

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

| For the quarter ended 31 March 2011 | Current Period | | Cumulative Period | |
|-------------------------------------|----------------|----------------|-------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Revenue | 385,328 | 317,560 | 385,328 | 317,560 |
| Cost of sales | (322,381) | (272,621) | (322,381) | (272,621) |
| Gross profit | 62,947 | 44,939 | 62,947 | 44,939 |
| Other income | 1,632 | 1,074 | 1,632 | 1,074 |
| Operating expenses | (41,771) | (31,848) | (41,771) | (31,848) |
| Finance cost | (860) | (992) | (860) | (992) |
| Share of results of associate | (156) | (742) | (156) | (742) |
| Profit before taxation | 21,792 | 12,431 | 21,792 | 12,431 |
| Taxation | (6,193) | (3,122) | (6,193) | (3,122) |
| Profit for the period | 15,599 | 9,309 | 15,599 | 9,309 |
| Attributable to: | | | | |
| Shareholders of the Company | 15,484 | 9,307 | 15,484 | 9,307 |
| Minority interests | 115 | 2 | 115 | 2 |
| Profit for the period | 15,599 | 9,309 | 15,599 | 9,309 |
| Earnings per share - sen | | | | |
| Basic | 14.47 | 8.70 | 14.47 | 8.70 |

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| For the quarter ended 31 March 2011 | Current Period | | Cumulative Period | |
|--|----------------|----------------|-------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Profit for the period | 15,599 | 9,309 | 15,599 | 9,309 |
| Foreign currency translation difference in respect of foreign operations | 351 | (408) | 351 | (408) |
| Total comprehensive income for the period | 15,950 | 8,901 | 15,950 | 8,901 |
| Attributable to: | | | | |
| Shareholders of the Company | 15,835 | 9,083 | 15,835 | 9,083 |
| Minority interests | 115 | (182) | 115 | (182) |
| Total comprehensive income for the period | 15,950 | 8,901 | 15,950 | 8,901 |

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at 31 March 2011 | 2011 | Audited 31 December 2010 |
|---|-----------------------|--------------------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 270,673 | 276,976 |
| Prepaid lease payment | 3,022 | 2,950 |
| Goodwill | 28,820 | 28,820 |
| Investment in associates | 5,272 | 5,427 |
| Other intangible asset | 3,912 | - |
| Deferred tax assets | 12,543 | 10,945 |
| | <u>324,242</u> | <u>325,118</u> |
| Current assets | | |
| Inventories | 214,634 | 230,013 |
| Receivables | 254,993 | 127,295 |
| Amounts due from related companies | 8,438 | 9,614 |
| Amounts due from associates | 659 | 559 |
| Cash, bank balances and deposits | 46,626 | 102,977 |
| Tax recoverable | 5,326 | 6,304 |
| | <u>530,676</u> | <u>476,762</u> |
| TOTAL ASSETS | <u>854,918</u> | <u>801,880</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 106,978 | 106,978 |
| Reserves | 330,701 | 314,866 |
| Shareholders' equity | <u>437,679</u> | <u>421,844</u> |
| Minority interests | <u>15,744</u> | <u>15,629</u> |
| Total equity | <u>453,423</u> | <u>437,473</u> |
| Non-current liabilities | | |
| Provision for defined benefit plan | 3,429 | 3,175 |
| Long term borrowings | 55 | 59 |
| Deferred tax liabilities | 1,530 | 1,530 |
| | <u>5,014</u> | <u>4,764</u> |
| Current liabilities | | |
| Payables | 357,966 | 325,020 |
| Amounts due to associates | 31 | 31 |
| Amount due to immediate holding company | 97 | 97 |
| Short term borrowings | 33,069 | 33,067 |
| Taxation | 5,318 | 1,428 |
| | <u>396,481</u> | <u>359,643</u> |
| Total liabilities | <u>401,495</u> | <u>364,407</u> |
| TOTAL EQUITY AND LIABILITIES | <u>854,918</u> | <u>801,880</u> |
| NET ASSET PER SHARE - RM | | |
| Attributable to shareholders of the Company | <u>4.09</u> | <u>3.94</u> |

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

← Attributable to shareholders of the Company →

| For the financial period ended 31 March 2011 | Share Capital | * Share Premium | * Other Reserves | Retained Profits | Total | Minority Interests | Total Equity |
|---|------------------|--------------------|---------------------|---------------------|----------------|-----------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 1 January 2011 | 106,978 | 22,447 | (3,885) | 296,304 | 421,844 | 15,629 | 437,473 |
| Total comprehensive income for the period | - | - | 351 | 15,484 | 15,835 | 115 | 15,950 |
| Balance as at 31 March 2011 | 106,978 | 22,447 | (3,534) | 311,788 | 437,679 | 15,744 | 453,423 |
| As at 1 January 2010 | 106,978 | 22,447 | (2,421) | 303,629 | 430,633 | 15,703 | 446,336 |
| Total comprehensive income for the period | - | - | (408) | 9,307 | 8,899 | 2 | 8,901 |
| Balance as at 31 March 2010 | 106,978 | 22,447 | (2,829) | 312,936 | 439,532 | 15,705 | 455,237 |

* Denotes non distributable reserves

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

Pharmaniaga Berhad (467709-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 31 March 2011

| | 2011 | 2010 |
|---|------------------|---------------|
| | RM'000 | RM'000 |
| Operating Activities | | |
| Receipts from customers | 280,689 | 242,112 |
| Payments to suppliers | (284,844) | (240,672) |
| Payments to employees and for expenses | (45,858) | (25,678) |
| Net cash used in operations | (50,013) | (24,238) |
| Interest paid | (857) | (1,038) |
| Income taxes paid | (4,116) | (6,574) |
| Interest received | 376 | 324 |
| Net cash used in operating activities | (54,610) | (31,526) |
| Investing Activities | | |
| Purchase of property, plant and equipment | (1,360) | (1,682) |
| Proceeds from disposal of property, plant and equipment | 99 | 13 |
| Net cash used in investing activities | (1,261) | (1,669) |
| Financing Activities | | |
| Drawdown of short term borrowings | - | 1,649 |
| Repayment of term loan | (398) | (8,550) |
| Term loan interest paid | (11) | (496) |
| Net cash used in financing activities | (409) | (7,397) |
| Effects of exchange rate changes | (71) | (115) |
| Net change in cash and cash equivalents | (56,351) | (40,707) |
| Cash and cash equivalent at beginning of period | 102,977 | 104,408 |
| Cash and cash equivalent at end of period | 46,626 | 63,701 |
| Analysis of cash and cash equivalents | | |
| Cash, bank balances and deposits | 46,626 | 63,701 |
| Cash and cash equivalent at end of period | 46,626 | 63,701 |

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Part A - Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2010.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2011.

A2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

| | |
|-----------------------------------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations (Revised) |
| FRS 127 | Consolidated and Separate Financial Statements |
| Amendments to FRS 1 | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters |
| Amendments to FRS 1 | Additional Exemptions for First-time Adopters |
| Amendments to FRS 2 | Share-based Payment |
| Amendments to FRS 2 | Group Cash-settled Share-based Payment Transactions |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 7 | Improving Disclosures about Financial Instruments |
| Amendments to FRS 132 | Classification of Rights Issue |
| Amendments to FRS 138 | Intangible Assets |
| IC Interpretation 4 | Determining Whether an Arrangement Contains a Lease |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 17 | Distributions of Non-cash Assets to Owners |
| IC Interpretation 18 | Transfers of Assets from Customers |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 12 | Service Concession Arrangements |
| Improvements to FRS 2010 | |

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

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

A2. Changes in Accounting Policies (cont'd)**A2.2 FRS, IC Interpretations and Amendments to IC Interpretation issued but not yet effective**

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

| FRS, IC Interpretation and Amendments to IC Interpretation | | Effective for annual period beginning on or after |
|---|---|--|
| FRS 124 | Related Party Disclosures | 1 January 2012 |
| IC Interpretation 15 | Agreements for the Construction of Real Estate | 1 January 2012 |
| Amendments to IC Interpretation 15 | Agreements for the Construction of Real Estate | 1 January 2012 |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |
| Amendments to IC Interpretation 14 | Prepayments of a Minimum Funding Requirement | 1 July 2011 |

A3. Audit report in respect of the 2010 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2010 was not qualified.

A4. Seasonal or cyclical factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

A5. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income, or cashflows that were unusual because of their nature, size or incidence in the current period.

A6. Material changes in estimates used

There were no material changes in estimates of amounts reported in the prior interim periods of the current financial year or the previous 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 for the current financial period.

A8. Dividends

(i) The Board of Directors do not recommend any dividend for the financial period ended 31 March 2011 (2010: nil).

(ii) There were no dividends paid during the current financial period.

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

A9. Operating segments

Operating segment information for the cumulative period is as follows:

| | Manufacturing RM'000 | Trading & Distribution RM'000 | Medical products & services RM'000 | Other operations RM'000 | Elimination RM'000 | Total RM'000 |
|--------------------------------------|---------------------------------|--|---|--|-------------------------------|-------------------------|
| 2011 | | | | | | |
| Revenue | | | | | | |
| External revenue | 31 | 383,039 | 2,258 | - | - | 385,328 |
| Inter-segment revenue | 30,030 | 2,766 | 93 | 945 | (33,834) | - |
| Total revenue | 30,061 | 385,805 | 2,351 | 945 | (33,834) | 385,328 |
| Results | | | | | | |
| Segment results | 3,607 | 19,829 | (94) | 945 | - | 24,287 |
| Unallocated corporate expenses | - | - | - | (1,842) | - | (1,842) |
| Profit/(loss) from operations | 3,607 | 19,829 | (94) | (897) | - | 22,445 |
| Interest expense | - | (849) | - | (11) | - | (860) |
| Interest income | - | 363 | - | - | - | 363 |
| Share of results of associate | - | - | - | (156) | - | (156) |
| Profit/(loss) before taxation | 3,607 | 19,343 | (94) | (1,064) | - | 21,792 |
| Taxation | | | | | | (6,193) |
| Profit for the period | | | | | | 15,599 |
| 2010 | | | | | | |
| Revenue | | | | | | |
| External revenue | 10 | 317,077 | 473 | - | - | 317,560 |
| Inter-segment revenue | 32,093 | 188 | 43 | 3,014 | (35,338) | - |
| Total revenue | 32,103 | 317,265 | 516 | 3,014 | (35,338) | 317,560 |
| Results | | | | | | |
| Segment results | 878 | 12,008 | (80) | 3,052 | - | 15,858 |
| Unallocated corporate expenses | - | - | - | (1,736) | - | (1,736) |
| Profit/(loss) from operations | 878 | 12,008 | (80) | 1,316 | - | 14,122 |
| Interest expense | - | (571) | - | (421) | - | (992) |
| Interest income | - | 43 | - | - | - | 43 |
| Share of results of associate | - | - | - | (742) | - | (742) |
| Profit/(loss) before taxation | 878 | 11,480 | (80) | 153 | - | 12,431 |
| Taxation | | | | | | (3,122) |
| Profit for the period | | | | | | 9,309 |

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 material subsequent events as at 13 May 2011 that will materially affect the financial statements of financial period under review.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the period under review.

A13. Contingent Liabilities

There were no changes in the contingent liabilities as at 13 May 2011 that has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 31 March 2011:

| | Authorised and contracted for RM'000 | Authorised but not contracted for RM'000 | Total RM'000 |
|-------------------------------|---|---|-------------------------|
| Property, plant and equipment | 9,223 | - | 9,223 |

A15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for year ended 31 December 2010.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia**B16. Performance Review**

For the financial period under review, the Group's revenue of RM385.3 million was 21.3% higher than the corresponding period last year of RM317.6 million due to higher sales to the Government sector.

The Group's profit before tax of RM21.8 million for the quarter under review was higher compared with the previous year's corresponding quarter of RM12.4 million. This was due to a revision in the prices of products sold to the Ministry of Health which took effect on 1 February 2011.

Profit was impacted due to additional provision on a slow moving product - Oseltamivir amounting to RM8.8 million (Last quarter provision: RM20 million). This product was purchased during the height of H1N1 pandemic in 2009.

B17. Comparison Between the Current Quarter and the Immediate Preceding Quarter

The Group's revenue for the current quarter under review of RM385.3 million, which represents an increase of RM9.2 million from RM376.1 million recorded in the preceding quarter.

The Group's profit before tax for the quarter was RM21.8 million, a turnaround compared with a loss of RM2.7 million recorded in the previous quarter. This was mainly due to lower provision for Oseltamivir stocks of RM8.8 million (Preceding quarter : RM20.0 million) and a better gross margin.

B18. Prospects

The Group is optimistic of its prospects in the domestic market due to inroads made with the healthcare units of the Ministry of Higher Education and Defence. With these Ministries, Pharmaniaga expects to structure similar agreements to the one made with Ministry of Health. Additionally, with similar products being purchased by the Ministries, there will be reduction in cost and operational expenditure for the Government. At the international front, our collaborative strategies with established partners should result in positive outcomes in terms of growing our market presence in new countries.

On the operational front, efforts are concentrated in fulfilling customer needs by reorganising our focus on key areas, particularly expanding our warehouse space and improving our processes and procedures.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**B19. 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 minority interests and shortfall in profit guarantee are not applicable.

B20. Income Tax

| For the quarter ended 31 March 2011 | Current Period | | Cumulative Period | |
|---|----------------|----------------|-------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Current tax | | | | |
| - Malaysian income tax | 7,932 | 4,850 | 7,932 | 4,850 |
| - Foreign income tax | 128 | 71 | 128 | 71 |
| - over provision in prior years | (99) | (496) | (99) | (496) |
| Deferred tax | | | | |
| - reversal of net temporary differences | (1,793) | (1,303) | (1,793) | (1,303) |
| - under provision in prior years | 25 | - | 25 | - |
| | 6,193 | 3,122 | 6,193 | 3,122 |

The Group's effective tax rate for the period is 28%, which is higher than the statutory tax rate of 25% principally due to certain expenses which were not deductible for tax purposes.

B21. Disposal of Unquoted Investments and/or Properties

There were no disposals of unquoted investments and/or properties in the current period.

B22. Investments in Quoted Securities

The Group does not have any investment in quoted securities.

B23. Corporate Proposals

On 11 June 2010, UEM Group Berhad ("UEM") had entered into a Conditional Share Sale and Purchase Agreement ("SPA") with Boustead Holdings Berhad ("BHB") with respect to the proposed acquisition by BHB of UEM's entire equity interest in Pharmaniaga. BHB had on 25 March 2011, announced that BHB and UEM has mutually agreed that the SPA is deemed completed. Accordingly, BHB is now the Company's holding company.

Pharmaniaga had on 17 March 2011, received a notice of mandatory take-over offer dated 17 March 2011 ("Notice") in accordance with the Malaysian Code on Take-Overs and Mergers, 2010 ("Code") from Affin Investment Bank Berhad on behalf of BHB for all the remaining ordinary shares of RM1.00 each in Pharmaniaga ("Pharmaniaga Shares") that are not already owned by BHB and its person(s) acting in concert ("Offer Shares") for a cash offer price of RM5.75 per Offer Share ("Offer").

Pharmaniaga made an announcement on 26 April 2011 that BHB had received valid acceptances for 11,135,609 Offer Shares representing 10.41% of the issued and paid-up share capital of Pharmaniaga. Consequently, BHB now holds a total of 104,634,211 Pharmaniaga Shares, representing 97.81% of Pharmaniaga's issued and paid-up share capital and the public shareholding spread of Pharmaniaga is below 10% of the total listed Pharmaniaga Shares. BHB intends to maintain the listing status of Pharmaniaga.

B24. Borrowings and Debt Securities - Unsecured

| | 31 March 2011 RM'000 | 31 December 2010 RM'000 |
|-----------------|-------------------------|----------------------------|
| Short Term Loan | 33,069 | 33,067 |

The above loan denomination is in Indonesian Rupiah (IDR) and equivalent to IDR 95,172 million.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**B25. Derivative Financial Instruments**

There were no outstanding derivatives as at 31 March 2011.

B26. Gains/Losses from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 31 March 2011.

B27. Material Litigation

In the case referred to in Note 36 of the 2010 Audited Financial Statements, the Court has fixed the matter for case management on the appeal by Safri on 2 June 2011.

There were no other changes in material litigations since the last annual balance sheet as at 31 December 2010.

B28. Realised and Unrealised Profits of the Group

The retained profits as at 31 March 2011 is analysed as follows:

| | 31 March 2011 RM'000 | 31 December 2010 RM'000 |
|--|-------------------------|----------------------------|
| Total retained profits of the Group and its subsidiaries: | | |
| - realised profits | 365,079 | 376,233 |
| - unrealised profits/ (loss) | 280 | (1,140) |
| | <u>365,359</u> | <u>375,093</u> |
| Total share of retained profits from associated companies: | | |
| - realised profits | 2,854 | 3,004 |
| | <u>368,213</u> | <u>378,097</u> |
| Less: Consolidation adjustments | (56,425) | (81,793) |
| Total Group retained profits as per consolidated accounts | <u>311,788</u> | <u>296,304</u> |

B29. Economic Profit ("EP") Statement

| For the quarter ended 31 March 2011 | Current Period | | Cumulative Period | |
|-------------------------------------|----------------|----------------|-------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Economic profit | 10,613 | 5,107 | 10,613 | 5,107 |

B30. Profit Forecast

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

B31. Earnings Per Share ("EPS")

| For the quarter ended 31 March 2011 | Current Period | | Cumulative Period | |
|--|----------------|----------------|-------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Profit attributable to shareholders of the Company | 15,484 | 9,307 | 15,484 | 9,307 |
| Weighted average number of ordinary shares in issue ('000) | 106,978 | 106,978 | 106,978 | 106,978 |
| Basic earnings per share (sen) | 14.47 | 8.70 | 14.47 | 8.70 |

B32. 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 13 May 2011.

By Order of the Board

**Kuala Lumpur
13 May 2011**

**SHARIFAH MALEK (LS00448)
YANTI IRWANI ABU HASSAN (MACS01349)
Joint Secretaries**