

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the quarter ended 31 March 2022	Current Period		Cumulative Period	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	962,174	793,499	962,174	793,499
Cost of sales	(846,361)	(702,639)	(846,361)	(702,639)
Gross profit	115,813	90,860	115,813	90,860
Other income	191	217	191	217
Operating expenses	(70,698)	(54,250)	(70,698)	(54,250)
Finance costs	(8,193)	(5,435)	(8,193)	(5,435)
Interest income	326	132	326	132
Profit before zakat and taxation	37,439	31,524	37,439	31,524
Zakat	(600)	(600)	(600)	(600)
Taxation	(7,983)	(8,096)	(7,983)	(8,096)
Profit for the financial period	28,856	22,828	28,856	22,828
Profit for the financial period attributable to:				
Owners of the parent	27,734	23,136	27,734	23,136
Non-controlling interests	1,122	(308)	1,122	(308)
Profit for the financial period	28,856	22,828	28,856	22,828
Earnings per share - sen				
- Basic	2.12	1.77 *	2.12	1.77 *
- Diluted	2.12	1.77 *	2.12	1.77 *

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2022	Current Period		Cumulative Period	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the financial period	28,856	22,828	28,856	22,828
<u>Other comprehensive income/(loss), net of tax</u>				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation gain/(loss) of foreign operations	<u>512</u>	<u>(1,832)</u>	<u>512</u>	<u>(1,832)</u>
	<u>512</u>	<u>(1,832)</u>	<u>512</u>	<u>(1,832)</u>
Total comprehensive income for the financial period	29,368	20,996	29,368	20,996
Attributable to:				
Owners of the parent	28,178	21,407	28,178	21,407
Non-controlling interests	1,190	(411)	1,190	(411)
Total comprehensive income for the financial period	29,368	20,996	29,368	20,996

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

Pharmaniaga Berhad (199801011581 (467709-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2022	As at 31 December 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	367,035	364,617
Intangible assets	209,919	208,013
Rights-of-use assets	30,254	30,973
Deferred tax assets	32,185	33,066
	<u>639,393</u>	<u>636,669</u>
Current assets		
Inventories	1,225,068	1,264,369
Receivables	456,266	297,753
Tax recoverable	10,314	6,713
Deposits, cash and bank balances	136,542	52,359
	<u>1,828,190</u>	<u>1,621,194</u>
TOTAL ASSETS	<u>2,467,583</u>	<u>2,257,863</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	154,051	154,051
Reserves	260,093	296,411
Shareholders' equity	<u>414,144</u>	<u>450,462</u>
Non-controlling interests	21,169	19,979
Total equity	<u>435,313</u>	<u>470,441</u>
Non-current liabilities		
Borrowings	299,425	285,170
Lease liabilities	414	441
Deferred tax liabilities	21,175	21,352
Provision for defined benefit plan	9,452	9,079
Government grants	3,584	3,617
	<u>334,050</u>	<u>319,659</u>
Current liabilities		
Payables	945,339	858,408
Amount due to immediate holding company	101	1,208
Current tax liabilities	9,464	14,438
Contract liabilities	22,642	22,128
Government grants	280	332
Borrowings	653,950	570,056
Lease liabilities	946	1,193
Dividend payable	65,498	-
	<u>1,698,220</u>	<u>1,467,763</u>
Total liabilities	<u>2,032,270</u>	<u>1,787,422</u>
TOTAL EQUITY AND LIABILITIES	<u>2,467,583</u>	<u>2,257,863</u>

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 31 March 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	-	-	-	27,734	27,734	1,122	28,856
- Other comprehensive income	-	444	-	-	444	68	512
Total comprehensive income for the financial period	-	444	-	27,734	28,178	1,190	29,368
Transactions with owners							
Share options granted under Share Option Plan	-	-	1,002	-	1,002	-	1,002
Dividends	-	-	-	(65,498)	(65,498)	-	(65,498)
Total transactions with owners for the financial period	-	-	1,002	(65,498)	(64,496)	-	(64,496)
At 31 March 2022	154,051	1,460	2,672	255,961	414,144	21,169	435,313
At 1 January 2021	153,339	452	1,996	181,741	337,528	17,437	354,965
- Net profit/(loss) for the financial period	-	-	-	23,136	23,136	(308)	22,828
- Other comprehensive loss	-	(1,729)	-	-	(1,729)	(103)	(1,832)
Total comprehensive (loss)/income for the financial period	-	(1,729)	-	23,136	21,407	(411)	20,996
Transactions with owners							
Shares granted under Long Term Incentive Plan	-	-	108	-	108	-	108
Changes in ownership interest in subsidiaries	-	-	-	(2,320)	(2,320)	2,320	-
Total transactions with owners for the financial period	-	-	108	(2,320)	(2,212)	2,320	108
At 31 March 2021	153,339	(1,277)	2,104	202,557	356,723	19,346	376,069

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 31 March 2022

	2022	2021
	RM'000	RM'000
Operating Activities		
Cash receipts from customers	821,407	663,891
Cash payments to suppliers and employees	(789,603)	(737,287)
Net cash generated from/(used in) operations	31,804	(73,396)
Interest paid	(10,081)	(7,275)
Tax paid	(12,323)	(5,714)
Zakat paid	-	(10)
Interest received	326	132
Net cash generated from/(used in) operating activities	9,726	(86,263)
Investing Activities		
Purchase of property, plant and equipment	(19,542)	(8,407)
Purchase of intangible assets	(3,024)	(3,186)
Proceeds from disposal of property, plant and equipment	6	9
Increase in investment in deposits maturing more than three (3) months	(56)	-
Net cash used in investing activities	(22,616)	(11,584)
Financing Activities		
Net drawdown of borrowings	97,503	120,687
Payment of lease liabilities	(488)	(781)
Net cash generated from financing activities	97,015	119,906
Net increase in cash and cash equivalents	84,125	22,059
Effects of exchange rate changes	2	26
Cash and cash equivalent at beginning of period	47,112	35,862
Cash and cash equivalent at end of period	131,239	57,947
Analysis of cash and cash equivalents:		
Cash and bank balances	36,640	23,947
Deposits with licensed banks	99,902	38,834
	136,542	62,781
Less: Deposits maturing more than three (3) months	(5,303)	(4,834)
	131,239	57,947

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 31 March 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)

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.

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).

For the first quarter, the Directors have declared a first interim dividend of 0.8 sen (2021: 0.8 sen*) per share in respect of the financial year ending 31 December 2022. The dividend will be paid on 6 July 2022 to shareholders registered in the Register of Members at the close of business on 8 June 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
2022						
Revenue						
External revenue	707,377	7,294	247,503	-	-	962,174
Inter-segment revenue	-	60,583	-	-	(60,583)	-
Total revenue	707,377	67,877	247,503	-	(60,583)	962,174
Results						
Earnings before interest, taxation, depreciation and amortisation						
Depreciation and amortisation	30,693	14,200	8,929	(38)	-	53,784
Finance costs	(1,863)	(4,694)	(1,921)	-	-	(8,478)
Interest income	(4,753)	(129)	(3,549)	-	238	(8,193)
	365	192	7	-	(238)	326
Profit before zakat and taxation	24,442	9,569	3,466	(38)	-	37,439
Zakat	(600)	-	-	-	-	(600)
Taxation	(6,623)	(1,737)	377	-	-	(7,983)
Net profit for the financial period	17,219	7,832	3,843	(38)	-	28,856
Timing of revenue recognition						
Goods or services transferred:						
- At a point in time	707,377	67,877	247,503	-	(60,583)	962,174
- Over time	-	-	-	-	-	-
	707,377	67,877	247,503	-	(60,583)	962,174
2021						
Revenue						
External revenue	591,533	252	201,714	-	-	793,499
Inter-segment revenue	-	65,190	-	-	(65,190)	-
Total revenue	591,533	65,442	201,714	-	(65,190)	793,499
Results						
Earnings before interest, taxation, depreciation and amortisation						
Depreciation and amortisation	27,488	15,086	3,945	(1,394)	-	45,125
Finance costs	(1,955)	(4,569)	(1,774)	-	-	(8,298)
Interest income	(2,730)	(117)	(3,297)	-	709	(5,435)
	729	106	6	-	(709)	132
Profit/(Loss) before zakat and taxation	23,532	10,506	(1,120)	(1,394)	-	31,524
Zakat	(600)	-	-	-	-	(600)
Taxation	(5,959)	(1,597)	(540)	-	-	(8,096)
Net profit/(loss) for the financial period	16,973	8,909	(1,660)	(1,394)	-	22,828
Timing of revenue recognition						
Goods or services transferred:						
- At a point in time	591,533	65,442	201,714	-	(65,190)	793,499
- Over time	-	-	-	-	-	-
	591,533	65,442	201,714	-	(65,190)	793,499

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

	Period Ended 31 March					
	2022			2021		
	IDR'000	Exchange ratio	RM'000	IDR'000	Exchange ratio	RM'000
Revenue	850,740,399	0.0291	247,503	703,760,938	0.0287	201,714
Earnings before interest, taxation, depreciation and amortisation	30,691,592	0.0291	8,929	13,763,729	0.0287	3,945

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 20 May 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 31 March 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 31 March 2022:

	Authorised and contracted for RM'000	Authorised but not contracted for RM'000	Total RM'000
Property, plant and equipment	15,884	274,703	290,587

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

RM'000	Goodwill	Software	Capitalised development cost and work-in- progress	Manufacturing licence and trade name	Intellectual property	Total
Cost						
At 1 January 2022	144,876	20,691	58,404	20,833	3,071	247,875
Additions	-	-	3,024	-	-	3,024
Written off	-	-	(372)	-	-	(372)
Foreign exchange adjustments	186	-	-	72	-	258
At 31 March 2022	145,062	20,691	61,056	20,905	3,071	250,785
Accumulated amortisation						
At 1 January 2022	-	5,049	821	15,520	975	22,365
Amortisation charged	-	354	83	515	-	952
Written off	-	-	-	-	-	-
Foreign exchange adjustments	-	-	-	52	-	52
At 31 March 2022	-	5,403	904	16,087	975	23,369
Accumulated impairment						
At 1 January 2022/ 31 March 2022	15,401	-	-	-	2,096	17,497
Net carrying value						
At 31 March 2022	129,661	15,288	60,152	4,818	-	209,919
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	962,174	793,499	21.3%	962,174	793,499	21.3%
Earnings before interest, taxation, depreciation and amortisation	53,784	45,125	19.2%	53,784	45,125	19.2%
Profit before interest, zakat and taxation	45,306	36,827	23.0%	45,306	36,827	23.0%
Profit before zakat and taxation	37,439	31,524	18.8%	37,439	31,524	18.8%
Profit for the financial period	28,856	22,828	26.4%	28,856	22,828	26.4%
Profit attributable to owners of the parent	27,734	23,136	19.9%	27,734	23,136	19.9%

Quarter 1 2022 vs Quarter 1 2021

For the first quarter ended 31 March 2022, the Group recorded RM962 million in revenue, increasing 21% from RM793 million in the previous year's corresponding quarter. This improved performance was attributable to healthy growth across the Group's concession and Indonesian businesses as a result of strong demand from the customers subsequent to the resumption of normal business activities as usual after the COVID-19 pandemic.

In tandem with the higher revenue, the Group's earnings before interest, taxation, depreciation and amortisation (EBITDA) rose 19% to RM54 million compared with RM45 million in the same quarter last year. Correspondingly, profit before zakat and taxation (PBT) for the quarter increased 19% to RM37 million, compared with RM32 million in the previous year's corresponding quarter.

The **Logistics and Distribution Division** recorded slightly higher PBT of RM24.4 million for the period under review, compared to RM23.5 million in the previous year's corresponding quarter. This was mainly attributable to stronger sales from concession business. The Group continued to uphold the trust accorded by Ministry of Health Malaysia to handle logistics and distribution services to deliver much-needed medical supplies to healthcare facilities during the pandemic. This includes, but not limited to, personal protective equipment and medicines, which were delivered efficiently across the nation and East Malaysia via air freight.

The **Manufacturing Division** recorded a PBT of RM10 million on the back of a revenue of RM68 million for the financial period under review. With continued expansion of the vaccine manufacturing business coupled with sustained demand, the long-term prospects of the Group's manufacturing division remain optimistic. Going forward, the Group is actively enhancing the division's operational efficiency and will build on its growing portfolio of products to broaden its global presence, as well as leverage on its increased capacity utilisation via its contract manufacturing business.

The **Indonesia Division** registered a PBT of RM3 million for the financial period under review, an improvement compared with a loss before zakat and taxation of RM1 million in the corresponding period last year. The was primarily due to the positive effects of the effective reorganisation of the business to enhance operational efficiency through ongoing stock optimisation exercise and aggressive payment collection.

Consolidated Statement of Financial Position

Lower inventories as of 31 March 2022 were mainly due to strong demand from customers during the period under review.

The majority of the receivables are from the Government, which collection will be fully paid by end of the year, hence lower receivables as at 31 December 2021 against the first quarter of 2022.

Higher payables as of 31 March 2022 were due to the higher demand from customers during the period under review which resulted in higher purchase of stocks in the month of February and March 2022.

Higher borrowings as of 31 March 2022 were primarily due to the purchase of available stocks of Sinovac COVID-19 vaccine worth of RM560 million.

Consolidated Statement of Cash Flows

For the period under review, the significant increase in cash receipts from customers and cash payments to suppliers were attributable to stronger sales recorded in the Group's concession and Indonesia businesses. 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**

	Current Period	Immediate Preceding Period	
	2022	2021	+ / (-)
	RM'000	RM'000	%
Revenue	962,174	711,718	35.2%
Earnings before interest, taxation, depreciation and amortisation	53,784	140,871	-61.8%
Profit before interest, zakat and taxation	45,306	132,421	-65.8%
Profit before zakat and taxation	37,439	125,088	-70.1%
Profit for the financial period	28,856	85,165	-66.1%
Profit attributable to owners of the parent	27,734	85,475	-67.6%

In comparison with the immediate preceding quarter, the Group registered 35% higher revenue of RM962 million for the current quarter, largely due to higher contribution from concession and Indonesia businesses. However, the Group's PBT declined 70% to RM37 million from RM125 million in the immediate preceding quarter. This was mainly attributable to the lower contribution from the sales of the Sinovac COVID-19 Vaccine during the quarter under review.

Correspondingly, the Group's PAT for the quarter under review decreased 66% to RM29 million from RM85 million in the immediate preceding quarter.

B19. Prospects

The Group is in the midst of finalising the logistics and distribution contract extension agreement with the Ministry of Health Malaysia, slated to be completed by the third quarter of 2022.

In regard to its Indonesian business, the division successfully staged a swift turnaround, highlighting the effectiveness of the reorganisation of the Indonesian business to enhance its operational efficiency through an ongoing stock optimisation exercise and aggressive payment collection.

Going forward, the Group is strengthening its business footprint in Indonesia as it has huge untapped potential. The Group will revamp the current business model of its logistics and distribution arm, PT. Millennium Pharmacon International Tbk and increase the products portfolio of its manufacturing arm, PT Errita Pharma. With strategic business and marketing plans in place, the Group is focusing to double up the revenue for the Indonesian division.

As Malaysia has begun transitioning into the endemic phase amid its high vaccination rates, and the Group is moving alongside the nation to focus on growing its core businesses of logistics concession of medical supply, as well as manufacturing of generic pharmaceutical and consumer healthcare products.

Moreover, the Group is collaborating with Malaysia Healthcare Travel Council to supply and distribute the Hepatitis C drug, Ravidasvir, Sinovac COVID-19 vaccine as well as other vaccines to participating hospitals and healthcare centres. The Group will also assist in the development of the platform and system for the vaccination programme, as well as to carry out the required marketing and promotions. This collaboration is expected to provide Pharmaniaga with another recurring income stream and contribute to the Group's bottomline, going forward.

As part of the Group's efforts to establish itself as a major international biopharmaceutical player, Pharmaniaga had entered into several collaborations and strategic partnerships in Thailand, India, and the United Arab Emirates as previously announced and would be expanding to the United Kingdom, Turkey and Middle & North Africa (MENA) market.

With the Group's construction of the world's first Halal vaccine and insulin facilities progressing on track for commercialisation by 2025 and leveraging on its proven track record in handling and distributing vaccines, the Group is committed to bringing its experience and expertise to other developing countries. This would enhance and expedite these countries' vaccination programmes.

Being cognisant of global market sentiments being impacted by the ongoing Russia-Ukraine conflict as well as the increased inflationary pressures and supply chain disruptions, the Group remains cautiously optimistic of its business growth going forward.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Taxation based on profit for the period:				
- Current	5,022	7,602	5,022	7,602
- Deferred	4,102	781	4,102	781
	9,124	8,383	9,124	8,383
Over provision in prior periods:				
- Current	(1,141)	(79)	(1,141)	(79)
- Deferred	-	(208)	-	(208)
	(1,141)	(287)	(1,141)	(287)
	7,983	8,096	7,983	8,096

The Group's effective tax rate is lower than the statutory tax rate of 24% principally due to the over provision of current tax of an Indonesia subsidiary in previous year.

B22. Corporate Proposal

The disclosure requirements for corporate proposal is not applicable

B23. Borrowings and Debt Securities - Unsecured

	31 March 2022 RM'000	31 March 2021 RM'000	31 December 2021 RM'000
Non-current:			
Term loan	19,745	-	2,690
Revolving credits	279,399	-	282,299
Hire purchase:			
- Denominated in Ringgit Malaysia	139	193	115
- Denominated in Indonesian Rupiah	142	141	66
	299,425	334	285,170
Current:			
Bankers' acceptances:			
- Denominated in Ringgit Malaysia	370,325	389,554	397,261
- Denominated in Indonesian Rupiah	154,723	144,961	146,717
Revolving credits	128,600	255,000	25,700
Hire purchase:			
- Denominated in Ringgit Malaysia	182	477	258
- Denominated in Indonesian Rupiah	120	151	120
	653,950	790,143	570,056
The amount of borrowings denominated in Indonesian Rupiah	IDR'000	528,959,044	509,659,649
Exchange rate for Indonesian Rupiah	RM	0.0293	0.0285
			0.0292

Higher borrowings as of 31 March 2022 were primarily due to the purchase of available stocks of COVID-19 vaccine worth of RM560 million.

As at 31 December 2021, the weighted average floating interest rate of borrowings was 3.6% (2021: 3.7%) per annum.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)**B24. Additional Disclosures**

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

	Current Period		Cumulative Period	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation and amortisation	8,478	8,298	8,478	8,298
Net (reversal of)/impairment of and write off of receivables	(91)	881	(91)	881
Net provision for stock obsolescence and write off of inventories	2,179	2,946	2,179	2,946
Write off of intangible assets	372	-	372	-
Net foreign exchange losses/(gains)	800	(493)	800	(493)

Other than the items mentioned above which have been included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, there were no impairment of assets, gain or loss on derivatives, gain or loss on disposal of subsidiaries and exceptional items included in the results for the period ended 31 March 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.

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)	27,734	23,136	27,734	23,136
Average number of ordinary shares in issue ('000)	1,309,959	1,308,529	1,309,959	1,308,529
Basic earnings per share (sen)	2.12	1.77	2.12	1.77

(b) Diluted earnings per share

	Current Period		Cumulative Period	
	2022	2021	2022	2021
Profit attributable to owners of the Company (RM'000)	27,734	23,136	27,734	23,136
Average number of ordinary shares in issue ('000)	1,309,959	1,308,529	1,309,959	1,308,529
Assumed shares issued under Long Term Incentive Plan ('000)	-	1,430	-	1,430
Weighted average number of ordinary shares in issue ('000)	1,309,959	1,309,959	1,309,959	1,309,959
Diluted earnings per share (sen)	2.12	1.77	2.12	1.77

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

B27. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 May 2022.

By Order of the Board

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

Kuala Lumpur
20 May 2022