross proceeds of up to RM300.0 million.

Subsequently on 6 November 2024, the Group had announced further revision to the Proposed Regularisation Plan. The changes are mainly on the amount of share capital reduction, the sequence of implementation of the proposals and the removal of warrants from the Proposed Rights Issue with Warrants, as set out below:

Original submission	**Revision to the Proposed Regularisation Plan**
i. Proposed capital reduction of RM180.0 million;	i. Proposed rights issue of up to RM353.5 million;
ii. Proposed rights issue with warrants of up to RM354.6 million; and	ii. Proposed private placement of up to RM300.0 million; and
iii. Proposed private placement of up to RM300.0 million.	iii. Proposed capital reduction of RM520.0 million.

The Proposed Regularisation Plan is subject to the following approvals being obtained:

(a) Bursa Securities for the following:
  (i) the Proposed Regularisation Plan; and
  (ii) the listing of and quotation for the Rights Shares and Placement Shares on the Main Market of Bursa Securities;
(b) the shareholders of Pharmaniaga at the EGM to be convened for the Proposed Regularisation Plan; and
(c) any other relevant authorities and/or parties, if required and the fulfilment of all conditions attached to such approvals, if any.

B23. Borrowings and Debt Securities

		30 September 2024 RM'000	30 September 2023 RM'000	31 December 2023 RM'000
Non-current:				
Term loans				
- Denominated in Ringgit Malaysia		**43,279**	52,727	50,512
- Denominated in Indonesian Rupiah		**11,558**	-	13,112
Revolving credits		**58,330**	163,998	74,998
Hire purchase:				
- Denominated in Ringgit Malaysia		**361**	1,101	641
- Denominated in Indonesian Rupiah		**62**	122	109
		113,590	217,948	139,372
Current:				
Term loans				
- Denominated in Ringgit Malaysia		**17,664**	-	16,500
- Denominated in Indonesian Rupiah		**997**	-	-
Bankers' acceptances:				
- Denominated in Ringgit Malaysia		**502,790**	444,325	480,804
- Denominated in Indonesian Rupiah		**221,337**	230,036	213,300
Revolving credits		**301,667**	242,267	319,367
Bridging loan		**75,000**	-	17,079
Hire purchase:				
- Denominated in Ringgit Malaysia		**534**	562	632
- Denominated in Indonesian Rupiah		**48**	44	45
		1,120,037	917,234	1,047,727
The amount of borrowings denominated in Indonesian Rupiah	**IDR'000**	**860,301,471**	780,345,763	760,288,591
Exchange rate for Indonesian Rupiah	**RM**	**0.0272**	0.0295	0.0298

As at 30 September 2024, the weighted average floating interest rate of borrowings was 5.7% (2023: 5.5%) per annum.

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

B23. Borrowings and Debt Securities (cont'd)

The Group did not meet certain financial covenants for some borrowings as at 30 September 2024.

The banks are contractually entitled to request for immediate repayment of the outstanding borrowings amounting of RM337.8 million due to the breach of financial covenants, presented as current liabilities as at 30 September 2024. Details of the breaches of the financial covenants are as follows:

(i) Bankers' acceptances

The Group breached certain financial covenants in the facilities agreements are as follows:

- The consolidated net worth of the Group must not be less than RM336.0 million;
- The consolidated ratio of Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") to finance expenses shall not be less than 4 times; and
- The consolidated ratio of Net Debt to EBITDA shall not be more than 3.5 times.

The total borrowings related to the breach in covenants is RM180.9 million. These borrowings are presented as current liabilities as at 30 September 2024.

On 21 December 2023, the Group was granted indulgence from one financial institution for non-compliance with the financial covenant relating to net worth of the Group, with a borrowing balance of RM92.0 million. Subsequently, on 11 March 2024, the Group was granted indulgence from the same financial institution for the same financial covenant for the period up to 30 April 2025.

On 16 February 2024, the Group was granted indulgence from another financial institution for non-compliance with the financial covenant relating to EBITDA to finance expenses shall not be less than 4 times and consolidated ratio of Net Debt to EBITDA shall not be more than 3.5 times, with a borrowing balance of RM88.9 million.

The remaining borrowings balance without indulgence is nil.

(ii) Revolving credits

The Group breached certain financial covenants in the facilities agreements are as follows:

- The consolidated ratio of EBITDA to finance expenses shall not be less than 4 times;
- The consolidated ratio of Net Debt to EBITDA shall not be more than 3.5 times;
- The consolidated Debt Service Coverage Ratio ("DSCR"), calculated as ratio of EBITDA to interest expense, must not be less than 1.5 times; and
- The consolidated tangible net worth of the Group must not be less than RM149.9 million.

The total borrowings related to the breach in covenants is RM96.0 million. These borrowings are presented as current liabilities as at 30 September 2024.

On 16 February 2024, the Group was granted indulgence from a financial institution for non-compliance with the financial covenants relating to EBITDA to finance expenses shall not be less than 4 times and consolidated ratio of Net Debt to EBITDA shall not be more than 3.5 times, with a borrowing balance of RM50.0 million.

The remaining borrowings balance without indulgence is RM46.0 million.

(iii) Term loans

The Group breached certain financial covenants in the facilities agreements are as follows:

- The consolidated net worth of the Group must not be less than RM336.0 million; and
- The consolidated Finance Service Cover Ratio, calculated as ratio of cumulative available cash flows to interest expense and current portion of long-term borrowings, must not be less than 1.25 times.

The total borrowings related to the breach in covenants is RM60.9 million.

On 21 December 2023, the Group was granted indulgence from one financial institution for non-compliance with the financial covenant relating to net worth of the Group, with a borrowing balance of RM60.9 million. Subsequently, on 11 March 2024, the Group was granted indulgence from the same financial institution for the same financial covenant for the period up to 30 April 2025.

As the indulgence was granted and the lender does not have the rights to demand for immediate repayment as at the reporting date, the borrowings of RM43.3 million remain as a non-current liability for the Group. The remaining RM17.6 million is presented as current liability in accordance with the contractual repayment terms.

All of the Group's lenders, including the lenders mentioned above, have not requested early repayment of the borrowings and the Group did not default on any repayment obligations as of the date when these interim financial statements were approved by the Board of Directors.

(iv) Facilities with cross-default clauses

As at 30 September 2024, other than the borrowings disclosed in above, certain facilities within the Group of RM415.5 million contain cross-default clauses that may be breached due to the Group failing to meet certain financial covenants of other borrowings. These borrowings are presented as current liabilities as at 30 September 2024.

The banks had not requested early repayment of these borrowings and the Group did not default on any repayment obligations as of the date when these interim financial statements were approved by the Board of Directors.

B24. Additional Disclosures

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

	Current Period		Cumulative Period	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Depreciation and amortisation	**10,317**	9,725	**31,123**	29,364
Net impairment of write-off of receivables	**614**	863	**1,095**	1,744
Net provision for stock obsolescence and write-off of inventories	**12,828**	70,001	**13,113**	76,460
Write-off of intangible assets	**-**	11,237	**305**	11,237
Net foreign exchange losses	**753**	804	**1,444**	46

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 2024.

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	
	2024	2023	**2024**	2023
Profit/ (Loss) attributable to owners of the Company (RM'000)	**101,032**	(49,339)	**129,475**	(44,731)
Average number of ordinary shares in issue ('000)	**1,441,229**	1,342,844	**1,441,229**	1,342,844
Basic earnings/ (loss) per share (sen)	**7.01**	(3.67)	**8.98**	(3.33)

(b) Diluted earnings/ (loss) per share

Profit/ (Loss) attributable to owners of the Company (RM'000)	**101,032**	(49,339)	**129,475**	(44,731)
Average number of ordinary shares in issue ('000)	**1,441,229**	1,342,844	**1,441,229**	1,342,844
Assumed shares issued under Long Term Incentive Plan ('000)	**-**	-	**-**	-
Weighted average number of ordinary shares in issue ('000)	**1,441,229**	1,342,844	**1,441,229**	1,342,844
Diluted earnings/ (loss) per share (sen)	**7.01**	(3.67)	**8.98**	(3.33)

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 26 November 2024.

By Order of the Board

WAN INTAN IDURA WAN ISMAIL (LS 0010668)
SYARUZAIMI YUSOF (LS 0010665)
Company Secretaries

Selangor
26 November 2024