pharmaniaga®

BUILDING RESILIENCE
A FUTURE OF INNOVATION

Integrated Report 2024

INSIDE THIS REPORT

27th ANNUAL GENERAL MEETING

MEETING VENUE

Royale Ballroom, Level 2
Royale Chulan Damansara
2, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

DATE
Wednesday, 18 June 2025

TIME
10.00 a.m.

BUILDING RESILIENCE: A FUTURE OF INNOVATION

"Building Resilience" reflects Pharmaniaga's determination to strengthen its operations and adapt in the face of challenges. This demonstrates the Group's dedication to overcoming challenges while continuously pursuing innovative solutions that enhance health outcomes for all. The tagline underscores the belief that resilience fosters innovation. By overcoming current challenges, Pharmaniaga is positioned to explore new opportunities and drive progress in the pharmaceutical industry.

WE VALUE FEEDBACK

Pharmaniaga Berhad values feedback, comments and enquiries on this Report. Please send your enquiries to the key contact person of the Company:

Norai'ni Mohamed Ali
Chief Financial Officer
Email: **investor.relations@pharmaniaga.com**

Online report is available at **www.pharmaniaga.com**

ABOUT THIS REPORT

Welcome to Pharmaniaga Berhad's Integrated Report 2024 (IR/Report). This integrated reporting format helps our shareholders, stakeholders and the investing public better understand what we do, why we do it, how we do it, as well as the risks and opportunities we encounter in attaining our corporate objectives. Ultimately, our goal is to define and better communicate how we intend to create value for our stakeholders. Towards this aim, we have made the Report more user-friendly by utilising icons and links throughout for the convenience of navigation.

SCOPE AND BOUNDARY OF REPORTING.

This Report covers the activities, initiatives, and significant events of the Pharmaniaga Group during the reporting period of 1 January 2024 to 31 December 2024. Prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), this Report includes the following entities within the Pharmaniaga Group where the Group has a controlling or significant influence.

Manufacturing

- Pharmaniaga Manufacturing Berhad
- Idaman Pharma Manufacturing Sdn. Bhd. (Sungai Petani)
- Idaman Pharma Manufacturing Sdn. Bhd. (Seri Iskandar)
- Pharmaniaga LifeScience Sdn. Bhd.
- Pharmaniaga Research Centre Sdn. Bhd.

Logistics & Distribution

- Pharmaniaga Logistics Sdn. Bhd.
- Pharmaniaga Marketing Sdn. Bhd.

Indonesia Operation

- PT Millennium Pharmacon International Tbk
- PT Errita Pharma

MATERIALITY

As assessed by our Board of Directors, in consultation with the Management, the topics covered in this Report are those that have a meaningful impact on our ability to create value and fulfil our primary purpose. These material challenges have been identified after taking into account external circumstances, the needs, expectations and concerns of our primary stakeholders as well as our business strategy.

COMBINED ASSURANCE

The Report has been read in its entirety and approved by the Board of Directors and Management. Our external auditor, Messrs. Ernst & Young PLT, has provided assurance on the financial statements, and SIRIM QAS International Sdn. Bhd. has confirmed the accuracy of the Sustainability Statement.

NAVIGATION ICONS

6 CAPITALS

F Financial Capital
Funds generated through investments and operations or obtained from external debt financing

M Manufactured Capital
Physical assets, manufacturing facilities, IT infrastructure, logistics and office facilities

I Intellectual Capital
Research and development capabilities, licensed technologies, intellectual property such as patents, trademarks and technical know-how

H Human Capital
Talented and skilful employees, diversity of employees, employees' training and development

S Social & Relationship Capital
Relationships with stakeholders, i.e. customers, suppliers, investors, Government and communities

N Natural Capital
Renewable and non-renewable resources, i.e. water, raw materials and landbank

STAKEHOLDER GROUPS

Government Agencies & Regulatory Authorities
The Malaysian Federal and State Governments, regulators, federal and state agencies

Employees
Full-time and contract employees across Malaysia and Indonesia operations

Customers
Public and private hospitals, clinics, pharmacies and international customers

Supply Chain Partners
Contractors and suppliers providing services and supplies

Providers of Financial Capital
Local statutory bodies, corporate, institutional, retail investors and other potential investors

Media
Local media operating on digital and print platforms

Communities
Local communities living or working in areas that are economically, socially or environmentally impacted by our operations

STRATEGIC PILLARS

Building Biopharmaceutical Capability

Growing the Private Market

Reinventing Indonesia Business

Strengthening Public Sector Business

Optimising Cost Aggressively

CROSS REFERENCE

Link to website **www.pharmaniaga.com**

Find more information inside this Report

ABOUT THIS REPORT

FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements concerning future performance. Such statements are based on current assumptions and circumstances that may change and hence, they inherently involve uncertainty. A variety of factors could cause actual results to differ significantly from those expressed or implied by these forward-looking statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board recognises the critical responsibility they are charged with in safeguarding the integrity of Pharmaniaga's 2024 IR. This IR, in our opinion, accurately assesses the Group's performance and addresses all significant matters affecting the Group's ability to generate value for the financial year under review.

REPORTING FRAMEWORK

Our Report has been prepared in strict accordance with the requirements of:

1. Main Market Listing Requirements (MMLR) of Bursa Malaysia
2. Malaysian Financial Reporting Standards
3. Malaysian Code on Corporate Governance (MCCG) 2021 issued by the Securities Commission
4. Malaysia Companies Act 2016 (CA 2016)
5. Bursa Malaysia Sustainability Guide (3rd Edition)
6. International Integrated Reporting Framework (IIRF) issued by the International Integrated Reporting Council (IIRC)
7. Bursa Illustrative Sustainability Reporting Guide (ISR)
8. Global Reporting Initiative (GRI) Standards 2021

and referenced to the sustainable framework and standards as listed below:

1. United Nations Sustainable Development Goals (UNSDGs)
2. World Business Council for Sustainable Development
3. World Resources Institute's GHG Protocol
4. Intergovernmental Panel on Climate Change's Fifth Assessment Report
5. FTSE4Good ESG Indicators
6. Task Force on Climate-related Financial Disclosures (TCFD)
7. Sustainability Accounting Standards Board (SASB)
8. Malaysia-United Nations Cooperation Framework

KEY RISKS

R1 Cybersecurity Risk
Potential harm or loss resulting from vulnerabilities or threats to the Group's digital assets, systems, networks or data

R2 Financial Risk
Potential losses or adverse consequences arising from internal and/or external sources that affect the Group's financial stability

R3 Strategic Risk
Potential losses or adverse outcomes arising from the Group's decisions or inability to adapt to changes in the business environment

R4 Customer, Product and Services Risk
Potential losses arising from operational disruption that lead to customer dissatisfaction, substandard product and delay delivery

R5 Environmental Sustainability Risk
Potential negative impacts on the environment stemming from the Group's operations, products, or supply chain activities

R6 Corruption Risk
Potential exposure of an individual, organisation, or entity to engage in or be affected by acts of bribery

R7 Legal and Regulatory Risk
Potential harm to a business due to non-compliance with laws, regulations, or legal obligations, leading to financial penalties, reputational damage, and operational challenges

R8 Climate Risk
Potential negative impacts on climate-related risk encompassing both physical and transition risks

R9 People Risk
Vulnerable to talent shortage which may result in gaps in the skills, knowledge and expertise required

MATERIAL MATTERS

Economic

- M1 Business Continuity
- M2 Technology & Innovation
- M3 Customer Satisfaction
- M4 Sustainable Products & Services

Governance

- M5 Corporate Governance & Business Ethics

Environmental

- M6 Environmental Compliance
- M7 Resource Efficiency
- M8 Greenhouse Gas & Climate Change

Social

- M9 Talent Management
- M10 Health & Safety
- M11 Supporting Local Businesses
- M12 Corporate Responsibility

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

As part of Pharmaniaga's sustainability strategy, we have prioritised the following SDGs to ensure our business is environmentally, socially and economically sustainable.

WHO WE ARE

PHARMANIAGA Berhad is a leading pharmaceutical company based in Malaysia, renowned for its comprehensive range of products and services across the healthcare sector. Established in 1994, the Group has evolved into the nation's largest listed integrated healthcare service provider. Our expertise spans the entire pharmaceutical value chain, from research and development to the meticulous manufacturing of generic drugs, as well as dynamic sales and marketing strategies that ensure our products reach those in need nationwide.

As a trusted and reliable leader in the industry, Pharmaniaga is committed to enhancing healthcare access and affordability in both local and international markets. Our focus on improving the health and well-being of communities worldwide underscores our commitment to advancing healthcare globally.

VISION

The preferred pharmaceutical brand in regional markets

MISSION

Provide quality products and superior services by professional, committed and caring employees

VALUES

Creativity

Integrity

Innovation

DO IT RIGHT ALWAYS (DIRA)

The DIRA initiative embodies our commitment to integrating ESG (Environmental, Social, and Governance) values into our work culture.

GROUP STRUCTURE

AS AT 31 MARCH 2025

pharmaniaga®

(A member of Boustead Group)

MANUFACTURING

- 100% Pharmaniaga Manufacturing Berhad
- 100% Idaman Pharma Manufacturing Sdn. Bhd.
- 100% Pharmaniaga LifeScience Sdn. Bhd.
- 100% Pharmaniaga Research Centre Sdn. Bhd.
- 100% Bio-Collagen Technologies Sdn. Bhd. **

LOGISTICS & DISTRIBUTION

- 100% Pharmaniaga Logistics Sdn. Bhd.
- 100% Pharmaniaga Marketing Sdn. Bhd.
- 100% Pristine Pharma Sdn. Bhd. ** ("Pristine")
  - 100% Paradigm Industry Sdn. Bhd. ** *Subsidiary of Pristine*
- 100% Pharmaniaga Biomedical Sdn. Bhd. **
- 100% Pharmaniaga Pegasus (Seychelles) Co. Ltd. *

100% Pharmaniaga International Corporation Sdn. Bhd.

INDONESIA

- 73% PT Millennium Pharmacon International Tbk ("MPI")
  - 99% PT Digital Pharma Andalan Indonesia *Subsidiary of MPI*
- 15% / 85% PT Errita Pharma

Please refer to pages 264 to 265 for the principal activities of the companies

* Dormant

** Ceased operations

WHAT WE DO

MANUFACTURING

With four state-of-the-art manufacturing plants strategically located across Malaysia, Pharmaniaga is at the forefront of pharmaceutical innovation. Our advanced production facilities are designed to meet the highest industry standards, including Good Manufacturing Practices (GMP) and European GMP. By integrating cutting-edge technology, eco-friendly practices, and robust quality control systems, we ensure the excellence of our products at every stage of the manufacturing process, aligning with global trends toward responsible production.

In addition to producing a diverse range of pharmaceutical products to serve the healthcare sector, the Group is also venturing into local development and manufacturing of insulin and vaccines. This move will help to reduce the country's dependency on imported pharmaceuticals and ensures a stable, affordable supply of critical medications. Our focus on research and development (R&D) drives continuous innovation in manufacturing processes and product offerings, enabling us to remain agile and responsive to the ever-evolving healthcare landscape.

LOGISTICS & DISTRIBUTION

Pharmaniaga's logistics and distribution network is strategically designed to reach every corner of Malaysia, from bustling urban centres to remote rural areas. Serving both public and private facilities, we operate a fleet of more than 200 vehicles from 14 strategically located distribution centres and warehouses in Selangor, Penang, Sabah, and Sarawak, supplying over 800 products amounting approximately 90 million units listed on the Ministry of Health's (MOH) Approved Products Purchase List (APPL) to more than 8,500 customers consisting of Government hospitals, clinics, and healthcare institutions.

Our capabilities extend beyond simply delivering medical supplies. With a strong focus on reliability and timeliness, Pharmaniaga leverages modern tracking systems and strategic partnerships to ensure the prompt delivery of high-quality healthcare products throughout the nation.

WHAT WE DO

RESEARCH & DEVELOPMENT (R&D)

Pharmaniaga is deeply committed to R&D as a core pillar of its growth and innovation strategy. We focus on advancing healthcare by developing new and improved pharmaceutical products, collaborating closely with local and international partners to drive innovation and stay ahead of healthcare trends.

Our R&D efforts cover critical therapeutic areas, including cardiovascular, diabetes, anti-infectives, pain management, and respiratory. This includes the development of key biopharmaceutical products such as vaccines and insulin. With a dedicated team of over 50 skilled scientists from diverse fields, we stay responsive to the ever-evolving healthcare needs of the market, ensuring the consistent availability of safe, effective, and affordable medicines.

SALES & MARKETING

At Pharmaniaga, our sales and marketing team takes great pride in promoting a diverse portfolio of healthcare products, including pharmaceuticals, medical devices, and dental products. We continuously refine our sales strategies through clinical evidence, data analytics, and digital platforms – marketing with science to enhance our reach and engagement, ensuring we stay ahead in a fast-evolving market.

For us, sales and marketing is beyond driving profits – it is about creating meaningful shift in the healthcare industry. We are committed to exploring strategic partnerships and offer quality and affordable products via multiple streams of channels - hospitals, clinics and pharmacies - both in the Government and the private sector. By delivering personalised approaches and tailored solutions, we aim to address the unique needs of healthcare providers and patients, building trust and fostering lasting loyalty to our brand.

INDONESIA OPERATIONS

Building on a legacy of excellence and a deep commitment to enhancing healthcare accessibility, Pharmaniaga is proud to bring its renowned expertise to the Indonesian market. Through our subsidiaries, PT Millennium Pharmacon International Tbk (MPI) and PT Errita Pharma (Errita), we have established a strong foothold that will drive growth and success in this key region.

MPI ranks among the top ten pharmaceutical logistics and distribution companies in Indonesia, operating an extensive network of 37 branches nationwide and serving over 30 principals. Errita, with its specialised facilities for general pharmaceuticals and penicillin, has solidified its position as a significant player in Indonesia's pharmaceutical landscape. Our presence in Indonesia underscores our ongoing commitment to improving healthcare outcomes and enriching lives throughout Southeast Asia.

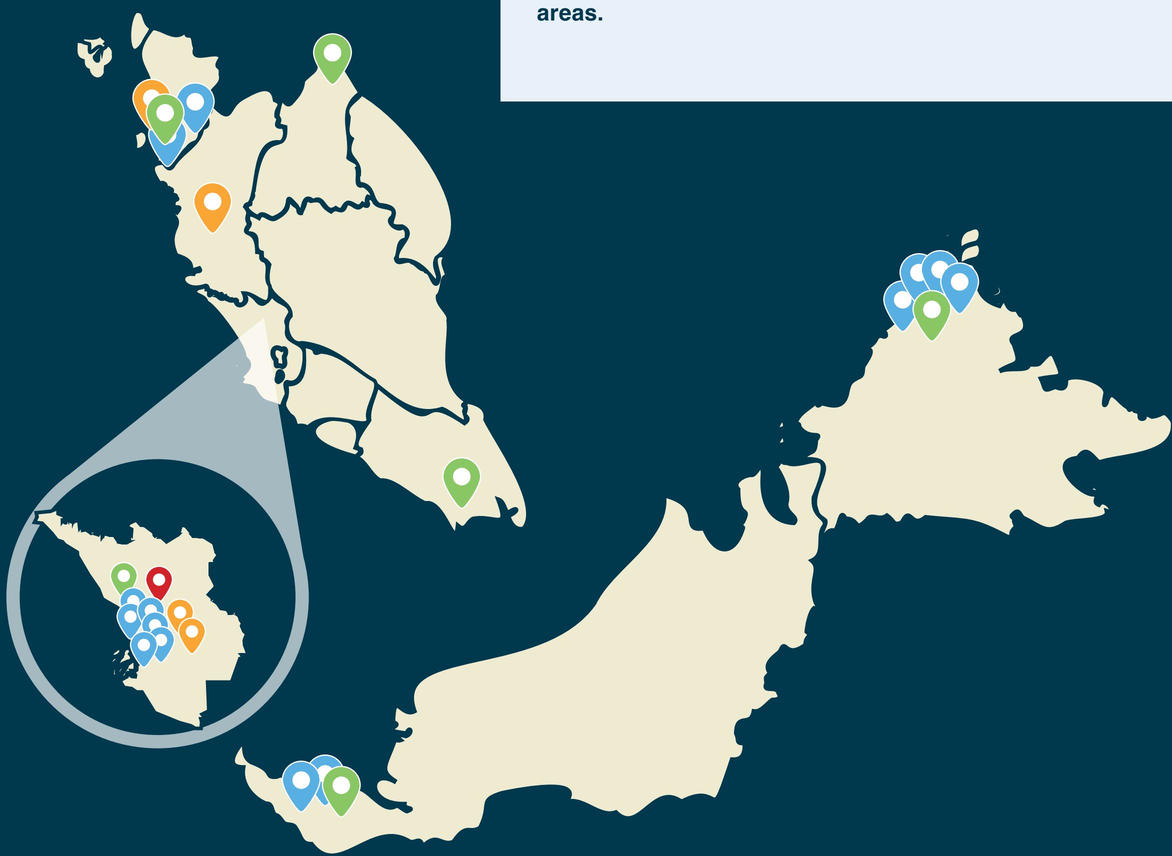
OUR COMPETITIVE STRENGTHS

Pharmaniaga, with its rich legacy of innovation and unwavering commitment to enhancing healthcare accessibility, stands as a pillar in shaping Malaysia's pharmaceutical industry. As a trusted leader, we are dedicated to protecting the national healthcare system and contributing to nation-building.

Through strategic synergies and a forward-thinking approach, we continue to set the benchmark for excellence, expanding our market presence, and driving sustainable growth to ensure a healthier and brighter future for all.

- Pharmaniaga has established itself as Malaysia's leading integrated healthcare service provider, from research & development (R&D), advanced manufacturing facilities, marketing to the last mile delivery, both in Malaysia and Indonesia.

- With strategically located distribution centres in Malaysia and Indonesia, we are the preferred logistics and distribution partner, capable of mobilising an extensive delivery network across the region and ensuring the seamless distribution of essential healthcare products to everyone, from bustling urban centres to remote rural areas.



As at 31 March 2025

MALAYSIA

EMPLOYEES	R&D SITE	MARKETING OFFICE	LOGISTICS & DISTRIBUTION SITE OFFICE	MANUFACTURING PLANT
2,019	1	6	Distribution Centres and Warehouses 14	4

OUR COMPETITIVE STRENGTHS

- Our cutting-edge manufacturing facilities, including Malaysia's first locally-owned biopharmaceutical plant, are meticulously designed to meet the stringent standards of the Pharmaceutical Inspection Co-operation Scheme (PICS) and European Union Good Manufacturing Practices (EU GMP), ensuring the highest levels of product quality and safety.

- Our first Malaysian-owned biopharmaceutical plant, Pharmaniaga LifeScience, is capable of sterile formulation and manufacturing up to 30 million cartridges of insulin and 25 million doses of vaccines per year, significantly reducing the nation's dependency on imported medicines.

- With a team of over 200 scientific and technical experts across diverse disciplines in R&D, manufacturing and regulatory, our workforce is empowered with exceptional technical expertise. As a local pioneer in the biosimilar market, we are committed to fostering talent development and cultivating niche skill set in biologics and biosimilars, among others, to support the National Immunisation Programme, propelling us toward a healthier nation.

- As we progress toward a future of resilience, driven by innovation and organisational excellence, we remain steadfast in our commitment to capitalise on established segments where we have solid footholds. By leveraging our strengths, we are determined to achieve and maintain market leadership, ensuring continued growth and success in an ever-evolving landscape.

INDONESIA

EMPLOYEES	R&D SITE	LOGISTICS & DISTRIBUTION SITE OFFICE	MANUFACTURING PLANT
1,483	1	Branches 37	1

2024 KEY HIGHLIGHTS

FINANCIAL HIGHLIGHTS

REVENUE
RM3.8 billion
(2023: RM3.4 billion)

EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION
RM305.3 million
(2023: RM23.9 million)

NET PROFIT/(LOSS)
RM133.8 million
(2023: (RM78.7 million))

BUSINESS HIGHLIGHTS

Concession agreement signed for 7 years until 2030

Regularisation Plan approved by Bursa Malaysia on 29 November 2024

190 new products added to Approved Products Purchase List (APPL)

Insulin and vaccine manufacturing plant completed and officiated on 19 September 2024

Received **19** National Pharmaceutical Regulatory Agency (NPRA) approvals, including **3 recombinant human insulins**

Opened **3 new branches** in Indonesia at Purwakarta, Mataram, Pematangsiantar

Entered into **contract manufacturing agreements** with **2 key partners** in pharmaceutical value chain in Indonesia

2024 KEY HIGHLIGHTS

SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL

Reported **6,660.77 tCO_2e** scope 3 GHG emission through Employee Commuting and Business Travel

Converted **5.72 tonnes** of schedule waste to alternative material

Recycled **19.72 megaliters** of water

To install additional **Solar photovoltaic projects** at six sites

Recycled **712.26 metric tonnes** of general waste

SOCIAL

ZERO workplace fatalities

ZERO breaches and leakage of privacy and information

ZERO non-compliance cases related to employment, labour practices or human rights violations

Local hiring:
Malaysia : **99.8%**
Indonesia : **99.8%**

In 2024, **80%** of total spending was allocated to local suppliers

GOVERNANCE

Achieved 4 stars FTSE4Good ESG rating

15 products received Halal certification by *Jabatan Kemajuan Islam Malaysia* (JAKIM), bringing the total to **201** in Malaysia

Additional 2 entities obtained MS ISO 37001:2006 Anti-Bribery Management System (ABMS) certified

STANDARDS & CERTIFICATIONS

MS ISO 37001: 2016
Anti-Bribery Management Systems

ISO 45001: 2018
Occupational Health and Safety Management Systems

ISO/IEC 27001: 2013
Information Security Management Systems

ISO 9001: 2015
Quality Management Systems

ISO 14001: 2015
Environmental Management Systems

ISO/IEC 17025: 2017
Laboratory Quality Management Systems

ISO 18295-1: 2017
Customer Contact Centres

GOOD MANUFACTURING PRACTICE
Certification from NPRA, Malaysia

GOOD DISTRIBUTION PRACTICE
Certification from NPRA, Malaysia

GOOD DISTRIBUTION PRACTICE FOR MEDICAL DEVICES
Certification from MDA, Malaysia

HALAL PHARMACEUTICAL PRODUCT CERTIFICATION
Certification from JAKIM, Malaysia

EU GOOD MANUFACTURING PRACTICE
Certification from INFARMED, Portugal

CARA DISTRIBUSI OBAT YANG BAIK
Certification from BPOM, Indonesia

CARA PEMBUATAN OBAT YANG BAIK
Certification from BPOM, Indonesia

PERIZINAN PEDAGANG BESAR FARMASI
Certification from Kementerian Kesehatan, Indonesia

PERIZINAN DISTRIBUSI ALAT KESEHATAN
Certification from Kementerian Kesehatan, Indonesia

SERTIFIKASI HALAL
Certification from Badan Penyelenggara Jaminan Produk Halal, Indonesia

2024 CORPORATE MILESTONES

JANUARY

3 Pharmaniaga Logistics Sdn. Bhd. entered into a seven-year Logistics Services Concession Agreement with the Ministry of Health, that took effect retrospectively from 1 July 2023

FEBRUARY

1 PT Millenium Pharmacon International Tbk (MPI) officially opened its 35th branch in Mataram, West Nusa Tenggara

23 Pharmaniaga submitted its Regularisation Plan to Bursa Malaysia Securities Berhad (Bursa Malaysia)

27 MPI officially opened its 36th branch in Purwakarta, West Java

MAY

3 MPI received ISO 37001:2016 Anti-Bribery Management System (ABMS) certification for Jakarta and Bogor branches

27 PT Digital Pharma Andalan Indonesia (DPAI) entered into a Partnership Agreement with PT Bank Mandiri (Perseroan) Tbk

JUNE

12 SKYCellflu Quadrivalent and Trivalent Injection, in partnership with SK Bio Korea, has received registration approval from the National Pharmaceutical Regulatory Agency (NPRA)

SEPTEMBER

19 Pharmaniaga completed and officiated Malaysia's first local insulin and vaccine manufacturing facility at Pharmaniaga LifeScience Sdn. Bhd. site in Puchong, Selangor

OCTOBER

1 MPI officially opened its 37th branch in Pematangsiantar, North Sumatra

11 Pharmaniaga successfully secured grant from the Ministry of Science, Technology and Innovation for the formulation and development of PCV13 and Hexavalent vaccines as part of the National Vaccine Development Roadmap

NOVEMBER

1 MPI held a ground-breaking ceremony of new building for Bekasi branch in Jakarta

7 Pharmaniaga's flagship recombinant human insulin registration approved by NPRA

29 Pharmaniaga received Bursa Malaysia's approval on its Regularisation Plan

DECEMBER

23 Pharmaniaga Marketing Sdn. Bhd. achieved ISO37001:2016 ABMS certification

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDER,

The past few years have seen Pharmaniaga swiftly rising through adversity, and as we reflect on the Group's financial performance in FY2024, I am humbled by the opportunity to serve and contribute to its ongoing rejuvenation.

Appointed to the Board in October 2024, it is truly an honour to be a part of Pharmaniaga after close to four decades of experience in corporate governance and public administration. I look forward to working alongside the leadership team, supporting their efforts and contributing in any way I can as we collectively strive to strengthen the Group and build a better, more resilient future together.

BUILDING RESILIENCE FOR THE FUTURE

The global healthcare services market delivered strong performance in 2024, expanding by 7.4% over the past year, a reflection of the sector's growing importance and resilience. Looking ahead, the industry is projected to continue its upward trajectory, with a compound annual growth rate (CAGR) of 8.7% through 2028 and global healthcare expenditure expected to reach USD6.26 trillion[1]. This sustained growth is driven by rising demand for healthcare services, the increasing prevalence of chronic diseases, and accelerated adoption of transformative technologies such as artificial intelligence, digital health platforms, and telemedicine.

As the global economic landscape continues to shift, fluctuations in currency and supply chain costs may impact the pricing of pharmaceutical ingredients and medical equipment[2]. Nevertheless, the healthcare industry has proven its ability to adapt rapidly by embracing innovation and technology to ensure continuity, affordability, and access to quality care for populations worldwide.

In this evolving environment, Pharmaniaga remains firmly focused on sustaining operational efficiency and reinforcing supply chain resilience. We continue to work closely with our local and international partners to ensure an uninterrupted flow of essential medicines and healthcare products. The evolving global trade dynamics also present valuable opportunities for us to further strengthen our sourcing strategies, drive efficiencies, and expand our reach across key markets.

DATO' SERI ABDUL RAZAK JAAFAR
Independent Non-Executive Chairman

Closer to home, Malaysia's healthcare landscape is also undergoing significant transformation. Non-communicable diseases (NCDs) account for 72% of all premature deaths annually, while diabetes is projected to affect 6.5 million Malaysians by 2045. Simultaneously, the country's ageing population is expected to accelerate the demand for quality healthcare services, with those aged 60 and above projected to comprise 15.3% of the total population by 2030. In response to these trends, Malaysia's healthcare industry is anticipated to grow at a steady pace, with a projected CAGR of 7.7%, reaching approximately RM100 billion by 2027[3].

"The Group is committed to completing the RP and fulfilling all regulatory and financial criteria, targeting full compliance and stability to exit from PN17 status by Quarter 1 of 2026."

These factors have opened up new vistas for the market, particularly in biopharmaceutical innovation, which represents a blue ocean opportunity for Pharmaniaga given its early entry into the segment with products such as recombinant human insulin and vaccines.

As we chart the next phase of our journey amid this dynamic and promising backdrop, Pharmaniaga is well-positioned to seize emerging opportunities, deepen stakeholder trust, and deliver sustainable value. On behalf of the Board of Directors, I am pleased to present an overview of the Group's performance for the financial year ended 31 December 2024 (FY2024).

RISING THROUGH ADVERSITY

Pharmaniaga's trajectory in 2024 reflected the country's steady economic performance over the same period, with a significant turnaround in profitability during the year. This is attributed to the Management's successful transformation, driven by higher revenue and stronger financial discipline. Strategic enhancements, including streamlined inventory and realigned priorities, also boosted efficiency.

In line with its role as a trusted partner in Malaysia's pharmaceutical supply chain, Pharmaniaga identified rising medical costs and upcoming significant hikes in insurance premiums as key concerns among the public. Addressing these pain points, the Group refocused its efforts on driving down costs of treatment through an emphasis on high quality and accessible generic and biosimilar products.

[1] *Healthcare Services Market to Grow by USD 6.26 Trillion from 2024-2028, Driven by Rising Chronic Diseases, with AI Driving Market Transformation - Technavio - The Malaysian Reserve*
[2] *Prevention and control of noncommunicable diseases in Malaysia, World Health Organisation, 2024*
[3] *https://diabetesatlas.org/data/en/country/120/my.html*

CHAIRMAN'S STATEMENT

These products, which can be produced cheaper than their chemical and biologic originators, have the potential to bridge the real and present affordability gap faced by many Malaysians. This is particularly true in the vaccine and insulin segments, which are primarily imported or produced by international players, with a total procurement value of more than RM500 million annually.

As such, Pharmaniaga's efforts in striving for the country's self-sufficiency in these areas, with the completion and officiation of first local biopharmaceutical plant in Puchong, is a step towards safeguarding the security of Malaysia's medicine supply. At the same time, it positions the Group favourably for future expansion in these key growth segments, building resilience towards the future and supplementing its performance over the past year.

Pharmaniaga's turnaround came despite a challenging operating environment for the Group, characterised by regulatory and healthcare shifts, as well as intense market competition. In particular, the Government's ongoing focus on healthcare reforms have placed the onus upon industry players for greater operational efficiency and compliance.

Emerging opportunities are also counterweighted by intense competition in specific segments, not just from local players, but from prospective multinational competitors as well, following Malaysia's signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

TRANSFORMING THE BUSINESS

In guiding Pharmaniaga through its rejuvenation and resurgence, the Board took to heart the lessons learned from the pandemic, striving to revitalise the Group's finances with the approved Regularisation Plan (RP) and laying the foundation for sustainable future growth. An Extraordinary General Meeting was convened on 20 March 2025 and we have obtained approval from shareholders to execute the plan.

In particular, the proceeds raised from the RP's rights issue and private placement exercises will be allocated towards repaying borrowings, generating up to RM16.8 million in annual interest savings.

The proceeds raised from RP will also be used for business expansion, including the building or acquisition of four new warehouses, and the development of vaccines, insulin and generic drugs, significantly expanding Pharmaniaga's logistical capacity as well as its foothold in the biopharmaceuticals segment.

The Group is committed to completing the RP and fulfilling all regulatory and financial criteria, targeting full compliance and stability to exit from PN17 status by Quarter 1 of 2026.

At the same time, while the stocking of COVID-19 vaccine which led to the Group's PN17 status was made in full compliance with corporate governance principles, we are taking additional steps to refine our corporate governance practices and further enhance transparency with shareholders.

This includes reviewing the Group's internal audit and risk management frameworks to ensure compliance with regulatory standards, while facilitating early identification of potential risks. We are also enhancing governance policies to ensure alignment with industry standards. These proactive measures are aimed at fostering greater confidence among stakeholders, while affirming the Group's commitment to ethical decision-making.

We are also strengthening Board oversight by enhancing the independence of Board members and reinforcing its role in monitoring RP implementation and overall financial strategy, while ensuring it has the necessary expertise to address financial challenges effectively.

The appointments of Dato' Dr. Faridah Aryani Md. Yusof, Dr. Mary Jane Cardosa and Dato' Seri Dr. Hj. Awaludin Said as Independent Non-Executive Directors further strengthen the Board's capabilities, bringing with them decades of invaluable expertise in the medical and pharmaceutical fields.

This followed by the redesignation of Encik Zulkifli Jafar as the Managing Director, leveraging his extensive experience across diverse sectors to steer Pharmaniaga towards its business and strategic goals. Supporting him in driving operational excellence, Encik Ahmad Shahredzuan Mohd Shariff has transitioned from the Board to take on a more critical role as the Chief Operating Officer.

SUSTAINING OUR ESG AGENDA

The challenging business landscape did not deter the Group from upholding our commitment to Environmental, Social, and Governance (ESG) principles through sustainable business practices and impactful social outreach initiatives.

I am pleased to share that we have embarked on a solar energy initiative to reduce our carbon footprint and support Malaysia's net-zero emissions goal by 2050. The Group's renewable energy assets include solar installations at four manufacturing facilities and two logistics sites nationwide, with capacity for the production of 6,000 MWh of clean energy annually.

Engagement visits to industry leaders such as the Energy Commission and Malaysian Green Technology and Climate Change Corporation (MGTC), were also been organised for selected employees, fostering knowledge-sharing towards facilitating green transitions via the adoption of best practices and innovative solutions.

Please refer to our Sustainability Statement on pages 72 to 145 of this Integrated Report for more details on our ESG initiatives.

CHAIRMAN'S STATEMENT

INVESTING IN INTERNAL STAKEHOLDERS

Recognising our employees as the key to Pharmaniaga's future, we have continued to invest in talent development and cultural transformation initiatives. Selective recruitment and training programmes were implemented to ensure the workforce aligns with the Group's strategic priorities.

A structured talent and succession planning framework was put in place to strengthen the bench strength of future leaders. This initiative is now a key component of our talent development strategy for identified employees, paving the way for more progressive career pathways.

Workplace initiatives undertaken in 2024 included employee wellness challenges, health awareness campaigns and creative workplace activities, designed to foster inclusive and equitable work environments. We also conducted mental health programmes, spiritual talks, sessions with Management and flood relief missions, towards wider engagement with the Pharmaniaga team and community.

We have also taken significant strides in advancing our corporate governance practices in 2024, by putting initiatives in place to integrate responsible business practices while contributing to organisational goals. This included our Do It Right Always (DIRA) awareness held group-wide, fostering awareness of integrity, anti-bribery, risk culture, safety and ESG reporting practices.

OUTLOOK

We remain positive on the Group's prospects in the long run, with the expansion in biopharmaceutical, i.e. vaccine and insulin production and sustainable demand.

Meanwhile, we will continue to grow our presence in the private healthcare market in total. In terms of pipeline, the Group plans to launch anti-diabetics, cardiovascular, anti-infectives, pain management, and respiratory. Our focus here is to capitalise on segments with established footholds, leveraging on our strengths to achieve and maintain market leadership.

To strengthen our footprint in Indonesia, we are exploring to integrate our manufacturing arm's product portfolio with Malaysia operations to optimise efficiencies and deliver greater value to its healthcare sector. Our logistics and distribution business in the country continues to be a key growth driver, supporting wider access to quality pharmaceutical products.

CHAIRMAN'S STATEMENT

The concession segment remains healthy with the number of active products in the Approved Products Purchase List (APPL) projected to rise to over 1,000 products throughout the concession period, reinforcing Pharmaniaga's role as a logistics and distribution strategic partner with MOH in serving the nation.

Encouraged by the Malaysian Government's RM45.3 billion healthcare allocation under Budget 2025, we are optimistic about opportunities to expand the Group's APPL portfolio, optimise operations, and unlock new growth avenues, as the Ministry of Health is forecasted to spend RM2 billion on APPL products in 2025.

Mindful of ongoing pressures on profit margins, we will continue to optimise operational efficiencies, reduce operating expenditure (OPEX) and leverage on economies of scale to maximise profitability within this controlled segment, while identifying exclusive arrangements with product principals to safeguard our bottom line.

ACKNOWLEDGEMENTS

As we review the past year's accomplishments, I would like to extend my thanks to the Pharmaniaga family, our Management team and Board members, without whom the Group's recovery and resurgence in the face of adversity would have been impossible.

We are grateful for the continued trust bestowed upon us through challenging times by Boustead Holdings Berhad and Lembaga Tabung Angkatan Tentera. Pharmaniaga's strong performance has been driven by their full support in promoting Malaysia's national interests, particularly in terms of the GEAR-uP initiative aimed at synergising efforts to catalyse growth in key economic sectors, such as biopharmaceuticals.

The sterling support of our stakeholders, including our valued shareholders, customers, business partners, regulators and financiers, also deserves deepest appreciation. It is with their commitment and perseverance that we have succeeded in navigating through the impacts from our current financial status and macroeconomic headwinds to emerge ever stronger.

I would like to extend my sincere gratitude to my predecessor, Encik Izaddeen Daud, for his exemplary leadership in guiding the Board to chart a financial roadmap that has set Pharmaniaga on the right path, and for his continued dedication to remain as a Non-Independent Non-Executive Director.

Renewed, rejuvenated and united in purpose, Pharmaniaga stands ready to embrace the future as Malaysia's trusted partner in the integrated pharmaceuticals space. We remain steadfast in our commitment to our customers, the Government and people of Malaysia in fulfilling our mandate in support of the national healthcare agenda.

DATO' SERI ABDUL RAZAK JAAFAR
Chairman

MANAGING DIRECTOR'S STATEMENT

DEAR SHAREHOLDER,

2024 has truly been a milestone year for Pharmaniaga — a year that reflects the spirit, strength and determination of our people in driving the Group's resurgence amidst a challenging landscape. It has been a privilege for me to work alongside the passionate Pharmaniaga family, a dedicated Management team, and our valued partners and stakeholders, all of whom have played an instrumental role in our transformation journey.

Despite navigating diverse macroeconomic and operational challenges, we remained steadfast in our commitment to building a stronger and more resilient organisation. I am proud to share that our collective efforts have delivered tangible results — with Pharmaniaga sustaining its growth momentum and recording a solid profit after taxation (PAT) of RM133.8 million for the financial year ended 31 December 2024 (FY2024), a remarkable turnaround from a loss after taxation (LAT) of RM78.7 million in the previous year.

Adding to this momentum, recent endorsements by regulators and Government bodies such as Bursa Malaysia and the Ministry of Health (MOH) stand as a testament to the Group's financial revitalisation and commitment to long-term sustainability. These endorsements not only validate the progress we have made but also strengthen our resolve to pursue new growth opportunities.

In particular, we are accelerating our expansion into key growth areas such as, biopharmaceuticals, with a strategic focus on the production of human insulin and vaccine products. These innovations will significantly strengthen Pharmaniaga's market presence and, more importantly, enable greater access to affordable healthcare solutions for Malaysians, driving meaningful impact in line with our purpose amid an increasingly dynamic and competitive industry landscape.

HEALTHCARE IN TRANSITION

Healthcare in 2025 is poised on the cusp of change, and Pharmaniaga is evolving right in step with this leap forward. We have embraced the need to innovate our business approach, refining operational processes, streamlining costs, and building resilience to position the Group at the forefront of the industry.

At the same time, we remain steadfast in maintaining market leadership in the manufacture of generic drugs as well as excellent performance in our logistics and distribution business operations, which are the cornerstones of our success and an integral part of delivering value to our stakeholders.

ZULKIFLI JAFAR
Managing Director

MANAGING DIRECTOR'S STATEMENT

We have navigated the challenges of 2024 and emerged ever stronger by developing our areas of competitive advantage and channeling resources from non-core businesses. Pharmaniaga has delivered profits for our shareholders in every quarter in FY2024. I have no doubt that the coming quarters will be a turning point for Pharmaniaga.

Additionally, our roadmap towards exiting Practice Note 17 (PN17) status is very clear, with all hands on deck to execute the Regularisation Plan (RP), which has been approved by Bursa Malaysia and our shareholders. This marks a crucial step in solidifying our financial position and restoring investor confidence.

This transformation was made possible with the commitment, support, and perseverance of the Board and employees, as well as all our business partners and stakeholders. To everyone who remained steadfast with us in times of adversity, I would like to extend my deepest thanks and look forward to a much brighter future together.

As we look back on the past year's achievements, it is with great pleasure that I share this review of the Group's performance for the financial year ended 31 December 2024 (FY2024).

"We remain steadfast in maintaining market leadership in the manufacture of generic drugs as well as excellent performance in our logistics and distribution business operations, which are the cornerstones of our success and an integral part of delivering value to our stakeholders."

BUILDING RESILIENCE

We identified five key pillars under our Vision 525 strategic framework, serving to channel our efforts into high-impact areas fostering operational efficiency and business sustainability. These included building up our biopharmaceutical capabilities, growing the private market, reinventing our Indonesia business, strengthening the public sector business, and aggressive cost optimisation.

Each of these pillars has seen landmark achievements in the past year, from the renewal of the Group's concession agreement with MOH, launch of the first Malaysian biopharmaceutical plant producing human insulin and vaccines, and a 14.8% reduction in overall operational expenditure, to National Pharmaceutical Regulatory Agency (NPRA) approval for 19 Pharmaniaga products and the opening of the Group's 37th branch in Indonesia.

These milestones underscore the resilience of our business in the face of diverse headwinds and business risks. We have remained agile throughout, adapting our approach in response to market trends and operational challenges on the ground. This has seen a sharpening of our focus on high-value products and partnerships.

Bursa Malaysia's approval of our RP on 29 November 2024 is a resounding endorsement of Pharmaniaga's course and direction, proving the initiatives put in place under Vision 525 have affected real change within the Group. This transformation has resulted in strong financial performance in FY2024 even as we progress towards exiting PN17 status in Quarter 1 of 2026.

MANAGING DIRECTOR'S STATEMENT

OPERATIONAL OVERVIEW

The Group's achievement of key financial milestones in FY2024 highlights its transformative journey. In spite of the operational impacts of PN17 status, PAT rose to RM133.8 million in FY2024, marking a significant turnaround from a LAT of RM78.7 million in the previous financial year. While taking into account a waiver of the penalty imposed by the Government during the pandemic from 2020 to 2022 amounting to RM94.9 million (net of tax), our profitability nevertheless underscores the healthy fundamentals underpinning Pharmaniaga's business model.

As a key growth area for the Group due to higher margins, the Manufacturing Division continued to perform in FY2024, reporting profit before taxation (PBT) of RM32.4 million.

This increase was driven by increased demand for Approved Products Purchase List (APPL) along with several successful tenders. The Manufacturing Division is set to grow to new heights with the completion of biopharmaceutical plant for human insulin and vaccine manufacture in Puchong, Selangor.

The Logistics and Distribution Division achieved a healthy PBT of RM157.4 million, strengthening significantly from a loss before taxation (LBT) of RM57.8 million in FY2023. The division's growth was primarily due to higher concession sales and the introduction of new products to the APPL, as well as intensive cost containment initiatives and the reversal of Government penalties.

Pharmaniaga continues to refine and grow its private sector business segment. Though the segment saw sideways movement in FY2024, significant strides were made in streamlining operational expenditure through the cessation or restructuring of non-core activities such as nutraceuticals and consumer healthcare businesses.

The Indonesia Division registered growth in FY2024, with earnings before interest, taxation, depreciation, and amortisation rising to RM35.8 million. This was driven by increased sales from products of existing principals, and additional sales from new principals as well as from three new branches opened in Purwakarta, Mataram and Pematangsiantar.

INNOVATING FOR THE FUTURE

In line with our focus on high-impact areas for growth and in support of Malaysia's National Vaccine Development Roadmap, Pharmaniaga invested a total of RM300 million in a biopharmaceutical plant in Puchong. The move capitalises on a blue ocean opportunity for the Group, given the sector's high capital costs and start-up time, as well as Pharmaniaga's early foothold in the market.

The expansion into biopharmaceuticals is further supported by the securing of a grant from the National Institutes of Biotechnology Malaysia under the Ministry of Science, Technology, and Innovation (MOSTI) for the development of pneumococcal conjugated (PCV13) and hexavalent vaccines. Under the National Vaccine Development Roadmap initiative, 12 employees received vaccine development training grants from MOSTI to attend various global training programmes in Korea and the United Kingdom.

In terms of Environmental, Social, and Governance (ESG) principles, Pharmaniaga continues to uphold its commitment to organisational, environmental, business and community sustainability. The Group's track record was recognised by Bursa Malaysia and FTSE Russell via a four-star rating in their joint FTSE4Good Index prior to Pharmaniaga's PN17 classification.

Notable initiatives included the launch of the Group's renewable energy project, which saw the installation of solar photovoltaic panels at six Pharmaniaga sites across Malaysia. This is set to generate approximately 6,000 Megawatt hours (MWh) of solar energy annually, translating to the prevention of 4,550 tonnes of carbon dioxide emissions. This is equivalent to planting 75,000 trees per year, with projected savings of up to RM70 million over the next 20 years.

OUTLOOK

With Bursa Malaysia's approval of our RP, the Group is on the right track and well on its way to restored financial health. We remain committed to enhancing operational efficiency, maintaining stringent cost containment and developing diverse revenue streams in key markets as we navigate a potentially muted business environment in FY2025.

Pharmaniaga will continue its track record of logistics and distribution excellence under the MOH concession, meeting key performance indicator (KPI) requirements, while driving forward its foothold in the biopharmaceuticals, private and Indonesia markets.

MANAGING DIRECTOR'S STATEMENT

Prospects for the Manufacturing Division are on the uptrend with the launch of our biopharmaceutical manufacturing plant on 19 September 2024, comprising cartridge and prefilled syringe facilities. Production readiness for our flagship recombinant human insulin has seen encouraging progress, with dossier submission in February 2024, NPRA approval in November 2024, and technology transfer planned up till April 2025, with the eventual commercialisation by Quarter 1 of 2026.

In addition, our insulin analogue (Glargine) product, which received registration approval in January 2025, will begin localisation in Quarter 3 of 2025.

For vaccine production, media fill was completed in September 2024, and initiation of the process validation batch is planned for Q3 2025. Agreements for technology transfer and antigen procurement for the Group's PCV13 and hexavalent vaccines are also underway, with registration approvals targeted by Q2 2026 and Q4 2027, respectively.

The renewal of Pharmaniaga's concession agreement with MOH has contributed to strong earnings visibility for the Logistics & Distribution Division in the mid-term. The expansion of the concession agreement via rider contracts to teaching hospitals and hospitals under the Ministry of Defence, as well as increased concession allocations under Budget 2025 strongly indicate upward potential in the Group's revenue and profitability.

The private sector business has seen exciting developments, as the registration of 19 new products with the NPRA and launch of Lyzorca at the Malaysian Medical Association (MMA) Congress 2024 will result in new streams of revenue in FY2025.

The coming financial year is poised to be a pivotal one for our Indonesia Division, with PT Errita Pharma (Errita) on track to achieve profitability. This encouraging outlook is underpinned by Errita's disciplined and focused approach in product selection and market entry strategies. During the year, Errita successfully secured the registration of seven new products with Indonesia's National Agency of Drug and Food Control (BPOM), paving the way for stronger market penetration and future growth.

The Bandung plant is also in the final stages of negotiation to provide contract services for five products with a multinational principal and six products with a local pharmacy chain. This is set to leverage Errita's production capabilities to meet broader market demands as Pharmaniaga taps into the catchment population of more than 284 million people.

After 20 years, we are confident in the footing we have established in Indonesia, and are moving forward towards profitability with new products. In growing the business, we have adopted a dual-country approach, with successful initiatives in Malaysia introduced in Indonesia as well, catalysing revenue expansion. Expertise and best practices are shared between the two, allowing our Indonesia division to benefit from research and development in Malaysia through technology transfer, while delivering the latest pharmaceutical products to the market.

Recognising the essential role the Pharmaniaga team has played in the Group's resurgence from adversity, we will continue to implement wellness and work-life balance programmes such as sports and recreation activities, sessions with management, self-management workshops and more. Initiatives to be launched in 2025 include immediate financial assistance through the "Earned Access Salary" programme and a Digital Wellness programme offering 24-hour online mental health support.

As we move forward to a future of resilience driven by innovation and organisational excellence, I wish to extend my deepest thanks to every member of the Pharmaniaga family, the Board and all our business partners and stakeholders, for the crucial role they have played in the Group's rejuvenation and resurgence.

I would also like to share our heartfelt appreciation to our major shareholders, Boustead Holdings Berhad and Lembaga Tabung Angkatan Tentera, for their continued support. We are honoured to share in their vision to advance Malaysia's prospects in the pharmaceutical value chain, by strengthening its capacity to produce local biopharmaceutical products.

Embarking on the next chapter for the Group, I am privileged again to share this journey in the capacity entrusted to me, and look forward to standing together with you as we explore exciting new horizons for Pharmaniaga.

ZULKIFLI JAFAR
Managing Director

CHIEF FINANCIAL OFFICER'S STATEMENT

DEAR SHAREHOLDER,

I am pleased to share an overview of Pharmaniaga Berhad's financial performance for the financial year ended 31 December 2024 (FY2024) – a truly remarkable year that marked a strong comeback and a renewed chapter of growth for the Group.

FY2024 was a defining year for Pharmaniaga as we successfully returned to profitability, marking a significant turnaround after two challenging years. This milestone reflects the strength, resilience and determination of our people in driving the Group forward, strengthening our foundation and unlocking new growth opportunities.

Our outstanding performance was fuelled by strategic initiatives that focused on accelerating revenue growth, tightening financial discipline and driving operational excellence across the organisation. In particular, our efforts to optimise inventory management, sharpen business priorities and instil a high-performance culture have delivered tangible results and positioned us for sustainable success.

This achievement reflects the passion, hard work and dedication of our employees, the invaluable guidance of our Board and Management, and the unwavering trust and support of our stakeholders. Moving ahead, we are energised by our progress and committed to sustaining this positive momentum as we continue our journey to create long-term value and build a stronger, more resilient Pharmaniaga.

FINANCIAL PERFORMANCE REVIEW OF THE GROUP

For FY2024, Pharmaniaga registered commendable growth with revenue increasing 10.4% to RM3.8 billion from 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 Products Purchase List (APPL).

Additionally, the Indonesia segment also contributed to the higher revenue, driven by increased customer demand, fuelled by a surge in orders from existing principals and additional sales generated from the opening of two new branches in February 2024 and one new branch in October 2024.

Furthermore, the cost optimisation measures including enhanced inventory management, operational efficiency in the Logistics and Distribution, Manufacturing and Indonesia segments, as well as the cessation of non-core and non-performing businesses contributed to the Group's improved profitability. As a result, its earnings before interest, taxation, depreciation and amortisation (EBITDA) rebounded significantly to RM305.3 million as compared to RM23.9 million in FY2023. In line with the increase in EBITDA, the Group recorded higher profit after taxation (PAT) of RM133.8 million, marking a significant increase from a loss after taxation (LAT) of RM78.7 million in the previous financial year.

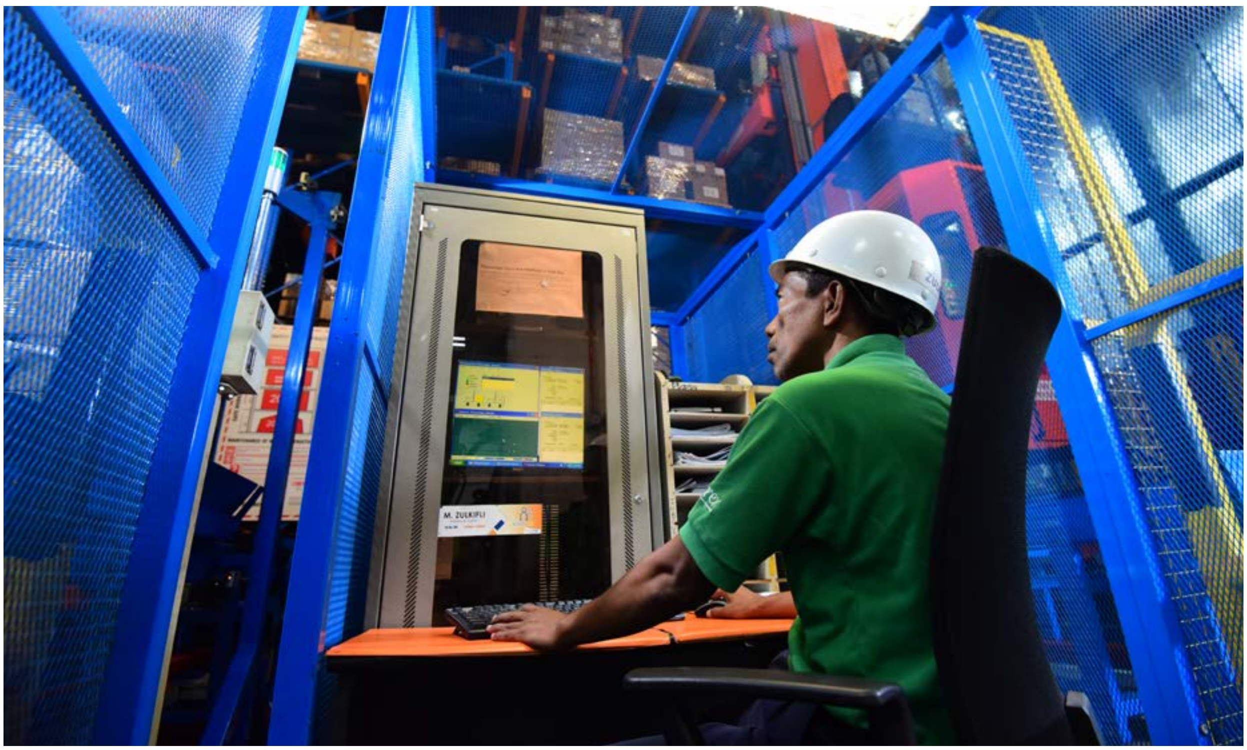
CHIEF FINANCIAL OFFICER'S STATEMENT

Stripping out the one-off penalty waiver in FY2024 and the provisions made in FY2023, the Group would have registered higher EBITDA and PAT as our business divisions demonstrated improved performance throughout the year, as illustrated in the table below:

Group (RM million)	Audited		Without penalty waiver/provisions	
	FY2024	FY2023	FY2024	FY2023
EBITDA	**305.3**	23.9	**180.4**	133.5
PAT/(LAT)	**133.8**	(78.7)	**38.9**	14.5

Segment's EBITDA/ (LBITDA) (RM million)	Audited		Without penalty waiver/provisions	
	FY2024	FY2023	FY2024	FY2023
Manufacturing	**53.4**	19.1	**53.4**	45.3
Logistics and Distribution	**216.1**	(22.3)	**91.2**	61.1
Indonesia	**35.8**	35.5	**35.8**	35.5

"Our efforts to optimise inventory management, sharpen business priorities and instil a high performance culture have delivered tangible results and positioned us for sustainable success."



CHIEF FINANCIAL OFFICER'S STATEMENT

FINANCIAL PERFORMANCE REVIEW OF BUSINESS DIVISIONS

The **Manufacturing Division** reported an EBITDA of RM53.4 million, a significant improvement compared to RM19.1 million in the previous financial year. This growth was driven by an increase in the number of awarded products, with 24 new products added, bringing the total number to nearly 90. Additionally, new pricing under the latest tender cycle further contributed to the improved performance.

We have intensified our efforts to enhance manufacturing processes, aligning with our objective of improving efficiencies and profit margins. These initiatives were complemented by a 3% reduction in the cost of goods sold (COGS) through value engineering efforts, resulting in annual savings of RM6.5 million.

The **Logistics & Distribution Division** posted a higher EBITDA of RM216.1 million for the year under review, compared with a loss before interest, taxation, depreciation and amortisation (LBITDA) of RM22.3 million in FY2023. This increase was mainly attributable to higher concession sales and the penalty waiver by the Government.

The concession segment's revenue growth was primarily due to the addition of new products to the APPL and price revisions under the new concession cycle, which resulted from increased supplier costs.

Additionally, cost optimisation measures, including effective inventory management and cessation of non-core and non-performing businesses, contributed to the Division's improved profitability. This translated to approximately RM23.1 million in savings – comprising RM3.3 million in interest savings and RM19.8 million savings in operating expenses.

CHIEF FINANCIAL OFFICER'S STATEMENT

The **Indonesia Division** registered an EBITDA of RM35.8 million for FY2024, a slight improvement compared with RM35.5 million in the previous financial year. This growth was driven by higher revenue from existing principals' products, following the introduction of the Domestic Content Level *(Tingkat Kandungan Dalam Negeri)* policy by the Government. Additionally, the establishment of three new branches also contributed to the increase in sales.

REGULARISATION PLAN PROGRESS

As part of our financial revitalisation efforts, the Group has made significant inroads with regards to our Regularisation Plan (RP). Following the submission of our scheme, we obtained Bursa Malaysia's approval on 29 November 2024, marking a crucial step towards exiting PN17 status and restoring Pharmaniaga's financial standing.

Subsequently, on 4 February 2025, a proposed variation to the scheme was announced, which was designed to create value for shareholders through a rights issue to raise up to RM353.5 million and a private placement of up to RM300.0 million, with a minimum of RM215.0 million, which will fund business expansion and strengthen our financial position.

The plan also involves a direct equity proposal with injection of up to RM190.1 million by our major shareholders, Boustead Holdings Berhad and Lembaga Tabung Angkatan Tentera, and a RM520.0 million capital reduction.

The proceeds raised from the exercise will be utilised to repay borrowings as well as for business expansion. After the proceeds are used as intended, we will be able to comply with various financial covenants by reducing our net debt and shift to a positive shareholders' equity, ultimately lifting ourselves out from PN17 status.

The RP is targeted for completion by Quarter 2 of 2025 and exiting PN17 status by Quarter 1 of 2026 following two consecutive profitable quarters for the Group.

OUTLOOK

We remain optimistic moving into 2025 as the year ahead promises to be transformative for Pharmaniaga as we continue executing our strategic initiatives to drive growth and operational resilience across all key segments.

Building on the momentum from 2024 as we enter the final year of the Vision 525 initiatives, we are focused on strengthening our presence in the biopharmaceutical and pharmaceutical sectors, expanding our footprint in Indonesia, and continue providing high quality services to Government facilities under the concession.

Additionally, the Group will persist with cost optimisation initiatives to enhance profitability and efficiency, in particular warehouse capacity, transportation cost and inventory management. We are also committed to ensuring successful execution of the RP to strengthen our financial stability.

While risks and challenges are ever present, we are confident that Pharmaniaga's resilience and strategic initiatives will enable us to forge ahead and achieve greater success in the coming years.

NORAI'NI MOHAMED ALI
Chief Financial Officer

FINANCIAL REVIEW
FIVE-YEAR GROUP FINANCIAL SUMMARY

All figures are in RM million unless otherwise stated		2024	2023	2022	2021	2020
FINANCIAL PERFORMANCE						
Revenue		**3,759.5**	3,404.5	3,480.9	4,815.0	2,725.1
Earnings/(Loss) before interest, taxation, depreciation and amortisation		**305.3**	23.9	(535.0)	342.3	101.2
Profit/(Loss) before zakat and taxation		**194.2**	(78.2)	(610.6)	277.1	35.8
Profit/(Loss) after taxation		**133.8**	(78.7)	(627.7)	172.2	26.3
Net attributable profit/(loss)		**131.8**	(80.2)	(629.9)	172.1	27.5
Earnings/(Loss) per share*	sen	**9.15**	(5.86)	(48.09)	13.15	2.10
Return on equity**	%	**-**	-	-	43.7	8.1
Return on assets	%	**13.5**	(0.9)	(27.8)	16.1	4.3
Return on revenue	%	**7.0**	(0.5)	(15.0)	6.4	2.5
DIVIDENDS						
Dividend payout	%	**-**	-	(4.1)	70.4	104.7
Dividend payment		**-**	-	24.9	121.8	28.8
Net dividend per share*	sen	**-**	-	1.9	9.3	2.2
Dividend yield	%	**-**	-	3.5	12.6	2.2
Dividend cover	times	**-**	-	(25.3)	1.4	1.0
GEARING						
Borrowings		**1,185.1**	1,187.1	1,158.9	855.2	669.6
Gearing	times	**(6.9)**	(4.0)	(3.1)	1.9	2.0
Interest cover	times	**3.7**	(0.3)	(13.0)	9.3	2.0
OTHER FINANCIAL STATISTICS						
Net assets per share*	sen	**(11.9)**	(20.8)	(28.2)	26.9	25.8
Price earning ratio times	times	**3.9**	(6.6)	(1.1)	5.6	47.6
Paid up share capital		**200.0**	200.0	154.2	154.1	153.3
Shareholders' equity		**(171.3)**	(299.1)	(369.7)	352.1	337.5
Total equity		**(145.9)**	(274.1)	(348.3)	372.1	355.0
Total assets		**1,992.3**	1,914.9	1,847.3	2,288.4	1,580.2

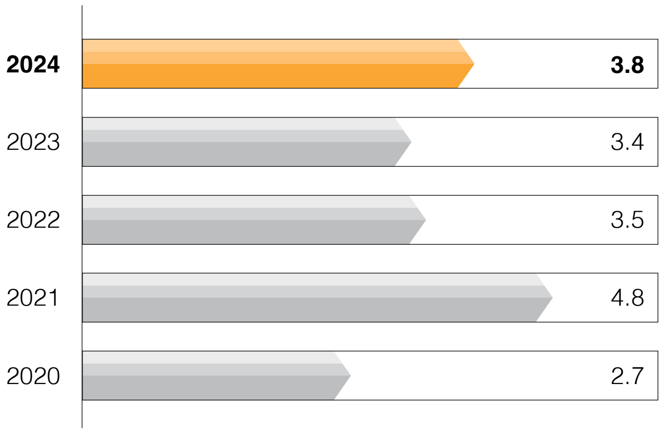
* For comparative purpose, earnings/(loss) per share, net dividend per share and net assets per share for FY2020 have been adjusted to reflect the effect of the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 7 July 2021.

** Not applicable for FY2022 to FY2024 due to negative shareholders' equity.

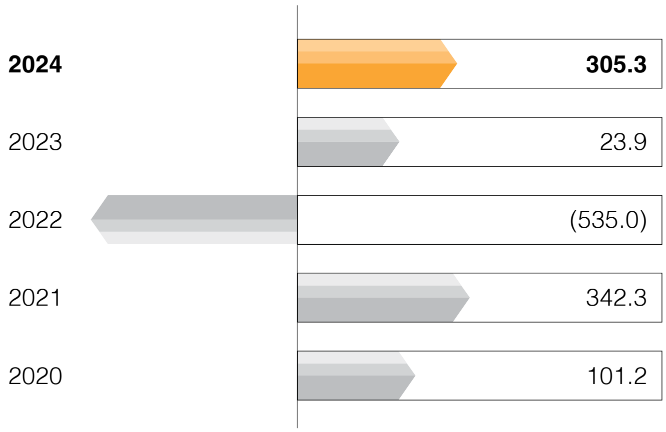
FINANCIAL REVIEW

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

REVENUE (RM BILLION)

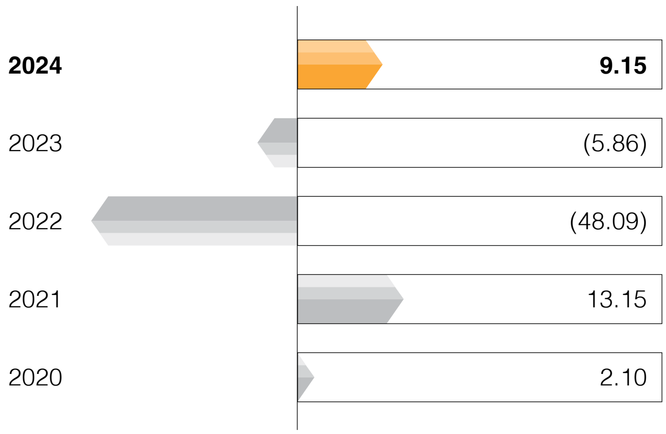


EARNINGS/(LOSS) BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (RM MILLION)

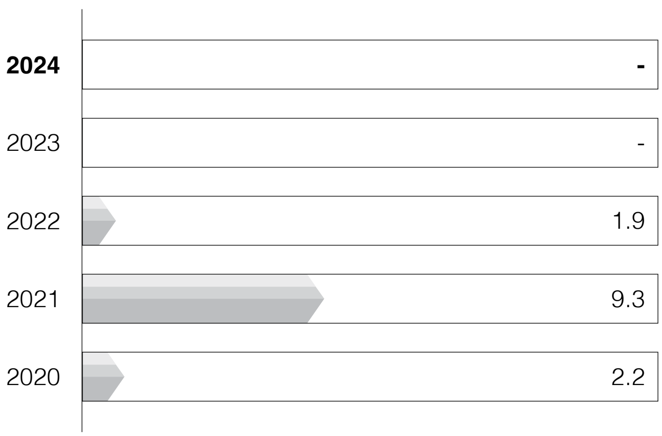


SHAREHOLDERS' EQUITY (RM MILLION)

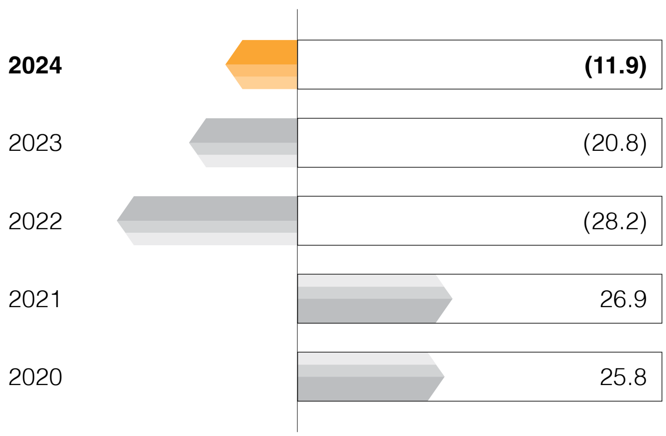
EARNINGS/(LOSS) PER SHARE (SEN)



NET DIVIDEND PER SHARE (SEN)



NET ASSETS PER SHARE (SEN)



FINANCIAL REVIEW
GROUP QUARTERLY PERFORMANCE

2024

All figures are in RM'000 unless otherwise stated	Q1	Q2	Q3	Q4	YEAR
FINANCIAL PERFORMANCE					
Revenue	964,959	838,256	1,029,822	926,442	**3,759,479**
Profit before taxation	39,044	3,334	138,485	13,317	**194,180**
Net profit	26,179	3,846	101,319	2,450	**133,794**
Net profit attributable to owners of the Parent	25,646	2,797	101,032	2,347	**131,822**
Earnings per share (sen)	1.78	0.20	7.01	0.16	**9.15**

2023

All figures are in RM'000 unless otherwise stated	Q1	Q2	Q3	Q4	YEAR
FINANCIAL PERFORMANCE					
Revenue	880,454	848,734	885,486	789,807	**3,404,481**
Profit/(loss) before taxation	9,193	6,342	(56,259)	(37,439)	**(78,163)**
Net profit/(loss)	2,766	2,324	(49,047)	(34,787)	**(78,744)**
Net profit/(loss) attributable to owners of the Parent	2,648	1,961	(49,339)	(35,430)	**(80,160)**
Earnings/(Loss) per share (sen)	0.20	0.15	(3.67)	(2.54)	**(5.86)**

FINANCIAL REVIEW
FINANCIAL CALENDAR

FINANCIAL YEAR
1 January 2024 to 31 December 2024

1st Quarter Announcement date: **27 May 2024**	2nd Quarter Announcement date: **21 August 2024**
3rd Quarter Announcement date: **26 November 2024**	4th Quarter Announcement date: **28 February 2025**
Integrated Report Issued on: **29 April 2025**	Annual General Meeting to be held on: **18 June 2025**

OUR KEY RESOURCES

Pharmaniaga Berhad's key resources are the vital building blocks that ensure the Group's growth and success. Our resources comprise six capitals that enable us to create value that is foundational to Pharmaniaga's progress. Each capital is essential to our operations and are interrelated. By effectively managing these capitals, we are able to make strategic decisions to ensure the most optimal outcomes for the Group.

F FINANCIAL CAPITAL

Financial capital represents all the financial resources available to us, from shareholder funds and profits from business units to borrowings and financing from credit suppliers. Our key objective remains the bolstering of our balance sheet by effectively managing our debt and cash flow. At the same time we strive to safeguard stakeholder value by strategically investing in research and development (R&D), digitalisation and modernisation.

MARKET CAPITALISATION

RM511.6 million
as at 31 December 2024

BORROWINGS

RM1,185.1 million

M MANUFACTURED CAPITAL

Our physical assets, which are essential to running our business successfully, collectively make up our manufactured capital. These include our five manufacturing plants (four in Malaysia and one in Indonesia), and 51 distribution centres and warehouses (14 in Malaysia and 37 in Indonesia). To drive Pharmaniaga's business growth, we are continuously expanding the capacity and capabilities of our physical assets.

TOTAL INVESTMENT IN VACCINE PROJECT

RM130 million

INVESTMENT IN INSULIN PROJECT

RM48 million

GRANT FROM MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION
for the development, clinical trial and process validation of hexavalent and PCV vaccines

51 DISTRIBUTION CENTRES AND WAREHOUSES
Compliant with Good Distribution Practices

I INTELLECTUAL CAPITAL

Over the years, we have amassed intellectual capital that encompasses our proprietary and licensed products, brands, dossiers, technologies, softwares, licences and standard operating procedures. This wealth of intellectual capital allows us innovate with new product lines driven by our proprietary research and development initiatives. We also foster collaborative technology transfer and resource sharing by leveraging on our partnerships with biotech organisations worldwide.

MORE THAN 30 STRATEGIC PARTNERSHIPS

With Global and Local Pharmaceutical Companies, and Academic Institutes

OUR KEY RESOURCES

HUMAN CAPITAL (I)

At Pharmaniaga, we recognise that our people are an invaluable asset that drives the Group's innovation, growth and resilience. Our workforce currently comprises 3,502 employees throughout our Malaysia and Indonesia operations. We endeavour to continue attracting and retaining top talent, enhancing their skill sets through continous training and development to maintain operational excellence in alignment with our values and goals.

3,502 EMPLOYEES
99.8% are local

INVESTMENT IN EMPLOYEE TRAINING & DEVELOPMENT
RM1.96 million

SOCIAL & RELATIONSHIP CAPITAL (S)

Pharmaniaga does not operate in a vacuum and our progress is intertwined with the surrounding community. Our stakeholders – from customers and investors to suppliers and local communities – make up the social and relationship capital that facilitates our steady growth. We prioritise building strong, trust-based relationships across our stakeholder groups through targeted corporate and social initiatives. For example, we engage with and support small and medium-sized enterprises (SMEs) via our Vendor Development Programme.

8,513 Customers
Including Ministry of Health's Hospitals and Health Centres, Pharmacies, Private Hospitals and Clinics

105
APPL Suppliers

NATURAL CAPITAL (N)

The use of natural resources is integral to the smooth running of Pharmaniaga's operations. We utilise various natural resources such as water and fuel, both directly and indirectly, for packaging material, raw products and electricity throughout our operations. We are mindful of the scarcity of the world's natural resources, and are committed to using them efficiently. We recognise the need to fight climate change and that we play our part through responsible waste management and reduction of our carbon footprint.

Solar extension and installation at
6 operation sites

Forecasted to generate approximately
6,000 MWh Solar Energy Annually

OUR VALUE CREATING BUSINESS MODEL

Our business model enables us to manage our resources and relationships responsibly to deliver the best outcomes for our stakeholders.

INPUTS

F FINANCIAL CAPITAL

- Shareholders' equity: **(RM171.3 million)**
- Borrowings: **RM1,185.1 million**
- Net liabilities value: **RM145.9 million**

M MANUFACTURED CAPITAL

- **5** Manufacturing plants
  - **4** Malaysia
  - **1** Indonesia
- **51** Logistics & distribution sites
  - **14** in Malaysia
  - **37** in Indonesia
- **1** partially automated warehouse with automated storage and retrieval systems (ASRS)
- **300** vehicles, owned or operated via appointed service provider
- Pre-filled syringe filling, insulin manufacturing and packaging facilities

I INTELLECTUAL CAPITAL

- **2 R&D centres**
- **More than 50** scientists, analysts and R&D employees
- Total investment in vaccine development
  - Hexavalent Vaccine Project: **RM41.8 million**
  - PCV13 Project: **RM15.2 million**
- **More than 30 strategic partnerships** with domestic and international organisations and institutes

STRATEGIC PILLARS

- Building Biopharmaceutical Capability
- Growing the Private Market
- Reinventing Indonesia Business
- Strengthening Public Sector Business
- Optimising Cost Aggressively

BUSINESS ACTIVITIES

MANUFACTURING

LOGISTICS & DISTRIBUTION

INDONESIA OPERATIONS

KEY RISKS

R1	Cybersecurity Risk
R2	Financial Risk
R3	Strategic Risk
R4	Customer, Product and Services Risk
R5	Environmental Sustainability Risk
R6	Corruption Risk
R7	Legal and Regulatory Risk
R8	Climate Risk
R9	People Risk

KEY MARKET TRENDS

- Global Pharmaceutical Market
- Potential of Biopharmaceuticals
- Rapid Growth of Private Sector

OUTCOMES

- Total revenue: **RM3.8 billion** (2023: RM3.4 billion)
- Profit/(Loss) before taxation: **RM194.2 million** (2023: (RM78.2 million))
- Profit/(Loss) after taxation: **RM133.8 million** (2023: (RM78.7 million))

- A diversified product portfolio of over **500** products in multiple dosage forms and therapeutic categories
- **RM6.5 million** cost savings from alternative raw material suppliers and **3% reduction** in COGS via lean manufacturing approach
- **10%** rise in operational equipment efficiency from line efficiency improvements
- **42** new artwork commercially used across all manufacturing sites under the E-Labelling initiatives

- **3** biological products initiated for clinical development
  - **2** vaccines
  - **1** human insulin
- Registered **26 new products** locally and internationally
  - **7** in-house pharmaceuticals
  - **5** third-party pharmaceuticals
  - **7** third-party biopharmaceuticals
  - **7** international
- **8** successful new products launches
  - Zithrolide Suspension 200mg
  - Lyzorca 75mg & 150mg Capsule
  - Enalapril Tablet 5mg
  - Suxamethonium Chloride 100mg/2ml injection
  - Magnesium Sulfate Concentrate 49.3% injection
  - Omepiva 40mg Powder and Solvent
  - Dobutamine 12.5mg/mL injection

RELATED STAKEHOLDERS

OUR VALUE CREATING BUSINESS MODEL

GUIDED BY OUR VISION & MISSION

UNDERPINNED BY OUR CORE VALUES

I HUMAN CAPITAL

- Total Employees: 3,502
  - Male: 61%
  - Female: 39%
- Invested in Employee Training and Development: RM1.96 million

S SOCIAL & RELATIONSHIP CAPITAL

- 105 Approved Products Purchase List (APPL) suppliers
- 8,513 customers
  - 146 Ministry of Health (MOH) hospitals
  - 1,729 MOH health centres
  - 1,405 pharmacies
  - 264 private hospitals
  - 4,969 private clinics

N NATURAL CAPITAL

- Total Water Withdrawal: 310.71 ML
- Total Electricity Consumption: 215,628.96 GJ
- Total Grey Black Carton Use: 155.17 tonnes
- Solar Energy Generated: 851.22 GJ

MATERIAL MATTERS

- M1 Business Continuity
- M2 Technology & Innovation
- M3 Customer Satisfaction
- M4 Sustainable Products & Services
- M5 Corporate Governance & Business Ethics
- M6 Environmental Compliance
- M7 Resource Efficiency
- M8 Greenhouse Gas & Climate Change
- M9 Talent Management
- M10 Health & Safety
- M11 Supporting Local Businesses
- M12 Corporate Responsibility

Growing the Indonesia Market

OUTPUTS

PRODUCTS

Our strength is evident in selected therapeutic areas:

Anti-Diabetics	Cardiovascular	Anti-Infectives
Pain Management	Respiratory	

WASTE

Carbon emissions and waste generation are inevitable consequences of the Group's operations, production and distribution. The following initiatives were conducted throughout the year:

712.26 tonnes of non-schedule waste recycled

2.72 tonnes of schedule waste recycled into alternative raw material for cement industry

426.08 tonnes of schedule waste directed to disposal

- Number of employees trained: 2,232 (2023: 3,160)
- Number of technical professionals developed: 73 (2023: 42)
- Training programmes developed: 17 (2023: 10)
- Lost Time Injury Frequency Rate (LTIFR): 1.77 (2023: 1.54)
- Employee Net Promoter Score (NPS): 82.7% (2023: 84.7%)

- Total corporate responsibility investment: RM2.9 million
- Obtained Vendor Innovation & Commercialisation Grant (GIPV)
- RM300,000 awarded to vendor for implementation of track & trace system
- Scored 4.4 over 5.0 overall customer satisfaction Survey
- Over 90% order fulfilment reliability (OFR) rate

- GHG emissions reduction: 4.17% against 2019 baseline
- Achieved energy savings of 6,164.63 GJ resulting in 1,261.57 tCO_2e of GHG emissions from the utilisation of renewable energy
- Reported 6,660.77 tCO_2e scope 3 GHG emission through Employee Commuting and Business Travel
- Solar extension and installation at 6 operation sites; forecasted to generate approximately 6,000 MWh of solar energy annually.

STAKEHOLDER ENGAGEMENTS

We are committed to prioritising the interests of our stakeholders, including patients, consumers, employees, communities, and shareholders. Strong stakeholder relationships are fundamental to our business strategy, driving growth and resilience. We believe that open and regular communication is crucial for fostering mutual understanding, building strong partnerships, and creating shared value.

We maintain ongoing engagement with our stakeholders, tailoring communication frequency to their specific needs. This can range from daily interactions to annual engagements, as required. The table below outlines our key stakeholder groups, their interests and concerns, our proposed solutions, and preferred engagement platforms.

GOVERNMENT AGENCIES & REGULATORY AUTHORITIES

Key Concerns	How We Responded
• Timely access to affordable healthcare products and services • Regulatory compliance, including environmental and occupational safety and health, the Anti-Bribery Act, and the Medical Device Act • Best practices and policies	• Met industry and regulatory standards by obtaining certifications and consistently monitoring, implementing stringent quality control and internal audits and adopting a cautious business approach. • Actively held compliance and awareness training on regulations and Acts to ensure best practices and policies are being implemented. • Actively held dialogue sessions with the Ministry of Health, Pusat Tanggungjawab (PTJ) and Jabatan Kesihatan Negeri to build long-term business relationships between pharmacists and Contact Care Agents (CCAs). • Engaged in policy advocacy by providing input to Government agencies during the development of policies, regulations, and guidelines.

EMPLOYEES

Key Concerns	How We Responded
• Business environment volatility and uncertainty • Talent recruitment, selection and retention • Salary and benefits • Employee welfare • Health and safety	• Established open and transparent communication channels to keep employees informed about company updates, initiatives, and performance. • Adopted a Business Continuity Plan. • Carried out training and skills development programmes. • Recognised and acknowledged employees for their contributions, achievements, and milestones. • Invested in employee training and development programmes to support skill enhancement, career growth, and personal development. • Encouraged employee participation in professional bodies and association memberships. • Organised employee social, sports and health engagement activities. • Formalised anti-discrimination and anti-harassment policies. • Maintained Occupational Health and Safety Management System (OHSMS) certification. • Conducted Hazard Identification, Risk Assessment and Risk Control/Hazard Identification, Risk Assessment and Determining Control (HIRARC/HIRADC). • Expanded product portfolio through technology and knowledge transfer across multiple disciplines.

CUSTOMERS

Key Concerns	How We Responded
• Product & service quality • Product responsibility • Regulatory compliance • Customer complaints and grievances • Halal-certified products	• Continued the development and production of high-value generics and expansion into biopharmaceuticals, primarily the production of vaccines and insulin. • Carried out cost and productivity optimisation exercise for all products and services. • Adopted an object and text recognition Graphic User Interface (GUI) system for product traceability. • Maintained ISO 9001:2015 and Systems and ISO 18295-1:2017. • Provided a customer complaints and grievances platform. • Conducted internal audits benchmarking our performance and compliance against the guidelines and industry standards. • Continued initiatives to expand Halal-certified products by working closely with industry experts and authorities.

STAKEHOLDER ENGAGEMENTS

SUPPLY CHAIN PARTNERS

Key Concerns	How We Responded
• Procurement practices and policies • Business integrity • Financial stability • Environmental conservation and preservation • Vendor performance	• Carried out Vendor Accreditation Process and performance assessment. • Established due diligence and site inspection procedure for partner/vendor selection. • Formed strategic partnership with registered local independent pharmacies (LIPs). • Conducted internal and external audits to ensure that our material and waste management practices meet the ISO 14001: 2015 Environmental Management Systems certification standards. • Provided skills, knowledge training and grant consultation under the Vendor Development Programme (VDP). • Put in place Vendor Development and Evaluation Programmes.

PROVIDERS OF FINANCIAL CAPITAL

Key Concerns	How We Responded
• Business performance • Economic contribution • Regulatory compliance • Quality, timely and transparent communication • Governance	• Conveyed sound and clear business and operational strategy. • Updated on business performance through news releases and analyst briefings. • Developed a broad range of choices and a preference for local suppliers. • Monitored strictly to ensure compliance with relevant rules and regulations. • Organised AGM, EGM and investor meetings. • Upheld good corporate governance through policies such as the Code of Conduct and Anti-Bribery and Corruption (ABC) Policy to ensure regulatory compliance.

MEDIA

Key Concerns	How We Responded
• Information disclosure through news releases, events, advertisements and product placements	• Conducted media interviews. • Updated news releases. • Responded to media queries. • Prioritised advertising expenditure on key brands through more aggressive advertising and marketing. • Local media covering digital and print platforms. • Invested continuously in brand building activities in relevant media. • Increased investment and consumer engagement across social media platforms, media, conferences, analyst briefings and quarterly results of the Group are also made available on the website.

COMMUNITIES

Key Concerns	How We Responded
• Community service • Job creation • Community welfare • Environmental conservation and preservation	• Made charitable contributions through multiple outlets, especially in educational improvement. • Provided graduate employment opportunities and development such as training, internships, and collaboration with NGOs through similar development programmes. • Provided our talents with the necessary skills to specialise in biopharmaceutical fields. • Initiated various philanthropic, volunteering and communication activities with NGOs and the local Government. • Implemented and monitored initiatives for waste, water, energy, GHG emissions, and material management to conserve and preserve the environment.

MATERIAL SUSTAINABILITY MATTERS

Sustainability is strategically vital to our business and stakeholders. We are committed to embedding sustainable practices, addressing current and emerging issues that align with our Goals and material priorities.

ASSESSMENT PROCESS

In 2024, we updated our sustainability matters by reviewing prior-year issues against current risks and opportunities. This reassessment confirmed the continued validity of our existing materiality issues for the current fiscal period. We then prioritised these issues, recalibrating their significance to our business and their influence on stakeholder decisions. The materiality process was conducted utilising the toolkits of the Sustainability Reporting Guide 3rd Edition (2022), Bursa Malaysia Securities Berhad.

01 IDENTIFICATION AND PRIORITISATION

Material sustainability matters were identified and reviewed for their relevance to the current sustainability risks and opportunities. The process involved benchmarking the material matters against local and regional industry peers and considering the sustainability developments within the industry, including aligning with relevant reporting frameworks and Environmental, Social and Governance (ESG) indices. The material issues were prioritised following a reassessment by the Sustainability Working Group (SWG) to determine their significance and impact on the business and stakeholders.

02 STAKEHOLDER ENGAGEMENT

Feedback and insights from internal and external stakeholders were sought to incorporate the influence of sustainability matters on each individual stakeholder group.

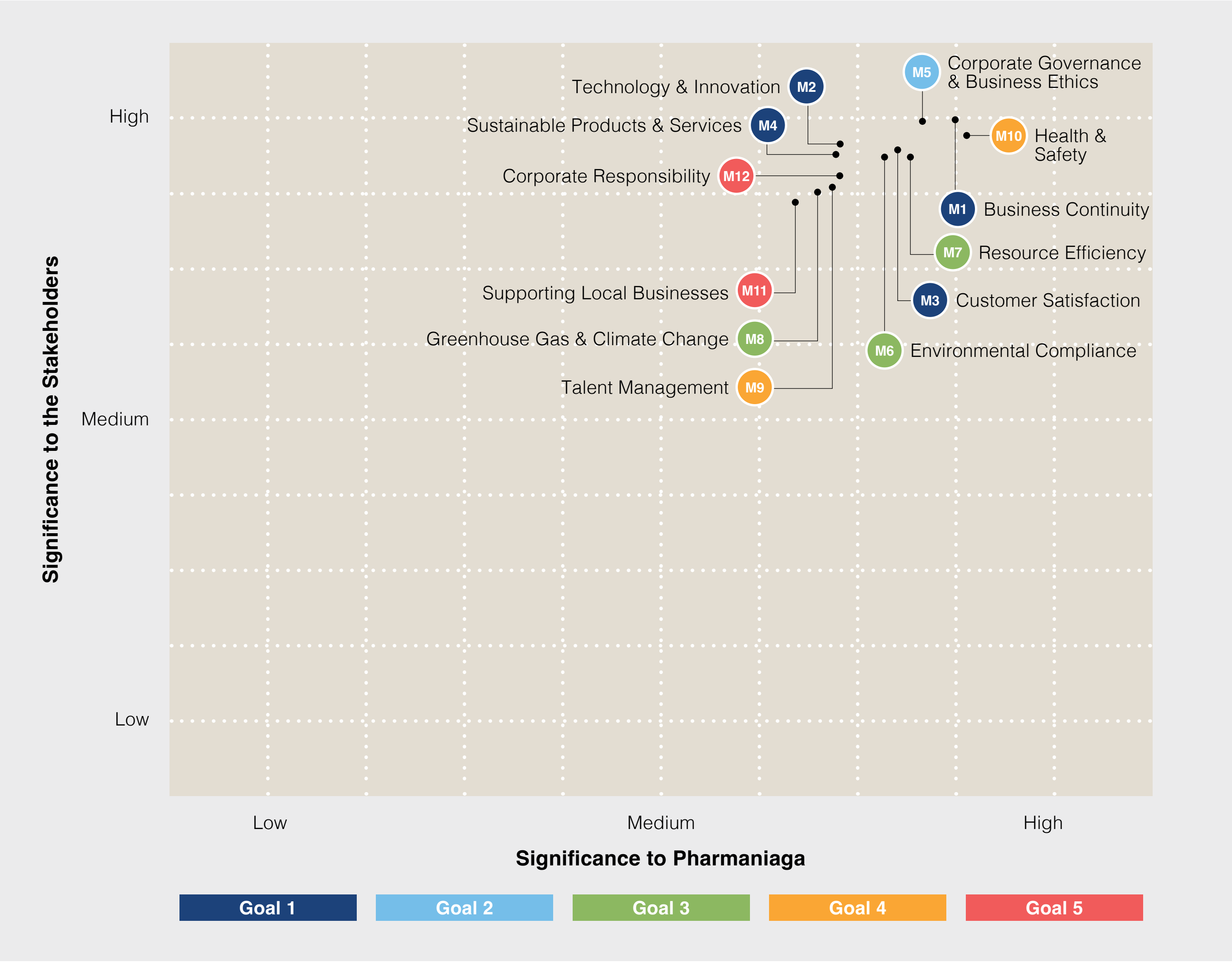
03 VALIDATION AND APPROVAL

The findings from the assessment process were plotted on a materiality matrix and deliberated on and validated by the Sustainability Management Committee (SMC) before they were presented to the Board for endorsement.

MATERIAL SUSTAINABILITY MATTERS

MATERIALITY MATRIX

The matrix below shows the sustainability issues that are most important to the Group and our stakeholders. Issues in the top right-hand quadrant represent the greatest significance.



The matrix remained mostly consistent with the previous, with slight changes. The top sustainability issues in FY2024 are Business Continuity, Health & Safety, Corporate Governance & Business Ethics, and Customer Satisfaction. These are consistent with the top sustainability issues in the previous year profile. Still, with high-priority percentages for the Group and our stakeholders are Sustainable Products & Services, Technology & Innovation, Resource Efficiency, Environmental Compliance, and Greenhouse Gas & Climate Change. These issues reflect our consumers' growing awareness and demand for sustainability, environmental protection and green products. Last in priority, based on the matrix, is Corporate Responsibility. Nevertheless, we have continued to extend efforts towards this matter.

MATERIAL SUSTAINABILITY MATTERS

SUSTAINABILITY RISK MANAGEMENT STRATEGY

The Group has adopted a sustainability risk management strategy that integrates our material matters into our value chain and organisational performance. In managing our risks, we consider our corporate strategy as the foundation from which we build business decisions based on the obtained sustainability-related information. It also improves the performance of our five Goals alongside our material matters.

We are committed to integrating sustainability into our overall business strategy, primarily in areas where the Group has the most influence, such as our operations and value chain.

MATERIAL MATTERS	RISKS	OPPORTUNITIES
M1 BUSINESS CONTINUITY	• Disruptions, disasters or unforeseen events that could impact business operations.	• Implementing business continuity management through: – Policy and procedure development/enhancement. – Coordinate testing on critical business functions. – Provide continuous training and awareness to all employees.
M2 TECHNOLOGY & INNOVATION	• Rapid technological changes may lead to obsolescence or vulnerabilities. • Increase in cyber threats.	• Embracing innovation can lead to competitive advantages and improved operational efficiency. • Continuous monitoring and enhancing of cybersecurity defence.
M3 CUSTOMER SATISFACTION	• Dissatisfied customers may lead to reputation harm and loss of business.	• Conduct customer satisfaction surveys to identify any gaps/weaknesses for future improvement. • High customer satisfaction can foster customer loyalty, generate positive word-of-mouth, and sustain business continuity.
M4 SUSTAINABLE PRODUCTS & SERVICES	• Increasing demand for sustainability may impact businesses that do not adopt ESG practices.	• Adherence to rules and regulatory requirements related to the business environment. • Meeting the demand for sustainable products/services that could attract environmentally conscious consumers and enhance brand reputation.
M5 CORPORATE GOVERNANCE & BUSINESS ETHICS	• Ethical lapses or governance failures can result in legal, financial and reputational consequences.	• Continuous monitoring through compliance and audit functions. • Strong governance and ethical practices can build stakeholder trust and enhance the Group's reputation.
M6 ENVIRONMENTAL COMPLIANCE	• Non-compliance with environmental regulations can lead to legal issues and reputational damage.	• Meeting or exceeding environmental standards demonstrates corporate responsibility and compliance, positively affecting reputation. • Certified with ISO 14001:2015 Environmental Management System for Manufacturing and Logistics Sites.
M7 RESOURCE EFFICIENCY	• Inefficient use of resources can result in increased costs and environmental impact.	• Implementing resource-efficient practices through continuous initiatives such as reducing energy, carbon emission, water consumption and waste management, as well as increasing the use of renewable energy sources.

MATERIAL SUSTAINABILITY MATTERS

MATERIAL MATTERS	RISKS	OPPORTUNITIES
M8 GREENHOUSE GAS & CLIMATE CHANGE	• Regulatory changes, physical risks and market shifts related to climate change.	• Reducing greenhouse gas emissions through decarbonisation programmes, such as energy efficiency, renewable energy (solar) and electric vehicles.
M9 TALENT MANAGEMENT	• Difficulty attracting, retaining and developing skilled employees.	• Effective talent management could improve workforce productivity, innovation and overall business performance. • Provide work-life balance and engagement activities. • Established a succession plan, especially on key talent positions. • Provide training and competency enhancement.
M10 HEALTH & SAFETY	• Workplace accidents, injuries, or health-related issues. • Non-compliance may result in imposition of penalties.	• Certified with ISO 45001:2018 Occupational Safety & Health Management System for Manufacturing and Logistics Sites. • Prioritising health and safety by inculcating training and awareness to all employees.
M11 SUPPORTING LOCAL BUSINESSES	• Ensuring the quality and safety of products and services from local businesses may be challenging, and any lapses could lead to product recalls, penalty, legal issues, and damage to the Group's reputation.	• Offer capacity-building programmes such as soft skills and technical training, and industry engagement for local businesses to enhance their competitiveness, efficiency and ability to adapt to changing market conditions. • Diversify the Group's network of local suppliers to minimise the impact of economic challenges faced by any single partner.
M12 CORPORATE RESPONSIBILITY	• Challenges in providing affordable and equitable access to medicines, particularly in underserved communities, may raise ethical concerns and damage the Group's reputation. • Safety and quality of pharmaceutical products can jeopardise public health and undermine the Group's commitment to corporate responsibility.	• Develop access programmes, collaborate with healthcare organisations and explore innovative pricing models to ensure broad availability of essential medicines. • Implement stringent quality control measures, adhere to Good Manufacturing Practices (GMP), and invest in technologies for product traceability.

STRATEGIC REVIEW
KEY MARKET TRENDS

Global healthcare services continue to exhibit robust growth, with projections to expand by USD6.3 trillion to 2028 at a compound annual growth rate (CAGR) of 8.7%. This potential expansion is attributed to a rise in chronic diseases, as well as technological impacts on transformation[1].

GLOBAL PHARMACEUTICAL MARKET

Trend Description

The global pharmaceutical market is projected to grow to USD2.3 trillion by 2028, rising at a compound annual growth rate (CAGR) of 5.0-8.0%. These robust growth figures are attributed to the rising geriatric population worldwide, a demographic which requires continuous healthcare due to age-related health issues.

These global trends are reflected in the Malaysian pharmaceutical market, which registered a CAGR of 7.7% from 2022 to 2024. This segment continues to be an integral component of the country's healthcare sector, with its strong expansion driven by higher demand for medical services and pharmaceutical products.

How Does It Impact Us

The domestic pharmaceutical market's robust growth trajectory presents significant opportunities for Pharmaniaga. Notably, in 2024, the alimentary & metabolism, cardiovascular system and systemic anti-infectives therapeutic areas dominated the segment, collectively accounting for 44% of the market with estimated values of RM2.7 billion, RM1.6 billion and RM1.4 billion, respectively.

Capitalising on these market trends, Pharmaniaga maintains a strategic presence across six key therapeutic areas, including these three market-leading categories.

How We Responded

Our research and development teams are actively engaged in identifying promising product candidates to further expand our portfolio and establish the Group as the first domestic generic manufacturer. To realise these ambitions, Pharmaniaga currently has a pipeline of 91 products, strategically aimed at capturing a larger market share and reinforcing our market position.

Outlook

Malaysia's pharmaceutical industry has strong growth potential, driven by an expanding healthcare system, Government support and increasing consumer demand. The industry is expected to encounter healthy competition from both established companies and new market entrants as time progresses. In maintaining and growing the Group's market leadership, we plan to strengthen our product pipeline, capturing more market share through our expertise, capabilities and extensive value chain.

Impact

Capitals

F M I

Strategic Pillars

[1] *Healthcare Services Market to Grow by USD6.26 trillion from 2024-2028, Driven by Rising Chronic Diseases, with AI Driving Market Transformation - Technavio - The Malaysian Reserve*

POTENTIAL OF BIOPHARMACEUTICALS

Trend Description

Biopharmaceuticals continue to be a strong performer in the global pharmaceutical market, growing at an estimated CAGR of 12.5% to a projected USD1.4 trillion by 2034. The biosimilars segment is also set for continued expansion, and is expected to surpass USD64.0 billion by 2028. This growth is largely driven by patent expirations, favourable regulatory conditions and a rising number of biosimilar approvals.

The biopharmaceutical segment in Malaysia is projected to grow even faster, leaping to an estimated market size of RM2.4 billion by 2029 with a CAGR of 13.6%. This anticipated expansion can be attributed in part to the rising prevalence of diabetes within the Malaysian population. Specifically, projections suggest that 20.6% of the population will be affected by diabetes by 2025, an increase from 20.0% in 2024.

How Does It Impact Us

The biopharmaceutical segment's accelerated growth, fueled by rapid innovation, increasing demand for biologic therapies and significant advancements in biotechnology, represents a key opportunity for the Group given its early foothold in the segment.

Recognising this dynamic landscape, the Malaysian Government, in alignment with the National Vaccine Development Roadmap, is actively facilitating the development of a robust domestic vaccine industry. To support this strategic objective, Pharmaniaga has been awarded Government grants to enable the necessary technology transfer for the local manufacture of pneumococcal conjugated (PCV13) and hexavalent vaccines.

How We Responded

The Group has secured regulatory approvals from the National Pharmaceutical Regulatory Agency for our flagship human insulin and insulin analogue products in November 2024 and January 2025 respectively. Leveraging this distinct advantage, the Company intends to establish itself as a market leader in the domestic insulin market.

Furthermore, Pharmaniaga is actively pursuing the development of locally manufactured vaccines, with the strategic objective of supplying them under the National Immunisation Programme, thereby positioning itself as the sole domestic vaccine manufacturer in Malaysia.

Outlook

There is currently no locally owned manufacturer for vaccines and insulin in Malaysia. The manufacturing of biopharmaceutical products requires significant investment, establishing high barriers to market entry. These factors place Pharmaniaga in a strong position to tap into the rising demand for biosimilars.

Impact

Capitals

F M I

Strategic Pillars

STRATEGIC REVIEW
KEY MARKET TRENDS

RAPID GROWTH OF PRIVATE SECTOR

Trend Description

The Malaysian pharmaceutical market reached an estimated value of RM12.8 billion in 2024, with a CAGR of 7.7% from 2022 to 2024. A significant trend within the segment is the accelerated expansion of the private sector, which saw its market share rise from 70% to 73% during the same period. Notably, the generic medicine segment within the private sector registered a robust CAGR of 9.8% from 2022 to 2024.

Contributing to this growth trajectory is emerging concern among Malaysian insurers and takaful operators (ITOs) in Quarter 4 of 2024 regarding the repricing of medical and health insurance and takaful products. This trend, driven in part by medical cost inflation, including medicine costs, is prompting a market shift. This push factor is poised to catalyse the continued growth of generic medicine utilisation within the private sector.

How Does It Impact Us

The expanding private sector within the Malaysian pharmaceutical industry presents a dual dynamic for pharmaceutical manufacturers. While this growth offers significant opportunities for market penetration and revenue expansion, it simultaneously necessitates strategic adaptation to navigate an increasingly competitive landscape.

Pharmaniaga currently has limited presence in the private market, mostly due to the preference of customers for originator brands. Recent market trends open up significant opportunities for generic players, including Pharmaniaga, to achieve sustained growth and strengthen market positions within this segment.

How We Responded

Pharmaniaga is strategically reinforcing its market presence in the private market through the deployment of Medical Scientific Liaison and Market Access specialists, fostering engagement with key opinion leaders and industry leaders. This initiative is coupled with a focused approach to product development, ensuring alignment with current and anticipated market requirements. The Group has also strengthened its product development processes to ensure more products can be launched as the first-in-market generics to capture optimal market share.

Outlook

The Malaysian pharmaceutical landscape is dominated by multinational corporations, with Pharmaniaga being one of only two local companies ranked among top participants (by total sales). This competitive landscape, however, is poised for potential shifts, particularly with the anticipated influx of generic products resulting from patent expirations. This scenario presents a substantial opportunity for domestic manufacturers, and notably for Pharmaniaga, to expand our market share.

Furthermore, the proactive approach of Malaysian ITOs, who are encouraging their panel hospitals to prioritise generic drugs to maintain affordable premiums, serves as a powerful catalyst for this promising growth.

Impact

Capitals	Strategic Pillars
F M I	

GROWING THE INDONESIA MARKET

Trend Description

Indonesia is Southeast Asia's most populous country, offering significant opportunities given in its expansive pharmaceutical market. The pharmaceutical segment in Indonesia is projected to grow to USD4.3 billion (RM20.6 billion) by 2027.

This growth aligns with Indonesia's health demographic trends for 2024, which exhibited a rising elderly population and associated increase in non-communicable diseases (NCDs), such as diabetes. NCDs were projected to affect an estimated 92 million people in the country in 2024.

How Does It Impact Us

The expanding pharmaceutical market in Indonesia offers substantial growth prospects though it also introduces potential challenges, particularly in terms of competitive pressures. Nonetheless, this growth presents a strategic advantage for Pharmaniaga, thanks to its established presence in logistics and manufacturing through its subsidiaries PT Millennium Pharmacon International Tbk (MPI) and PT Errita Pharma (Errita) in Indonesia.

How We Responded

Pharmaniaga possesses a strategic advantage in accessing the Indonesian market through its subsidiaries, with MPI's extensive logistics and distribution network and Errita's production base. To further enhance market penetration, the Group is strengthening its sales and marketing capabilities to promote its products. Additionally, Pharmaniaga expanded its logistics and distribution coverage in 2024 by establishing three new branches and securing additional principal partnerships.

Outlook

Pharmaceutical companies operating in Indonesia encounter a comparatively complex environment. The market's predominance by domestic entities, facilitated by trade barriers that limit multinational corporation entry, necessitates a strategic approach. Pharmaniaga aims to leverage its established expertise and transfer synergistic business practices from its Malaysian operations to effectively penetrate the Indonesia market.

Impact

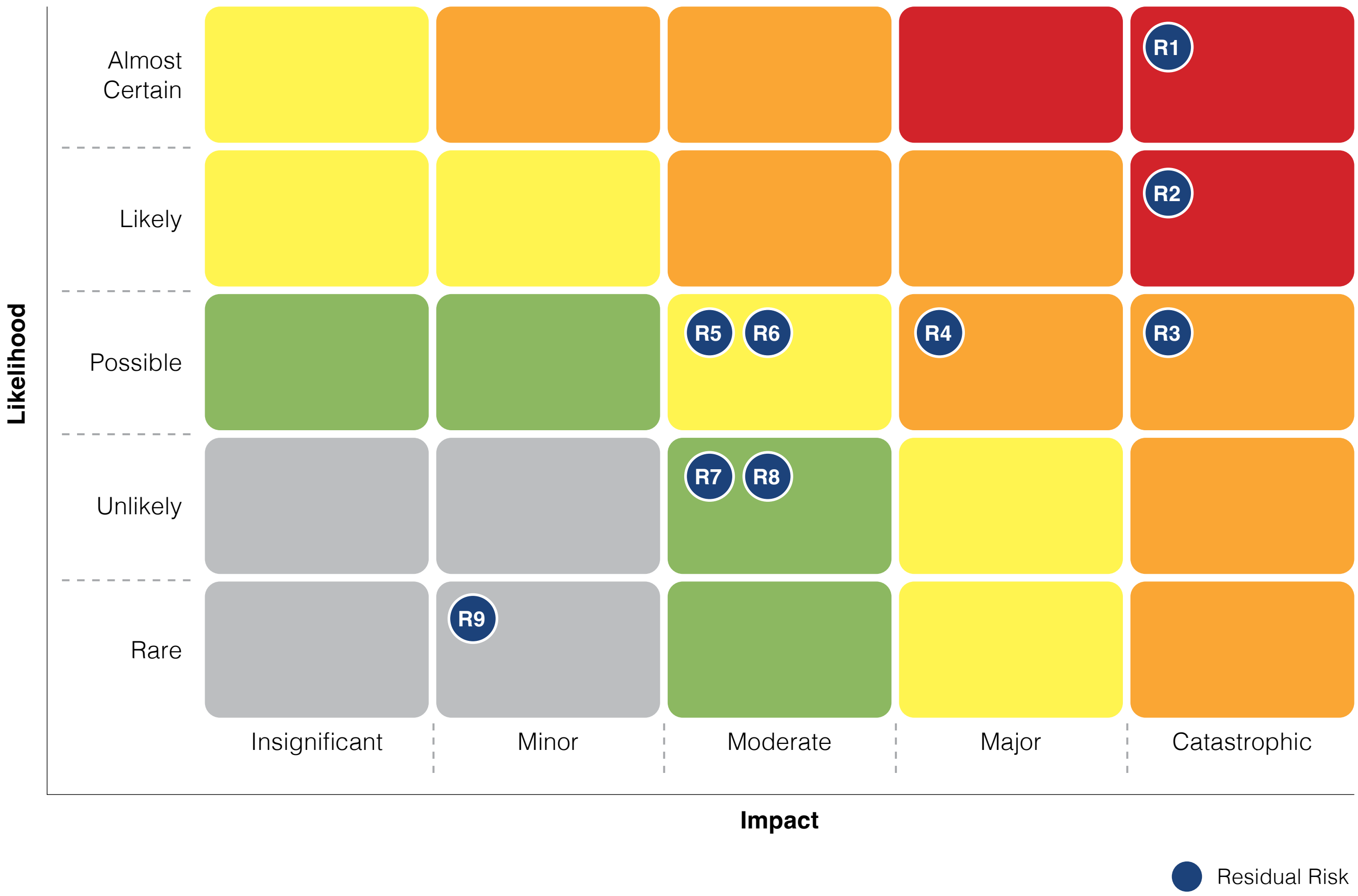
Capitals	Strategic Pillars
F M I	

STRATEGIC REVIEW
OUR KEY RISKS AND MITIGATION

The business and operating landscapes surrounding Pharmaniaga have evolved significantly in recent years and continue to present dynamic challenges across multiple dimensions. These can be grouped into specific risks with potential impacts on our core activities, from the ramifications of PN17 status on financial performance to the narrowing of growth opportunities due to market competition. As a public listed company and long-standing Ministry of Health concession holder, we undertake comprehensive risk identification, evaluation and mitigation strategies to fulfil our integral role in the national pharmaceutical supply chain.

These initiatives are under the purview of our Risk Management Department, tasked with anticipating and ensuring potential risks to the Group are managed to acceptable standards. We remain vigilant and fully committed to ensuring the efficient operation of our business divisions and the seamless distribution of pharmaceutical products across our markets, while delivering sustainable value to shareholders and honouring our commitments to diverse stakeholders throughout Malaysia.

RISK OVERVIEW



No	List of Risks	Risk Rating
R1	Cybersecurity Risk	Very High
R2	Financial Risk	Very High
R3	Strategic Risk	High
R4	Customer, Product and Services Risk	High
R5	Environmental Sustainability Risk	Medium
R6	Corruption Risk	Medium
R7	Legal and Regulatory Risk	Low
R8	Climate Risk	Low
R9	People Risk	Very Low

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R1 CYBERSECURITY RISK

Risk Description

The Group is exposed to cybersecurity threats, including ransomware, data breaches and other digital risks that may jeopardise operational continuity and data integrity. Cyber incidents in early 2024 underscored the urgent need for the Group to put robust cybersecurity measures in place to safeguard critical data, ensure business continuity and maintain stakeholder trust.

Risk Trend and its Impact

- The increasing sophistication of cybersecurity threats and vulnerabilities poses heightened risks to the Group's digital infrastructure.
- End-of-life (EOL) systems pose significant risks to both operational continuity and data security.
- Digital transformation and reliance on cloud systems increases exposure to public-facing servers and endpoints.
- The Group shall remain steadfast with effective controls to mitigate business disruptions deriving from cybersecurity threats.

Potential Impact

- Disruption of business operations.
- Breach of data security, intellectual property and confidential/ sensitive information.
- Loss of critical business intelligence.
- Increase in operational and maintenance costs.
- Reprimand, penalty or sanction by regulators/authorities.
- Tarnishing of the Group's reputation.
- Erosion of stakeholder trust.

Mitigation Measures

- Compliance with the ISO/IEC 27001:2013 Information Security Management Systems (ISMS) standard.
- Enhancing security and protection through implementation of Multi-Factor Authentication (MFA), Secure Link and Sender Policy Framework.
- Enhancing monitoring, detection, response and offensive security capabilities through implementation of key cybersecurity measures such as Endpoint Detection and Response (EDR) solutions for endpoint protection and Incident Response (IR).
- Implementing Security Operations Centre (SOC) services, including proactive monitoring, brand monitoring and user awareness programmes to strengthen overall threat detection and response capabilities.
- Upgrading servers to prevent exploitation of vulnerabilities.
- Conducting cybersecurity training for critical staff and ongoing IT induction programmes for new hires.
- Implementing of Domain Name System (DNS) filtering to provide a proactive and efficient layer of protection for networks and users by blocking access to harmful or unauthorised websites.
- Implementing reverse proxy to optimise scalability, performance and security in web applications.
- Upgrading FortiOS to address vulnerabilities and refining firewall rules to restrict access to public-facing servers within specific regions (Malaysia and Indonesia) while ensuring interfaces are not exposed globally.
- Periodically conducting Vulnerability Assessment and Penetration Test (VAPT) to address security vulnerabilities, reduce the risk of cyber-attacks and enhance security posture.
- Conducting annual test of the Disaster Recovery Centre and maintaining a robust IT Disaster Recovery and Incident Response Plan.
- Performing independent benchmarks and cyber maturity reviews to validate effectiveness.

Result of Mitigation Measures

- Reduced the Group's exposure to cybersecurity risks by strengthening cybersecurity control functions.
- Positioned the Group to proactively address vulnerabilities through implementation of robust cybersecurity measures, including advanced threat detection systems, employee awareness training and the adoption of industry best practices to safeguard critical assets and ensure business continuity.

Impact

Capitals	Strategic Pillars	Stakeholders	Material Matters
F M I H S			M1 M2 M3 M4 M5

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R2 FINANCIAL RISK

Risk Description

Financial risk relates to potential adverse impacts on the Group's financial performance and stability due to factors such as liquidity constraints, interest rate volatility, credit defaults, fluctuations in foreign exchange rates and market uncertainties.

Risk Trend and its Impact

- The financial landscape is becoming increasingly volatile due to global economic uncertainties, geopolitical tensions, inflationary pressures, interest rates and currency volatility. The Group is particularly vulnerable to these risks due to PN17 classification.

Potential Impact

- Limited access to funding or cash flow constraints may limit the Group's ability to meet operational and investment needs.
- Customer defaults or delays in payments could affect the Group's working capital and financial health.
- Key stakeholders i.e. vendors, suppliers, customers and financiers may reassess their relationship with the Group.
- Limited access to future borrowings.

Mitigation Measures

- Developing and implementing a comprehensive recovery plan with clear milestones and measurable outcomes to guide the Group toward financial stability.
- Prioritising high-performing segments and divesting non-core or underperforming assets to strengthen the Group's financial position.
- Maintaining transparent communication with investors, regulators and other key stakeholders to rebuild trust and gain support for recovery efforts.
- Adhering to PN17 requirements to demonstrate a commitment to financial recovery and operational stability and subsequently exit from PN17 classification.
- Securing funding from investors.

Result of Mitigation Measures

- The Group recorded positive financial results for all four quarters in 2024, indicating effective cost optimisation, improved operational efficiency and strong business performance.
- Secured approval of the Company's Regularisation Plan (RP) from Bursa Malaysia on 29 November 2024. On 4 February 2025, the Company proposed variation to the scheme which has been approved by Bursa Malaysia and the shareholders.
- Projected completion of the RP by Quarter 2 of 2025 and exiting PN17 status by Quarter 1 of 2026.

Impact

Capitals	Strategic Pillars	Stakeholders	Material Matters
F S			M1 M2 M4 M5

R3 STRATEGIC RISK

Risk Description

Potential losses or adverse outcomes arising from the Group's decisions or inability to adapt to changes in the business environment.

Risk Trend and its Impact

- The strategic and investment landscape is becoming increasingly dynamic, driven by rapid advancements in healthcare technologies, the emergence of innovative treatment regimes and evolving health policies.
- Intensifying competition, coupled with volatile market conditions, further amplify challenges faced by Pharmaniaga.
- New pricing models and shifting stakeholder expectations are exerting pressure on the Group to adapt swiftly to remain competitive.
- Recent announcements by the Government on encouraging and developing local suppliers for selected off-patent generics products may shift Government procurement policies and directives.

Potential Impact

- Failure to successfully execute business strategies is likely to impact the Group's financial performance, increase the pressure on our margins and disrupt financial stability as well as business sustainability.
- Increase challenges in maintaining the Group's market position and reduced growth opportunities arising from stiff competition from local manufacturers.
- Volatile market environments and pricing policy changes may result in reduced margins, affecting financial stability.
- Inability to adapt to changing market and policy dynamics may erode stakeholder trust and confidence, affecting the Group's long-term business sustainability.
- Managing unexpected shifts in market or policy conditions could lead to higher operational and compliance costs.

Mitigation Measures

- Refining product identification process by evaluating current market trends and potential market size through treatment algorithm assessment to ensure products are feasible and have strong demand.
- Ensuring product pipeline & customer base are diversified with strong growth potential.
- Actively engaging Government stakeholders to understand future trends and key concerns, subsequently ensuring the Group's key decisions are aligned to policy changes.
- Creation of long-term strategic value through the achievement of Key Performance Indicators (KPIs) to meet customers' business requirements and the Group's objectives.
- Forging mutually beneficial collaborations with strategic partners for new business segments and growth.
- Leveraging business analytics for commercial strategy enhancement.

Result of Mitigation Measures

- Product and project developments rigorously monitored through various committees for better solutions and informed decisions.
- Gaps or lapses communicated and addressed accordingly.

Impact

Capitals	Strategic Pillars	Stakeholders	Material Matters
F M I S			M1 M2 M3 M4 M11 M12

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R4 CUSTOMER, PRODUCT AND SERVICES RISK

Risk Description

The Group's operations are heavily reliant on ensuring product availability, timely delivery of supplies, and maintaining the highest standards of quality in the products and services provided to customers. These factors are critical to sustaining a reliable and efficient supply chain, which is integral to the Group's commitment to excellence and customer satisfaction.

Risk Trend and its Impact

- Pharmaniaga faces increasing risks from growing customer expectations, regulatory changes and potential supply chain disruptions.
- Challenges such as product delays, raw material and stock shortages or quality issues could impact customer satisfaction, damage the Group's reputation, and undermine operational performance and long-term sustainability.

Potential Impact

- Failure to meet customer expectations or maintain product and service quality could tarnish the Group's reputation, and affecting stakeholders' confidence.
- Non-compliance with quality and delivery standards may result in penalties, fines and legal actions.
- Operational disruptions or supply chain inefficiencies could lead to increased costs, lost revenue and reduced profitability.

Mitigation Measures

- Implementing inventory management systems to maintain optimal stock levels and improve demand forecasting accuracy.
- Enforcing stringent quality control measures and adhering to international standards and certifications to ensure product and service excellence.
- Developing and regularly testing Business Continuity Plans (BCP) to minimise the impact of unexpected disruptions on operations and customer commitments.
- Establishing efficient customer feedback channels to promptly address customer concerns and improve service delivery.
- Managing healthy stock level and reducing backorder through Sales and Operations (SNOP) meetings.
- Enhancing workforce competencies through regular training programmes focused on quality management, supply chain efficiency and customer service excellence.
- Developing an alternative source for critical raw and packaging materials to minimise the risk of supply issues and disruptions.

Result of Mitigation Measures

- Strengthened the Group's operational efficiency, reduced risks and enhanced its ability to deliver quality products and services, maintaining customer satisfaction and business sustainability.

Impact

Capitals: F M I H S

Strategic Pillars

Stakeholders

Material Matters: M1 M2 M3 M4

OUR KEY RISKS AND MITIGATION

R5 ENVIRONMENTAL SUSTAINABILITY RISK

Risk Description

Regulators, investors and other stakeholders increasingly expect the Group to reduce and mitigate environmental impacts across our value chain.

Risk Trend and its Impact

- Growing demand to increase Environmental, Social and Governance (ESG) initiatives.

Potential Impact

- Environmental damage (air/water pollution, soil contamination and hazardous gas emission).
- Reprimand, imposition of penalty, or license suspension by regulators/authorities.
- Financial loss arising from higher operating expenditure due to inability to manage efficient consumption of utilities.
- Contributing to climate change and environmental degradation due to heavy reliance on non-renewable energy.
- Improper disposal of pharmaceutical waste, including expired raw materials, stock and packaging materials can lead to environmental contamination and harm ecosystems.
- Tainting the Group's reputation and erosion of stakeholders' trust.

Mitigation Measures

- Enforcing our Safety, Health and Environmental Policy and adhering to local environment rules and regulations while maintaining ISO 14001:2015 Environmental Management Systems certification throughout subsidiaries.
- Installing air pollution control systems such as dust collectors, scrubbers and chimneys to ensure emissions from our manufacturing plants are within permissible limits.
- Minimising Greenhouse Gas (GHG) emissions through energy saving initiatives such as LED retrofits and installation of solar panels.
- Recording and monitoring our buildings' energy consumption, GHG emissions, water consumption, and waste and effluent management.
- Conducting regular energy audits and daily inspection of main systems.
- Establishing our Sustainability Roadmap (2016 - 2030) to provide strategic direction, guide decision making and management of sustainability in our daily operations.
- Observing a waste mitigation hierarchy in daily operation, involving thorough inventory planning, incorporation of recycled input material and monitoring of waste-related impact activities.
- Implementing continuous education and awareness initiatives for employees and other stakeholders on the importance of environmental stewardship.

Result of Mitigation Measures

- In FYE2024, the Group's FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index ratings improved to 3.8 as compared to 3.5 in 2023.
- Achieved 4.17% reduction of GHG emissions against the 2019 baseline.
- Achieved energy savings of 851.22 GJ and avoided 183.01 tCO_2e of GHG emissions by utilising renewable energy.
- Electric vehicles consumed 52,266 kWh of electricity, avoiding 39.62 tCO_2e of GHG emissions.
- Transformed 1.473 tonnes of waste, recycled 712.26 tonnes of general waste and utilised 155.17 tonnes of recycled packaging materials.
- Recycled 19.72 megalitres of water and harvested 0.14 megalitres of rainwater.
- Avoided paper waste of 3,264,670 package inserts through e-labelling.
- 155.17 tonnes of grey back cartons made from recycled input materials.

Impact

Capitals	Strategic Pillars	Stakeholders	Material Matters
F H S N			M2 M4 M6 M7 M8

STRATEGIC REVIEW
OUR KEY RISKS AND MITIGATION

R6 CORRUPTION RISK

Risk Description

The Group faces potential exposure to corruption risk based on the nature of our business that involves dealing with the Government and private sectors through concessions, purchase orders, tenders and engagement with suppliers.

Risk Trend and its Impact

- Corruption risk poses a persistent challenge, intensified by stricter regulations and compliance demands.
- Ineffective mitigation could lead to legal penalties, imprisonment, reputational damage and loss of stakeholders' trust, potentially threatening operational continuity and long-term sustainability.

Potential Impact

- Non-compliance with regulations.
- Directors may be charged under Section 17A of the MACC Act.
- Disruption of business operations.
- Loss of business potential and opportunities.
- Costly legal action/proceedings.
- Damaging the Group's reputation.
- Erosion of public and stakeholders' trust.

Mitigation Measures

- Establishing dedicated department and appointing Certified Integrity Officers (CeIO) to manage integrity and corruption matters.
- Establishing a secure and confidential whistleblowing platform to encourage reporting of any suspected unethical or corrupt practices.
- Maintaining compliance with the ISO 37001 Anti-Bribery Management System (ABMS) standard to strengthen anti-corruption frameworks.
- Enforcing our Anti-Bribery and Corruption Policy in alignment with applicable laws, regulations and best practices.
- Performing rigorous due diligence on employees, directors, business partners, suppliers and third-party contractors to mitigate corruption risks in external engagements.
- Conducting regular awareness and training programmes on integrity and whistleblowing policies for employees, management, suppliers and vendors.

Result of Mitigation Measures

- No fines or any other related actions taken (e.g. charged for offences under the MACC Act, freeze order by MACC, etc.) and suspension of licences/permits by relevant authorities in FY2024.
- Continued the Group's commitment to upholding integrity and combatting corruption with a successful ABMS recertification audit for Pharmaniaga Research Centre Sdn. Bhd. in November 2024.
- MPI and Pharmaniaga Marketing Sdn. Bhd. had obtained ABMS Certification in May and December 2024 respectively.

Impact

Capitals	Strategic Pillars	Stakeholders	Material Matters
F H S			M1 M5

R7 LEGAL AND REGULATORY RISK

Risk Description

Pharmaniaga is subject to extensive, complex, costly and evolving rules and regulations governing the business and operation of developing, manufacturing, labelling, marketing, warehousing, transporting, sale and approval of pharmaceutical products.

Risk Trend and its Impact

- The pharmaceutical industry faces continuous scrutiny, with regulators imposing stricter guidelines to address emerging risks, such as environmental sustainability, data privacy and governance practices.
- This trend requires the Group to stay agile and proactive in monitoring and adapting to regulatory changes to maintain compliance and competitiveness.

Potential Impact

- Regulatory breaches may adversely impact the Group's reputation and operations, and could lead to product liability claims, penalties or other non-monetary remedies such as suspension/revocation of licenses/permits.
- Poor ethical behaviour or failure to subscribe to the Group's Code of Ethics & Conduct could potentially result in loss of trust by stakeholders.
- Delays in compliance could lead to negative market sentiment, impacting the Group's market positioning and competitiveness.
- The Personal Data Protection (Amendment) Act 2024 represents both a challenge and an opportunity for the Group to enhance its data protection framework, mitigate privacy risks and ensure compliance.
- Impacts on the Group's financial position.

Mitigation Measures

- Operational and technical teams working closely across multiple disciplines to ensure compliance with industry and regulatory standards through continuous monitoring, rigid approaches to quality control, and assurance and prudent approaches to business.
- Monitoring and renewing of relevant licences/permits in a timely manner.
- Establishing and regularly updating relevant policies and procedures to align with the latest regulatory requirements and industry best practices.
- Periodical site inspections by accredited regulatory bodies to identify gaps, assess compliance readiness and address potential risks proactively.
- Continuous monitoring and review by Regulatory Compliance, Quality, Safety and Security Services, and relevant departments.
- Conducting periodic internal audit activities by Regulatory Compliance and Group Internal Audit Department to ensure all regulatory requirements are met.
- Heightening employee awareness and enhancing competency to ensure regulatory compliance through continuous awareness, training and Do It Right Always (DIRA) campaign .
- Planned appointing of a qualified Data Protection Officer (DPO) and aligning with Personal Data Protection (Amendment) Act 2024 requirements through revision of data protection policies and conducting data protection assessments and audits.

Result of Mitigation Measures

- No suspension/revocation of licences/permits by authorities in 2024.
- Any findings/lapses identified has been addressed in a structured and timely manner.

Impact

Capitals	Strategic Pillars	Stakeholders	Material Matters
F I H S			M1 M3 M4 M5 M6 M10

STRATEGIC REVIEW
OUR KEY RISKS AND MITIGATION

R8 CLIMATE RISK

Risk Description

The Group is exposed to various climate-related risks, encompassing both physical and transition risks, due to its extensive and diverse geographical presence across the nation.

Risk Trend and its Impact

- Climate-related risks are becoming increasingly prominent, driven by the growing frequency and intensity of extreme weather events as well as global demand for transition to low-carbon economies.
- The impact of physical risks such as floods, droughts and extreme weather events may disrupt operations, supply chains and infrastructure.
- For transition risks, stricter regulatory requirements and shifts in market preferences could impact the Group's financial performance and operational strategies.

Potential Impact

- Disruption of manufacturing, distribution and supply chain operations, leading to financial loss.
- Damaging of critical infrastructure, resulting in higher repair and maintenance costs and prolonged downtime.
- Stricter climate-related regulations and carbon reduction mandates may lead to higher compliance expenses and operational adjustments.
- Costs associated with mitigation, adaptation or recovery efforts could strain the Group's financial resources, affecting profitability and cash flow.
- Inadequate climate risk management or failure to adopt sustainable practices may erode stakeholder confidence, discourage potential investors and harm the Group's reputation.

Mitigation Measures

- Conducting climate risk assessments to identify and evaluate physical and transition climate-related risks across operations and supply chains.
- Incorporating sustainable practices into operations, including energy efficiency initiatives, waste reduction programmes and renewable energy adoption.
- Developing a diversified supply chain to reduce dependency on specific regions or suppliers vulnerable to climate risks.
- Educating employees and stakeholders about climate-related risks and the importance of sustainable practices to foster a culture of environmental responsibility.
- Developing and regularly testing business continuity plans to ensure swift recovery from climate-related disruptions.

Result of Mitigation Measures

- Facilitated minimising disruptions, reduced environmental impacts and strengthened stakeholders' trust, ultimately lowering the Group's overall exposure to climate-related challenges.

Impact

Capitals	Strategic Pillars	Stakeholders	Material Matters
F M H S N			M1 M2 M3 M4 M8

R9 PEOPLE RISK

Risk Description

Pharmaniaga's core operations include multiple positions that require niche and specialised talent. The Group is vulnerable to talent shortages, which may result in gaps in the skills, knowledge and expertise required to implement strategies, sustain daily operations and deliver services effectively.

Risk Trend and its Impact

- The competition for skilled talent continues to intensify across industries, driven by evolving workforce expectations, technological advancements and demographic shifts. The growing demand for specialised skills exacerbates the risk of shortages, particularly in highly competitive areas such as the pharmaceuticals and biopharmaceuticals segments.
- Lack of skilled personnel may hinder innovation, disrupt daily operations and compromise the Group's ability to fulfil its mission, vision and objectives.

Potential Impact

- Hindering the implementation of key strategies, hampering innovation and growth initiatives critical to the Group's competitive advantage.
- Delays in project execution, inefficiencies in daily operations and challenges in maintaining service quality.
- Higher recruitment, training and compensation costs, impacting financial performance.

Mitigation Measures

- Developing and continuously reviewing the Group's employee benefits and compensation packages to benchmark against the market.
- Investing in continuous learning and development initiatives to enhance employees' skills and knowledge, ensuring they remain relevant in a rapidly evolving industry.
- Annual training calendar allowing all employees to self-register to participate in training.
- Establishing succession plans to identify and prepare high-potential employees for key leadership and critical roles as one of the strategies to attract and retain talent.
- Implementing programmes to foster employee engagement and well-being, reducing turnover and enhancing the Group's commitment to work-life balance.

Result of Mitigation Measures

- Strengthened talent pipeline, enhanced workforce capabilities and improved employee retention.
- Provided training in soft and technical skills for career and talent development, and succession plan management.

Impact

Capitals	Strategic Pillars	Stakeholders	Material Matters
F H			M9 M10

STRATEGIC REVIEW
OUR STRATEGIC PROGRESS

VISION 525 STRATEGIC FRAMEWORK

Vision 525 represents a pivotal framework designed to guide Pharmaniaga towards sustainable growth and long-term value creation. Launched in 2023 by the Board, it serves as a short-term strategic roadmap from FY2023-2025, crafted to rejuvenate the Group in response to pressing financial challenges. The initiative is built upon five strategic pillars, each reinforcing a 'back to basics' approach to drive fundamental excellence and sustainable growth, focusing on the company's core businesses and resources. Through these five key result areas (KRAs), the aim is to steer Pharmaniaga back on track by 2025 – hence the name Vision 525.

As we enter the last year of the Vision 525 initiative, we are optimistic that the hard work put in to deliver excellence and create long-term value is showing significant progress in our journey towards sustained success and prosperity. This strategy not only aligns with the Group's broader goals but also reflects a commitment to fostering innovation, inclusivity, and resilience across its operations.

VISION 525

KEY RESULT AREAS

BUILDING BIOPHARMACEUTICAL CAPABILITY	GROWING THE PRIVATE MARKET	REINVENTING INDONESIA BUSINESS	STRENGTHENING PUBLIC SECTOR BUSINESS	OPTIMISING COST AGGRESSIVELY
• Accelerate launch of high-value biologics • Expand network & medico-marketing initiatives	• Introducing first-to-market generics • Enhance partnership management to access larger product portfolio	• Acquire more principals & expand more branches • Enhance sales & marketing capabilities with stronger product portfolio	• Extract greater value from concession business • Expand product portfolio by introducing more in-house products	• Enhance new product development (NPD) processes • Rationalise & Optimise SKUs at plant • Efficiency improvements across manufacturing & logistics operations

Accelerate Digitalisation & ESG

Reinforce Human Capital Development

VALUE CREATION FOR STAKEHOLDERS

Shareholders Sustainable growth anchored on financial recovery to support consistent dividend returns.	**Employees** Strategic initiatives provide skill enhancement opportunities, particularly in biopharmaceuticals and market access.
Customers Expanded product offerings and improved quality standards address diverse healthcare needs.	**Other Stakeholders** Collaboration with Government and private entities amplify public health impact and economic contributions.

STRATEGIC REVIEW
OUR STRATEGIC PROGRESS

BUILDING BIOPHARMACEUTICAL CAPABILITY

2024 Key Initiatives

- Focusing on high value products (new, niche and high barrier to entry).
- Recognised as trusted partner for the Malaysian Vaccine Development Project Management Office under the Ministry of Science, Technology and Innovation (MOSTI).
- Establishing strong partnerships with renowned multinational companies as biopharmaceutical principals, and local institutions for clinical studies.
- Accelerating launch of biologics to support the NIP.

2024 Key Achievements

- Completed and officiated Malaysia's first local biopharmaceutical plant on 19 September 2024.
- Commenced the development of the following biopharma products with the aid of grant received from MOSTI in October 2024:
  - i. Hexavalent vaccine development containing novel acellular pertussis and inactivated polio antigens.
  - ii. Development and technology transfer for Malaysia's first Pneumococcal Conjugated Vaccine.
- Obtained National Pharmaceutical Regulatory Agency (NPRA) approval for Human Insulin N, R and 30:70 in November 2024.
- Submitted registration to NPRA for Insulin Glargine in October 2024.

Impact

Capitals

F M I H

Stakeholders

Material Matters

M1 M2 M3 M4

2025 Priorities

- Establish Biopharma sales team incorporating market access & medical scientific liason to put greater emphasis on go-to-market initiatives.
- Expedite launch of high value biologics through strategic partnership with established MNCs.

GROWING THE PRIVATE MARKET

2024 Key Initiatives

- Early launches to drive growth of focus therapeutic areas including cardiovascular, diabetes, pain management and respiratory (8 products targeted for approved registration in 2024).
- Focus on marketing through science and data.
- Penetration into the private hospitals chain.
- Expand in-licensing business through strategic partnership.

2024 Key Achievements

- Obtained NPRA registration approvals for 19 products in 2024.
- Launched 8 new products including Zithrolide Oral Suspension, Lyzorca 75mg, Zithrolide Oral Suspension, Lyzorca 75mg and 150mg, Enalapril Tablet 5mg, Suxamethonium Chloride 100mg/2ml, Magnesium Sulfate Concentrate 49.3%, Omepiva 40mg Powder and Solvent, Dobutamine 12.5mg/mL.
- Conducted more than 150 engagements via symposiums, seminars and conferences.
- Private sector sales increased from RM125 million in 2023 to RM139.5 million in 2024, a rise of 11.7%.

Impact

Capitals

F M I

Stakeholders

Material Matters

M1 M2 M4

2025 Priorities

- Prioritise blockbuster product development with significant market size.
- Institutionalise partnership management to establish long-term strategic collaboration with existing partners.
- Strengthening Sales and Marketing efforts through establishment of Commercial Excellence team.

STRATEGIC REVIEW
OUR STRATEGIC PROGRESS

REINVENTING INDONESIA BUSINESS

2024 Key Initiatives

- Strengthening the commercial team in Indonesia to boost sales and marketing of in-house products, particularly high-margin branded generics.
- Transferring and registering more products from Malaysia to Indonesia through in-house technology transfer.
- Continuous improvements in operations to enhance cost optimisation efforts.
- Opening two more branches in 2024 to acquire more principals and cover a larger footprint.

2024 Key Achievements

- Successfully opened MPI's 35th, 36th & 37th branches in Purwakarta, Mataram and Pematangsiantar, generating an additional IDR24.6 billion sales in 2024.
- Signed partnership agreement with one principal, namely PT Kino Indonesia Tbk, generating RM1.7 million additional sales in 2024.

Impact

Capitals

F M H

Stakeholders

Material Matters

M1 M2 M3 M4

2025 Priorities

- Continue branch expansion to acquire more high-quality principals.
- Explore corporate restructuring or capital-raising activities to fund growth and reduce financing burden.
- Strengthen commercial team in Indonesia.
- Enhance synergy between Malaysia-Indonesia by centralising product development and transferring strategic products to Indonesia.

STRENGTHENING PUBLIC SECTOR BUSINESS

2024 Key Initiatives

- Exploring other logistics and distribution (L&D) businesses through collaboration with strategic partners.
- Expanding product portfolio through strategic sourcing and technology transfer.
- Replicating similar products under concession to be offered to non Ministry of Health (MOH) institutions.

2024 Key Achievements

- Achieved 93.0% overall concession compliance rate for 2024, comprising 18 different KPIs set by MOH, demonstrating high quality of services.
- Successfully managed 690 active products under the Approved Products Purchase List (APPL) Procurement.
- Secured tenders for 86 in-house products under both Skim Anak Angkat and Skim Panel Pembuat Bumiputera.

Impact

Capitals

F M I

Stakeholders

Material Matters

M1 M3 M4

2025 Priorities

- Improve demand forecasting and supplier management.
- Automate order management and improve collection.
- Enhance warehouse operations and network optimisation.

STRATEGIC REVIEW

OUR STRATEGIC PROGRESS

OPTIMISING COST AGGRESSIVELY

2024 Key Initiatives

- Continuous cost optimisation efforts across all divisions.
- Enhancement of product development processes and cost efficiencies.
- Rationalisation and optimisation of SKUs at our manufacturing plants.

2024 Key Achievements

- Achieved RM6.6mil cost savings in terms of manufacturing processes through implementation of 67 active projects & cost control initiatives.
- Enhancement of NPD processes through the introduction of a comprehensive structure in managing product pipelines.
- Improved inventory management with inventories turnover days decreasing from 81 days to 68 days.

2025 Priorities

- Improve operating equipment efficiency (OEE).
- Reduce cost of raw materials through process improvements and economies of scale.
- Optimisation of inventory management to support the growing concession business.

Impact

Capitals

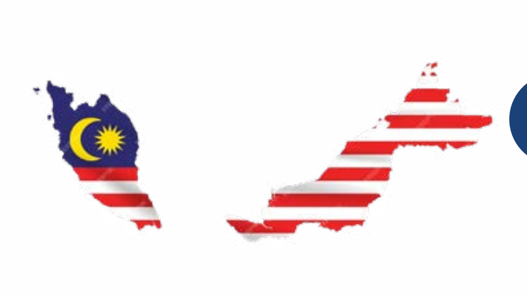
F M H

Stakeholders

Material Matters

M1 M4

OPERATIONAL REVIEW



MALAYSIA

MANUFACTURING

Halal-compliant Manufacturing Facilities

WHO WE ARE

The Manufacturing Division is a pivotal component of Pharmaniaga's business. It enables us to deliver high quality products and services, making us Malaysia's preferred pharmaceutical brand as well as in the region. Our adherence to quality standards has also made Pharmaniaga a sought-after contract manufacturing partner for various multinational companies.

Our integrated manufacturing facilities allow us to produce a diverse range of pharmaceuticals and biopharmaceuticals. We currently have four advanced pharmaceutical manufacturing plants, equipped with the latest technology and equipment, across Malaysia.

OPERATIONAL REVIEW

WHAT WE DO

Our product portfolio includes tablets, capsules, powder, liquids, creams, and small-volume injectables. We are also in the pipeline to develop biopharmaceutical capabilities in pre-filled syringe (PFS) and cartridge dosage forms.

The Group is also expanding its manufacturing operations to produce biological products, focusing on meeting the growing demand for vaccines and insulin in Malaysia. This strategic diversification, which involves significant investment, positions us to become a significant biopharmaceutical company within the region.

Our manufacturing plants are compliant with international Good Manufacturing Practice (GMP) and quality standards. They are located in the central and northern regions of Peninsular Malaysia as follows:

- Pharmaniaga Manufacturing Bhd., Bangi, Selangor
- Pharmaniaga LifeScience Sdn. Bhd., Puchong, Selangor
- Idaman Pharma Manufacturing Sdn. Bhd., Sungai Petani, Kedah
- Idaman Pharma Manufacturing Sdn. Bhd., Seri Iskandar, Perak

BUSINESS ENVIRONMENT

Malaysia's pharmaceutical industry continued its steady growth in 2024, driven by rising healthcare spending on the back of an aging population and increasing health awareness. The industry, which has a market value of approximately US$4 billion (RM17.7 billion) as of 2023*, comprises a mix of multinational companies and local manufacturers which have a significant focus on generic drugs.

Key trends within the sector include digital healthcare transformation through e-pharmacy platforms and telemedicine, Government initiatives to strengthen domestic manufacturing, and growing demand for halal-certified medications.

The sector's future growth potential lies in export markets, particularly for halal products, biosimilars development, and digital health solutions. Malaysia is actively positioning itself as a global hub for halal pharmaceuticals, supported by incentives for local production and research as the Government seeks to promote the country as a biotechnological hub.

The regulatory environment has also evolved with strengthened intellectual property protection and enhanced quality standards.

Some of the key challenges faced by the industry include price controls, competition from cheaper imports, and supply chain disruptions. However, it also presents significant growth opportunities in ASEAN markets, halal pharmaceutical development, and technology integration.

* *Source: Reportlinker, "Forecast: Pharmaceuticals in Dosage Market Size Value in Malaysia"*

OPERATIONAL REVIEW

KEY ACHIEVEMENTS

Insulin and vaccine manufacturing facility was **completed** and **officiated** on **19 September 2024**

Enhance operational equipment effectiveness up by **10%** following improvements in manufacturing line efficiency

Achieved cost savings of **RM6.5 million**

Process simulation and validation for biopharmaceutical products commercialisation in Quarter 4 of 2024

15 products received Halal certification by Jabatan Kemajuan Islam Malaysia (JAKIM), bringing the total to **201** in Malaysia

Introduction of **24 new products** in APPL tender for 2024-2026

BUSINESS PERFORMANCE REVIEW

Key Priorities	Key Initiatives	Achievements
Accelerating business growth and increasing profitability	• Enlarged product portfolio in pharmaceutical and biopharmaceutical • Expanded manufacturing capabilities	• Seven new product registrations including Ettrix Tablet and Liberez Film-coated • Commissioned new PFS line at insulin plant • 24 new products awarded, bringing the total number of products supplied under the Approved Products Purchase List (APPL) nearly to 86 • Insulin and vaccine manufacturing facility was completed and officiated on 19 September 2024 • Process simulation and validation for biopharmaceutical products commercialisation in Quarter 4 of 2024
Continuous improvement and operational excellence	• Increased capacity to support growth in Government and quasi-government markets • Reduced cost of goods (COGS) via Lean Manufacturing approach • Competitive pricing for raw materials and packaging materials • Implemented a comprehensive COGS improvement programme, with initiatives: - increasing batch size - transitioning material from virgin to grey back cartons - converting packing to alu-alu packaging	• Achieved 3% reduction in COGS or RM6.5 million • Engaged alternative raw material suppliers with lower price, resulting in cost savings of RM1.1 million • Implemented e-labelling for 42 products across all manufacturing sites in 2024 with cost savings of RM0.3 million • Increased line efficiency, resulting in a 10% improvement in operational equipment effectiveness (OEE) from the baseline • Continuous energy efficiency initiatives across manufacturing sites have resulted in cost savings of RM0.3 million, along with 1,277.63 GJ of energy saved and 232.57 tCO_2e emissions avoided

RISKS AND CHALLENGES

Challenges	Mitigation Efforts	Results
Rising prices of imported raw materials due to the Ringgit's depreciation	• Sourced alternative raw material suppliers who can provide goods with equivalent quality at lower prices • Prioritised local sourcing	• More than 10 new raw material suppliers identified, locally and internationally
Entry of new manufacturers resulting in shrinking market share and stiff price competition	• Ventured into manufacturing of vaccines, insulin and biosimilar products	• Completed and officiated the vaccine and insulin manufacturing facility at Puchong plant

OUTLOOK

The Malaysian pharmaceutical market is expected to continue its steady growth in 2025, and Pharmaniaga is well-positioned to capitalise on this, especially our Manufacturing Division.

The division's long-term outlook remains positive, primarily as a result of the ongoing expansion of the biopharmaceutical manufacturing business coupled with sustained demand.

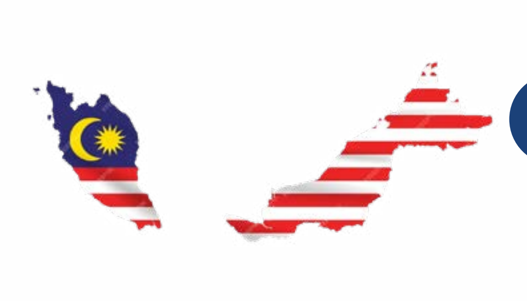
We reached a significant milestone in our biopharmaceutical venture with the official launch of Malaysia's first local manufacturing plant for vaccines and insulin on 19 September 2024. This facility exemplifies Pharmaniaga's capabilities in local manufacturing, supporting the Government's efforts in import substitution and supply security.

To encourage localisation and ensure supply security, the Government has announced plans for an off-take policy and special procurement for domestic pharmaceutical investments, particularly in vaccine security. This aligns perfectly with Pharmaniaga's strategic initiatives and we are optimistic about the growth opportunities this presents moving forward.

Production of our flagship recombinant human insulin product is underway and targeted for commercialisation by the first quarter of 2026.

In total, we have nearly 100 new products to be developed, registered and commercialised in our five-year product development pipeline of which six in-house products will be launched in 2025.

OPERATIONAL REVIEW



MALAYSIA

WHO WE ARE

LOGISTICS & DISTRIBUTION

End-to-end Logistics and Distribution Network across Malaysia

With a distinguished track record of more than 30 years in supply chain solutions, Pharmaniaga is the leading player in Malaysia's logistics and supply chain industry for the distribution of pharmaceutical and healthcare products to the Government. We offer end-to-end logistics solutions, encompassing warehousing, transportation, distribution and value-added services.

Pharmaniaga remains a trusted partner for healthcare providers and other stakeholders in the nation's healthcare ecosystem, ensuring a seamless flow of critical medical supplies to the Ministry of Health (MOH) and other Government institutions as well as private healthcare facilities.

OPERATIONAL REVIEW

WHAT WE DO

The Division handles logistics and distribution of medical supplies under the concession agreement with the MOH, with concession revenue currently accounting for 68% of the Division's overall revenue.

The Division currently serves over 8,513 healthcare facilities across the length and breadth of Malaysia including Government hospitals and health centres, teaching hospitals, pharmacies, private hospitals and clinics.

Its facilities are equipped with temperature-controlled storage and transportation systems, ensuring the integrity and safety of sensitive medical products. The Division has built an extensive distribution network with strategically located facilities nationwide, allowing it to reach even the most remote areas, facilitating the timely and reliable delivery of healthcare products.

BUSINESS ENVIRONMENT

Under the MOH concession agreement, the Division holds more than 800 products from over 100 suppliers appointed by the Government, handling the procurement, storage and delivery of the national healthcare and medical stockpile. The pricing for these products is fixed in agreement by the Government and suppliers, and Pharmaniaga is tasked with the purchase of products from respective suppliers, earning a distribution fee per stock keeping unit.

In FY2024, this agreement saw strong concession sales of RM1.8 billion for the logistics and distribution of medicines and medical supplies to MOH. We also achieved RM240 million in-house sales.

Aligned with the Group's emphasis on strengthening the public sector business, the Division has focused on warehouse expansion, including establishment of four satellite distribution centres in the northern region and east coast of Peninsular Malaysia, as well as eastern Sabah and Sarawak.

In terms of capacity, we undertook the successful expansion of our central distribution centre catering for the private market up to 4,395 pallets. The expansion facilitates the Division's core distribution business, towards the fulfilment of more than 450,000 deliveries annually.

The Division also undertook a comprehensive cost analysis programme, resulting in the reduction of selling and distribution expenses by less than 2%, supporting the Group's ongoing focus on enhancing operational efficiency towards building resilience through a future of innovation.

While fulfilling our mandate, we continue to uphold Pharmaniaga's customer-centric approach. The Group achieved a customer satisfaction survey rating of 4.4 out of 5 in FY2024, underscoring our close alignment with customer preferences and commitment to service.

OPERATIONAL REVIEW

KEY ACHIEVEMENTS

Scored **4.4 out of 5** on customer satisfaction survey	Expanded central distribution centre for the private market with capacity up to **4,395 pallets**	**Concession agreement** signed on 3 January 2024, effective retrospectively from 1 July 2023 for the next seven years

BUSINESS PERFORMANCE REVIEW

Key Priorities	Key Initiatives	Achievements
Compliance with service level under the concession agreement	• Emphasised consistent KPI track record and capacity • Established 17 Government service representatives to maintain rapport with the Government	• Scored 4.4 out of 5 overall on customer satisfaction survey, with recorded rating for distribution of 4.5
Increasing operational efficiencies	• Engaged reputable industry expert to review and enhanced business processes • Implemented Oracle Transportation Management (OTM)	• Completed Phase 1 of the exercise on the enhanced business process, focusing primarily on efficient inventory management to reduce stock holding costs by approximately RM3 million • Collaborated with Universiti Teknologi Malaysia Kuala Lumpur campus (UTM KL) to leverage demand forecasting, machine learning & artificial intelligence (AI) cloud systems in developing a supply chain management system with AI to perform stock holding & pallet capacity planning, and predictive stock forecasting
Fast-tracking 4IR technology innovation & automation	• Adopted Robotic Processing Automation (RPA) as an Internet of Things (IOT) initiative	• Deployed autobots in data integration of product activation/deactivation product codes in e-Perolehan platform

RISKS AND CHALLENGES

Challenges	Mitigation Efforts	Results
Rising cost i.e. fuel and transportation	• Implemented a holistic cost-cutting programme identifying potential areas to free up resources, which includes improvement on truck utilisation & delivery drop points through OTM	• Reduction for the cost of selling and distribution expenses
Inventory management issue	• Utilised AI technology to enhance inventory tracking and forecasting	• Achieved RM3.3 million in interest savings • Reduction in stock holding costs
Supply chain disruption i.e. pandemic, flood	• To keep buffer stock • Implemented disaster recovery plan • Strategic warehouse locations	• Successful delivery within stipulated timeframe • No delay in drugs and non-drugs delivery • Minimise penalties imposition

OUTLOOK

Moving forward, the renewal and expansion of Pharmaniaga's concession agreement with MOH is set to drive strong earnings for the Logistics & Distribution Division in the mid-term. The number of active products under the Approved Products Purchase List (APPL) is expected to increase from 586 in Quarter 3 of 2024 to 837 products by the end of 2025, significantly increasing the scope of the Division's concession business.

Apart from increased concession allocations under Budget 2025, other growth catalysts include expanding our Government business beyond the concession's scope to MOH hospitals and clinics as well as hospitals under the Ministry of Higher Education and Ministry of Defence.

The Group continues to secure major contracts, including a three-year MOH tender worth RM97.5 million for Secukinumab and Enoxaparin, and an RM139 million contract supplying dialysis solutions for SOCSO contributors until 2028. To begin with, our biopharmaceutical segment has successfully secured a RM3 million contract with a Government hospital, marking the launch of our human insulin product.

These factors are projected to drive both sales and profits, reinforcing our commitment as a strategic partner to MOH in delivering quality and affordable products nationwide.

Our capacity expansion initiatives, including the launch of four satellite distribution centres across Malaysia, will allow us to capitalise on our momentum into 2025 with greater reach and flexibility. The Division will also continue enhancing operational efficiency by leveraging on emerging technologies, via the incorporation of robotic processing automation into our digital platforms and development of artificial intelligence systems for predictive stock forecasting and storage planning.

Ensuring the sustainability of our business, we continue to invest in infrastructure and technology while aggressively managing cost. Our young and agile workforce, with millennials and Generation Z comprising 53% of the Division, stands ready to adapt to the ever-changing business and operational landscape as we uphold Pharmaniaga's mandate of delivering high quality goods and services to customers across its markets.

OPERATIONAL REVIEW

INDONESIA

INDONESIA OPERATIONS

37 Distribution and Logistics Branches
Providing over 12,000 products and Serving more than 21,000 Customers

WHO WE ARE

Pharmaniaga's growing Indonesia operations is spearheaded by its two subsidiaries – PT Millennium Pharmacon International Tbk (MPI) and PT Errita Pharma (Errita). Listed on the Indonesia Stock Exchange, MPI is one of the country's top 10 pharmaceutical logistics and distribution companies with 37 branches nationwide. Together with Errita, a pharmaceutical manufacturer based in Bandung, MPI serves over 30 principals across the Indonesian market.

OPERATIONAL REVIEW

WHAT WE DO

Established in 1952, MPI specialises in the sale and distribution of ethical drugs, over-the-counter (OTC) products, medical devices and health-related consumer goods. Meanwhile, core activities of Errita is pharmaceutical manufacturing, producing over 60 generic pharmaceuticals as well as OTC products, in compliance with *Cara Pembuatan Obat yang Baik (CPOB)*, ISO 9001:2015 and ISO 14001:2015 standards.

Tasked with spearheading the Group's manufacturing, sale and distribution activities in Indonesia, MPI and Errita provide more than 12,000 different products for over 21,000 active customers nationwide. Through technology transfer, our Indonesian manufacturing arm leverages on Pharmaniaga's research and development initiatives in Malaysia, benefiting from interdivisional synergy to deliver the latest pharmaceutical products in the market.

BUSINESS ENVIRONMENT

Indonesia remains the largest pharmaceutical market in Southeast Asia, valued at IDR141.8 trillion (MAT 3Q 2024) with a population of more than 284 million. It constitutes a key growth area for Pharmaniaga, with major catalysts such as a large and affluent middle class, and increasing availability of healthcare services driven by infrastructure investment and the rise of online pharmaceutical platforms. In 2024, Indonesia registered 98.25% participation of its population in its *Badan Penyelenggara Jaminan Sosial*, national health insurance programme, underlining the upside potential of its pharmaceutical segment.

These opportunities are counterweighted by market-specific risks such as heated industry competition, with more than 2,400 logistics and distribution players and over 220 pharmaceutical manufacturing companies in the country. The impact of a weakening Rupiah on imported material prices, persistent labour challenges and complex regulatory frameworks governing international players are also considerations.

In expanding our Indonesia operations, the Group has pursued aggressive growth, which saw the establishment of three new branches, onboarding of a new principal and 16% revenue increase for our Logistics & Distribution business in 2024.

Moving forward, we will continue focusing on engagement efforts with healthcare professionals to market in-house products for private market and the eCatalogue online procurement system for Government clients. At the same time, we will complement our market penetration, capacity expansion and digitalisation strategies with an emphasis on branded generics. This focus on high value products synergises with our client base comprised primarily of private customers, while leveraging on technological innovation from our Malaysia operations.

KEY ACHIEVEMENTS

MPI opened three branches in Mataram, Purwakarta and **Pematangsiantar**, with a total of **37 branches** throughout Indonesia

Purchased 10,000 meter-squared piece of land for the development of new building for Bekasi Branch, Central Warehouse and head office buildings in Bekasi, Indonesia

Signed up with a new principal, PT Kino Indonesia Tbk, in January 2024

MPI's subsidiary, PT Digital Pharma Andalan Indonesia (DPAI) forged a partnership with Good Doctor, Tokopedia, Blibli, Bank Mandiri and Satu Sehat for **digital** and **online transaction programmes**

Achieved Customer Satisfaction Index (CSI) score of **98%** for MPI

OPERATIONAL REVIEW

Errita renewed 37 market authorisations for products to comply with latest regulations	Errita initiated toll manufacturing with two key partners

Awards and certifications received by MPI:

Investortrust's Best Stock Award 2024 in the Small Cap Consumer category	Iconomics' Indonesia Greatest Living Legend Companies Award 2024
Cara Distribusi Obat yang Baik (CDOB) and *Cara Distribusi Alat Kesehatan yang Baik (CDAKB)* certification for all branches and the central warehouse	Obtained ISO 37001:2016 Anti-Bribery Certification for Jakarta and Bogor

BUSINESS PERFORMANCE REVIEW

MANUFACTURING

Key Priorities	Key Initiatives	Achievements
Strengthening our standing as a leading generic pharmaceutical manufacturer focused on quality	• Enhanced credibility with regulatory authorities and consumers by complying with latest regulations	• Received *Nomor Ijin Edar* (NIE) renewals for 37 products from *Badan Pengawas Obat dan Makanan* (BPOM)
Increasing visibility of Errita's products to enhance market penetration	• Strengthened trading and in-house products by increasing the range of product portfolio • Initiated toll manufacturing business	• Received *Izin Distribusi Alat Kesehatan* (IDAK) certificate from Ministry of Health • Submitted five toll manufacturing products for registration

LOGISTICS AND DISTRIBUTION

Key Priorities	Key Initiatives	Achievements
Improving sales quality and reach	• Strengthened business partnership with existing principals • Practised selectivity for new principals	• Enhanced revenue by 16% • Onboarded one new principal
	• Enhanced warehouse capacity at several branches	• Expanded warehouse space and increased item availability at Banda Aceh, Palembang, Samarinda, Tasikmalaya, Purwokerto, Surabaya and Manado branches
	• Established three new branches	• Expanded market reach in Purwakarta, Mataram and Pematangsiantar
Real-time customer stock holding	• Implement All-in-One Pharmacy Management System for real-time inventory planning for customers	• More than 200 new pharmacies subscription

RISKS AND CHALLENGES

MANUFACTURING

Challenges	Mitigation Efforts	Results
Sales and marketing capabilities	• Successfully recruited marketing head and dedicated regional sales team • Appointed dedicated regional sales team for trading in the Java Island area • Launched several sales and marketing programmes with principals	• Increased sales performance in Q4 2024 after programme launched and recruitment exercises
Limited product portfolio	• Implemented a dual-country strategy by leveraging technology transfer to drive innovation and operational synergy	• Sharing technology capabilities to speed up research and development and product development

LOGISTICS AND DISTRIBUTION

Key Priorities	Key Initiatives	Achievements
Rigid and low distribution margins	• Conducted continuous discussion with current principals • Focused on selectivity when exploring new principals	• Negotiated short-term conditional agreements with selected principals, despite resistance to distribution margin revision
Mismatch of working capitals	• Strengthened collection from customers • Practised selectivity with regard to Government hospitals and health centres served • Strengthened negotiation with principals to extend credit terms	• Achieved cost saving of RM0.7 million through improved working capital cycle

OUTLOOK

Our Indonesia operations are set to contribute significantly to Pharmaniaga's performance moving forward, thanks to concerted capacity expansion initiatives. In particular, the opening of the Purwakarta, Mataram and Pematangsiantar branches significantly expand the Group's reach across the country, further supporting our growth trajectory in the market.

A turning point is also projected for Errita, which is expected to achieve profitability in 2025. This anticipated turnaround is driven by technology transfer from our Malaysia operations, as well as our stringent approach to approvals for products going to market, enhancing trust with customers as well as regulatory bodies.

Other initiatives include strengthening the trading segment as a revenue backbone for Errita, while increasing our visibility in the Government and private markets through engagement with key opinion leaders.

In addition, Errita's manufacturing plant in Bandung is in the final stages of negotiation to provide contract (toll) manufacturing services for eight products with a multinational principal and six products with a local pharmacy chain, followed by the registration process leading to the commercialisation phase. These developments underscore the readiness of the Group's production infrastructure in catering for the market's diverse pharmaceutical needs.

Moving forward, the onboarding of new principals by MPI further develops Pharmaniaga's principal base in the country. With our 37 branches, strengthens our Indonesia operations is expected to continue its strong growth momentum as one of the nation's leading pharmaceutical manufacturing and distribution players.

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

Pharmaniaga (the Company/the Group) recognises its responsibility to society and the environment. We strive to be a leading pharmaceutical company, and we understand that this can only be achieved through a sustainable approach to our business.

We have adopted a holistic approach to our sustainability efforts to ensure that the impacts of our actions on our stakeholders are considered at all times. We actively involve our stakeholders in our decision-making processes, considering their perspectives and ensuring that their needs are met. We leverage our expertise and resources to enhance the efficiency and resilience of our operations, minimising our environmental footprint. We collaborate with stakeholders to develop and implement innovative solutions that optimise resource utilisation, such as reducing our consumption of raw materials, energy, and water.

During the reporting period, we aligned our disclosures with the Malaysia-UN Sustainable Development Cooperation Framework for 5 years from 2026 to 2030 ("CF2"), which guides the implementation of the UN 2030 Sustainable Development Agenda (2030 Agenda) in Malaysia.

We welcome feedback, comments, and suggestions for improvement to our Report. Please send your enquiries to:

Fazleena Jasin
Head of Sustainability
Tel : +603-3342 9999
E-mail : **sustainability@pharmaniaga.com**

SUSTAINABILITY HIGHLIGHTS AND ACHIEVEMENTS

Achieved **4 stars FTSE4Good ESG rating**

1st submission of Communication on Progress (COP) under the United Nation Global Compact Malaysia and Brunei Membership

Pharmaniaga Manufacturing Berhad achieved the **Architect of Learning Excellence Award (Large Employer) at the prestigious HRD Awards 2024**

ENVIRONMENTAL

Achieved **4.17% GHG emission reduction** against 2019 baseline

Reported **6,660.77 (tCO_2e)** scope 3 GHG emission through Employee Commuting and Business Travel

Recycled **19.72 megalitres of water**

Reduced **potable water consumption** by **6.95%** against 2019 baseline

Harvested **0.14 megalitres** of water

Converted **5.72 tonnes** of schedule waste to alternative material

Recycled **712.26 metric tonnes** of general waste

Subscribed to **Bursa CSI platform** to facilitate GHG reporting

E-labelling replaced package inserts, saving **RM324,380**

SOCIAL

All new suppliers were assessed for **ESG criteria**

Average training hours per employee increased from 23.26 hours in 2023 to **28.24 hours in 2024**

In 2024, **80%** of total spending was allocated to local suppliers

Gender distribution:
Male: **61%**
Female: **39%**

Local hiring:
Malaysia: **99.8%**
Indonesia (Internal Assurance): **99.8%**

Female Representation in the Board **27%**

0.1% of our employees are **Persons with disabilities**

ZERO breaches and leakage of privacy and information

ZERO workplace fatalities

ZERO non-compliance cases related to employment, labour practices or human rights violations

GOVERNANCE & ECONOMY

2 new entities obtained MS ISO 37001:2006 Anti-Bribery Management System (ABMS) certification

Maintained the ISO/IEC 27001:2013 Information Security Management System

19 new products registered in Malaysia

Achieved successful registration of **3 human insulin** in 2024

DIRA Roadshow conducted at **12 sites** focusing on **Integrity, Anti-corruption** and **Climate Change**

15 products received Halal certification by *Jabatan Kemajuan Islam Malaysia* (JAKIM), bringing the total to **201** in Malaysia

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

OUR APPROACH TO SUSTAINABILITY

Pharmaniaga's sustainability approach is embedded across all levels within the Group. Guided by our Board of Directors, we prioritise a holistic framework that integrates environmental, social, and governance (ESG) considerations into every aspect of our business. This comprehensive approach ensures that sustainability principles are reflected in all our policies, operational decisions, and projects. We align our efforts with national and international sustainability standards and track our progress against key performance indicators to achieve positive outcomes for our company, our stakeholders, and the wider community.

Policies

Our policies reflect our commitment to ethical business practices, environmental and social responsibility, and a diverse and inclusive workplace. This section outlines our core policy tenets and provides a list of our established policies.

01	To continuously invest our resources in ensuring our products and services are relevant and meet the needs of our customers
02	To be fully committed to environmentally friendly business practices towards the conservation and preservation of the environment
03	To ensure that our employees operate in a safe and conducive work environment
04	To continuously create and sustain an engaged work culture that attracts, retains, and motivates our employees
05	To strengthen communities and contribute towards the enrichment of our society by: • Prioritising opportunities given to local businesses and; • Integrating corporate responsibility initiatives that encompass healthcare, education and welfare of Malaysians throughout our business operations

ENVIRONMENTAL

- Environmental, Safety and Health Policy
- Environmental-related Policy
- Energy Policy

SOCIAL

- Contribution to External Party Procedure
- Donation Policy

GOVERNANCE & ECONOMY

- Corporate Governance Policy
- Code of Ethics and Conduct
- Vendor Code of Ethics Policy
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy
- Halal Policy
- Anti-Money Laundering Policy
- Gender Diversity Policy
- Gifting Policy
- Investor Relations Policy
- Sexual Harassment Policy
- Social Media Policy
- Workplace Bullying Policy
- Work From Home Policy
- Good Distribution Practice for Medical Devices Procedure
- Quality Policy
- Laboratory Policy

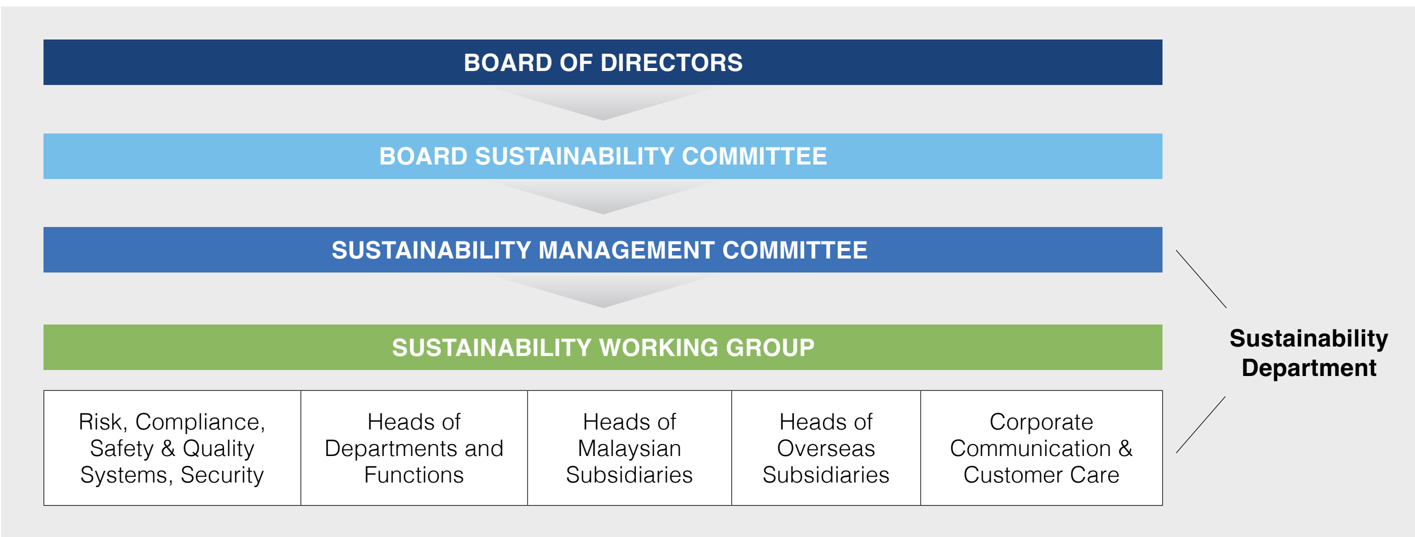
Sustainability Milestone

On 28 November 2024, Pharmaniaga Berhad, in collaboration with Cenergi SEA Berhad, officially launched its Solar PV System Project, marking a significant step towards renewable energy adoption. This initiative spans six facilities and aims to reduce carbon emissions while achieving up to 15% savings on monthly energy costs. The project underscores Pharmaniaga's commitment to sustainability and aligns with Malaysia's national renewable energy goals.

SUSTAINABILITY GOVERNANCE

At Pharmaniaga, sustainability is a strategic priority overseen by our highest governing bodies. The Board of Directors provides overall direction and guidance on all sustainability matters, including climate-related risks. The Board Sustainability Committee (BSC) assists the Board in these deliberations. Decisions related to sustainability are approved at the Board level. These decisions are cascaded across the Group, with the Sustainability Department acting as the liaison between the Sustainability Management Committee (SMC) and Sustainability Working Group (SWG) to implement, monitor, and report on approved sustainability initiatives.

The following infographics illustrate the sustainability governance structure of the Company.



Board Sustainability Committee

The BSC assists the Board in performing its oversight responsibility over Pharmaniaga's sustainability objectives, policies, and practices, such as:

- Develops and recommends sustainability strategies, targets, policies and roadmaps for the Board's approval.
- Reviews and evaluates the effectiveness of implemented sustainability initiatives.
- Ensure adequate resources are allocated to achieve the established sustainability goals.
- Advises the Board on risk appetite and strategies related to sustainability-related risks and opportunities, with a focus on mitigating climate change and its potentially catastrophic impacts.
- Monitors stakeholder engagement activities and ensure effective grievance mechanisms are in place.

The BSC receives reports from the SMC on critical sustainability issues, including health, safety, environmental matters, and grievances. The BSC is responsible for reviewing this information and subsequently preparing the sustainability reports for presentation to the Board of Directors. The composition of BSC is stated on page 168.

Sustainability Management Committee

The SMC consists of the senior management team which is tasked with developing and implementing the Group's sustainability strategies and policies across all business segments and locations, including incorporating climate-related risks and opportunities. Subsidiaries and corporate departments are accountable for aligning their respective sustainability efforts with the Group's overarching objectives. The SMC reports the Group's sustainability progress to the BSC.

Sustainability Department

The Sustainability Department serves as the central point of coordination between the SMC and the SWG. They evaluate the progress of the implemented sustainability initiatives against the established objectives and targets, communicate their report findings to the SMC, oversee stakeholder engagement activities, and assist in reviewing and compiling sustainability-related information for reporting purposes.

Sustainability Working Group

The SWG is responsible for continuously monitoring sustainability performance across the organisation and identifying areas for improvement. Effective governance ensures that sustainability efforts remain aligned with strategic goals, fostering long-term resilience and accountability.

The Risk Management Committee (RMC) plays a vital role in identifying, assessing, and mitigating potential risks and opportunities associated with material sustainability issues. In 2024, climate risks have been accessed and included in the Company's Enterprise Risk Management Framework effective 1 December 2024. Besides keeping abreast of industry trends, regulatory updates, and best practices related to sustainability, RMC also engage directly with stakeholders, addressing their needs and concerns through various communication channels.

The Anti-Bribery and Management System (ABMS) Committee safeguards the integrity of Pharmaniaga's sustainability initiatives by ensuring compliance with national and international anti-bribery standards. The Integrity and Governance Department (IGD) allocates and integrates adequate resources to support the effective operation of ABMS, strengthening Pharmaniaga's governance framework. Strong governance mechanisms help reinforce ethical business practices, ensuring that sustainability objectives are met with transparency and accountability.

By embedding robust governance structures into its sustainability efforts, the Company enhances corporate resilience, regulatory compliance, and stakeholder trust, which ultimately contribute to long-term value creation.

SUSTAINABILITY FRAMEWORK

This Sustainability Framework encapsulates our core approach to sustainability. It outlines our sustainability Vision and Mission, along with a strategic roadmap. By aligning our five sustainability goals with our twelve material matters, the framework provides a holistic approach to managing sustainability risks and opportunities, enabling us to enhance our overall ESG performance.

Our framework is aligned with the national agenda and the United Nation Sustainable Development Goals (SDGs) and the United Nation Global Compact Malaysia and Brunei.

Governed by:
Sustainability Governance Structure, Sustainability Policy and other related policies & internal guidelines

SUSTAINABILITY VISION

Spearheading accessible healthcare through dynamic growth

SUSTAINABILITY MISSION

ECONOMIC	ENVIRONMENTAL	SOCIAL	GOVERNANCE
Achieving balanced business growth whilst providing access to affordable and quality medicines	Spearheading environmental stewardship through stringent compliance and regulations	Strengthening our commitment to product and service responsibilities whilst improving the lives of our stakeholders	Building a strong culture of integrity, transparency and accountability for a resilient and sustainable business

SUSTAINABILITY ROADMAP

(2016 – 2020) What we have achieved:

- Sustainability Policy rolled out to all subsidiaries
- Established sustainability governance structure
- Raised awareness of sustainability
- Established the first materiality matrix
- Implemented the Pharmaniaga Sustainability Reporting Framework across the Group, based on the GRI Standards
- Enhanced transparency through publication of annual sustainability reports

(2021 – 2025) What we want to achieve:

- Sustainability integrated into business strategy
- Sustainability performance is increasingly linked to executive remuneration
- Meet five-year sustainability targets set to drive performance in material sustainability areas
- Enhance credibility of sustainability disclosure
- Produce annual Integrated Report

(2026 – 2030) What we aspire to achieve:

- Inculcate a culture of sustainability within the Company
- Sustainability becomes integral to procurement process and supplier engagement
- Achieve five-year sustainability targets
- Work in collaborative partnerships with third parties to support the fulfilment of the SDGs

SUSTAINABILITY GOALS

GOAL 1 Delivering Sustainable Value and Future-Proofing the Business

- Business Continuity
- Technology & Innovation
- Customer Satisfaction
- Sustainable Products & Services

GOAL 2 Acting with Integrity

- Corporate Governance & Business Ethics

GOAL 3 Achieving Operational Eco-Efficiency

- Environmental Compliance
- Resource Efficiency
- Greenhouse Gas & Climate Change

GOAL 4 Creating a Sustainable and High-Performance Workforce

- Talent Management
- Health & Safety

GOAL 5 Building a Better Society

- Supporting Local Businesses
- Corporate Responsibility

KEY FOCUS AREAS

Driven Strategic Initiatives

Outcomes:

Prioritised SDGs:
Directly related to our core business areas

Supporting SDGs:
Directly related to our material issues and our stakeholders

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

SUSTAINABILITY TARGETS AND PERFORMANCE

Our sustainability targets serve as a roadmap towards achieving our vision of spreading accessible healthcare through dynamic growth. These targets are strategically aligned with key sustainability matters and our overall business objectives. Building upon the success of our 2016-2020 sustainability targets, we set more ambitious goals for the 2021-2025 period. As we approach the conclusion of this phase, we are pleased to report that four of the five pledges have been successfully achieved. The table below shows our targets and performance linked to our material sustainability matters.

MATERIAL MATTERS	TARGETS	PERFORMANCE
GOAL 1		
M1: Business Continuity	Implement Business Continuity Management (BCM)	Established BCM Working Committee (BCMWC) and the Crisis Management Committee (CMC)
M2: Technology & Innovation	Apply new or improved technologies, tools, systems, and processes	**Installed**: • Variable Speed Drive (VSD) Compressor • E-labelling QR **Upgraded**: • Overall Equipment Efficiency (OEE)
	Ensure zero breaches and leakage of privacy and information	Zero breaches of privacy through the Implementation of ISO/IEC 27001:2013 Information Security Management System
M3: Customer Satisfaction	Maintain quality and customer care service certification	Maintained at all sites the ISO 9001:2015 Quality Management Systems
		Maintained at relevant sites: ISO 18295-1:2017 Customer Contact Centres Certified
	Customer satisfaction rating surveys > 94%	MOH: 93% MOHE: 97% (Internal assured) Private (reporting for 2023): 94%
M4: Sustainable Products & Services	Improve access to medicine	Expansion of the concession agreement via rider contracts to teaching hospitals and hospitals under the Ministry of Defence
	Achieve the 2025 Product Development Plan	**Generic Drugs:** • Product registered in Malaysia: 312 products • Product registered in Indonesia: 122 products **Registered Biopharma:** • Vaccine: 5 • Insulin: 3 **Expanded Halal-certified halal medicine:** • 201
	Partnered with international industry leaders to localise medicine	**Partnership/Collaboration:** Registered its first human insulin product with a well known partner in India, targeting local manufacturing in 2025
GOAL 2		
M5: Corporate Governance & Business Ethics	Apply the best practices as recommended by MCCG	Zero fines & non-compliance incidents
	Zero incidents of unethical practices, bribery and corruption	No substantiated claims on bribery and corruption practices
GOAL 3		
M6: Environmental Compliance	Maintain zero non-compliance incidents on environmental matters	Zero fines & non-compliance incidents Maintained ISO 14001 certification at all sites
M7: Resource Efficiency	Reduce waste whilst increasing water efficiency and raw material usage	Water recycled: 19,716 m^3 Harvested rainwater: 143.76 m^3 Maintained rate reduction rate of 5% from 2019 baseline Environmental training: 1,105 man-hours

MATERIAL MATTERS	TARGETS	PERFORMANCE
GOAL 3		
M8: Greenhouse Gas & Climate Change	Increase the use of renewable energy sources	Status of the 15% reduction of GHG by 2025: 4.17% of GHG has been reduced since 2019
	15% reduction in Greenhouse Gas (GHG) absolute emissions by 2025, against the 2019 baseline	**Decarbonisation programmes** • Generated 4,532.33 GJ solar energy and avoided 923.37 tCO_2e • Maintained 2 units of electric vehicles • Signed Solar Power Purchase Agreement for solar panels installation at six sites (manufacturing and logistics). Commencement by FYE2025 **Efficiency Programmes** • Installed energy-efficient technologies • Upgraded and optimised equipment and machinery at facilities • Transitioned to LED lights
GOAL 4		
M9: Talent Management	Zero incidents of labour practices and human rights violation	Zero human rights and labour incidents
	Maintain employee attrition rate at below 13% for Malaysia (60% weighting) and Indonesia (40% weighting)	**FY2024 Attrition rate:** • Malaysia: 12.19% • Indonesia: 18.69% **Turnover rate:** • FY2024: 14.96% • FY2023: 19.28%
	Achieve 30% gender diversity at Group level	**Gender Diversity (Female)** • Board: 27% • Senior Manager: 0.37% • Middle Management: 1.70% • Executive: 15.10% • Non-executive: 21.96%
	Build employee career development and succession plans	**Established Management Development Programmes:** • Succession Planning Programme (SPP) • High Potential Programme (HiPo) • Career Path Programme (CPP) **Average Employee Training Hours** • 2024: 28 hours • 2023: 23 hours • 2022: 32 hours
M10: Health & Safety	Maintain Zero Fatality	No fatalities recorded since the establishment
	Improve Year-Over-Year Loss Time Injury Rate (LTIR)	FY2024: LTIR: 0.35 FY2023: LTIR: 0.31 FY2022: LTIR:0.59
GOAL 5		
M11: Supporting Local Businesses	Promote local purchasing	Established the Vendor Development Programme (VDP) to improve the pharmaceutical industry
M12: Corporate Responsibility	Establish a strategic Corporate Social Responsibility (CSR) policy at the Group level	**Created community-focused pillars:** • Health • Welfare • Education • Zakat Established *Skuad Operasi Sihat* (SOS) employee volunteering structure **Total Investment in Corporate Responsibility Initiatives** • FY2024: RM2,948,464 • FY2023: RM3,628,683

GOAL 1

DELIVERING SUSTAINABLE VALUE AND FUTURE-PROOFING THE BUSINESS

Economic and financial stability are significant determinants of whether a business organisation delivers sustainable growth. Goal 1 is interlinked with our economic impacts and covers four material matters, four prioritised SDGs, and three key risk indicators. Attaining Goal 1 ensures a sustainable financial future for our business and stakeholders.

Material Matters:

- M1 Business Continuity
- M2 Technology & Innovation
- M3 Customer Satisfaction
- M4 Sustainable Products & Services

Key Risks:

- R1 Cybersecurity Risk
- R2 Financial Risk
- R3 Strategic Risk
- R4 Customer, Product and Services Risk
- R5 Environmental Sustainability Risk
- R7 Legal and Regulatory Risk

SDGs:

3 8 9 13

MALAYSIA-UNITED NATION COOPERATION FRAMEWORK

PILLAR 3 PROSPERITY

SPA 3: Inclusive and Sustainable Economic Growth
By 2025, Malaysia is making meaningful progress towards an economy that is inclusive, innovative and sustainable across all income groups and productive sectors.

M1 BUSINESS CONTINUITY

Business Continuity is important to help the Group protect its reputation and increase resilience in adverse circumstances. We have established Business Continuity Management (BCM) Policy and Procedures, which provide a clear approach to responding, recovering, resuming, and returning to a normal situation in the event of an emergency or crisis. With this proactive approach, we can adequately identify and mitigate potential threats, disruptions, or unforeseen circumstances that may threaten our business operations.

BUSINESS CONTINUITY MANAGEMENT

Our BCM structure consists of the BCM Working Committee (BCMWC) and the Crisis Management Committee (CMC). This system is implemented across the Group. The CMC is the steering committee chaired by the Managing Director (MD) for handling crises or disasters affecting the Group. They are responsible for overseeing the management of the Group's BCM plan and communicating the BCM Policy to all employees.

The BCMWC updates the CMC on BCM-related matters, risks and areas of concern. The Emergency Response Team (ERT) is the appointed team that provides first responder related to physical emergencies particularly on fire-fighting, first aid, chemical spillage, and search and rescue, at all premises in the Group.

CRISIS MANAGEMENT COMMITTEE (CMC)

BCM WORKING COMMITTEE (BCMWC)

EMERGENCY RESPONSE TEAM (ERT)

For the year under review, we facilitated the establishment of the Business Continuity Plan (BCP) document for manufacturing division (Pharmaniaga Manufacturing Berhad [PMB], Pharmaniaga LifeScience Sdn. Bhd. [PLS], Idaman Pharma Manufacturing Sdn. Bhd. Sungai Petani [IPMSB SP] and Idaman Pharma Manufacturing Sdn. Bhd. Seri Iskandar [IPMSB SI]) including Indonesia operations (MPI and Errita). This process includes the briefing and workshop on identification and determination of critical business/support functions, risk assessment, scenario analysis, business impact analysis and business continuity strategy. In addition, two documents were revised, related to the Crisis Management Plan (CMP) and IT Disaster Recovery Plan (DRP), to maintain relevance and effectiveness.

In 2024, we conducted three test on identified critical systems, two related to logistics and distribution and one related to manufacturing divisions.

In terms of awareness and education, we provide continuous training and sharing sessions on BCM to all our critical staff in Malaysia and Indonesia. For the year under review, we conducted 3,528 man-hours of BCM training, of which 428 hours or 12% were devoted to climate risk assessment workshops.

BCM Training		
Programme Title	**Total Man-hours**	**No. of Participants**
Business Continuity Management Training, Workshop & Documentation for Pharmaniaga Manufacturing Division	1,040	65
Business Continuity Management Training, Workshop & Documentation for Indonesia Operation	1,128	47
Workshop on Root Cause Analysis for Incident Management	100	25
Workshop on Climate Risk Assessment (Internal)	428	107
Workshop on DRP Testing for PIERS, e-Proc, and SAP	832	38
Total	**3,528**	**282**

BCM Highlights

For the year under review, we conducted climate risk assessment on our Malaysia and Indonesia sites to address the potential and current likelihood of disruptions that could lead to adverse financial and non-financial impacts.

For more details, please go to the TCFD climate change disclosure section on pages 125 to 132.

M2 TECHNOLOGY AND INNOVATION

Automation and digitalisation technologies, including artificial intelligence, are rapidly evolving and becoming increasingly powerful. Their widespread use has impacted our personal lives, the workplace, places of education, and the environment. These technologies have become essential business tools for maintaining competitiveness and relevance. As such, they are listed as one of our material matters.

The shift towards digital technologies and automation will significantly impact our operation and accelerate innovation and development. In the 12th Malaysia Plan 12MP and the Fourth Industrial Policy, the Government has decreed a national agenda to promote the high adoption of technology. In support, we have applied new or improved technologies, tools, systems, and processes to enhance our efficiency and drive progress. This advancement will create meaningful value for our stakeholders and industry.

OUR PROGRESS

The 12MP will culminate in 2025, and we are proud to disclose that the material matters' alignment with this Policy has given us a strong foundation in digital technologies and innovation, as shown below:

2022

- Demand Forecasting: Cloud-Based Supply Chain Management System
- Robotic Process Automation (RPA) Development
- Automated Storage And Retrieval Systems (ASRS)
- Building Management System for stability chambers and in the warehouse at the IPMSB SI
- Dry syrup automation at IPMSB SI
- Automation of end packing process at PMB plant by refurbishing and relocating an unused end packing line, resulting in higher productivity.

2023

- Online coding for tube filling machine at IPMSB SP
- ClickUp app labs quality control (QC)
- Overall Equipment Efficiency(OEE): Real-time optimisation monitoring
- E-Inventory Purchase Requisitions (E-IPR)
- All-In-One Pharmacy Management System (OLIN): Pharmacy inventory management
- Qlik Sense with SAP data
- Commenced QR coding for medicines

2024

Update on E-labelling:

In line with the National Pharmaceutical Regulatory Agency's (NPRA) initiative, we have started rolling out e-labelling in 2023. The QR code will improve the accessibility of medical information, encourage better patient care management, and disseminate information in an eco-friendly manner. In FY2024, the total number of 78 products with e-labelling submitted for NPRA Variation approval. With this new system, we have saved RM324,380 against physical printing.

	PMB	PLS	SI	SP	TOTAL
Products involved in the project	35	23	8	12	**78**
Commercially used with new artwork	27	6	7	2	**42**
% of converting to e-labelling	77.14	26.08	87.50	16.70	**53.84**
Saving on E-labelling (RM)	281,286	20,628	22,166	300	**324,380**

M3 CUSTOMER SATISFACTION

Our customers' trust in us is mainly dependent on how they perceive our product quality and customer service. In general, customers are primarily concerned about accessibility to affordable products, product availability, and customer engagement services. However, in recent years, some consumers have also become increasingly concerned about environmental protection, community welfare, and governance. Our objective has always been to meet or even possibly exceed our customers' expectations.

The Head of Corporate System who is also a member of the SMC, manages all the issues associated with customer relations and objectives through its Customer Care section.

PRODUCT QUALITY AND CUSTOMER SERVICE

The factors influencing our product quality and service are the recognition by national and international bodies. Our customers can rest assured that our products and services are reliable and compliant with various international and national standards and certifications. Specifically, we are certified with ISO 9001:2015 Quality Management Systems and ISO 18295-1:2017 Customer Contact Centres.

MALAYSIA

- Manufacturing License Certification from NPRA
- ISO/IEC 17025: 2017 Laboratory Quality Management System
- ISO 9001: 2015 Quality Management System
- Wholesaler License Certification from NPRA
- Good Distribution Practice for Medical Devices Certification from SIRIM
- Malaysian Halal Certification

INDONESIA

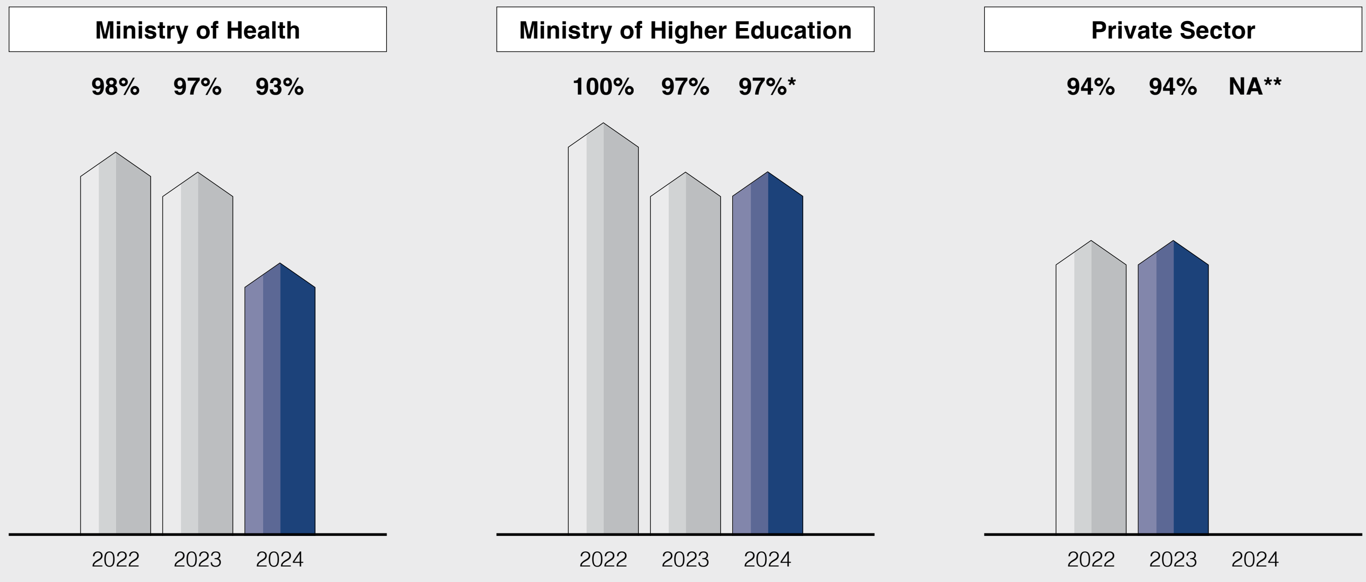
- Perizinan Distribusi Alat Kesehatan Certification from Kementerian Kesehatan
- Cara Pembuatan Obat Yang Baik Certification from BPOM
- Perizinan Pedagang Besar Farmasi Certification from Kementerian Kesehatan
- Sertifikasi Halal Certification from Badan Penyelenggara Jaminan Produk Halal

OTHERS

- Good EU Manufacturing Practice Certification by INFARMED (Portugal)

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

The following shows our customer satisfaction survey results:



* *The MOHE survey data concluded in March 2025 and was not part of the SIRIM assurance process.*
** *Private data is not included in IR2024 as it will be concluded in May 2025.*

Based on the above, we note that the MOH satisfaction trend continues to decline. Feedback indicates that most grievances are related to supply disruptions, leading to delays involving problematic products. In response, we have taken proactive measures, including sourcing alternative supplies, monitoring stock movements, and issuing disruption notices to mitigate the impact.

RESPONSIBLE MARKETING PRACTICES

The Ethical Marketing Team is responsible for our marketing and advertising strategies. We help our consumers make better choices by emphasising the values of honesty, integrity, and transparency. We comply with the relevant legal requirements of the Medicine Advertisement Board Malaysia in marketing and advertising our products and services. All advertisements are thoroughly reviewed before approval to ensure compliance with standards, codes, quality control, and documentation procedures before publication.

A New Functional team is created to support commercial business, called Commercial Excellence (ComEx) designed to support commercial team effectively with a very strategic framework. The team's main pillars are – Sales Force Effectiveness (SFE) Excellence, Training Excellence and Operation Excellence.

M3 SUSTAINABLE PRODUCTS AND SERVICES

By implementing an all-encompassing ESG, we can offer sustainable products and services that enhance people's standard of living, positively contribute to society, safeguard the health and safety of our stakeholders, and protect the environment.

STRATEGIC DEVELOPMENT PLAN AND KEY INITIATIVES

National policies are established to ensure a prosperous future for all Malaysians. The Malaysian Policies that impact the pharmaceutical industry are the New Industrial Master Plan (NIMP) 2030, the National Vaccine Development Roadmap and the Malaysian National Medicine Policy (NMP). The NMP was created to improve the health outcomes of all Malaysians, whereas the NIMP was established to enhance the growth and development of all industries. Among the sectors included in the NIMP, the policymakers have identified high-value pharmaceutical and medical device opportunities that can be enhanced for future growth in Malaysia and overseas.

First Locally Owned Biopharmaceutical Plant

For the year under review, Pharmaniaga completed and officiated Malaysia's first locally owned biopharmaceutical plant. The plant has a production capacity of up to the following:

- 30 million cartridges
- 25 million pre-filled syringes

"By building local capabilities, Pharmaniaga aims to help the Government reduce import dependency, particularly for critical items such as insulin and vaccines, thereby fostering a more resilient healthcare system and increasing public access to medicines."

Zulkifli Jafar
Managing Director

Sustainable Products Spotlight

Achieved successful registration of three human insulin product ranges in 2024.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

ECONOMIC VALUE AND DISTRIBUTION

Goal 1 also aligns with our Economic Vision of "Achieving balanced business growth whilst providing access to affordable and quality medicines". Our business growth induces direct and indirect economic impacts that generate value for our stakeholders and the countries where we operate. The table below shows that our economic value is distributed to our employees, capital providers, the Government, and the community:

FY2024 REVENUE: RM3,759,479,000

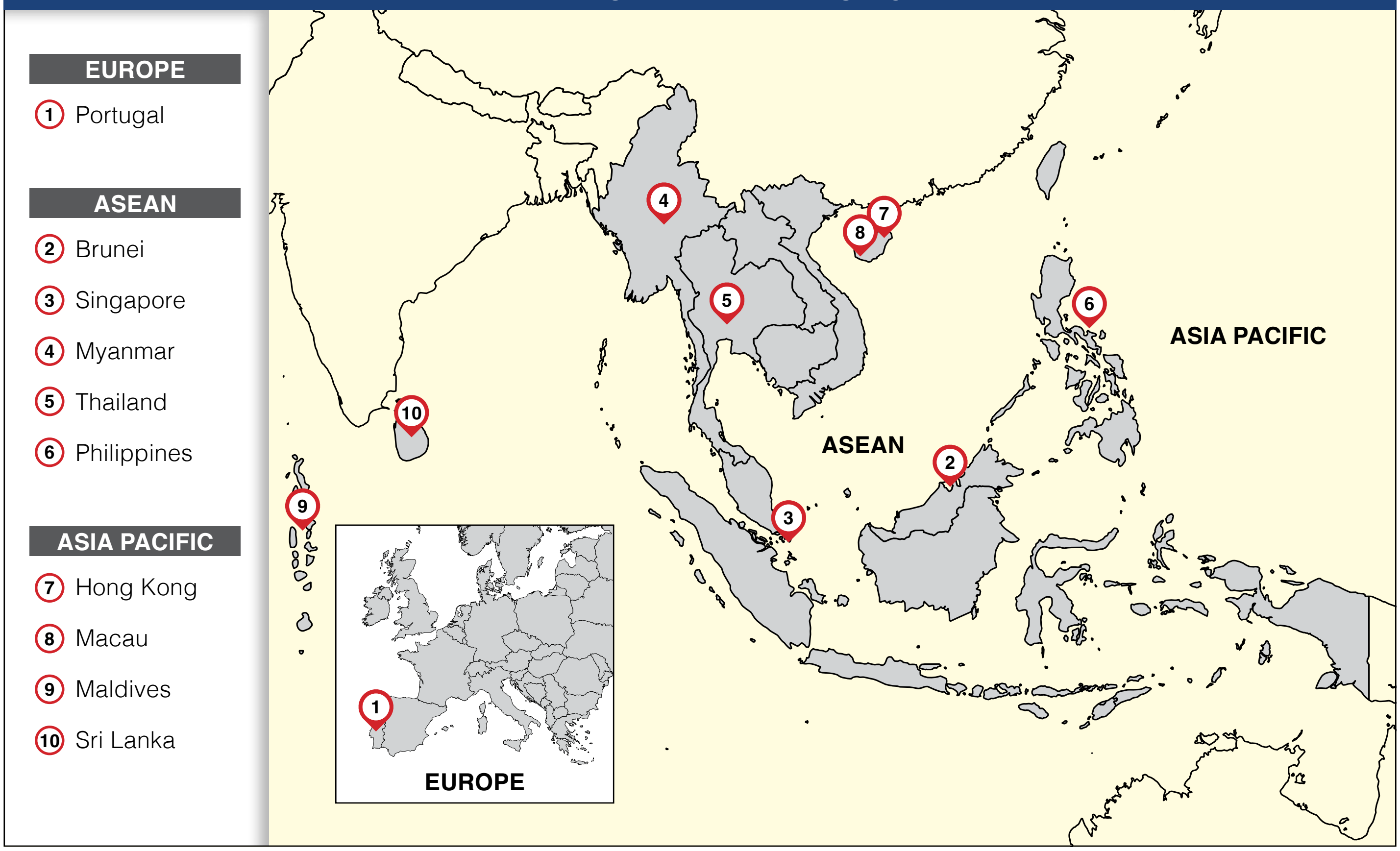
Employee Wages	Corporate Wages	Community investment	Local Supplier Spending	Employee Training Expenditure	R&D Investment
RM130,158,000	**RM30,529,000**	**RM516,000**	**RM2,088,000**	**RM1,491,000**	**RM15,849,000**

ACCESS TO MEDICINE (ATM) INITIATIVES

The Group's ATM is focused on promoting halal and affordable products. We consistently recognise that ATM is one of our responsibilities as a pharmaceutical company. Our strategy involves working in synergy with other pharmaceutical companies and collaborating with the Government and non-governmental stakeholders. The R&D expertise and capability are not feasible for less developed countries to manufacture on the necessary scale. Therefore, we believe that strategic collaborations will contribute to ATM in Malaysia and provide urgently needed medicines to market on a large scale to the developing market countries of our focus. Additionally, the ATM strategy can contribute to potential long-term revenue, considering the number of developing countries needing affordable health care.

While the current strategic focus is on the local market, Pharmaniaga remains committed to expanding its international presence. We have expanded the reach of our products to a wider range of consumers, including favourable licensing in developing countries, as shown on the market presence map below.

INTERNATIONAL MARKET PRESENCE



Halal Certified Medicine

The ability of Muslim consumers to practise their faith and fulfil their religious obligations is hampered by several factors, such as scepticism towards the authenticity of halal certifications, affordability, and labelling issues. To overcome this challenge, we are working closely with JAKIM and collaborating with Halal Development Corporation (HDC) to contribute to the recent Halal Pharmaceutical Industry Guide. We invested in state-of the-art technologies, developed our employees' Halal Audit capability, and encouraged knowledge transfer.

Pharmaniaga takes pride in how we have expanded our range of high-quality Halal-certified products. Our commitment to addressing the challenges in providing Halal-certified products has enabled us to capitalise on the opportunities presented in the Halal pharmaceutical market, which we believe can lead to a more inclusive healthcare landscape.

The table below shows the number of new and total Halal products we have offered in the past three years. In 2024, 15 products received Halal Certifications by *Jabatan Pemajuan Islam Malaysia* (JAKIM), bringing the total 201 in Malaysia.

Halal Products	2019	2022	2023	2024
Malaysia				
New Halal Products	26	15	7	**15**
Total Halal Products	154	193	190	**201** *

* *Four products were withdrawn due to inactivity for the year under review.*

Access To Affordable Products

Universal health coverage can be achieved only when there is equitable access to essential medicines and healthcare products. We contribute to this endeavour by working with all our stakeholders to find ways of responding sustainably to public health needs. The initiative to expand access to affordable healthcare products is being pursued under our five-year Development Programme. Our R&D Division is constantly exploring the feasibility of producing even more generic products and aggressively pursuing such biopharmaceuticals. Our strategy includes international collaboration to shorten the development phase and accelerate the local availability of product registration approval.

In 2023, we partnered with a reputable company in India to locally manufacture insulin production. Our aim for this partnership is to reduce the medical cost of diabetic patients and make generic insulin products available in the countries where we have a market presence. Pharmaniaga remains committed to providing affordable pharmaceutical products despite rising costs, including higher Active Pharmaceutical Ingredient (API) prices. In the reporting year, we expanded our product pipeline with 19 products approved in Malaysia, including three new insulin variants, bringing our total portfolio to 595 registered products and devices across Malaysia, Indonesia, and other international markets, including third world countries.

We have partnered with a reputable company in India to locally manufacture insulin production. Our aim for this partnership is to reduce the medical cost of diabetic patients and make generic insulin products available in the countries where we have a market presence.

We strive to reduce the prohibitive cost of pharmaceutical products to provide better access to medicine. Our primary strategy is technology knowledge transfer, digitalisation, favourable pricing to developing countries and local licensing, cost optimisation, and logistics and distribution. The Product Management Committee (PMC) closely monitors new product development to ensure timeliness, marketability, and the selection of the right partner, and concurrently avoids investment wastage and time management.

ASSOCIATIONS AND INDUSTRY COLLABORATION

Our commitment to drug safety is necessary in building a better healthcare system. We express this undertaking by building partnerships at the national and community levels because we gain invaluable expertise and experience by working with other organisations in the same industry. In this way, customers are always assured of the safety of the medically necessary drugs and dietary supplements they are taking. Moreover, these collaborations allow us to discover new technologies and changes in regulations and guidelines, helping us to stay ahead of new developments within the industry.

We are pleased to be proud members of the following national and international associations for the year under review. We have been invited as speakers to spread sustainability opportunities at events and conferences.

R&D	Manufacturing	Logistic & Distribution
• Institut Kimia Malaysia • International Society for Pharmaceutical Engineering (ISPE) • Regional Vaccine Manufacturing Consortium • UK-SEA Vaccine Hub	• Malaysia Organisation of Pharmaceutical Industries (MOPI) • International Society for Pharmaceutical Engineering (ISPE) • Halal Development Corporation (HDC) • Malaysian Pharmacists Society (MPS) • Federation of Malaysian Manufacturers (FMM)	• Malaysian Pharmacists Society (MPS)

Collaboration

International Society for Pharmaceutical Engineering (ISPE)

We continue to actively participate in ISPE programmes and initiatives to ensure alignment with global best practices, enhance our operational excellence, and support continuous improvement across our processes.

Pharmaniaga's Head of Sustainability was invited as speaker at the ISPE Conference 2024 to present on "ESG & Sustainability Initiatives Towards Net Zero Decarbonisation".

Regional Vaccine Manufacturing Consortium (RVMC)

The RVMC is an initiative dedicated to strengthening global health security and vaccine equity by advancing regional vaccine manufacturing and supply chain networks. Pharmaniaga is actively engaging with RVMC to explore collaboration opportunities, leverage its extensive network, and connect with potential strategic partners.

UK-SEA Vaccine Hub

Pharmaniaga continued its collaboration with the UK-SEA Vax Hub, reinforcing its role in strengthening vaccine R&D and manufacturing in Southeast Asia.

Halal Development Corporation (HDC)

Pharmaniaga's Head of Halal and Government Liaison was invited as Panel Speaker at their Halal Talent Symposium 2024.

Malaysian Pharmacists Society (MPS)

Pharmaniaga's Head of Sustainability was invited as a speaker at the ESG Forum, "ESG In Pharma - Driving Sustainable Excellence In The Industry".

Sertu Programme in Halal Assurance Systems (HAS)

In FY2024, Pharmaniaga was invited to develop the Sertu guideline under the Department of Standard Malaysia. Sertu is one of the basic codes, guidelines and requirements for serving Muslim customers, including the pharmaceutical sector.

Product launched at the Malaysian Medical Association (MMA) Congress

OUR CHALLENGES

Our main challenges remain to ensure timely deliveries and to offer developing countries the same quality medical products at favourable prices. The presence of multiple generic brands affects our pricing strategy. It is also challenging to find alternative halal materials, especially those with only one source. In addition, adopting new technologies and innovations in this fast-paced world can incur prohibitive costs. New technologies can sometimes be rendered obsolete before we recoup our investment. Other challenges include attracting expert talents and retaining employees.

OUTLOOK

In 2024 and 2025, our foremost aspiration is to bridge the gap in the national shortage of affordable insulin for customers primarily dependent on public healthcare. To realise this aspiration, we launched our first biopharmaceutical plant in 2024 and locally manufactured vaccines and insulins. We will also maintain or increase the profitability of existing products, develop key products for Government tender business, penetrate more international markets, and develop patent-driven products.

Amidst the aforementioned challenges, we are confident of achieving positive growth with the support of our stakeholders. We have improved customer satisfaction by expanding our warehouses and maintaining close communication with suppliers. We have solidified partnerships with international pharmaceutical companies with the same vision.

GOAL 2

ACTING WITH INTEGRITY

Good corporate governance is critical to Pharmaniaga's realisation of our strategic ambition of being a trusted and professional partner for all our stakeholders: our clients, investors, employees, and society at large. Our commitment to upholding a sound corporate governance structure and espousing excellent business ethics and exemplary behaviour is in accordance with our sustainability mission and national and international best practices. Our leaders and employees understand that integrity is at the core of our approach.

Managing the sustainability material matter for Goal 2 will lead to achieving SDGs Goals 8, 9, and 16 as well as the CF2 Pillar Peace: Social Cohesion Governance and Human Rights.

Material Matters:

- M5 Corporate Governance & Business Ethics

Key Risks:

- R1 Cybersecurity Risk
- R4 Customer, Product and Services Risk
- R6 Corruption Risk
- R7 Legal and Regulatory Risk

SDGs:

8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

MALAYSIA-UNITED NATION COOPERATION FRAMEWORK

PILLAR 4 PEACE

SPA 4: Social Cohesion, Governance and Human Rights
By 2025, Malaysia has strengthened democratic governance, and all people living in Malaysia benefit from a more cohesive society, strengthened governance and participation.

M5 CORPORATE GOVERNANCE & BUSINESS ETHICS

We believe in the importance of demonstrating ethical business practices in our business and operations. These allow us to deliver positive value as well as building strong and lasting relationships with our stakeholders.

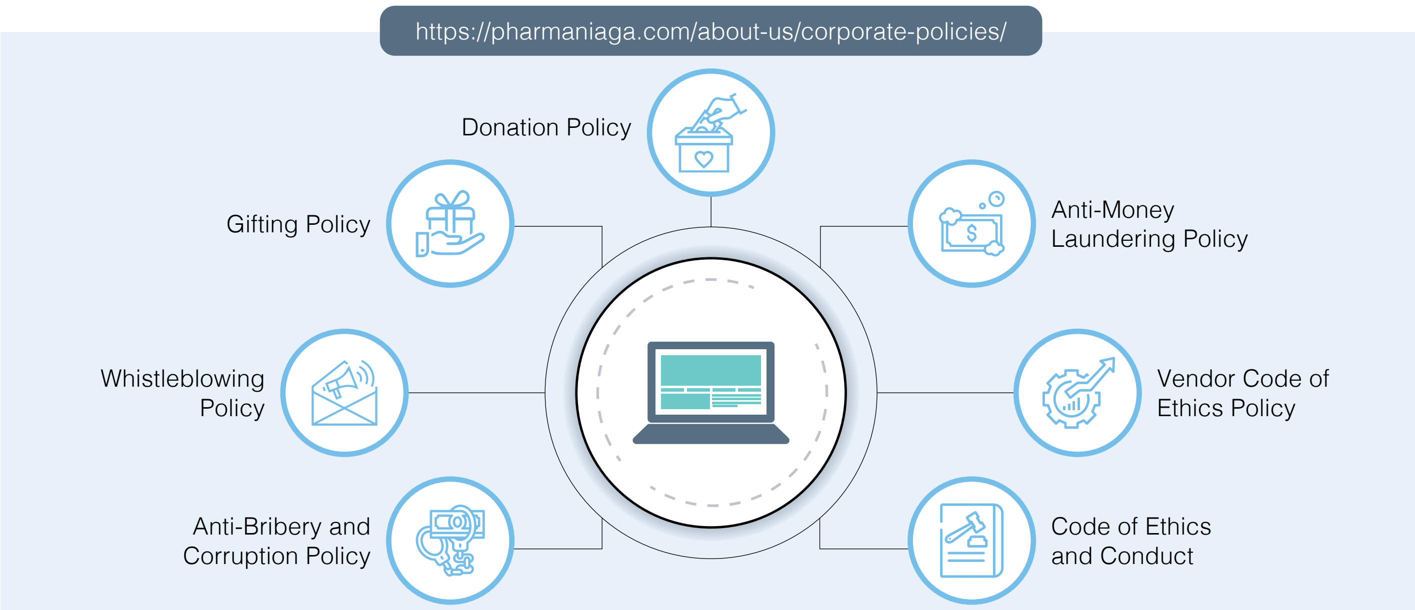
TARGETS AND OBJECTIVES

Eliminating corruption is essential to achieving Goal 2. To underscore the importance of this commitment, we aim for zero incidents of corruption by continuously improving our processes and pursuing ISO 37001 certification across all sites.

Objectives	FY2024 Performance
Zero incidents of anti-corruption.	Zero incidents of anti-corruption.
Definition of corruption is the act of giving or receiving any gratification or reward in the form of cash or in-kind of high value for performing a task – MACC 2009.	Conclusion 2024: 1 incident reported on corruption (falsifying document). However, it was classified as cheating under the code of conduct. Disciplinary action was taken.
Conduct awareness programmes annually at all sites.	47 activities.
Arrange a minimum of two vendor ABMS awareness programmes annually.	46 vendors participated in the programme.
Achieve 1,500 man-hours of training for all employees annually.	A total of 3,518 training hours were recorded with a minimum 40 hours/employee.
Organise competency programmes for the Compliance Function Unit by the end of 2024.	2 CFU training conducted.

BEST PRACTICES AND POLICIES

We subject all our subsidiaries to strict regulatory requirements, both national and international. These requirements are transposed into internal policies, with mechanisms in place to monitor operational effectiveness and compliance. These mechanisms enhance risk awareness and effective risk management, fostering a culture of integrity. We expect every part of our organisation, along with our stakeholders, to adhere to these policies. To ensure accessibility, they are available in both English and Malay on our corporate website and intranet portal.



SUSTAINABILITY STATEMENT

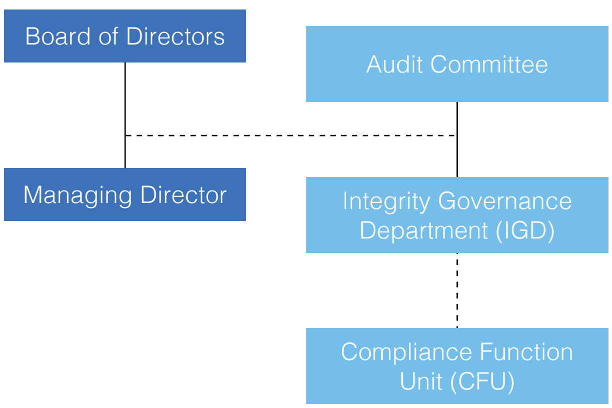
AS AT 31 DECEMBER 2024

ANTI-BRIBERY AND CORRUPTION MANAGEMENT

Seven subsidiaries of the Group (with a total of 13 sites) were certified with MS ISO 37001 Anti-Bribery Management System (ABMS). We started the journey of the ABMS certification in FY2019 and the effort continued for other subsidiaries, including the latest, Pharmaniaga Marketing Sdn. Bhd. and one Indonesia operation site. The standard allows us to prevent, detect and address bribery by adopting an anti-bribery policy, appointing a designated person to oversee anti-bribery compliance, training, risk assessments and due diligence on projects and business associates, implementing financial and commercial controls, and instituting reporting and investigation procedures.

ISO 37001 Anti-Bribery Management System (ABMS) Certified Sites
Pharmaniaga Logistics Sdn. Bhd. – (Bukit Raja & Kudrat), Sek 15, Sek 23, Kota Kinabalu, Kuching, (Juru & Prai)
Pharmaniaga Research Centre Sdn. Bhd.
Pharmaniaga Manufacturing Berhad
Pharmaniaga LifeSciences Sdn. Bhd.
Idaman Pharma Manufacturing Sdn. Bhd. Sungai Petani
Idaman Pharma Manufacturing Sdn. Bhd. Seri Iskandar
Pharmaniaga Marketing Sdn. Bhd.
PT Millennium Pharmacon International Tbk

ABMS Committee



As leaders, the Board of Directors (BOD) exercises oversight over the implementation of the ABMS and is in charge of approving objectives and targets. The Integrity and Governance Departments (IGD) ensures that adequate resources are integrated and deployed for the effective operation of the ABMS. The CFU is led by the Certified Integrity Officer (CeIO), who supports the head of departments in implementing the ABMS that applies to their areas of responsibility.

Transparency and Integrity in All Transactions

The Group takes bribery and corruption seriously. Transaction transparency ensures compliance with regulatory standards and nurtures trust and credibility. We assess the risk severity, nature and extent of bribery concerning specific transactions, projects, activities, associates, and personnel in certain positions. The assessment includes the due diligence necessary to obtain sufficient information to assess the corruption and bribery risks. A comprehensive risk assessment and evaluation process is conducted for major contracts and new vendor accreditation. Current partners are regularly monitored and evaluated. Additionally, Company personnel, tender panel members and candidates must declare any potential conflicts of interest.

Centralised Procurement (Non-Trade) Policy & Procedures

Contract Renewal & Extension Policy

To implement procedures for renewing and extending contracts, ensuring a more transparent and fair process.

Consolidation of Purchases Policy

To streamline and consolidate purchases to enhance efficiency and cost-effectiveness.

Environmental & Sustainability Policy

To emphasise the Company's commitment to environmental sustainability and responsible business operations.

Prioritisation of Local Sourcing Policy

To prioritise sourcing goods and services from local suppliers whenever feasible.

Bumiputera Vendor Policy

To promote inclusivity by focusing on supporting and engaging Bumiputera vendors in business dealings.

As part of its continuous effort for FY2024, the Company introduced a new Whistleblowing Flowchart, Whistleblowing Complaint Form, Whistleblowing Information Evaluation Committee and Gift Registration Form.

Pharmaniaga leverages digitalisation to strengthen its anti-corruption efforts by implementing automated systems that enhance transparency, accountability, and traceability across business operations. Through digital procurement platforms, real-time monitoring tools, and e-reporting mechanisms, the company minimises human intervention, reduces the risk of unethical practices, and ensures strict compliance with governance policies.

Board Tender Committee

We have established a Board Tender Committee (BTC) to ensure that objectivity, independence, fairness, and transparency are observed in awarding major contracts and that sustainability is integrated into our sourcing practices.

Vendor Integrity Pact

The vendor must uphold the highest standards of conduct and ethics and be truthful in all their representations. In the spirit of promoting values of integrity, transparency, accountability and good corporate governance, all our vendors are provided with integrity documents, which include the following:

- Anti-Bribery due diligence questionnaire
- Vendor Code of Ethics
- Vendor's Declaration on Anti-Bribery
- Conflict of Interest Declaration
- Environmental, Social and Governance questionnaire

Additionally, all vendors are obligated to promptly report questionable behaviour or any actual or suspected violations of laws, and such concerns can be reported confidentially using our vendor hotlines shown below:

WHISTLEBLOWING

Our whistleblowing channel is as below:

Dr. Abdul Razak Ahmad
Senior Independent Non-Executive Director
Email: **razak.ahmad@pharmaniaga.com**

Sarah Azreen Abdul Samat
Chairman of Audit Committee
Email: **sarah.samat@pharmaniaga.com**

Integrity & Governance Department
Email: **whistleblow@pharmaniaga.com**
Hotline: 1 800 182 082

CUSTOMER CARE

Toll free: 1 800 888 313
Email: **contactcentre@pharmaniaga.com**

In 2024, 64 vendors participated in ABMS awareness programmes listed below:

ABMS briefing to business associates at Northern Distribution Centre
11 participants

Awareness on MACC, Corporate Liability 17(A), Whistleblowing Act, Witness Act at Sabah Distribution Centre
23 participants

Anti-Bribery and Integrity Days with vendors and transporters at Sarawak Distribution Centre
25 participants

External transporter meeting at Seksyen 15 Distribution Centre
38 participants

Training and Awareness

All our employees undergo ABMS awareness training sessions. New recruits are briefed on ABMS during onboarding sessions and at the end of the session, they must sign the integrity pact. Meanwhile, current employees continuously undergo training to keep them updated on revised/new policies and guidelines.

DIRA Roadshow by sites:


PLSB Seksyen 15 & 23 Distribution Centre

PLSB Northern Distribution Centre


IPMSB Sungai Petani

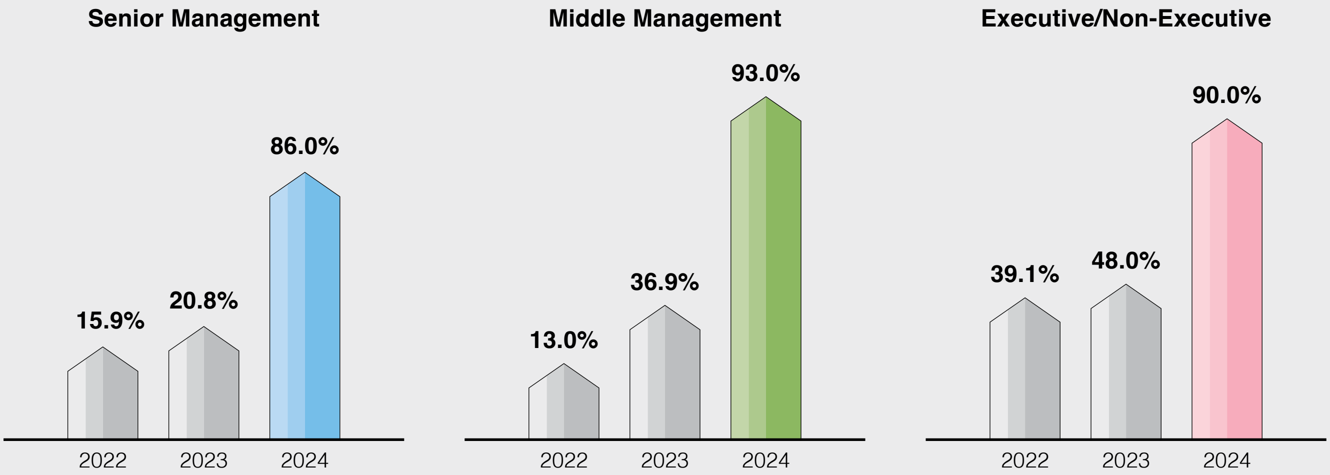
IPMSB Seri Iskandar

Below are some of the corruption-related training and awareness initiatives conducted in FY2024.

Training Name
DIRA Roadshow – Integrity and Robust Management system & Whistleblowing
ISO 37001:2016 Introduction at National Sales Conference Meeting 2024
ABMS Awareness Briefing
Compliance Function Unit Competency Training - Comprehensive Interpretation of ABMS Standard - Risk Management & Assessment Training
Briefing on SOP-PPRO-014 due to ABMS Commitment and declaration of Conflicts of Interest
Procurement Policy and Procedures (Rev. 03) Roadshow
PRC ABMS & Safety Week

Training Data

Percentage of Employees Who Have Received Training on Anti-Corruption by Category



Confirmed Incidents of Corruption and Action Taken

	FY2022	FY2023	FY2024
Confirmed incidents of corruption	0	0	**0**
Number of action(s) taken	0	0	**0**

RAISING CONCERNS

We have established a Whistleblowing Policy to create a framework for dealing with allegations of corruption, falsification of documents and abuse of power, as well as all types of misconduct and money laundering. All grievances are reported through our whistleblowing email, i.e. **whistleblow@pharmaniaga.com** and hotline at 1-800-18-2082. The platform protects the confidentiality and identity of the whistleblower. We have also created additional channels wherein our stakeholders can report their specific concerns as communicated in our policies. During the period under review, we are proud to report that there were no confirmed incidents of corruption.

Risk Assessment

Risk assessment was conducted by each division and further consolidated at the group level. We identify, measure, and rank critical corruption risks in Pharmaniaga that can potentially influence the company's operations and management. The risk register is prepared in accordance with the Enterprise Risk Management (ERM) Framework and 87% of operations were assessed for corruption risks for the year under review.

Percentage of Operations Assessed for Corruption-related Risks

	FY2022	FY2023	FY2024
Total number of operations	16	13	**15**
Total number of operations assessed for corruption risk	11	10	**13**
% of operations assessed for corruption risks	63	85	**87**

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

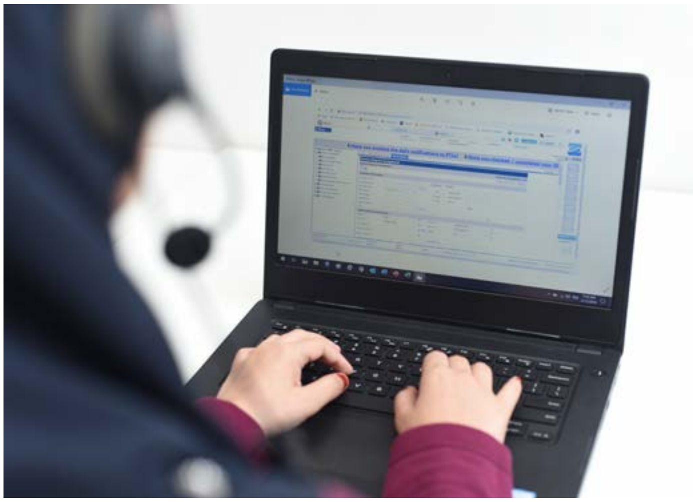
CUSTOMER PRIVACY AND SECURITY

We abide by the Malaysian Personal Data Protection Act 2010 (PDPA) and all other laws protecting the private data of our customers, partners, and other stakeholders in our countries of operation. We have built a strong foundation of privacy and security controls and protect our customers by adopting a rigorous set of security best practices.

The management of information security includes but is not limited to the following:

- Implementation and maintenance of ISO/IEC 27001:2013
- Information Security Management System (ISMS)
- Investigation of any security incidents or violations of Information Security Policies and Standards
- Continuous information security awareness and training
- Implementation of appropriate controls and measures to mitigate privacy and security risks

For the year under review, we prevented several cyber threats through our firewall and endpoint antivirus and there were zero breaches of customer privacy.



Number of substantiated complaints concerning breaches of privacy and losses of customer data	FY2022	Nil
	FY2023	
	FY2024	

OUR CHALLENGES

Corporate governance and business ethics are fundamental material matters at the core of our business and operations. We uphold integrity in all our transactions by holding our employees accountable for their actions. We accomplish this by making sure that a checks and balances system is effectively in place. In spite of this, some ethical dilemmas may be complex and may require individuals to make difficult choices. As for data privacy, our concern remains the same, the rise in engineered cybersecurity targeted at the human factor. Human risks and errors are vulnerable to various threats, including phishing and email scams.

OUR OUTLOOK

We will continue to uphold the highest Corporate governance and business ethics standards across all levels of our business, operations, and value chain. We will continually improve internal policies, processes, and controls, ensure compliance with regulations, and minimise risks. We will ensure that all our employees and supply chain are aware of our Code of Conduct and policies and are properly trained in these matters. We will consistently raise alerts on the importance of cybersecurity amongst our employees through various programmes and remain vigilant in strengthening our cybersecurity systems and safeguarding data privacy.

GOAL 3

ACHIEVING OPERATIONAL ECO-EFFICIENCY

Goal 3 is focused on promoting environmental protection and achieving sustainability excellence by doing more with less. The essence of Goal 3 is to implement measures that will enhance our operations whilst minimising or, if possible, eliminating our environmental impact by reducing our waste, consuming less energy and decreasing our greenhouse gas (GHG) emissions. For Goal 3, our prioritised SDGs are 3, 6, 7, 12 and 13; SDGs 15 and 16 are underlying. Given that these SDGs are linked to the environment, they, in turn, influence SDG 3, Health & Well-being and the promotion of the UN-Malaysia Cooperation Framework, Pillar 2: Planet.

When best practices are applied in pursuit of Goal 3, we can improve our reputation and build the trust of our stakeholders. It also makes us a more effective collaborator when engaging with our supply chain and critical business partners. By contrast, the mismanagement of these matters may expose us to various operational, environmental, legal and regulatory risks.

Material Matters:

- M6 Environmental Compliance
- M7 Resource Efficiency
- M8 Greenhouse Gas & Climate Change

Key Risks:

- R3 Strategic Risk
- R5 Environmental Sustainability Risk
- R7 Legal and Regulatory Risk
- R8 Climate Risk
- R9 People Risk

SDGs:

3, 6, 7, 12, 13

MALAYSIA-UNITED NATION COOPERATION FRAMEWORK

PILLAR 2 PLANET

SPA 2: Environment, Climate Change and Resilience

By 2025, environmental sustainability and resilience are mainstreamed priorities within the national development agenda, across all sectors and levels of society.

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

ENVIRONMENTAL STANDARDS

Pharmaniaga is certified with ISO 14001: 2015 Environmental Management Systems (EMS). We have adopted EMS as our structured approach to addressing pressing environmental concerns. Adhering to this standard expresses our commitment to regulatory compliance and ongoing environmental improvement. This, in turn, will further improve our reputation and operational efficiency, foster stakeholder trust, and enhance our partnerships with our supply chain.

MANAGEMENT COMMITTEE

We have established a Safety, Health and Environment (SHE) Committee at all our subsidiaries. Each SHE Committee consists of employee and employer representatives. The task of this SHE Committee is to organise management review meetings wherein various concerns are addressed, including performance, targets, incidents, accidents, and continuous improvement measures. These meetings are attended by the top management, department heads and representatives of all subsidiaries. The SHE Committee evaluates the Group's environmental performance and submits its findings to the Sustainability Department. A Boustead Sustainability Pack Report is submitted on a monthly basis to the Sustainability (ESG) Department for continual monitoring and improvement at the Group level. Environmental performance, amongst others, is updated to the Management and Board Sustainability Committee (BSC).

ENVIRONMENTAL POLICY

The Group's environmental policy is our commitment to the laws, regulations, and other policy mechanisms concerning environmental issues. We recognise that we must play a pivotal role in contributing to the efforts to address global changes such as climate change, biodiversity loss, and resource depletion, especially during this time of heightened environmental consciousness. To stay focused on our sustainability journey, we have established an environmental policy along with clear commitments to guide our actions.

Excerpt of the Environmental, Health and Safety (EHS) Policy

Our commitments:

- Full legal compliance and provide a set of SHE framework and objectives.
- Foster stakeholder consultation and participation.
- Foster a safe and healthy working environment and prevent work-related injury, ill health and environmental risks.
- Protect the environment, prevent pollution, eliminate hazards and reduce SHE risks.
- Adopt continuous improvement and SHE management systems and performance.

M6 ENVIRONMENTAL COMPLIANCE

We are proud to report that once again, in FY2024, we completed the year with Zero compliance incidents and fines from regulatory bodies. We have also not received any environmental-related complaints from our stakeholders.

Environmental compliance is of paramount importance to any business today. As a responsible corporate citizen, we admit that our diverse range of business activities could exert some environmental impacts. As such, we wholeheartedly comply with all relevant environmental rules and regulations for our business activities, services, and products. By adhering to applicable laws, regulations and other standards, we demonstrate our commitment to safeguarding the environment through sustainable business practices. Present at each of our sites is the SHE Committee team, which actively monitors and ensures that all our sites comply with the relevant rules and regulations in that jurisdiction. They also provide timely updates to our subsidiaries on new regulations.

MALAYSIA

- Environmental Quality Act, 1974 (Act 127)
- Environmental Quality (Clean Air) Regulations, 2014
- Environmental Quality (Industrial Effluent) Regulations, 2009
- Environmental Quality (Sewage) Regulations, 2009
- Environmental Quality (Scheduled Wastes) Regulations, 2005
- Guidelines for Environmental Noise Limits and Control, 2019

INDONESIA

- Peraturan Pemerintah Republik Indonesia Nomor 22 Tahun 2021 Tentang Penyelenggaraan Perlindungan dan Pengelolaan Lingkungan Hidup
- Peraturan Menteri Lingkungan Hidup dan Kehutanan Republik Indonesia Nomor 5 Tahun 2021 Tentang Tata Cara Penerbitan Persetujuan Teknis dan Surat Kelayakan Operasional Bidang Pengendalian Pencemaran Lingkungan
- Peraturan Menteri Lingkungan Hidup dan Kehutanan Nomor 1 Tahun 2021 Tentang Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup

SUSTAINABILITY STATEMENT

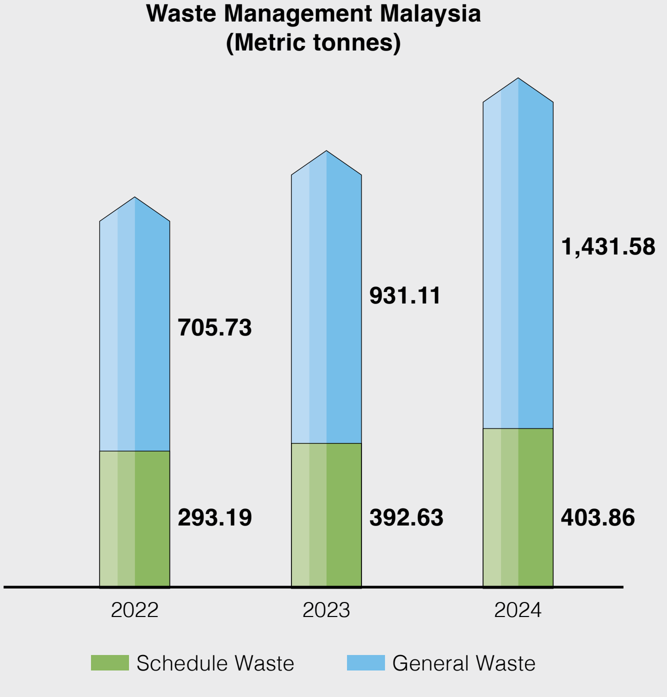
AS AT 31 DECEMBER 2024

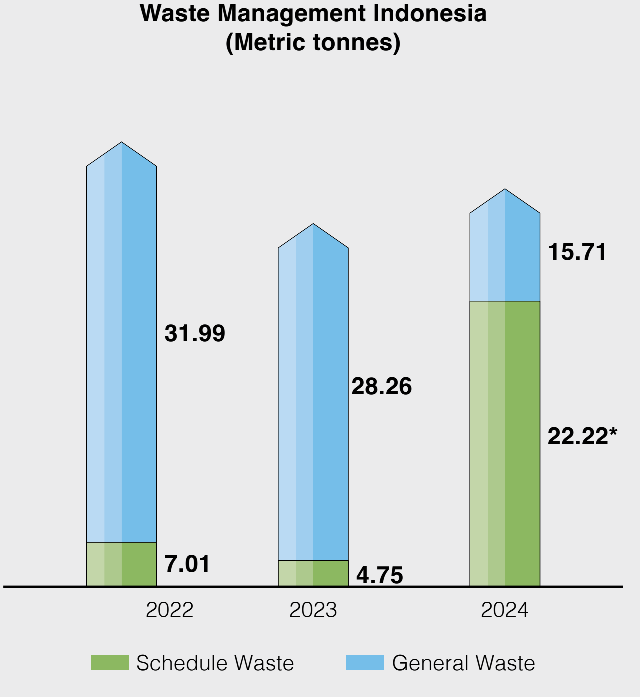
M7 RESOURCE AND EFFICIENCY

Effective resource management can be defined as finding ways to achieve a larger output from the same or lesser input. Recognising the pivotal role of effective resource management, we understand that any material and waste handling inefficiencies could expose us to operational, legal, and reputational risks. Therefore, we are unwavering in our commitment to astutely managing our resources, ensuring operational efficiency and cost-effectiveness. By prioritising resource optimisation, we safeguard our operations and contribute to sustainable practices that benefit both our company and the environment at large.

WASTE MANAGEMENT

At Pharmaniaga, our dedication lies in the efficient and sustainable utilisation of resources, aiming to diminish both our environmental footprint and operational expenses through the adoption of optimal sustainable practices and streamlined resource management strategies. We maintain rigorous adherence to pertinent laws and regulations governing material and waste management across our operations in Malaysia and Indonesia. We continue to apply new, efficient and innovative technologies to demonstrate our commitment. We encourage the practice of 3Rs (reduce, reuse, recycle). As a preventive measures, we regularly conduct internal and external audits to ensure that our environmental management practices meet and possibly exceed statutory and regulatory requirements.

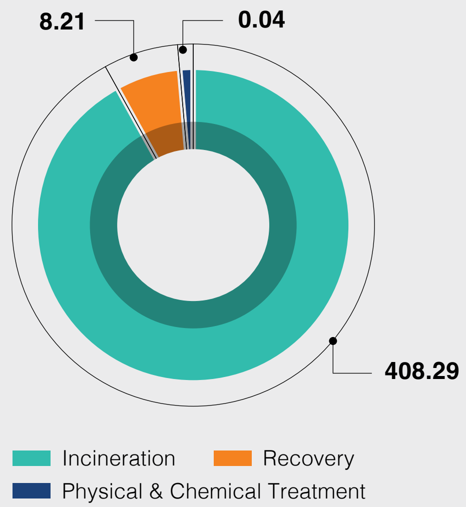




* *In 2024, the Ministry of Environment (Indonesia) updated its regulations. Plastic packaging for raw materials, paper/cardboard packaging, and leftover packaging are now classified as hazardous waste (B3) under codes B104d or SW 409. This change led to a noticeable increase in our hazardous waste data for the year.*

Waste Management (Metric tonnes)

Schedule Waste Disposal by Weight and Method (Metric tonnes)



	FY2022	FY2023	FY2024
Recycling of General Waste (Metric tonnes)	738.00	959.37	**712.26**

WATER AND EFFLUENT MANAGEMENT

Clean water is a crucial natural resource in the manufacturing of our products. Any water disruption may affect our operations and impact our productivity. We are also aware of the negative impacts our operations may have on the surrounding water bodies. We strive to mitigate and minimise any negative impacts of our operations by complying with the required laws and regulations, particularly Standards A and B of the Environmental Quality (Industrial Effluents) Regulations 2009 and by carrying out water efficiency measures, water harvesting and recycling. Whilst all our operations in Malaysia withdraw water from local municipal councils, one of our operations in Indonesia utilises groundwater and manages the water quality in-house.

WATER TARGETS

Group Target	Target at Water Stressed Area
• Municipal or potable water	• Groundwater
• Reduce 15% of municipal or potable water consumption	• Reduce 15% of Groundwater consumption
• Baseline: 2019 Target Year: 2025	• Baseline: 2019 Target Year: 2025
• Performance to date: 6.96 % decrease compared to the baseline	• Performance to date: 14.69% decrease compared to the baseline

Based on our 2019 baseline, water consumption targets have been established for all sites, focusing on enhancing rainwater harvesting and water recycling by 2025. As a member of the United Nations Global Compact Malaysia & Brunei (UNGCMYB), Pharmaniaga actively supports initiatives addressing water security and businesses' role in sustainable water management. We supported their initiative in conducting the inaugural Future Leaders of Water Sustainability (FLOWS) 2024 symposium, reinforcing our commitment to water stewardship.

WATER CONSERVATION INITIATIVES

At Water Stressed Area

We typically avoid operating in regions experiencing water stress. However, one of our operations in Bandung, Indonesia, is situated in an area facing a medium to high risk of water stress. In response, we have implemented stringent water management measures, including compliance with Government-imposed water withdrawal restrictions and regular water quality reporting to the authorities. At the same site, we have also implemented a water recycling programme, enabling us to transform wastewater into a valuable resource.

Errita collaborated with PT Enviro, a designated environmental consultant, to obtain the Wastewater Technical Approval (PERTEK AIR – LIMBAH CAIR). In October 2024, PT Errita achieved BLUE Status from the Kementerian Lingkungan Hidup dan Kehutanan (KLHK) Indonesia, recognising its satisfactory wastewater management practices.

At Non-Water Stressed

As part of our ongoing water management programmes, in 2024, we have implemented the following initiatives:

Sites	Initiatives	Details	Outcomes
PMB	Discontinued Water for Injection (WFI) and Pure Steam Generator (PSG) system usage for sterile operations to reduce overall water consumption.	Conducted a documented risk assessment for utility shutdown in sterile operations, leading to the full cessation of WFI and PSG system operations.	Improved water usage efficiency, achieving an annual reduction of 2.091 megalitres.
	Minimised water usage for boiler operations by optimising its performance.	Transitioning from high fire to low fire mode, reducing both water and energy consumption.	Achieving a total annual reduction of 4.089 megalitres.
PLS	Implemented a water reuse system by collecting discharge water from WFI generation for boiler operations and toilet flushing.	A 3,200L underground tank was designed to collect hot water from the WFI generation system.	Reduce water usage for boiler.

Water Recycling and Harvesting

We have increased our water recycling capacity from 8.71 megalitres in 2023 to 19.72 megalitres in 2024, achieving a 126.36% improvement. This initiative enhances sustainable water management, reduces overall water consumption, and supports environmental conservation efforts.

Sites	PMB	PLS	IPMSB SP	Errita	PLSB KK	TOTAL
Water Recycling (Megalitre)	5.64	13.25	N/A	0.82	N/A	**19.72**
Rainwater Harvesting (Megalitre)	N/A	0.046	0.054	0.026	0.018	**0.14**

Group Water Discharge/Water Disposal (megalitres)				(Internal Assured)
Discharge Destination	**Site**	**2022**	**2023**	**2024**
Ocean/ Sea discharge, surface water discharge, subsurface discharge		0	0	**0**
Off-Site Water Treatment	PMB	9.56	9.69	**9.23**
Other discharge (Public Sewer)		0	0	**0**
TOTAL DISCHARGE				

Note: Data for other water discharge destinations, such as the ocean and public sewer, are recorded as zero, since Pharmaniaga only discharges water to off-site water treatment facilities.

Group Water Withdrawal or Consumption (megalitres)			(Internal Assured)
Type of water	**2022**	**2023**	**2024**
Ocean/Sea, Subsurface, Quarry water, external wastewater	0	0	0
Purchased or Potable Water	354.07	273.50	296.25
Groundwater (well, boreholes)	21.38	15.35	14.46
Other discharge (Public Sewer)	-	-	-
TOTAL	**375.45**	**288.85**	**310.71**

Note: Data for other water discharge destinations, such as the ocean and public sewer, are recorded as zero, as Pharmaniaga only discharges water to off-site water treatment facilities.

M8 GREENHOUSE GAS AND CLIMATE CHANGE

An increase of 2°C against the temperature in pre-industrial times is associated with severe negative impacts on the natural environment and human health. Also, it includes a risk that could cause catastrophic global climate changes. For this reason, the international community has recognised the need to keep warming well below 2°C and pursue efforts to limit it to 1.5°C.

At Pharmaniaga, we recognise the necessity of adapting to climate change. We are currently stepping up our climate action to implement more robust measures. Each of our subsidiaries strives to counter climate change's impact by using energy-efficient technologies, utilising renewable energy, and collaborating with our stakeholders. The Group monitors and allocates necessary resources to ensure that each of our subsidiaries contributes to the Group target and achieves the desired performance.

For more information on climate change please refer to pages 125 to 132.

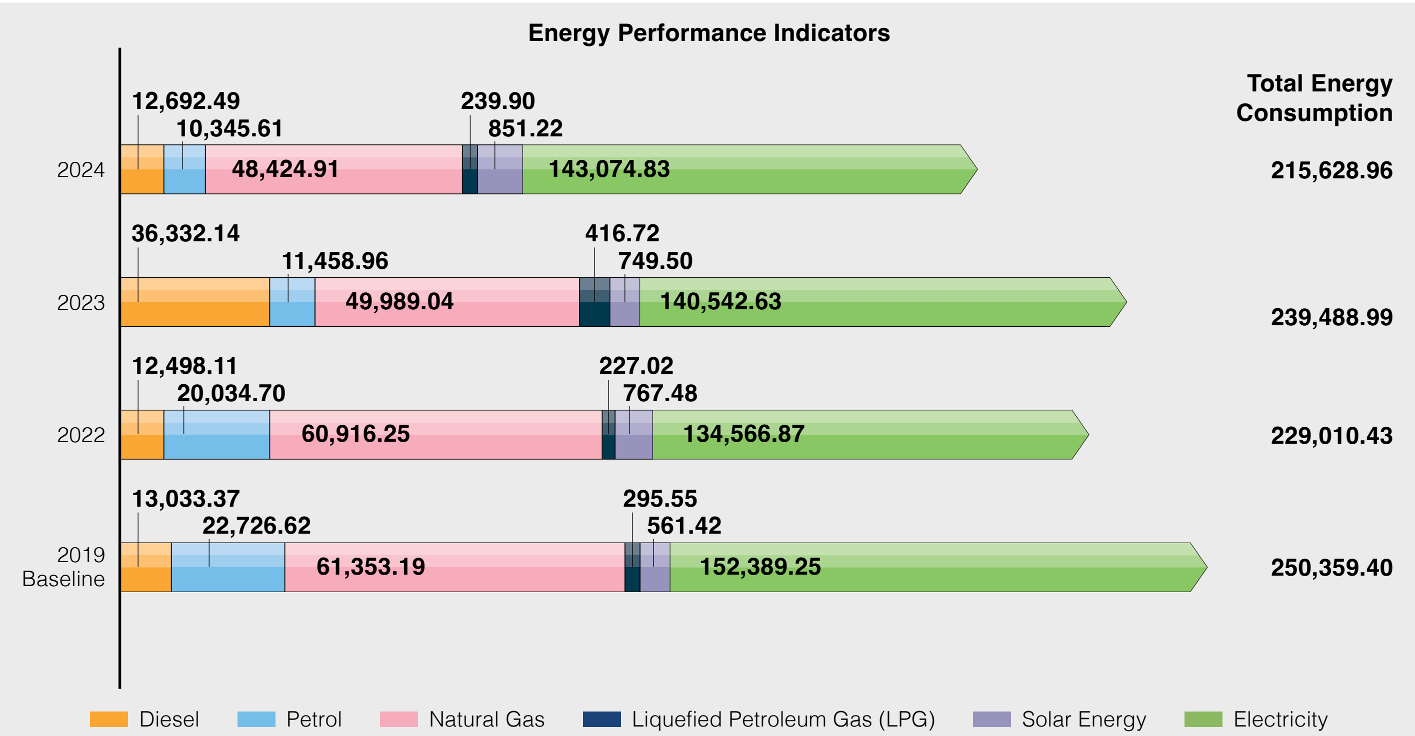
Metrics and Targets

The Group has set a medium-term (2020-2025) target, with 2019 as our baseline year. To this end, we have been collecting data and disclosing our Scope 1 and 2 GHG emissions since 2019. As part of our transition to a low-carbon economy, in 2024, we are disclosing Scope 3 GHG emissions from employee commuting and business travel limited to road trips.

Total GHG Emissions (tCO_2e)

Types of Emissions	2019 Baseline	2021	2022	2023	2024
Scope 1	9,257.95	6,442.14	6,044.78	6,576.49	**5,610.63**
Scope 2	28,245.64	25,242.26	25,051.73	29,081.55	**30,328.97**
Scope 3: Employee commuting & business travel by road	-	-	-	-	**6,660.77**

Reference: GHG Framework: GHG Emissions Protocol Calculation Tools
Emission Factor: Grid Emission Factor (GEF) Malaysia, 2017-2021, Malaysia Energy Information Hub (MEIH)



Energy Intensity (GJ/RM mil Revenue)					
2019 Baseline	2021	2022	2023	2024	Performance % of Reduction against the 2025 target
88.76	48.67	65.23	70.92	**57.36**	**35%**

Climate Change Target:	The Group aims to reduce absolute Greenhouse Gas (GHG) emissions by 15% by 2024, using 2019 as the baseline.
Current Progress:	As of 2024, absolute GHG emissions have been reduced by 4.17% compared to 2019.
GHG Intensity Achievement:	In addition to absolute reductions, GHG emissions intensity (tCO_2e per RM million revenue) has significantly improved, with a 28.12% reduction from 2019 to 2024.
Key Distinction:	While absolute GHG emissions reduction is the primary target, the decrease in GHG intensity reflects improved efficiency in emissions per unit of revenue.

Initiatives

DECARBONISATION PROGRAMME

The Group Decarbonisation Programme aligns with the Malaysian Renewable Energy Roadmap (MyRER) to encourage energy transition and support the nation's agenda to achieve Net Zero Carbon Emissions by 2050. The Programme is envisioned to significantly reduce the energy consumption and carbon emissions of Pharmaniaga's operations across Malaysia and Indonesia.

Since 2022, we have embarked on a Decarbonisation Programme to accelerate Pharmaniaga's transition to a low-carbon economy. The programme is envisioned to significantly reduce the energy consumption and carbon emissions of Pharmaniaga's operations across Malaysia and Indonesia. The initiative will form a joint venture company to facilitate the programme's implementation. It will enable both companies to leverage their technical expertise and resources.

Renewable Energy Initiative

In 2024, we ramped up our environmental initiative through the Solar Photovoltaic System Project in collaboration with a leading local Bumiputera sustainable energy solutions provider with a strong track record in renewable energy and energy efficiency projects. This has no upfront cost as it is under the decarbonisation programme and can also earn us tax rebates through the Green Incentive Tax Exemption (GITE) and Green Incentives Allowance (GITA).

To ensure the success of the solar energy programme a steering committee has been established to support, guide, and oversee the solar energy project from various departments as shown below:

Procurement	Legal	Integrity	Quality and Safety	Risk Management
Facilities Management and Services	Sustainability	Finance	Administration	

NEW

Project Commissioning: **September 2025**

Expected cost savings of up to **RM2.7 million** annually

To generate approximately **6,000 MWh** of solar energy annually

Target avoidance of **4,550 tCO_2e**

Solar panels will be installed at the following locations:

- Pharmaniaga Logistics Sdn. Bhd., Section 7, Shah Alam
- Pharmaniaga Logistics Sdn. Bhd., Section 15, Shah Alam
- Pharmaniaga Manufacturing Berhad, Bangi
- Pharmaniaga LifeScience Sdn. Bhd., Puchong
- Idaman Pharma Manufacturing Sdn. Bhd., Sungai Petani
- Idaman Pharma Manufacturing Sdn. Bhd., Seri Iskandar

Renewable Energy Performance to date

To date, Idaman Pharma Manufacturing Sdn. Bhd., Sungai Petani have generated 4,532.33 GJ of solar energy and avoided 923.37 tCO_2e.

Period	Solar Energy Generated (GJ)	Avoided Emission (tCO_2e)	Energy Cost Saved (RM)
FY2024	851.22	183.01	RM1,130,665
FY2023	749.50	157.81	RM233,654
FY2022	767.48	137.10	RM75,933
FY2021	768.68	158.22	RM193,460
FY2020	834.03	171.67	-
FY2019	561.42	115.56	-
Total	**4532.33**	**923.37**	**RM1,633,712**

Electric Vehicle (EV) Initiative

In line with our Decarbonisation Programme, we recognise transportation's pivotal role in contributing to greenhouse gas emissions. We have integrated electric vehicles (EVs) into our operational framework to address this challenge, recognising them as a crucial component of our sustainable mobility strategy. We have initiated a pilot project employing two electric vans for last-mile distribution across various areas of the Klang Valley. This proof-of-concept project is only the beginning of more intricate initiatives.

Energy Efficiency Initiative

Energy efficiency notably reduces GHG emissions, direct emissions from fossil fuel combustion. The information below shows our initiatives.

Sites	Initiatives	Type of energy source	Cost saving (RM)	Energy Saved (GJ)	Emissions Avoided (tCO_2e-)
PLS	Maximising the output of a single chiller instead of operating two units to support three cleanroom facilities from September to December 2024.	Purchased electricity	Estimate RM10,000/month	N/A	N/A
PMB	Installation of a new Variable Speed Drive (VSD) compressor in the Compressed Dry System.	Purchased electricity	RM66,397	240.97	14.21
	Conversion of the HVAC system sterile operation from Grade B to Grade D to reduce dehumidifier operation and AHU unit usage.	Purchased electricity	RM152,742	1,018.28	214.41
IPMSB SP	Replacement of 108 existing spotlights with 20-watt LED lights in Storage 4 Warehouse to enhance energy efficiency and reduce electricity consumption.	Purchased electricity	RM662	6.72	1.44
	Replacement of 5 existing spotlights with 300-watt solar-powered lights at IETS to reduce reliance on conventional electricity and promote the use of renewable energy.	Purchased electricity	RM1,150	11.66	2.51

Sites	Initiatives	Type of energy source	Cost saving (RM)	Energy Saved (GJ)	Emissions Avoided (tCO_2e-)
PLSB Bukit Raja	Upgraded to an energy-efficient chiller at Chiller Plant A to enhance cooling efficiency.	Purchased electricity	RM321,496	4,887.00	1,029.00
	Optimised chiller operation at Chiller Plant C through fine-tuning.				
	Implemented temperature control in BR office, maintaining a range of 23-25°C in alignment with Government office temperature guidelines.				
	Completed 100% LED lighting conversion at BR premises, replacing all existing lights with energy-efficient LED fixtures.				
	Total		**RM542,448**	**6,164.63**	**1,261.57**

Pharmaniaga's Green Building Visit: Advancing Sustainable Infrastructure (Internal assured)

As part of our commitment to sustainability and energy efficiency, Pharmaniaga organised a Green Building Visit to key facilities that have successfully met the Malaysia Green Building Index (GBI) standards. The visit included Malaysian Green Technology and Climate Change Corporation (MGTC), the Diamond Building at Suruhanjaya Tenaga, and AIN Medicare, providing valuable insights into best practices in green building design, energy efficiency, and sustainable operations.

The delegation includes members of the Sustainability Team, alongside the Heads of Engineering from Malaysia and Indonesia Operations. This initiative aimed to enhance knowledge and explore potential improvements that could be implemented within Pharmaniaga's own facilities to align with green building standards and sustainable practices.

Key takeaways from the visit included:

- Energy Efficiency Measures – Advanced building designs that optimise energy consumption.
- Sustainable Resource Management – Integration of renewable energy and water conservation systems.
- Green Certification & Compliance – Understanding the processes required for GBI certification.

By learning from these industry leaders, Pharmaniaga is committed to enhancing its building infrastructure, reducing its carbon footprint, and fostering a greener future in line with Malaysia's sustainability goals. This visit marks a significant step towards incorporating sustainable building practices within the organisation's operations.

Suruhanjaya Tenaga

AIN Medicare


MGTC

Environmental Training

As part of our commitment to environmental sustainability, Pharmaniaga has actively invested in environmental training and capacity building for employees. In 2024, we successfully completed 1,105 training hours, equipping our workforce with essential knowledge and skills to support our sustainability initiatives.

A total of 132 employees participated in training sessions conducted by external providers, covering a wide range of critical environmental topics, including Carbon Footprint & Greenhouse Gas (GHG) Reporting, Scheduled Waste Management Training, Seminars on Environmental, Health & Risk and Certified Environmental Professionals in the Operation of Industrial Effluent Treatment Systems.

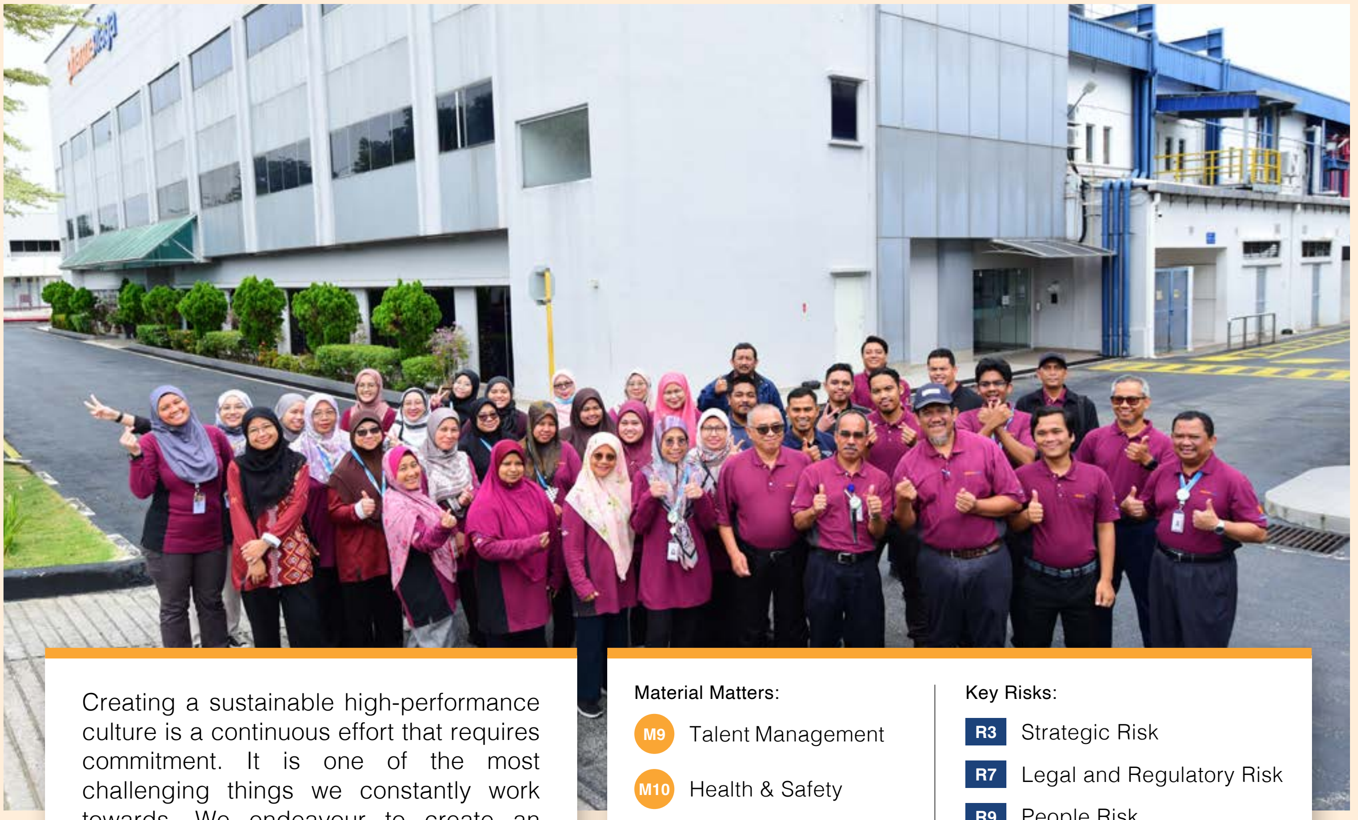
132 employees attended

1,105 hours of Environmental Training

These training programmes enhance our employees' awareness and expertise in environmental compliance, resource efficiency, and sustainable best practices, reinforcing our commitment to environmental stewardship.

GOAL 4

CREATING A SUSTAINABLE AND HIGH-PERFORMANCE WORKFORCE



Creating a sustainable high-performance culture is a continuous effort that requires commitment. It is one of the most challenging things we constantly work towards. We endeavour to create an environment that consistently promotes and supports highly productive workers aligned with organisational goals and objectives while ensuring the well-being and development of our employees.

Goal 4 centres on protecting fundamental human rights and our employees' and stakeholders' health and safety. The expected outcomes of Goal 4 are to enable employees to have fair and decent work and to empower them to reach their full potential. These will guarantee not only their professional growth but also their health and safety, as well as having a fair income. Goal 4 centres on attracting, developing, motivating, and retaining employees to align their skills and capabilities with organisational goals.

Material Matters:

- M9 Talent Management
- M10 Health & Safety

Key Risks:

- R3 Strategic Risk
- R7 Legal and Regulatory Risk
- R9 People Risk

SDGs:

MALAYSIA-UNITED NATION COOPERATION FRAMEWORK

PILLAR 1 PEOPLE

SPA 1: Leaving No One Behind - Ensuring a prosperous nation through inclusivity and well-being for all

By 2025, poor and vulnerable groups living in Malaysia benefit from more equity-focused and high-quality social services as well as social protection system that ensures an adequate standard of living for all.

POLICIES AND COMMITMENTS

Gender Diversity Policy	Sexual Harassment Policy	Work From Home Policy	Workplace Bullying Policy
Safety and Health Policy	Employee Code of Ethics and Conduct	Elimination of Child Labour	Elimination of Slave Labour
Elimination of Excessive Work Hours	Recruitment of Disabled Employees	Rights to Freedom of Association	Employment of Underprivileged Groups

We have enacted policies and carried out preventive measures to address human rights issues and ensure the equitable treatment of our employees and stakeholders. Some policies are disclosed on the website, and others are posted on our intranet. These policies are available in English and Malay languages to facilitate better understanding and communication and are applicable to the entire Pharmaniaga Group including Indonesia operations. During the employee induction programme, employees are informed of these policies and the grievance channels where they can report incidents.

Malaysia is a signatory to the Convention on the Rights of the Child (CRC), and in lockstep with the national aspiration, the Group commits to Children's Rights and Business Principles. To this end, we align with principles 2 and 5 to ensure that children's medicines are safe and to establish age-verification mechanisms for recruitment processes within the Group.

We adhere to the Children and Young Persons Employment Act 1966, and there are no child labour incidents in our operations since Pharmaniaga's inception.

M9 TALENT MANAGEMENT

We challenge our people to do their best work and reward those who deliver outstanding results in a fair and human-focused manner. Thus, we equip our people with the latest and most relevant learning and development opportunities and support every employee in areas that matter to them and to the Group.

TRAINING AND DEVELOPMENT

We enhance the skills and capabilities of our workforce by exposing them to continuous training and upskilling programmes which will help them thrive in their respective roles and remain competitive in the job market.

The three types of training conducted are as shown below:

Functional, Technical, Compliance& Development	Soft Skills	Continual Education Programme (CEP)
Develop the capability of employees to perform their current and future work activities to remain competitive.	Enhance employees' behaviours, attitudes, and aptitudes to fulfil their current roles, embed accountability, and develop leadership potential.	Provide educational support to employees who wish to pursue tertiary education.

Currently, under the CEP, seven employees have received financial assistance to pursue further their studies at one local university. Three are pursuing diploma courses, while four are taking bachelor's degrees. In 2024, Pharmaniaga continued its efforts to ensure employees receive appropriate training and development. The investment in training for 2024 saw a significant increase in both budget allocation and utilisation with an increase of RM1 million compared to the year before.

Additionally, through collaboration with NIBM, Pharmaniaga successfully sent 14 employees to attend and obtain certification under the *Program Pengukuhan dan Pembangunan Penghasilan Vaksin Negara* by the National Institute of Biotechnology Malaysia (NIBM). A total of 16 programmes were offered to Pharmaniaga, and the programmes were conducted both locally and internationally, such as India, Korea, and the United Kingdom.

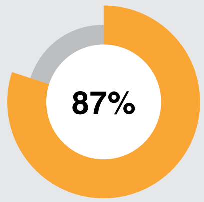
SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

		FYE2022	FYE2023	FYE2024
Training Investment (RM)	In-House Training	RM913,977	RM301,822	**RM1,155,199**
	External Training	RM1,325,257	RM586,656	**RM802,774**
Average Training Hours per Employee	External training	32	23	**28**

Performance Review and Succession Planning

A communication platform is established between employees and the head to discuss training needs, which is translated into the employees' Performance Management Systems (PMS). Each performance review is conducted through one-to-one sessions with line managers to discuss career advancement and determine any essential training needed to fill skill gaps. This initiative provides employees with room for development, ensures they remain competitive and competent in the job market and improves employee engagement and retention. In 2024, Pharmaniaga's management approved the talent and succession planning framework and structure. Several identified talents and successors underwent assessments to evaluate their capabilities and identify skill gaps. These assessments will serve as a benchmark for the Training Department in implementing the Management Development Programme (MDP) in 2025.

% Completed Evaluation (Internal Assurance)



2024

The 87% PMS submission rate as of 31 March 2025, reflects on-going reconciliation, attributed to resignations, new employees as well as those affected by the organizational restructuring exercise during the year under review.

New Hire

Recruitment Platforms

Social media

Leverage social media platforms such as LinkedIn, Facebook, Indeed, BrioHR, and Instagram to share job postings, Company updates, and other relevant information.

University Career Fairs

Participate in university career fairs to connect with students and recent graduates seeking entry-level or internship opportunities in the pharmaceutical industry.

Networking Events

Join networking events, industry conferences, and professional association meetings to connect with potential candidates and build relationships within the industry.

NEW Collaboration and engagement with top talent recruitment agencies such as Hays, PV Executive, and Human Capital Resources HCR Malaysia for highly technical and C-Suite positions.

BENEFITS AND REMUNERATION

We believe that nurturing the needs and welfare of our employees will translate into their improved overall well-being, raise their work productivity and lead to a shared commitment to the Group's success. We abide by the national minimum wage law, and our pay scale is above the minimum wage requirement benchmarked against our industry peers. Our Employee Handbook was revised with an improved remuneration and benefits package. We also comply with the regulations for upholding equal pay and equal work. Male employees are granted paternity leave and female employees are entitled to 98 consecutive days of paid maternity leave, including off days, rest days, and public holidays, as defined in the Employment Act of 1955. Additionally, for the employees who have worked with the company between 15 to 25 years, we honour their loyalty, contribution and commitment, with Long Service Award.

Financial Assistance

- Car loan interest subsidy
- Medical benefit
- Employee insurance (Group Term Life & Group Personal Accident Insurance)
- Attendance allowance
- Tuition subsidy (dependent children)
- Higher education entrance subsidy (dependent children)
- Retirement gift
- 15% EPF Employer contribution after 2 years of service
- Donation upon death of employee & immediate family members

Leave Support

- Birthday leave
- Marriage leave
- Paternity leave
- Maternity leave
- Compassionate leave
- Haji leave
- Pilgrimage leave
- Special leave

Well-Being Support

- Back-to-school tokens
- Flood relief assistance
- Flexible working hours
- Work from home
- Fruit baskets for hospitalised employees
- Celebratory cash or gift for employees first marriage
- Gift for birth of children

SAFEGUARDING EMPLOYEE HUMAN RIGHTS

Pharmaniaga recognises the importance of incorporating human rights, social responsibility and sustainability issues into our business operations. To institute Human Rights across the Group, we adhere to the national laws and regulations as well as commit to the following international guidelines:

National Laws	International Guidelines
Employment Act, 1955	Children's Rights to Good Health and Education
Children and Young Persons (Employment) Act, 1966	International Bill of Human Rights
Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446)	UN Guiding Principles on Business and Human Rights
Anti-trafficking in Persons and Anti-smuggling of Migrants Act	OECD Guidelines for Multinational Enterprises

We believe that human rights are universal and serve as a moral compass in pursuing our goals. Therefore, we treat our stakeholders equitably and do not discriminate against our employees and stakeholders regardless of their age, gender, ethnicity, religion, disability or nationality. We abide by Employment Acts and all the relevant labour laws and strive to embed fair labour practices across our business operations in the countries where we operate. In Malaysia, we have also committed to best practices prescribed in the UN Guiding Principles on Business and Human Rights.

We strive to eliminate modern slavery or forced labour when hiring a foreign workers by adhering to the Anti-trafficking in Persons and Anti-smuggling of Migrants Act and the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446).

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

Freedom of Association & Collective Bargaining

Pharmaniaga upholds its employees' rights to freedom of association and collective bargaining and abides by the Industrial Relations Act 1967 and the Trade Unions Act 1959. The rights of the unionised employees are also covered in the Employee Handbook and relevant Company policies. Employee rights include getting overtime rates for union employees, payment of allowances, salary adjustment contract execution, salary structure and increments. In 2024, 11.19 % of our employees were covered by Collective Agreement. We review and revise the Collective Agreement every three years to maintain a harmonious long-term working relationship with union employees. The latest Collective Agreement was signed in August 2022; union members' visits and discussions with employees are held whenever required. Employees who are not covered by Collective Bargaining Agreements receive reasonable working conditions and terms of employment as stated in the Employee Handbook.

	FY2019	FY2022	FY2023	FY2024
No. of Union members	288	265	237	**223**
% of Union members out of total no. of employees	13.44	12.11	11.79	**11.19**
% of Union members out of total no. of non-executive	23.36	22.75	22.51	**21.80**

Diversity and Inclusion

We make hiring and promotion decisions based on merit and do not discriminate against employees regardless of age, gender, ethnicity, religion, disability or nationality. Among the diverse groups that enrich our workforce are hiring People with Disabilities ("PWDs"). We have also enhanced the Work-From-Home ("WFH") Policy to address the needs of mothers who have to take care of their children.

In 2024, there were zero reported incidents of discrimination among employees. We recognise the importance of having diverse representation in our leadership. In light of the need to improve the number of women in prominent roles, the Sustainability Board Committee and the company will take the necessary measures to ensure that at every possible event, diversity will be accounted for in the appointment of Board members and employees as part of our effort to achieve 30% ratio objective set by the Malaysian Code on Corporate Governance (MCCG). We are currently at 27%. The Company also offer both maternity and paternity leave and for the year under review, the parental leave return to work and retention rates for males are 99% while for females, they remain at 100%.

Diversity Data

% Directors by Ethnicity	FY2022	FY2023	FY2024
Malay	71.40	88.90	**83.40**
Chinese	14.30	0	**0**
Indian	0	0	**0**
Other Ethnic Minorities	14.30	11.10	**8.30**
Non-Malaysian	0	1.00	**8.30**

Employee by Nationality		2022		2023		2024	
Country		Number	%	Number	%	Number	%
Malaysia	Local	2,293	60.69	2000	56.96	**1,989**	**57.32**
	Non-local	8	0.21	6	0.17	**4**	**0.12**
Indonesia	Local	1,474	39.02	1,502	42.95	**1,473**	**42.45**
	Non-local	3	0.08	3	0.09	**4**	**0.12**
	Total number of employees	3,778		3,511		**3,470**	

Employee by Ethnicity		2022		2023		2024	
Country		Number	%	Number	%	Number	%
Malaysia	Malay	2,014	53.31	1,771	50.44	**1,766**	**50.90**
	Chinese	98	2.59	66	1.88	**68**	**1.96**
	Indian	96	2.54	85	2.42	**80**	**2.31**
	Other Ethnic Minorities	85	2.25	78	2.22	**75**	**2.16**
	Foreigners	8	0.21	6	0.17	**4**	**0.12**
Indonesia	Indonesian	1,474	39.02	1,502	42.95	**1,473**	**42.45**
	Others	0	N/A	0	N/A	**0**	N/A
	Foreigners	3	0.08	3	0.09	**4**	**0.12**
	Total number of employees	3,778		3,511		**3,470**	

M10 HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Pharmaniaga is certified with ISO 45001:2018 Occupational Health and Safety Management Systems (OHSMS). The standard sets out our guidelines for managing health and safety risks at the workplace. It enables our business units to set high standards in its procurement, manufacturing, storage and distribution services of products to both hospitals and clinics in the public and private sectors. Below is the excerpt from our Health and Safety Policy and commitments which outline our planning, implementation, operation, audit and review. Key elements include leadership commitment, worker participation, hazard identification and risk assessment, legal and regulatory compliance, emergency planning, incident investigation and continual improvement.

HEALTH AND SAFETY POLICY

Our commitments:

- Identify hazards and risks and eliminate them wherever possible.
- Continually improve performance and fulfil regulatory and stakeholder requirements.
- Inculcate a safety and health culture via awareness, training programmes, consultations and participation of all stakeholders and related parties.

HEALTH & SAFETY GOVERNANCE

In our steadfast commitment to protect our employees, the established Safety, Health and Environment (SHE) Committee sustains its stewardship by organising quarterly meetings to discuss health and safety issues. All issues including incidents and accidents raised by employer and employee representatives to the SHE Chairman are discussed thoroughly.

1. Reports of hazards to SHE Committee
2. Registration of hazards in Internal Hazards Form
3. Identification and communication of hazards solution with the relevant department for necessary actions
4. A follow-up measure to ensure the hazards no longer pose a risk
5. Case resolved

INITIATIVES

HIRARC

We conduct Hazard Identification, Risk Assessment, and Risk Control (HIRARC)/ Hazard Identification, Risk Assessment, and Determining Control (HIRADC) before any work is commenced at any operational site to assess and control potential risks. Employees are expected to immediately report to the SHE Committee for further assessment when a hazard is identified. The SHE Committee will manage the hazard based on the hierarchy of controls to ensure that the risk is addressed accordingly. These measures are set to provide a safe and conducive workplace for our employees.

Training Programmes

The Group ensures that its employees participate in Health and Safety training and programmes throughout the year to keep them updated with the latest best practices on health and safety at work.

Employee Wellbeing

Quality of life has traditionally been measured using economic indicators. Whilst these are still essential metrics, they fail to capture the whole picture of someone's life. In today's working environment, employee well-being has expanded beyond financial concerns to include having a holistic work-life balance that caters to their personal, physical, emotional, social and professional needs. To this end, we have reviewed our benefits and have made some improvements to promote a good work-life balance. We offer work leaves for marriage, paternity, maternity, bereavement, and religious reasons. In addition, we have introduced flexible working hours and work-from-home initiatives.

We also continue to organise sports and social gatherings, which give an opportunity to our employees to network with their colleagues, build relationships and improve team spirit. We take care of the mental health of our employees by exposing them to the company wide stress management training. We also conduct the Depression, Anxiety & Stress Scale (DASS-21) Survey and blast health poster campaigns on a monthly basis amongst others.

Volleyball tournament

Lip Lap Raya Pharmaniaga

Bubur Asyura Feast

Do It Right Always (DIRA) Programme

The DIRA campaign serves as a vital platform for fostering transparent, engaging, and impactful communication across the Group. DIRA ensures that key messages on integrity, sustainability, and corporate responsibility are effectively disseminated through various employee engagement initiatives, awareness programmes, and structured communication channels. In 2024, the Group has launched several DIRA engagement initiatives, including:

- *DIRA Roadshow 2024*: Successfully conducted at 12 sites, reinforcing the Group's commitment to staff awareness, learning, development, and engagement.
- *Wellness Warrior Programme (Weight Loss Challenge and Diabetes Management Programme) Challenge*: A total of 427 employees participated, including 8 in the Diabetes Management Programme. Collectively, participants achieved a total weight loss of 850 kg, reinforcing a culture of health and well-being within the organisation.
- *Environmental Awareness Programmes*: The used cooking oil recycling initiatives successfully recycled 822.2 kg of used cooking oil across three subsidiaries, driving sustainable waste management efforts.
- *Community-driven activities*: Such as Lip Lap Raya Pharmaniaga across the Group, including Indonesia's operation sites, where vibrant decorations were crafted from recycled materials, blending tradition with eco-friendly practices, fostering a fun, creative, and team-oriented work environment.
- *Merdeka and Hari Malaysia Celebrations*: These celebrations feature quizzes, Merdeka hiking, and colouring contests for employees' children, strengthening employee engagement and national pride.
- *DIRA Poster Blast*: The DIRA email blasts have proven valuable tools in spreading awareness about diseases, disaster emergency responses, safety reminders, sustainability practices, and committee appreciation posts. These initiatives align with our sustainability goals creating a sustainable and high-performance workforce.

Diabetes Awareness Day

Hari Kemerdekaan Republik Indonesia

SUSTAINABILITY STATEMENT
AS AT 31 DECEMBER 2024

HEALTH AND SAFETY PERFORMANCE

Health & Safety Performance	2022	2023	2024
Frequency Rate	3.20	2.79	**1.77**
Lost time injury frequency rate (LTIFR)	2.97	1.54	**1.77**
Lost time incident rate (LTIR)	0.59	0.31	**0.35**
Accident Rate	6.24	5.70	**3.46**

Contractors and Subcontractors Health & Safety	2022	2023	2024
Amount of time lost due to workplace injuries	0	0	**0**
Lost Time Incident Rate (LTIR)[1]	0	0	**0**

[1] *LTIR is calculated by dividing the total number of lost time injuries by the total number of hours worked at the end of the reporting period.*

OUR CHALLENGES

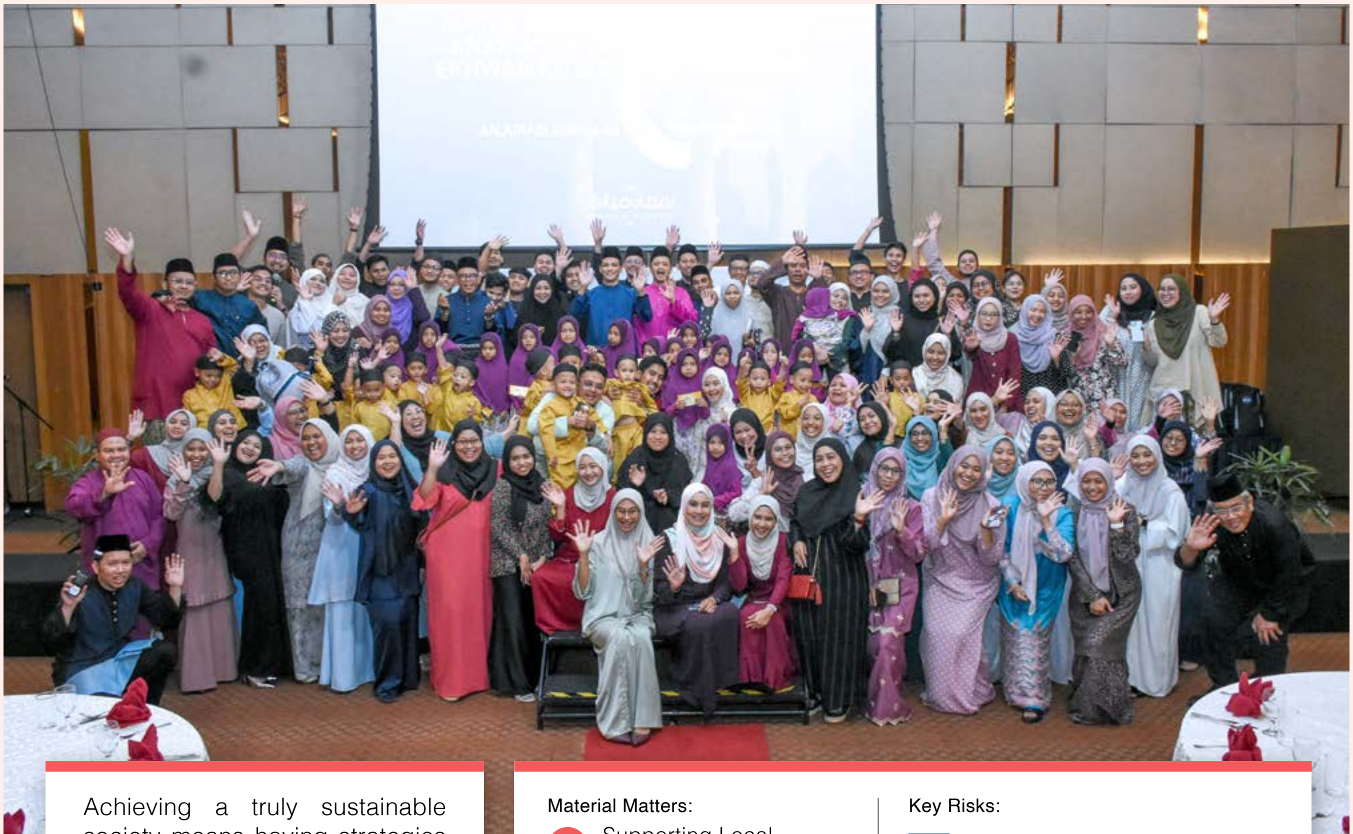
Retaining and attracting the best talent is one of our main challenges within our extremely competitive industry. Our goal is to select the best candidates available in the most objective manner without condoning any form of discrimination. We strive to inculcate a culture of Health & Safety amongst our employees by involving them at every stage of the process and encouraging them to demonstrate their commitment to adopting the current best practices in their day-to-day operations. However, an unavoidable incident may impair our zero fatality and zero LTIR.

OUTLOOK

Though retaining the best talents is a significant challenge, we remain committed to exposing our people to internal upskilling training programmes so that they can grow to be high-performing individuals who can better contribute to the company. We maintain our employees' job satisfaction by motivating them and identifying their needs. We monitor each individual's performance to develop their specific capabilities. We provide opportunities for career growth and paths for succession planning, and we support their aspirations. We strictly enforce health and safety management in compliance with relevant statutory laws and regulations and nurture our employees' mental health and well-being.

GOAL 5

BUILDING A BETTER SOCIETY



Achieving a truly sustainable society means having strategies that focus on social commitment. To this end, Goal 5 concentrates on our ESG impacts on the supply chain and the communities where we operate. The goal is to ensure inclusive and sustainable economic growth, leaving no one behind, aligned with the transformative promise of the SDGs and the CF2 Prosperity Pillar.

Material Matters:

- M11 Supporting Local Businesses
- M12 Corporate Responsibility

Key Risks:

- R3 Strategic Risk
- R4 Customer, Product and Services Risk
- R5 Environmental Sustainability Risk
- R8 Climate Risk
- R9 People Risk

SDGs:

1 No Poverty, 3 Good Health and Well-Being, 8 Decent Work and Economic Growth

MALAYSIA-UNITED NATION COOPERATION FRAMEWORK

PILLAR 3 PROSPERITY

SPA 3: Inclusive and Sustainable Economic Growth
By 2025, Malaysia is making meaningful progress towards an economy that is inclusive, innovative and sustainable across all income groups and productive sectors.

M11 SUPPORTING LOCAL BUSINESSES

Local businesses represent the backbone of every regional economy. They increase employment, stimulate innovation, and keep communities vibrant. With this objective in mind, we advance Goal 5 by improving the lives of our communities and suppliers. By supporting local industries through various programmes that upskill local vendors and suppliers, we increase their business opportunities and create resilient jobs. Whilst supporting local businesses, we contribute to the advancement of the community in health, education, and welfare matters, amongst other things.

LOCAL PURCHASING

Our commitment is to prioritise local vendors whenever possible. However, we engage the services of foreign suppliers in some cases, given that certain materials are locally unavailable.

Proportion of spending on local suppliers			
	FY2022	FY2023	FY2024
Total amount of spending on all suppliers (RM)	2,699,607,835	1,983,075,500	**2,618,110,206**
Total amount spent on local suppliers (RM)	1,881,043,307	1,590,921,162	**2,087,753,505**
Proportion of spending on local suppliers (%)	70.00	80.00	**80.00**

VENDOR DEVELOPMENT PROGRAMME (VDP)

Our VDP aims to assist in the Ministry of Health's (MOH) agenda to improve the pharmaceutical industry in Malaysia by helping vendors build their capabilities and skills to secure public grants for initiatives such as manufacturing innovative local equipment. Pharmaniaga aspires for local vendors to acquire the knowledge and competence to compete with foreign counterparts regarding services and product offerings. To this end, we have implemented initiatives to upskill our homegrown suppliers, hoping to boost their business opportunities even further.

The VDP strategically supports Bumiputera pharmaceutical manufacturers through two key initiatives:

- Skim Anak Angkat (SAA) – A mentorship-based programme to develop and nurture Bumiputera vendors.
- Skim Panel Pembuat Bumiputera (SPPB) – A panel system to ensure priority procurement from qualified Bumiputera manufacturers.

Two of our vendors secured a grant under the VDP programme in FY 2024, as shown below.

	Project Title	
	Modernisation & Development of Premium Antimicrobial Foley Catheter	**The Project of Medical Device Products to Innovate, Improvise, Design to reduce Moulding Defects**
Application Date	February 2024	March 2024
Awarded Date	November 2024	November 2024

SUPPLIER ENVIRONMENTAL AND SOCIAL ACCOUNTABILITY

External factors also affect our efforts towards sustainability. As sustainability issues and regulatory frameworks continue to evolve, so do our environmental and social considerations in the supply chain. Thus, we have created a set of environmental and social best practices that our supply chain must adhere to, develop, and maintain. These standards measure performance, mitigate risk, and increase transparency.

All our suppliers must abide by the Group's social and environmental policies, especially our zero-tolerance for child labour, modern slavery and compulsory labour. Our supply chain must also comply with all relevant immigration laws in recruiting foreign labour and our human rights commitments in Goal 4 (Safeguarding Human Rights). Our purchasing department is vigilant in monitoring human rights violations in our supply chain. All of these are included in our suppliers' vetting.

Supplier Assessments	2023	2024
Total number of new suppliers	116	**101**
Number of new suppliers assessed using environmental criteria	116	**101**
Number of new suppliers assessed using social criteria	116	**101**
% of suppliers screened for environmental criteria	100	**100**
% of suppliers screened for social criteria	100	**100**

M12 Corporate Responsibility

Pharmaniaga considers the whole community, the local employees and businesses, the local Government and civil societies as our partners in building a resilient community. We have finalised a Donation Policy to provide a framework for donations and sponsorships. The policy reflects our commitment to good corporate governance in ethically doing corporate responsibility initiatives, including no donations to any political parties.

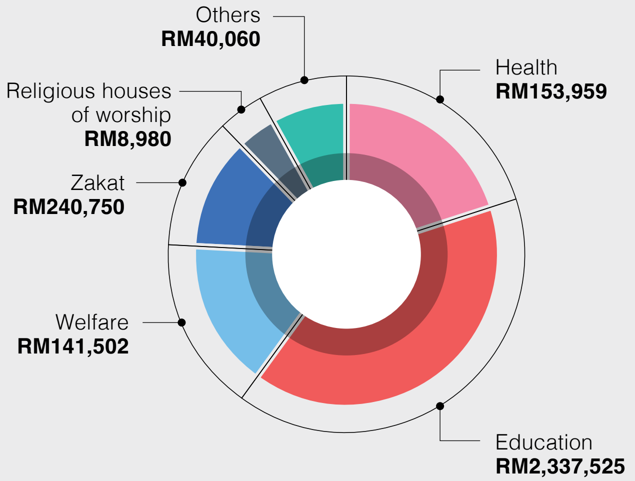
Our main pillars are to advance the community's health, welfare, education, and zakat. We have also catered to other areas, such as urgent community concerns. We have partnered with various organisations to advance our community agenda. The breakdown of our corporate responsibility initiatives for both Malaysia and Indonesia operations for the year under review are as follows:

RM2,948,464
Invested in the Community

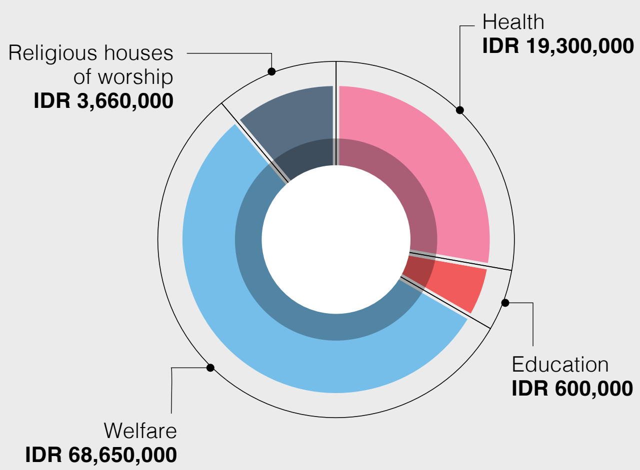
1,104
Number of Beneficiaries

Breakdown of CR donations

MALAYSIA
TOTAL RM2,922,776



INDONESIA
TOTAL IDR 92,210,000
(RM25,688)



Blood donation drive

Orphanage visit by MPI

Internship programme: Protege Yayasan Lembaga Tabung Angkatan Tentera (LTAT)

Basic health check lead by SOS at Camp Mahkota Kluang in collaboration with LTAT

Donation to underprivileged blind children Yakenutis (Yayasan Kesejahteraan Tuna Netra Islam)

Pharmaniaga donates Vitamin C to Hospital Kuala Lumpur under the Hero Ramadhan initiative

EMPLOYEE VOLUNTEERING INITIATIVE

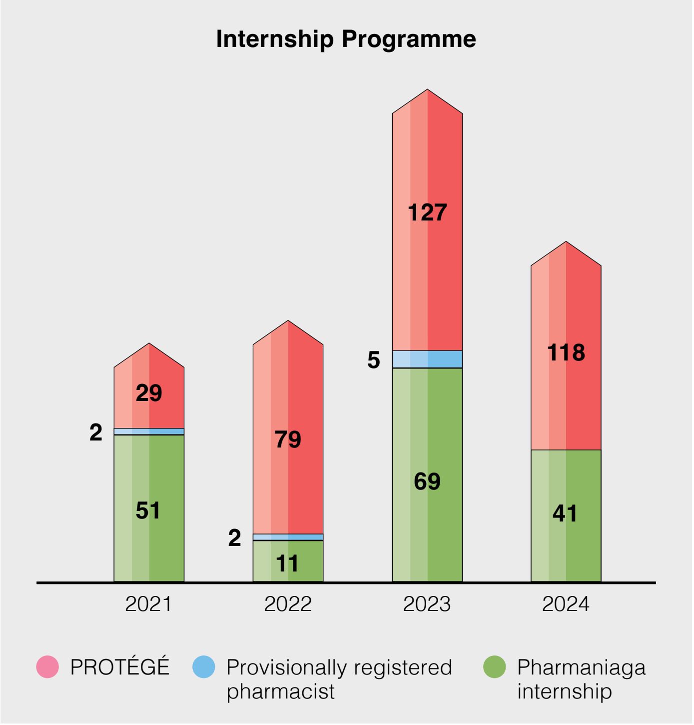
Employee volunteering helps boost employees' happiness levels and sense of purpose making them more engaged at work and building connections with their work community. Pharmaniaga has formed the Skuad Operasi Sihat (SOS) volunteer team to encourage a volunteering spirit, whose main objectives are to raise public health awareness and conduct CR programmes. The SOS team members represent various levels within the organisation at all sites across Malaysia. In the previous year, volunteering activities were focused on tree planting activities. In 2024, 114 employees volunteered in various activities such as health visiting homes, orphanages, and community clean-up programmes.

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2024

INTERNSHIP PROGRAMME

The Group internship programme offers work experience to fresh graduates from various fields and those aligned with the health sector. The Professional Training and Education for Graduating Entrepreneurs (PROTEGE) is meant for multiple fields of education, whereas the internship for Provisionally Registered Pharmacists is meant to build a pipeline for the health industry.



CHILDREN'S RIGHTS TO GOOD HEALTH

It is our policy to protect children from exploitation through any form of work that interferes with their growth and development. We accomplish this through our core business activities, strategic social investments and philanthropy, advocacy, and partnership with peers in the health sector. In collaboration with our peers, we are in the R&D stage to develop a 6 in 1 combination vaccine (Hexavalent) for childhood immunisation. The Group's investment and venture into the biopharmaceutical segment will facilitate the Government's National Immunisation Programme (NIP).

We are steadfast in our commitment to fighting child labour and have put our efforts into protecting children's rights to good health and education through the upkeep of orphanages, pharmaceutical product donations to orphanages, and school sponsorships.

Wellness Contribution for RuKTAA Children

OUR CHALLENGES

Creating a more equitable and sustainable society requires addressing complex challenges such as income inequality, environmental degradation, and social well-being. To maximise our impact within our operational contexts, the Group must strategically prioritise resource allocation, focusing on initiatives that align with our core business capabilities.

OUTLOOK

Rooted in Goal 5 and its related material priorities, the Group envisions a future where our supply chain and communities thrive. We will continue to invest in empowerment programmes, fostering collaborative ecosystems that expand supplier capabilities and equip individuals with the resources to pursue their dreams and drive meaningful progress.

TCFD ALIGNED DISCLOSURES

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

At Pharmaniaga, we recognise the necessity of adapting to climate change. We are currently stepping up our climate action to implement more robust measures. For the year under review, we are transitioning from Task Force on Climate-related Financial Disclosures (TCFD) to International Financial Reporting Standards (IFRS), International Sustainability Standards Board (ISSB)/ S1&S2, and to comply with the National Sustainability Reporting Framework (NSRF). Our first step in preparing to mitigate climate-related risks was to conduct a climate risk assessment to identify the potential climate hazards at all our premises and their impact on our operations.

The disclosure below shows our initial actions and disclosure following the S1 and S2 guidelines. As we move forward, we will further develop our climate actions and deepen our mitigation measures.

1 GOVERNANCE

The Group has established clear structures, processes and roles to ensure that our climate commitments are relevant. The Board of Directors (the Board) is primarily responsible in providing oversight function and strategic direction for the Group's sustainability initiatives and programmes, approves sustainability targets and monitors its progress. The Board through Board Sustainability Committee (BSC), continuously enhance sustainability initiatives and programmes including the management of climate related risks. Decisions are approved at the Board level before cascaded down to the Sustainability Management Committee (SMC) for monitoring, Sustainability Working Group (SWG) for implementation as well as Sustainability Department for coordination.

For more information on our sustainability governance structure, please refer to our approach to sustainability governance section on pages 75 to 76.

2 STRATEGY

The Group recognised the risk related to climate change and therefore it is tracked as one of the Group's Corporate Risk and subjected to regular review and update to the Risk Management Committee (RMC), Board Risk Investment and Committee (BRIC) and the Board on quarterly basis. The Group embraces its roles to address climate change as a producer and distributor of pharmaceuticals products, assets owner and responsible business. This commitment is evident in our formulation and implementation of sustainability initiatives and programmes, track and monitors the sustainability targets as well as assessment on climate related hazards at our premises.

We are stepping up our climate action to implement more robust measures to identify the climate risks and opportunities that will impact our business in the long term. Please refer below on our 2-pronged approach on climate risk.

TCFD ALIGNED DISCLOSURES

CLIMATE RISKS AND OPPORTUNITIES

Climate risks are an important topic for our internal and external stakeholders, and classified into two categories; transition and physical risks.

TRANSITION RISKS AND OPPORTUNITIES

The potential financial and operational challenges that businesses face as the world shifts towards a more sustainable, low-carbon economy.

Potential Risks	Challenges	Opportunities
Policy and Regulation More stringent environmental emissions can make it more expensive for businesses to sustain.	**Stricter Regulations:** Stricter laws and regulations can increase compliance costs. **Compliance Failure:** Non-compliance can lead to fines, lawsuits and shutdowns.	**Sustainability Reporting Requirement:** Good, transparent reporting can enhance the Group's reputation. **Tax Incentives:** Receive tax breaks through eco-friendly purchasing.
Market Shift The Group must adapt when consumers demand green products, which could increase cost.	**Consumer Expectations:** Consumers' growing environmental consciousness necessitates increased transparency and sustainability, which presents a substantial operational burden. **Market Competition:** Market saturation in the green sector can make it more challenging to be noticed and compete.	**Green Finance:** Take advantage of green financing to help fund eco-friendly projects. **Carbon Markets:** The Group can trade carbon to reduce emissions or create new revenue streams.
Technology Advancement New green technologies can make current ones outdated, leading to more technology investments.	**Regulatory Pressures:** Stricter law and regulations will require investments in cleaner technologies and raise costs. **Technological Adaptation:** Staying updated with the latest eco-friendly technology can be challenging and costly.	**Green Investment Tax Allowance (GITA)** **GITA Asset:** Provides green technology purchase tax breaks. **GITA Project:** Provides green technology project tax breaks.
Reputation & Legal Ignorance and failure to comply with the new environmental rules may tarnish the Group's image and cause legal implications.	**Managing Public Perception and Trust:** It is crucial to identify and check risks that could bring negative attention to the Group.	**Community Engagement:** Collaboration with the local communities and NGOs can strengthen the Group's reputation.

PHYSICAL RISKS AND OPPORTUNITIES

The physical risks are the controls in place across the business that build resilience against the impacts of physical climate risks. Due to the nature of our business, these risks are centred around potential damage to our infrastructure and disruption to services. The diagram below maps our physical risk in Malaysia and Indonesia operations. Addressing these risks requires a coordinated effort from the Government, private sector, and communities to build resilience and ensure sustainable development.

Physical Risks	Challenges	Opportunities
Country Profile: Flood/Drought/Global Temperature Rising/Sea-level *(Asian Development Bank, 2021)*		
Actual events in Malaysia Flood/Fallen Tree/Landslide-Sinkhole/ Rising Sea Level/Rising Temperature/ Strong Wind Flooding and rising sea levels pose significant risks to product distribution, potentially cutting off access routes. If not addressed promptly, these issues could erode stakeholders' trust. This risk is particularly acute in areas with limited routes and a heavy reliance on water transport. **Actual events in Indonesia** Flood-Tsunami/Drought-Wildfire/ Landslide/Rising Sea Level/Earthquake-Tremors/Strong Wind Indonesia is highly prone to natural calamities, and such hazards pose significant risks to transportation. They could potentially cause structural damage to our facilities, delivery delays, and higher operational costs.	• **Disruption of raw material supply** • **Destruction of assets** • **Interruption in the distribution of products and services** • **Health and safety of employees** • **Increases in temperatures lead to a rise in energy consumption**	• Innovation in Drug Development: Pharmaceutical companies can improve medicines and therapies to treat new illnesses related to climate change. • Market Expansion: Pharmaceutical companies can create opportunities to expand their reach to areas affected by climate-related health issues. • Implementation of Sustainability Initiatives: Sustainability offers the opportunity to change for the better, helps us comply with new requirements, and attracts new investors. • Enhancing Supply Chain Resilience: This presents an opportunity for Pharmaniaga to invest in disaster-resistant infrastructure and diversified logistics. Strengthening warehouses, optimising delivery routes, and integrating risk-mitigation technologies demonstrate the Group's dependability as a pharmaceutical provider, particularly during crises.

TCFD ALIGNED DISCLOSURES

ADAPTATION PLANS

The Group's cold, warm, and hot strategy represents our readiness and resiliency in response to both current and future climate related hazards. These strategies will be progressively implemented in response to the specific challenges faced by key division according to the key impact indicator.

Business Continuity (BC) Strategies

Key Impact Indicator	(Standby) Cold Strategy	(Replication) Warm Strategy	(Diversification) Hot Strategy
Employee Business disruption due to loss of/inadequate crucial workforce.	Employee in another location that have been trained to do the same activity, but are not yet experienced and will require guidance.	Employee in another location that are experienced and able to undertake the same activity, but not yet doing so.	Employee in separate locations that are concurrently undertaking the same activity.
Work Area Business disruption due to loss of access to crucial work area.	Separate premises that have some of the facilities required to undertake an activity, but additional facilities will be required before the activity can be undertaken.	Separate premises that have all facilities required to undertake an activity, but it is not currently being used.	Separate premises where the same activity occurs in parallel.
Raw Material Business disruption due to loss of/lack of essential supply.	Replacement items held in a separate location that could be used with modification.	Duplicated items held in a separate location that is not currently being used.	Duplicated items held in separate locations with stock being supplied from both locations.
System Business disruption due to loss of critical system.	An operational copy of the system held in a separate location and a backup of its data that needs to be loaded and tested with manual switching to be made live.	An operational copy of a system and its data held in a separate location that is periodically synchronised with the live version and needs switching to be made live.	Two copies of a system and its data in separate locations that are kept synchronised and live.
Asset Business disruption due to loss of crucial asset/ technology.	Replacement equipment held in a separate location that needs to be made operational.	An exact non-operational copy of the equipment held in a separate location that can be rapidly made live.	Duplicated operational equipment held in a separate location, with an automatic transfer from one to the other.
Distribution Business disruption due to loss of primary distribution routes.	Pre-plan multiple alternative routes.	Diversify transportation modes by using a mix of road, rail, and air transport.	Maintain buffer stock at satellite office/warehouse to handle delays.

3 RISK MANAGEMENT

In 2024, the Board approved the revision of Enterprise Risk Management (ERM) Framework which amongst other the inclusion of climate change as part of our external risk category. In addition, risk related to climate change is recognised in the Corporate Risk Register and monitored on quarterly basis to ensure effective implementation of sustainability initiatives and programmes and tracked the sustainability targets.

Our Risk Management team also conducted climate risk assessment for the year under review, involving all subsidiaries in Malaysia and Indonesia operations to identify the likelihood of future climate hazards and their potential impacts to the Group operations. The climate risk assessment involves the following processes:

Climate Risk Assessment Process

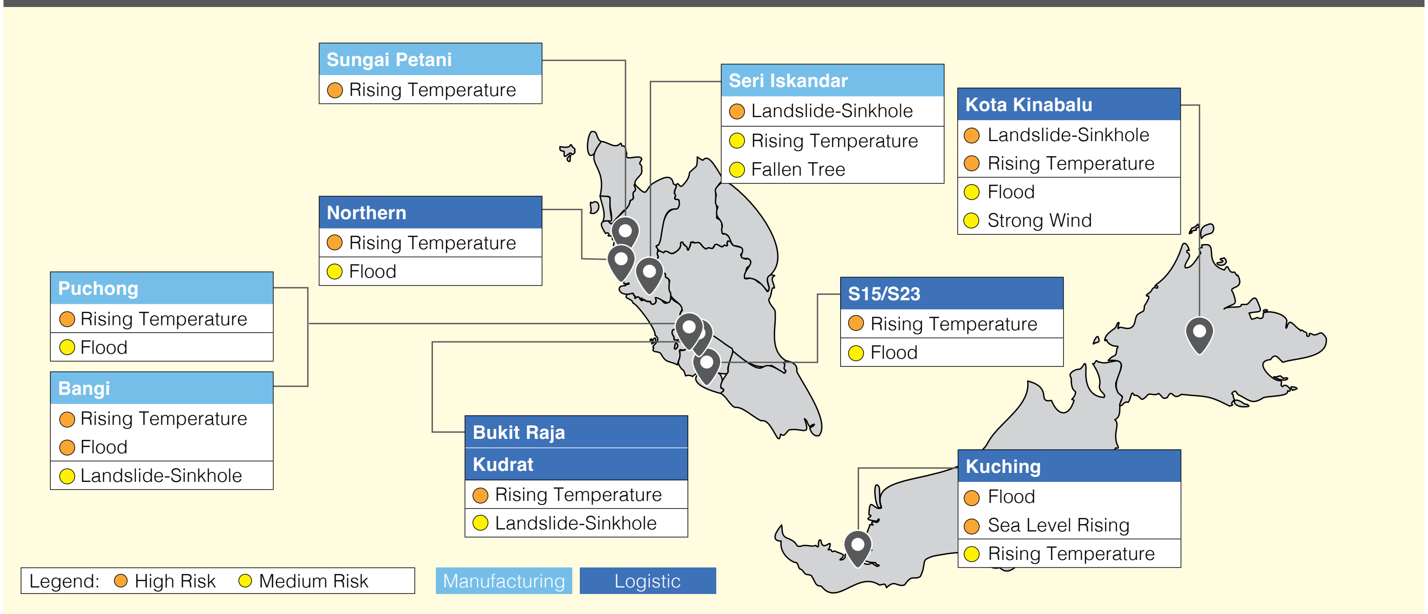
TCFD ALIGNED DISCLOSURES

Based on the assessment, we noticed slightly different climate scenarios between Malaysia and Indonesia operations mainly due to different geographical locations. The identified climate scenarios are as follows:

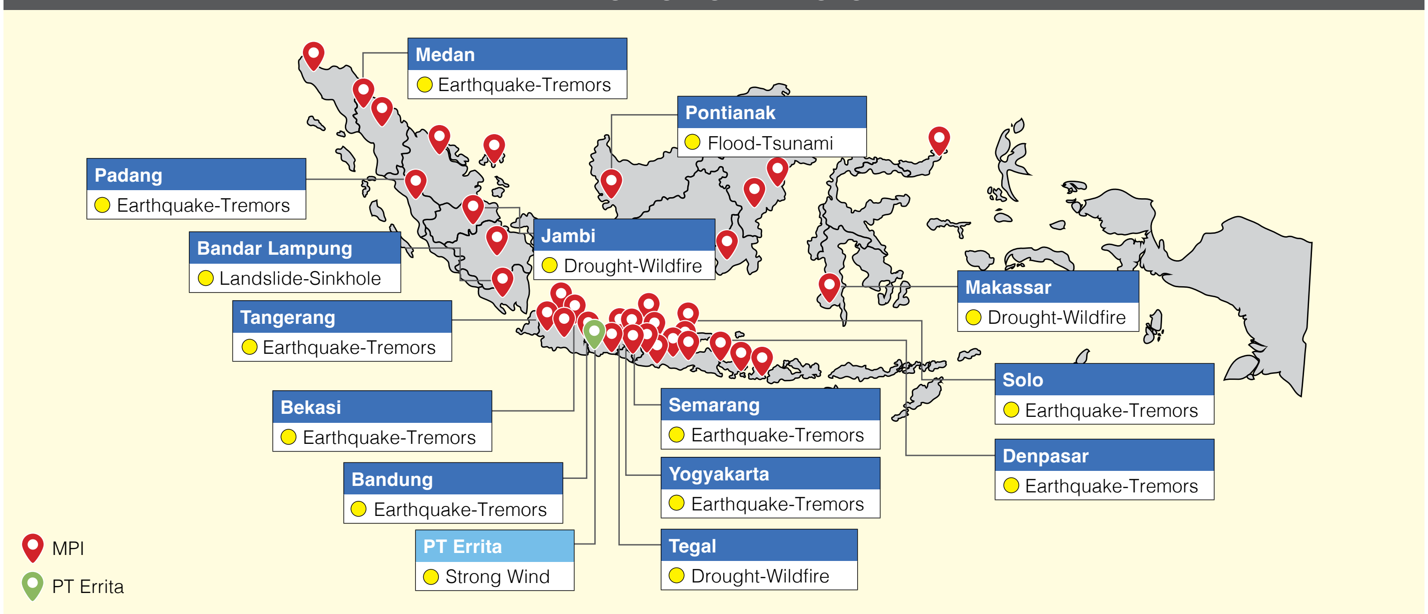
Malaysia Operations		
	1.	Flood
	2.	Fallen tree
	3.	Landslide-Sinkhole
	4.	Rising sea level
	5.	Rising temperature
	6.	Strong wind

Indonesia Operations		
	1.	Flood-Tsunami
	2.	Drought-Wildfire
	3.	Landslide-Sinkhole
	4.	Rising sea level
	5.	Earthquake-Tremors
	6.	Strong wind

MALAYSIA OPERATIONS



INDONESIA OPERATIONS



Due to climate change, extreme weather events such as floods are becoming more common in Malaysia, while earthquakes, tremors, strong winds, and tropical storms pose significant risks in Indonesia. These hazards threaten manufacturing plants, and transportation, warehouses and distribution centres, potentially causing structural damage, delivery delays, and increased operational costs.

The Group has identified six (6) key impact indicators based on the climate risk assessment, as follows:

No.	Indicators	Descriptions
1	**Employee**	Business operations can be significantly impacted by the absence of key personnel due to natural disasters or the effects of extreme weather event. For instance, there might be a rise in absenteeism caused by health problems or injuries.
2	**Work Area**	Warehouse, manufacturing plants, office premise and research & development (R&D) facilities may be at risk due to natural disasters or the effects of extreme weather event, and infrastructure damage that could prolong operational downtime.
3	**Raw Material**	Natural disasters or the effects of extreme weather event can disrupt the supply of raw materials and delay production and distribution, leading to supply chain bottlenecks. Whereas, climate-induced migration and resource scarcity can lead to geopolitical tensions, affecting global supply chains.
4	**System**	Business operations can be impacted when critical systems infrastructure are disrupted due to natural disasters or the effects of extreme weather event. For example, flood submerges data centers leading to the loss of application systems, databases, and network connectivity.
5	**Asset**	Natural disasters or the effects of extreme weather event can cause significant damage to facilities and equipment, leading to long-term disruptions.
6	**Distribution**	Natural disasters or the effects of extreme weather event can disrupt transportation routes, leading to the delays in distribution time, inability to supply and higher fuel consumption.

TCFD ALIGNED DISCLOSURES

Based on the climate scenario, we have listed probable events and threats that could impact our business and operations. Such scenarios can have significant consequences for the Group, potentially leading to operational disruption, financial loss, reputational damage, and a loss of stakeholders' trust, as shown below.

OPERATIONAL DISRUPTION

Extreme weather events can disrupt day-to-day operations by damaging infrastructure and production facilities. Climate change can affect the availability of raw materials and the efficiency of transportation networks. These can halt production and cause significant downtime, which can lead to delays and penalty imposition.

REPUTATIONAL DAMAGE

Companies that fail to address or mitigate their environmental impact may be perceived as irresponsible or negligent. This can tarnish a brand's reputation, especially among customers and financial institutions that prioritise sustainability. A company involved in environmental destruction or seen as contributing to climate change can face backlash from stakeholders.

FINANCIAL LOSS

Climate-related events can cause direct financial loss by damaging assets and halting operations, thereby increasing operational costs. The Group may also experience increased insurance premiums or find it harder to secure insurance if premises classified as high climate risk areas. Additionally, prolonged extreme heat would increase energy costs to maintain the required temperature.

Investors may unwill to invest in companies exposed to high climate risks, which could affect the Group's ability to raise capital. In addition, the Government may impose stricter environmental regulations through carbon tax on carbon-intensive companies.

LOSS OF STAKEHOLDERS' TRUST

If a company is unable to effectively manage climate risks or causes environmental harm, customers may lose trust in the brand. Investors are becoming more discerning about climate-related risks and if a company fails or takes insufficient action to mitigate them, investors might pull their funds or choose not to invest.

BCM ROLES

BCM plays crucial role in the climate risk assessment by helping the Group prepares for and respond to climate-related disruptions. Some of the BCM contributions are:

- Identify climate related hazards such as extreme weather events, rising sea levels, and temperature fluctuations. This helps the Company to understand specific climate risk they potentially may face.
- Conduct Business Impact Analysis (BIA) to assess potential impact of climate related disruptions on critical business functions. This analysis helps prioritise resources and develop strategies to mitigate these impacts.
- Develop BC strategies to address climate risks. This can include measures like relocating facilities, investing in resilient infrastructure, and diversifying supply chains to reduce vulnerability.
- Continuous monitoring on climate related hazards and regular reviews of the BCM plan to ensure it remains relevant and effective. This helps organisations stay alert on evolving climate conditions and emerging risks.

By integrating climate risk assessment into BCM, the Group can better anticipate, prepare for, and respond to climate related disruptions, ensuring business continuity and long-term sustainability.

PERFORMANCE DATA TABLE
(ESG REPORTING PLATFORM)

As a Listed Issuer, Pharmaniaga is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide, 3rd Edition. The following performance data table, downloaded from the ESG Reporting Platform, summarises indicators that are pertinent to our Material Matters. Please refer to Goal 3 for water indicators for which no data is provided. For more detailed disclosure regarding Pharmaniaga's sustainability performance table, refer to the website **http://pharmaniaga.com/sustainability**.

Indicator	Measurement Unit	2020	2021	2022	2023	2024
Bursa (Anti-corruption)						
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category						
Senior Management	Percentage	-	10.50	15.90	20.80	86.00
Middle Management	Percentage	-	15.10	13.00	36.90	93.00
Executive/Non-executive	Percentage	-	32.60	39.10	48.00	90.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	9.00 *	18.00 *	63.00 *	85.00 *	87.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	-	0	0	0	0
Bursa (Community/Society)						
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	8,800,000.00 *	7,500,000.00	3,100,000.00	3,628,683.62 *	2,948,464.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	224 *	4,150 *	1,104
Employee participated in community impact programmes	Number	-	-	-	220	114
Bursa (Diversity)						
Bursa C3(a) Percentage of employees by gender and age group, for each employee category						
Age Group by Employee Category						
Senior Management Under 30	Percentage	-	-	-	0.00	0.00
Senior Management Between 30-50	Percentage	-	-	-	0.97	1.04
Senior Management Above 50	Percentage	-	-	-	0.68	0.66
Middle Management Under 30	Percentage	-	-	-	0.06	0.12
Middle Management Between 30-50	Percentage	-	-	-	3.82	3.89
Middle Management Above 50	Percentage	-	-	-	1.20	1.18
Executive Under 30	Percentage	-	-	-	6.75	6.48
Executive Between 30-50	Percentage	-	-	-	14.61	15.50
Executive Above 50	Percentage	-	-	-	1.85	2.07
Non-Executive Under 30	Percentage	-	-	-	18.97	18.36
Non-Executive Between 30-50	Percentage	-	-	-	45.94	45.73
Non-Executive Above 50	Percentage	-	-	-	5.16	4.96
Gender Group by Employee Category						
Senior Management Male	Percentage	-	-	-	1.22	1.33
Senior Management Female	Percentage	-	-	-	0.43	0.37
Middle Management Male	Percentage	-	-	-	3.30	3.49
Middle Management Female	Percentage	-	-	-	1.77	1.70

Internal assurance | External assurance | No assurance | (*)Restated

PERFORMANCE DATA TABLE

(ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2020	2021	2022	2023	2024
Executive Male	Percentage	-	-	-	8.69	8.96
Executive Female	Percentage	-	-	-	14.53	15.10
Non-Executive Male	Percentage	-	-	-	47.34	47.09
Non-Executive Female	Percentage	-	-	-	22.73	21.96
Bursa C3(b) Percentage of directors by gender and age group						
Male	Percentage	62.71 *	88.90	71.43 *	77.78 *	72.00
Female	Percentage	37.29 *	11.10	28.57 *	22.22 *	27.00
35 to 39	Percentage	No Data Provided	0.00	0.00	0.00 *	0.00
40-50	Percentage	No Data Provided	44.44 *	28.57 *	44.44 *	27.00
Above 50	Percentage	No Data Provided	55.56 *	71.43 *	55.56 *	72.00
Bursa (Health and safety)						
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	0	0
Bursa C5(b) Lost time incident rate (“LTIR”)	Rate	0.31 *	0.42	0.59	0.31	0.35
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	No Data Provided	504 *	937 *	1,669
Total hours worked	Hours	7,166,833 *	4,308,833	4,376,547	7,158,635	6,770,675
Number of lost time injuries	Number	11 *	9 *	13 *	11 *	12
Bursa (Labour practices and standards)						
Bursa C6(a) Total hours of training by employee category						
Senior Management	Hours	982 *	3,094	2,447	1,402	2,659
Middle Management	Hours	2,918 *	38,674	50,242	30,352	7,139
Executive and Non-executive	Hours	55,352 *	51,889	67,662	49,927	88,209
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	12.44 *	12.13 *	14.50
Bursa C6(c) Total number of employee turnover by employee category						
Senior Management	Number	-	-	-	15	12
Middle Management	Number	-	-	-	43	17
Executive	Number	-	-	-	211	124
Non-Executive	Number	-	-	-	408	366
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	0	0
Average training hours per employee	Hours	16 *	26	32	23	28
Total new hires	Number	374 *	536	755	409	477
New hire rate	Percentage	10.38 *	14.72	19.98	11.65	13.75
Turnover rate	Percentage	10.27 *	13.70	14.72	19.28	14.96

Internal assurance External assurance No assurance (*)Restated

PERFORMANCE DATA TABLE
(ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2020	2021	2022	2023	2024
Bursa (Supply chain management)						
Bursa C7(a) Proportion of spending on local suppliers	Percentage	82.00 *	43.00	70.00	80.00	80.00
Suppliers assessed for environmental impacts	Number	-	-	-	116	101
Suppliers assessed for social impacts	Number	-	-	-	116	101
Bursa (Data privacy and security)						
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	-	0 *	0 *	0 *	0
Customer Satisfaction						
Ministry of Health (MOH)	Percentage	97.00 *	98.00	98.00	97.00	93.00
Ministry of Higher Education (MOHE)	Percentage	96.00 *	96.00	100.00	97.00	97.00
Private Sector	Percentage	94.00 *	94.00	94.00	94.00 *	No Data Provided
Materials management						
Total weight or volume of materials that used to produce and package products and services	Tonnes	-	-	1,047.00	1,069.00	833.14
Bursa (Energy management)						
Bursa C4(a) Total energy consumption	Megawatt	65,650.01 *	65,098.75	63,614.01	66,524.72	46,940.08
Total energy consumption	Gigajoules	236,340.04 *	234,355.49	229,010.43	239,488.99	168,984.29
Bursa (Waste management)						
Bursa C10(a) Total waste generated	Metric tonnes	479.86 *	549.33	1,788.31	1,956.41	1,873.37
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	148.66 *	398.63	1,488.11	1,559.03	1,447.29
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	331.20 *	150.7	300.2	397.38	426.08
Bursa (Emissions management)						
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	6,246.23 *	6,442.14	60,44.76	6,576.49	5,610.63
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	27,259.79 *	25,242.26	25,051.73	29,081.55	30,328.97
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	-	-	6,660.77
Bursa (Water)						
Bursa C9(a) Total volume of water used	Megalitres	445.420000 *	423.750000 *	375.450000	288.850000	310.710000
Three years of total water discharge is disclosed by destination-off site water treatment	Milliliters	-	-	-	-	No Data Provided
Water withdrawals/consumption in water stressed regions	Milliliters	-	-	-	-	No Data Provided
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Milliliters	-	-	-	-	No Data Provided
Three years of total water discharge data is disclosed by destination - Ocean	Milliliters	-	-	-	-	No Data Provided
Three years of total water discharge data is disclosed by destination - Surface water	Milliliters	-	-	-	-	No Data Provided
Three years of total water discharge data is disclosed by destination - Off-site water treatment	Milliliters	-	-	-	-	No Data Provided

Internal assurance | External assurance | No assurance | (*)Restated

PERFORMANCE DATA TABLE
(ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2020	2021	2022	2023	2024
Three years of total water discharge data is disclosed by destination - Beneficial / other use	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Surface water from rivers, lakes, natural ponds	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Groundwater from wells, boreholes	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Used quarry water collected in the quarry	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Municipal potable water	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - External wastewater	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Harvested rainwater	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Sea water, water extracted from the sea or the ocean	Milliliters	-	-	-	-	No Data Provided
Three years of total water withdrawal data is disclosed by source - Total	Milliliters	-	-	-	-	No Data Provided

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY REPORTING FRAMEWORK

The table below describes the interconnectedness of the ESG frameworks that we utilised in this report. These principles-based frameworks are standardised tools that enable us to present information in a structured form and correlate the various indicators to our Goals and regulatory requirements.

NO.	COMMON INDICATORS	SUB-INDICATORS	BURSA INDICATOR	GRI INDICATOR	FTSE INDICATOR/ SASB	PHARMANIAGA FOCUS AREA
1.	**Anti-corruption**	Percentage of employees who have received training on anti-corruption by employee category	C1 (a)	**205-2:** Communication and training about anti-corruption policies and procedures	**GAC:** Anti-Corruption Theme	**Goal 2 : Acting with Integrity**
		Percentage of operations assessed for corruption-related risks	C1 (b)	**GRI 205-1:** Operations assessed for risks related to corruption	**GAC:** Anti-Corruption Theme	
		Confirmed incidents of corruption & action taken	C1 (c)	**205-3:** Confirmed incidents of corruption and actions taken	**GAC:** Anti-Corruption Theme/ **510:** Business Ethics	
2.	**Community/ Society**	Total amount invested in the community	C2 (a)	**201-1:** Direct economic value generated and distributed	**SHR:** Human Rights & Community Team	**Goal 5 : Building a Better Society**
		Total number of beneficiaries	C2 (b)	**201-1:** Direct economic value generated and distributed		
3.	**Diversity**	Percentage of employees by gender and age group for each employee category	C3 (a)	**405-1 :** Diversity of governance bodies and employees **405-2 :** Ratio of basic salary and remuneration of women to men	**SLS:** Labor Standards Theme	**Goal 4 : Creating a Sustainable and High-Performance Workforce**
		Percentage of directors by gender and age group	C3 (b)	**405-1 :** Diversity of governance bodies and employees	**SLS:** Labor Standards Theme	
4.	**Energy Management**	Total energy consumption	C4 (a)	**302-1:** Energy consumption within the organization	**ECC:** Climate Change Theme/ **130:** Energy Management	**Goal 3 : Achieving Operational Eco-Efficiency**
5.	**Health & Safety**	Number of work-related fatalities	C5 (a)	**403-9:** Work-related injuries	**SHS:** Health & Safety Theme/ **320:** Workforce Health & Safety	**Goal 4 : Creating a Sustainable and High-Performance Workforce**
		Lost time incident rate (LTIR)	C5 (b)	**403-9:** Work-related injuries	**SHS:** Health & Safety Theme/ **320:** Workforce Health & Safety	

SUSTAINABILITY REPORTING FRAMEWORK

NO.	COMMON INDICATORS	SUB-INDICATORS	BURSA INDICATOR	GRI INDICATOR	FTSE INDICATOR/ SASB	PHARMANIAGA FOCUS AREA
5.	**Health & Safety (Cont'd)**	Number of employees trained on health & safety standards ***(External Training only)***	C5 (c)	**403-5:** Worker training on Occupational Health and Safety **404-1:** Average hours of training per employee	**SLS:** Labor Standards Theme	**Goal 4 : Creating a Sustainable and High-Performance Workforce**
6.	**Labour Practices & Standards**	Total hours of training by employee category	C6 (a)	**404:** Training and Education	**SLS:** Labor Standards Theme	**Goal 4 : Creating a Sustainable and High-Performance Workforce**
		Percentage of employees that are contractors or temporary staff	C6 (b)	**401:** Employment	**SLS:** Labor Standards Theme	
		Total number of employee turnover by employee category	C6 (c)	**401-1:** New Employee hires and employee turnover	**SLS:** Labor Standards Theme	
		Number of substantiated complaints concerning human rights violations	C6 (d)		**SHR:** Human Rights & Community Team	
7.	**Supply Chain**	Proportion of spending on local suppliers	C7 (a)	**204-1:** Proportion of spending on local suppliers	**SHR:** Human Rights & Community Team	**Goal 5 : Building a Better Society**
8.	**Data Privacy/ Security**	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	C8 (a)	**418-1:** Subtianted complaints concerning breaches of customer privacy and loss of customer data	**230:** Data Security	**Goal 1 : Delivering Sustainable Value and Future-Proofing Business**
9.	**Water**	Total volume of water used	C9 (a)	**303-3:** Water withdrawal **303-4:** Water discharge **303-5:** Water Consumption	**EWT:** Water Security Theme/ **140:** Water management	**Goal 3 : Achieving Operational Eco-Efficiency**
10.	**Waste Management**	Total waste generated and a breakdown of the following:	C10 (a)	**306-3:** Waste generated	**EPR:** Pollution and resources themed	**Goal 3 : Achieving Operational Eco-Efficiency**
		(i) total waste diverted from disposal		**306-4:** Waste diverted from disposal	**EPR:** Pollution and resources themed	
		(ii) total waste directed to disposal		**306-5:** Waste directed to disposal		

SUSTAINABILITY REPORTING FRAMEWORK

NO.	COMMON INDICATORS	SUB-INDICATORS	BURSA INDICATOR	GRI INDICATOR	FTSE INDICATOR/ SASB	PHARMANIAGA FOCUS AREA
11.	**Emissions Management**	Scope 1 emissions in tonnes of CO_2e	C11 (a)	**305-1:** Direct (Scope 1) GHG Emissions **302-1:** Energy Consumption within the organization	**ECC:** Climate Change Theme/ **110:** Greenhouse Gas Emissions	**Goal 3 : Achieving Operational Eco-Efficiency**
		Scope 2 emissions in tonnes of CO_2e	C11 (b)	**305-2:** Energy indirect (Scope 2) GHG Emissions **302-1:** Energy Consumption within the organization	**ECC:** Climate Change Theme/ **130:** Energy Management	
		Scope 3 emissions in tonnes of CO_2e Business travel and employee commuting	C11 (c)	**305-3:** Other Indirect (Scope 3) GHG emissions	**ECC:** Climate Change Theme/ **410:** Product Design & Lifecycle management **430:** Supply Chain Management **440:** Materials sourcing and efficiency	
	SECTOR INDICATORS					
1.	**Emissions - Air Quality/ Pollution**	Air Emissions include pollutants that have negative impats on air quality ecosystems, and human and animal health.	S4 (a)	**305-7:** Nitrogen oxides (Nox), sulphur oxides (SOx), and other significant emissions		**Goal 3 : Achieving Operational Eco-Efficiency**
2.	**Materials**	Total weight or volume of materials that are used to produce and package products and services	S5 (a)	**301-1:** Materials used by weight or volume	**EPR:** Pollution and resources themed	
3.	**Effluents**	Total volume of water (effulent) discharged over the reporting period	S8 (a)	**303-2:** Management of water discharge-related impacts **303-4:** Water discharge		

GRI CONTENT INDEX

Statement of use	Pharmaniaga has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	Page Reference
GRI 2: General Disclosures 2021	2-1 Organizational details	4 - 7
	2-2 Entities included in the organization's sustainability reporting	2
	2-3 Reporting period, frequency and contact point	2, 72
	2-4 Restatements of information	133-136
	2-5 External assurance	144-146
	2-6 Activities, value chain and other business relationships	34-35
	2-7 Employees	114-115, (*)
	2-8 Workers who are not employees	134, (*)
	2-9 Governance structure and composition	171
	2-10 Nomination and selection of the highest governance body	171-173
	2-11 Chair of the highest governance body	146
	2-12 Role of the highest governance body in overseeing the management of impacts	75,171
	2-13 Delegation of responsibility for managing impacts	75,171
	2-14 Role of the highest governance body in sustainability reporting	75,171
	2-15 Conflicts of interest	171-173
	2-16 Communication of critical concerns	164
	2-17 Collective knowledge of the highest governance body	148-154
	2-18 Evaluation of the performance of the highest governance body	174, https://pharmaniaga.com/investor-relations-2/corporate-governance-2/
	2-19 Remuneration policies	https://pharmaniaga.com/investor-relations-2/corporate-governance-2/
	2-20 Process to determine remuneration	https://pharmaniaga.com/investor-relations-2/corporate-governance-2/
	2-21 Annual total compensation ratio	174
	2-22 Statement on sustainable development strategy	74
	2-23 Policy commitments	91
	2-24 Embedding policy commitments	91
	2-25 Processes to remediate negative impacts	38
	2-26 Mechanisms for seeking advice and raising concerns	164
	2-27 Compliance with laws and regulations	90-91
	2-28 Membership associations	88
	2-29 Approach to stakeholder engagement	36-37
	2-30 Collective bargaining agreements	114
GRI 3: Material Topics 2021	3-1 Process to determine material topics	38
	3-2 List of material topics	39
	3-3 Management of material topics	80-124
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	86
	201-2 Financial implications and other risks and opportunities due to climate change	125-132
	201-3 Defined benefit plan obligations and other retirement plans	N/A
	201-4 Financial assistance received from Government	24,42
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	113
	202-2 Proportion of senior management hired from the local community	114, 115
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	120,121
	203-2 Significant indirect economic impacts	86,120

Note (*): Please refer to website https://pharmaniaga.com/sustainability/ for detailed disclosures regarding Pharmaniaga's sustainability performance.

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	Page Reference
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	120
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	92,95, (*)
	205-2 Communication and training about anti-corruption policies and procedures	94, (*)
	205-3 Confirmed incidents of corruption and actions taken	95, (*)
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
GRI 207: Tax 2019	207-1 Approach to tax	N/A
	207-2 Tax governance, control, and risk management	N/A
	207-3 Stakeholder engagement and management of concerns related to tax	N/A
	207-4 Country-by-country reporting	49
GRI 301: Materials 2016	301-1 Materials used by weight or volume	135
	301-2 Recycled input materials used	100
	301-3 Reclaimed products and their packaging materials	100-101
GRI 302: Energy 2016	302-1 Energy consumption within the organization	104,135
	302-2 Energy consumption outside of the organization	N/A
	302-3 Energy intensity	105, (*)
	302-4 Reduction of energy consumption	104-105, (*)
	302-5 Reductions in energy requirements of products and services	N/A
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	102
	303-2 Management of water discharge-related impacts	103
	303-3 Water withdrawal	103,135, (*)
	303-4 Water discharge	103,135, (*)
	303-5 Water consumption	103,135, (*)
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
	304-2 Significant impacts of activities, products and services on biodiversity	N/A
	304-3 Habitats protected or restored	N/A
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	104,135, (*)
	305-2 Energy indirect (Scope 2) GHG emissions	104,135, (*)
	305-3 Other indirect (Scope 3) GHG emissions	104,135, (*)
	305-4 GHG emissions intensity	104-108, (*)
	305-5 Reduction of GHG emissions	104-108, (*)
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	100-101, (*)
	306-2 Management of significant waste-related impacts	100-101, (*)
	306-3 Waste generated	100-101, (*)
	306-4 Waste diverted from disposal	101, (*)
	306-5 Waste directed to disposal	101, (*)
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	121, 135
	308-2 Negative environmental impacts in the supply chain and actions taken	121,135
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	79,134, (*)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	113
	401-3 Parental leave	113

Note (*): Please refer to website https://pharmaniaga.com/sustainability/ for detailed disclosures regarding Pharmaniaga's sustainability performance.

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	Page Reference
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	N/A
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	115
	403-2 Hazard identification, risk assessment, and incident investigation	118
	403-3 Occupational health services	115, 116, 118
	403-4 Worker participation, consultation, and communication on occupational health and safety	115
	403-5 Worker training on occupational health and safety	116-117, 133, (*)
	403-6 Promotion of worker health	115-118
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	115
	403-8 Workers covered by an occupational health and safety management system	115, 187, (*)
	403-9 Work-related injuries	118,133, (*)
	403-10 Work-related ill health	118,133, (*)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	79,91, (*)
	404-2 Programmes for upgrading employee skills and transition assistance programmes	91,111-112
	404-3 Percentage of employees receiving regular performance and career development reviews	112
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	114-115.133, (*)
	405-2 Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	114
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	113-114
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	113,121
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	113,121
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	134
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	122-124
	413-2 Operations with significant actual and potential negative impacts on local communities	102
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	121, (*)
	414-2 Negative social impacts in the supply chain and actions taken	121, (*)
GRI 415: Public Policy 2016	415-1 Political contributions	122
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	83
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	83
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	83
	417-2 Incidents of non-compliance concerning product and service information and labeling	82
	417-3 Incidents of non-compliance concerning marketing communications	84
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	96,133, (*)

Note (*): Please refer to website https://pharmaniaga.com/sustainability/ for detailed disclosures regarding Pharmaniaga's sustainability performance.

SASB CONTENT INDEX

CODE	ACCOUNTING METRIC	PAGE REFERENCE
Fleet Fuel Management		
HC-DI-110a.	Payload fuel economy	Not Reported
HC-DI-110a.2	Description of efforts to reduce the environmental impact of logistics	105-108
Product Safety		
HC-DI-250a.1	Total amount of monetary losses as a result of legal proceedings associated with product safety	Not Reported
HC-DI-250a.2	Description of efforts to minimize health and safety risks of products sold associated with toxicity/chemical safety, high abuse potential, or delivery	82,86
Counterfeit Drugs		
HC-DI-260a.1	Description of methods and technologies used to maintain traceability of products throughout the distribution chain and prevent counterfeiting	Not Reported
HC-DI-260a.2	Discussion of due diligence process to qualify suppliers of drug products and medical equipment and devices	88-89,120-121
HC-DI-260a.3	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	36
Product Lifecycle Management		
HC-DI-410a.1	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	100-101
HC-DI-410a.2	Amount (by weight) of products accepted for take-back and reused, recycled, or donated	117
HC-DI-510a.1	Description of efforts to minimize conflicts of interest and unethical business practices	91-94
HC-DI-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices	96,133
Activity Metrics		
HC-DI-000.A	Number of pharmaceutical units sold by product category	Not reported
HC-DI-000.B	Number of medical devices sold by product category	Not reported

Please refer to website https://pharmaniaga.com/sustainability/ for detailed disclosures regarding Pharmaniaga's sustainability performance

ASSURANCE STATEMENT

SIRIM QAS INTERNATIONAL SDN BHD
INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Pharmaniaga Berhad (hereafter referred to as Pharmaniaga) to perform an independent verification and provide assurance of the Pharmaniaga Sustainability Statement 2024. The main objective of the verification process is to provide assurance to Pharmaniaga and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International pertains to sustainable performance information (subject matter) within the assurance scope which is included in Pharmaniaga Sustainability Statement 2024.

The management of Pharmaniaga was responsible for the preparation of the Sustainability Statement. The objectivity and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Pharmaniaga's Sustainability Statement, and the Integrated Annual Report 2024.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of Pharmaniaga Sustainability Statement and its overall presentation against respective frameworks such as UN-SDGs, TCFD and other relevant frameworks. The assurance process involves verification of applicable subject matter as presented in the statement through these goals i.e., Delivering Sustainable Value and Future-Proofing the Business, Acting with Integrity, Achieving Operational Eco-Efficiency, Creating a Sustainable and High-Performance Workforce, and Building Better Society. In addition to this, we also review and verify the sustainability indicators outlined by Bursa Malaysia to ensure the accuracy, completeness, and reliability of the reported information. The results of this verification process have been systematically tabulated in Appendix 1 and Report to Management, with further details provided therein.

The verification was carried out by SIRIM QAS International between February and March 2025, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation made available during the assessment.
- Verifying the data presented in the Sustainability Statement, which includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and developing various sections of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Pharmaniaga Integrated Annual Report 2024.

ASSURANCE STATEMENT

- The review excluded all financial-related data, as these are subjected to the company's financial audit.
- As part of this assurance engagement, the verification team visited Pharmaniaga's corporate office at Kawasan Perindustrian Bukit Raja Selatan, Shah Alam. However, the verification process did not include physical inspections of any of Pharmaniaga's buildings, offices and plants.
- The verification team did not assess or verify any data related to contractors or third parties.

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Pharmaniaga relating to the accuracy of some of the information contained in the report. In response to the findings raised, the Sustainability Statement was subsequently reviewed and revised by Pharmaniaga. It is confirmed that changes that have been incorporated into the final version of the statement have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Pharmaniaga has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Pharmaniaga Sustainability Statement 2024 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the statement was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The sustainability statement provides a reasonable and balanced presentation of the sustainability performance of Pharmaniaga.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Suzalina Kamaralarifin	:	Team Member
3)	Mr. Rozaimee Ab. Rahman	:	Team Member
4)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member
5)	Ms. Farhanah Ahmad Shah	:	Team Member

Statement Prepared by:

AERNIDA BINTI ABDUL KADIR
Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date: 24 March 2025

Statement Approved by:

AMINUDIN BIN ABD AZIZ
Acting Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd
Date: 27 March 2025

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (24 March 2025).

BOARD AT A GLANCE

Seated:

ZULKIFLI JAFAR
Managing Director

Standing from left to right:

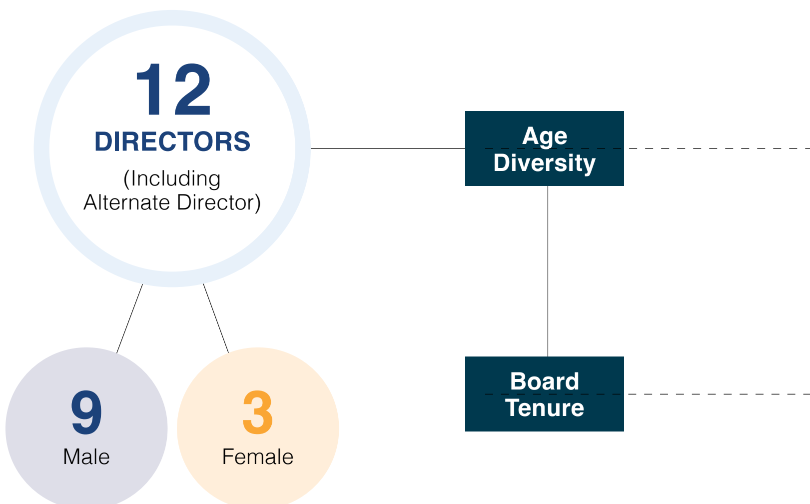
DR. MARY JANE CARDOSA
Independent Non-Executive Director

DATO' SERI DR. HJ. AWALUDIN SAID
Independent Non-Executive Director

DATO' MOHD ZAHIR ZAHUR HUSSAIN
Independent Non-Executive Director

DR. ABDUL RAZAK AHMAD
Senior Independent Non-Executive Director

IZADDEEN DAUD
Non-Independent Non-Executive Director



BOARD AT A GLANCE

Seated:

DATO' SERI ABDUL RAZAK JAAFAR
Independent Non-Executive Chairman

Standing from left to right:

DR. IMAM FATHORRAHMAN
Independent Non-Executive Director

DATO' DR. FARIDAH ARYANI MD. YUSOF
Independent Non-Executive Director

MOHAMMAD ASHRAF MD. RADZI
Non-Independent Non-Executive Director

SARAH AZREEN ABDUL SAMAT
Independent Non-Executive Director

MOHD FIRDAUS ZULKIFLI
Non-Independent Non-Executive Director
(Alternate Director to Mohammad Ashraf Md. Radzi)

1	7	4
Below 40 years	41 - 60 years	Above 60 years

3	9
2 - 5 years	Below 2 years

PROFILE OF BOARD OF DIRECTORS

DATO' SERI ABDUL RAZAK JAAFAR

Independent Non-Executive Chairman

Gender	Age	Nationality
Male	61	Malaysian
Appointed on		**Last re-election on**
1 October 2024		None

Board Skills and Experience Matrix

Human Resource

Public Administration

Board Committee(s)

None

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

None

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year

4/4

Working Experience and Occupations

Dato' Seri Abdul Razak's distinguished career in public service began in 1988 as a Public Relations Officer at the Seremban City Council. He joined the Administrative and Diplomatic Cadet (PTO) in 1991, marking the start of his impactful journey in Government.

From 1992 to 1996, he played a key role in national security as Assistant Director at the Federal Special Task Force in Sabah and the National Security Council under the Prime Minister's Office. His contributions were instrumental in shaping national security strategies during a pivotal time.

In 1996, Dato' Seri Abdul Razak transitioned to the Selangor State Government, where he held several leadership positions, including Head of Internal Audit & Public Complaints and Assistant Secretary for Services & Training. His tenure marked a significant contribution to state governance and public service delivery.

Rising through the ranks, he was appointed Director of Community Development at Petaling Jaya Municipal Council in 2002, followed by Director of Corporate Planning at Ampang Jaya Municipal Council in 2003. His leadership was further recognised in 2006 when he became Deputy President of the Sepang Municipal Council, and later, President of the Kuala Langat Municipal Council in 2009, where he led transformative municipal projects.

In 2012, Dato' Seri Abdul Razak moved to the Prime Minister's Office (UKAS, PMO), where he held multiple strategic roles, including Director for Security, Housing, and Land Development, and played a key role in public-private partnerships. His expertise in policy, public administration, and inter-governmental coordination was invaluable.

In 2013, his career reached new heights when he was appointed Division Secretary at the Ministry of Defence (MINDEF), overseeing Finance and Procurement divisions, where his leadership enhanced financial operations and procurement strategies.

From 2015 to 2019, as Deputy Secretary General at the Ministry of Works, he shaped national infrastructure policies and strategic development. In 2019, he was appointed State Secretary for Penang, driving the state's development agenda and improving governance efficiency.

Most recently, Dato' Seri Abdul Razak served as Secretary General at the Ministry of Higher Education from 2021 to 2023, where he provided visionary leadership in shaping Malaysia's higher education policies and initiatives. Throughout his illustrious career, Dato' Seri Abdul Razak has been a driving force in public administration, governance, and national development.

Qualification(s)

- Master of Science in Human Resource Development, Universiti Putra Malaysia
- Postgraduate Diploma in Public Management, National Institute of Public Administration (INTAN)
- Bachelor of Communication with Honours, Universiti Kebangsaan Malaysia

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

- Corporate Planning & Development
- Legal & Regulatory

Board Committee(s)
None

Details of any interest in the securities of Pharmaniaga Berhad
None

Directorship in other public listed companies
None

Directorship in public companies
None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries
None

List of convictions for offences within the past 10 years other than traffic offences, if any
None

Board Meetings attended in the financial year
11/11

ZULKIFLI JAFAR

Managing Director

Gender	Age	Nationality
Male	52	Malaysian
Appointed on		**Last re-election on**
1 March 2024 *Redesignated as Managing Director on 1 September 2024*		5 June 2024

Working Experience and Occupations

Zulkifli's career began as a legal counsel at Panglima Aces Sdn. Bhd. in 1997. Rapidly ascending the ranks, he distinguished himself as an advocate and solicitor at Messrs Raslan Loong within the same year and by 2002, Zulkifli became a partner at Messrs Rashid Zulkifli. Beyond his legal practice, Zulkifli serves as a director and major shareholder of MMA Resources Sdn. Bhd., an oil & gas company.

In addition to his corporate responsibilities, Zulkifli is actively engaged in shaping the landscape of development and governance. Currently, he holds the positions of Chairman and Director at Era Universe Development Sdn. Bhd., a development company.

Zulkifli had served as the Legal Advisor for Johor State Government Linked Companies (GLC). His diverse portfolio included directorships in esteemed organisations such as the Cooperative Commission of Malaysia, the regulator body of cooperatives in the country; Board of Trustee of the Foundation of Research and Transformation, an independent think tank research body of the Prime Minister's Office; and Songa Offshore Malaysia Sdn. Bhd.

Internationally, Zulkifli was a director and management member of the Chartridge Conference Centre (UK) Limited, overseeing the operations of four hotels and conference centres in the United Kingdom.

In 2021, Zulkifli assumed the position of Chairman at Idaman Pharma Manufacturing Sdn. Bhd., a subsidiary of Pharmaniaga Berhad (Pharmaniaga) and subsequently, appointed as the Executive Director of Pharmaniaga in March 2022. In February 2023, he was redesignated as Deputy Chief Executive Officer of Pharmaniaga.

In January 2023, Zulkifli was appointed as a board member of University Sains Islam Malaysia (USIM) and in June 2023, he was appointed to be the Chairman of USIM Tijarah Holdings Sdn. Bhd., the holding company of USIM. He was also appointed as the Chairman of the Advisory Panel (Faculty of Sharia and Law) and the Investment Committee.

On 1 March 2024, Zulkifli was appointed as the Executive Director of Pharmaniaga, taking over the role and functions of the Executive Committee which was subsequently dissolved.

Qualification(s)

- Admission to Malaysian Bar in 1996
- Advocate and Solicitor of the High Court of Malaya
- Certified Patent Agent
- Bachelor of Laws (Honours), Universiti Islam Antarabangsa Malaysia

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

Human Resource

Legal & Regulatory

Board Committee(s)

- Chairman of Nominating and Remuneration Committee
- Chairman of Sustainability Committee
- Member of Audit Committee
- Member of Board Risk and Investment Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

None

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year

16/17

DR. ABDUL RAZAK AHMAD

Senior Independent Non-Executive Director

Gender	Age	Nationality
Male	53	Malaysian
Appointed on		**Last re-election on**
20 November 2020		12 June 2023

Working Experience and Occupations

Dr. Abdul Razak is the Founding Director of Bait Al Amanah, a political security and international affairs think tank based in Kuala Lumpur.

He is currently the Special Advisor to the Foreign Minister of Malaysia and Malaysia's Representative to the Advisory Board of ASEAN Institute for Peace and Reconciliation (ASEAN-IPR), Jakarta. He is also a member of the Board of Directors at Universiti Malaysia Sarawak (UNIMAS) and the Board of Governors of MAHSA University.

Abdul Razak previously served as the member of the Consultative Council on Foreign Policy, Ministry of Foreign Affairs, a senior advisor in the Ministry of Higher Education Malaysia and a consultant to the special consultancy team on globalisation at the National Economic Action Council (NEAC) of the Prime Minister's Department.

Dr. Abdul Razak was also a faculty member at the National Defence University of Malaysia, teaching international security, international law and global affairs. At present, he is an Adjunct Professor in a few national and international universities.

On the international front, Dr. Abdul Razak had served as consultant and policy advisor in peace building and international development strategies in the Middle East, North Africa, ASEAN and the Southern Pacific region. He was also engaged by the European Union and the World Bank as a subject matter expert on human development and human security-related issues.

He is a qualified legal counsel, having trained in Malaysia and the United Kingdom (UK) and received his PhD in Law and International Security from the University of Leeds, UK. He did his fellowship at East West Centre (University of Hawaii) and was a visiting researcher at Colombia University. He also attended leadership executive programmes at Saïd Business School (Oxford University) and Kennedy School of Government (Harvard University).

On 22 February 2023, Dr. Abdul Razak was redesignated as Senior Independent Non-Executive Director of Pharmaniaga.

Qualification(s)

- Doctor of Philosophy in Law (International Security), University of Leeds, United Kingdom
- Master of Laws in International Trade Law, University of Kent at Canterbury, United Kingdom
- Bachelor of Laws (Honours), Universiti Islam Antarabangsa Malaysia

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

Accounting & Finance | Corporate Planning & Development | Business & Economics

Board Committee(s)

None

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

- Boustead Heavy Industries Corporation Berhad

Directorship in public companies

- Boustead Plantations Berhad
- Boustead Properties Berhad
- UAC Berhad

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year 14/17

IZADDEEN DAUD

Non-Independent Non-Executive Director

Gender	**Age**	**Nationality**
Male	56	Malaysian
Appointed on 1 March 2021 *Redesignated as Non-Independent Non-Executive Director on 1 October 2024*		**Last re-election on** 12 June 2023

Working Experience and Occupations

Izaddeen brings with him extensive experience in the areas of corporate finance, investment, accounting, audit and management.

He began his career at Ernst & Young as an auditor. He then shifted his focus to the banking industry up until 1998. Izaddeen then assumed the role of Assistant Vice President of Permodalan Nasional Berhad from 1999 to 2007 and then joined ASM Investment Services Berhad as Chief Executive Officer between 2007 to 2008. In 2008 to 2009, he joined MARA Incorporated as Managing Director.

Beginning July 2020, Izaddeen expanded his horizon by joining Boustead Holdings Berhad (Boustead) as the Executive Director of Group Business Development up until February 2021 and redesignated as Deputy Group Managing Director effective 1 March 2021.

Still within the Boustead Group, he was appointed as Acting Chief Executive Officer of Boustead Properties Berhad and then as Deputy Managing Director in 2020 and 2021, respectively. In December 2022, Izaddeen was appointed as the Group Chief Executive Officer of Boustead.

Qualification(s)

- Certified Financial Planner, Financial Planning Association of Malaysia
- Public Accountant, Institute of Public Accountants, Australia
- B.Sc (Honours) Accounting and Law, De Montfort University, Leicester, United Kingdom

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

Accounting & Finance

Corporate Planning & Development

Board Committee(s)

None

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

- Affin Bank Berhad

Directorship in public companies

- Boustead Holdings Berhad
- Boustead Plantations Berhad

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year 14/17

MOHAMMAD ASHRAF MD. RADZI

Non-Independent Non-Executive Director

Gender	Age	Nationality
Male	47	Malaysian
Appointed on		**Last re-election on**
10 August 2023		5 June 2024

Working Experience and Occupations

Ashraf is currently the Chief Executive Officer of Lembaga Tabung Angkatan Tentera (LTAT). He was appointed on 1 April 2024. Prior to his appointment as the Chief Executive Officer in LTAT, he served as the Chief Financial Officer since March 2020. He had also held various senior management positions namely Chief Financial Officer of Ahmad Zaki Resources (2017-2020), Associate Director, Corporate Advisory and Structuring at MIDF Amanah Investment Bank (2015-2016), General Manager, Finance Special Projects at Johawaki Holdings Sdn. Bhd. (2013-2015) and Associate Director of Prokhas Sdn. Bhd. for the Capital Market (2009-2013).

He commenced his career at Ernst and Young (Dublin) as an Audit Senior in 2002. Thereafter, he worked in several companies in Europe namely CUNA Mutual Life Assurance (Europe) Limited (Dublin) as Financial Accountant European Region (2005-2007) and UBS Investment Bank (London) as Regulatory Reporting Analyst (2007-2009).

Qualification(s)

- Chartered Accountant, Malaysian Institute of Accountants
- Member of the Association of Chartered Certified Accountants
- Bachelor of Accountancy (Honours), Universiti Tenaga Nasional

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

Accounting & Finance

Corporate Planning & Development

SARAH AZREEN ABDUL SAMAT

Independent Non-Executive Director

Gender	Age	Nationality
Female	50	Malaysian
Appointed on		**Last re-election on**
20 August 2021		5 June 2024

Working Experience and Occupations

Sarah has over 22 years of experience in corporate finance transactions involving equity issuance, mergers and acquisitions, corporate restructuring and corporate valuation. She began her career in investment banking with Malaysian International Merchant Bankers Berhad in 2001 after obtaining her professional qualifications from PricewaterhouseCoopers.

Later in her career, she joined other banking institutions in Malaysia such as AmInvestment Bank Berhad, Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and RHB Investment Bank Berhad.

Presently, Sarah sits as Executive Director of Reneuco Berhad and is also the Executive Director of 3p Capital Advisers Sdn. Bhd., a company licensed with the Securities Commission Malaysia that provides advisory services to the capital market players.

Qualification(s)

- Certified Practising Accountant, CPA Australia
- Capital Markets Services Representative's License (CMSRL)
- Bachelor of Commerce (Accounting), University of Canberra

Board Committee(s)

- Chairman of Audit Committee
- Chairman of Board Tender Committee
- Member of Nominating and Remuneration Committee
- Member of Board Risk and Investment Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

- Reneuco Berhad
- PT Millennium Pharmacon International Tbk

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year

17/17

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

Board Committee(s)

- Chairman of Board Risk and Investment Committee
- Member of Audit Committee
- Member of Board Tender Committee
- Member of Nominating and Remuneration Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

- Mycron Steel Berhad
- Olympia Industries Bhd

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year

11/11

DATO' MOHD ZAHIR ZAHUR HUSSAIN

Independent Non-Executive Director

Gender	**Age**	**Nationality**
Male	49	Malaysian
Appointed on		**Last re-election on**
1 March 2024		5 June 2024

Working Experience and Occupations

Dato' Mohd Zahir has over 27 years of experience in accounting, finance and asset management. He established his career as an auditor with various accounting firms including PricewaterhouseCoopers and Deloitte & Touche in both of its Malaysia and overseas offices. He was the Chief Financial Officer of Tracoma Holdings Berhad, a company focusing on the manufacturing of automotive components before appointed as the Audit Director for Baker Tilly Monteiro Heng. Dato' Mohd Zahir subsequently held the position of Head of Operations of Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad).

Dato' Mohd Zahir then joined Prasarana Malaysia Berhad (Prasarana) as the Group Chief Financial Officer and was promoted to Chief Executive Officer of Prasarana Integrated Development (PRIDE), a wholly owned subsidiary of Prasarana. Dato' Mohd Zahir subsequently became the Managing Director of Zahir Irkaz Advisory PLT and then appointed as Managing Director and Group Chief Executive Officer of Destini Berhad.

Dato' Mohd Zahir graduated with a Bachelor of Commerce (Accounting) degree from the University of New South Wales, Australia. He attended Oxford Global CEO Programme at Saïd Business School, Oxford University, England. He is a Certified Financial Planner, a fellow of the Chartered Accountants Australia & New Zealand and a member of Malaysian Institute of Accountants.

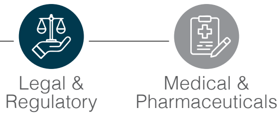
Currently, Dato' Mohd Zahir is the Independent Non-Executive Director of Universiti Malaya Medical Centre and Universiti Malaya. He also sits as an Independent Non-Executive Director of Mycron Steel Berhad and Olympia Industry Berhad.

Qualification(s)

- Certified Financial Planner
- Fellow, Chartered Accountants Australia & New Zealand
- Bachelor of Commerce (Accounting), University of New South Wales, Australia

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix



Board Committee(s)

- Member of Nominating and Remuneration Committee
- Member of Sustainability Committee
- Member of Board Risk and Investment Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

None

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year 11/11

DATO' DR. FARIDAH ARYANI MD. YUSOF

Independent Non-Executive Director

Gender	Age	Nationality
Female	64	Malaysian
Appointed on		**Last re-election on**
1 March 2024		5 June 2024

Working Experience and Occupations

Dato' Dr. Faridah brings to the Board over 37 years of experience in pharmaceutical industry involving pharmacy development, regulatory compliance and drug management.

Dato' Dr. Faridah started her career with the National Pharmaceutical Control Bureau in 1986 upon graduating with a Bachelor of Pharmacy from the Universiti Sains Malaysia. She has held several important posts in the Government sector, namely at the Ministry of Health, Kuala Lumpur Hospital and the National Pharmaceutical Regulatory Agency. The highest post that she held was Senior Director for Pharmaceutical Services Programme before her retirement. Upon her departure from the Ministry, she was appointed as an Academic Fellow at the School of Pharmaceutical Sciences, Universiti Sains Malaysia from June 2021 to May 2023.

In addition to her degree and Diploma in Medical Microbiology from the Institute for Medical Research, Dato' Dr. Faridah received her Master of Science degree in Pharmaceutical Services and Medicines Control from the University of Bradford, United Kingdom. She later pursued and received her Doctor of Philosophy (Ph.D.) in Pharmacoeconomics from Universiti Sains Malaysia in 2006.

Qualification(s)

- Doctor of Philosophy in Pharmacoeconomics, Universiti Sains Malaysia
- Master of Science in Pharmaceutical Services and Medicines Control, University of Bradford, United Kingdom
- Diploma in Medical Microbiology, Institute for Medical Research, Malaysia
- Bachelor of Pharmacy (Honours), Universiti Sains Malaysia

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

- Business & Economics
- Medical & Pharmaceuticals

Board Committee(s)

- Member of Nominating and Remuneration Committee
- Member of Audit Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

- PT Millennium Pharmacon International Tbk

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year 11/11

DR. IMAM FATHORRAHMAN, MM

Independent Non-Executive Director

Gender	Age	Nationality
Male	60	Indonesian
Appointed on		**Last re-election on**
1 March 2024		5 June 2024

Working Experience and Occupations

Dr. Imam brings a wealth of experience and expertise to the Board, supported by a strong educational foundation and decades of professional experience in the pharmaceutical industry.

With a broad expertise spanning marketing and sales strategy, business strategy, retail, pharmaceuticals, business development, and healthcare, he brings a multifaceted skill set to the boardroom, ready to drive strategic initiatives and propel organisational success to new heights.

After earning his Bachelor of Pharmacy degree in 1989, Dr. Imam began his career journey in the pharmaceutical field. Driven by a passion for innovation and strategic foresight, he pursued a Master of Strategic Management to equip himself with the knowledge and skills needed to navigate the complexities of the modern business landscape. Along with the development of science and the challenges of the pharmaceutical industry in the future, Dr. Imam has completed his doctoral programme in Pharmaceutical Sciences at Airlangga University in December 2024.

In 2011 to 2019, he was appointed as President Director of PT Kimia Farma Apotek. Furthermore, Dr. Imam was given a new assignment as Director of Business Development at PT Kimia Farma Tbk in 2019 to strengthen PT Kimia Farma Tbk's position as a holding company to adapt to new challenges and provide invaluable insights in establishing strategic partnerships and driving sustainable growth initiatives.

Recognised for his outstanding contributions, Dr. Imam held the position of Marketing & Commercial Director from 2021 to 2022, further highlighting his expertise in creating robust marketing and sales strategies to capture the ever-evolving market dynamics.

Throughout his illustrious career, Dr. Imam has played a significant role in winning various awards in the pharmaceutical sector in Indonesia, especially in the field of marketing.

Qualification(s)

- Doctor of Pharmaceutical Sciences, Airlangga University, Indonesia
- Master of Strategic Management, PPM School of Management, Indonesia
- Bachelor of Pharmacy, Airlangga University, Indonesia

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

Medical & Pharmaceuticals

Board Committee(s)

- Member of Sustainability Committee
- Member of Board Tender Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

None

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year

5/6

DR. MARY JANE CARDOSA

Independent Non-Executive Director

Gender	Age	Nationality
Female	73	Malaysian
Appointed on		**Last re-election on**
19 July 2024		None

Working Experience and Occupations

Dr. Mary Jane began her career as a Research Assistant on a Welcome Trust Grant at the Dunn School of Pathology, University of Oxford, United Kingdom from 1980 to 1984. She then moved to the Research Institute of the Scripps Clinic in La Jolla, California, United States of America (USA), where she was a Postdoctoral Fellow from January to April 1985.

From 1985 to 1989, Dr. Mary Jane served as a Lecturer at the School of Medical Sciences at Universiti Sains Malaysia, before moving to the School of Pharmaceutical Sciences, where she held the position of Lecturer from 1990 to 1994. She was subsequently appointed Associate Professor at the School of Pharmaceutical Sciences, Universiti Sains Malaysia, from 1994 to 1995.

In 1995, Dr. Mary Jane became the Founding Director of the Institute of Health and Community Medicine at Universiti Sarawak Malaysia (UNIMAS), where she served until 2010, establishing the institute and advancing research in public health and community medicine. From 2009 to 2018, Dr. Mary Jane was the Founder and Chief Scientific Officer at Sentinext Therapeutics Sdn. Bhd., where she played a pivotal role in leading scientific and technological innovations in biotechnology.

Currently, she is the Chief Technical Officer at Integrated Research Associates LLC and the Founder and Director of both MAB Explorations Sdn. Bhd. and Venture Technologies Sdn. Bhd., where she drives cutting-edge research, strategic initiatives, and technological advancements in the field of science and innovation.

Qualification(s)

- Doctor of Philosophy, University of Oxford, United Kingdom
- Master of Arts, Columbia University, New York, USA
- Bachelor of Arts, Princeton University, New Jersey, USA

PROFILE OF BOARD OF DIRECTORS

DATO' SERI DR. HJ. AWALUDIN SAID

Independent Non-Executive Director

Gender	Age	Nationality
Male	64	Malaysian
Appointed on		**Last re-election on**
19 July 2024		None

Board Skills and Experience Matrix

Medical & Pharmaceuticals

Board Committee(s)

- Member of Audit Committee
- Member of Board Risk and Investment Committee
- Member of Board Tender Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

None

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Board Meetings attended in the financial year

6/6

Working Experience and Occupations

Dato' Seri Dr. Hj. Awaludin began his career in the medical field as a Housemanship at Hospital Besar Seremban from 1985 to 1986. He then served as a Medical Officer at Hospital Besar Seremban from 1986 to 1987, before moving to Pusat Kesihatan Besar Padang Lebar, Batu Kikir, Negeri Sembilan as a Health Officer from 1987 to 1991. Following this, he worked as a Medical Officer for Tabung Haji in Mekah, Saudi Arabia from 1989 to 1990. In 1991, he transitioned into private practice, becoming a Private Medical Practitioner at Klinik Kita in Ampang, Selangor, where he practiced until 2004.

In his political career, Dato' Seri Dr. Hj. Awaludin was elected as the Member of the Negeri Sembilan State Legislative Assembly (Wakil Rakyat) for Kota Rembau, serving from 2004 until June 2023. He also served as the Chairman of the Board of Directors of MAINS Zakat Sdn. Bhd. (Pusat Zakat Negeri Sembilan) from 2014 to 2018. From 2013 to 2018, Dato' Seri Dr. Hj. Awaludin held the position of Speaker of the Negeri Sembilan State Legislative Assembly, playing a key role in the legislative process and governance at the state level.

Qualification(s)

- Bachelor of Medicine, Bachelor of Surgery (MBBS), Universiti Malaya

PROFILE OF BOARD OF DIRECTORS

Board Skills and Experience Matrix

Corporate Planning & Development

Board Committee(s)
None

Details of any interest in the securities of Pharmaniaga Berhad
None

Directorship in other public listed companies
None

Directorship in public companies
None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries
None

List of convictions for offences within the past 10 years other than traffic offences, if any
None

Board Meetings attended in the financial year
1/1

MOHD FIRDAUS ZULKIFLI

Non-Independent Non-Executive Director
(Alternate Director to Mohammad Ashraf Md. Radzi)

Gender	Age	Nationality
Male	38	Malaysian
Appointed on		**Last re-election on**
20 May 2024		Not Applicable

Working Experience and Occupations

Firdaus began his career as an Engineer, Operations & Maintenance at UEM Edgenta Berhad in June 2009 to December 2010, where he contributed to operational processes and maintenance efficiency. He then advanced to Executive, Corporate Strategy & Business Development in 2011 for a year and later held the role of Senior Executive, Operations Control for the whole year of 2012.

In 2013, he took on the role of Assistant Manager, Managing Director's Office at UEM Edgenta Berhad, before moving to UEM Sunrise Berhad as Assistant Manager, Corporate Planning from July 2014 to May 2016. During this period, he played a crucial role in corporate strategy, business development and operational improvements.

From June 2016 to October 2021, Firdaus served as Head of Business Development, Group Strategy at Naza Corporation Holdings Sdn. Bhd., leading business development and strategic initiatives that drove growth and operational success. Additionally, he took on the role of Interim Head of Company at Naza Communications Sdn. Bhd. from September 2019 to April 2020, managing operations during a transitional phase.

In his most recent roles, Firdaus was the Senior Manager, Growth & Strategy at Capital A Berhad from November 2021 to February 2023, where he was instrumental in executing growth strategies and driving the company's expansion. He currently serves as the Head of the Strategic Asset Management Department at Lembaga Tabung Angkatan Tentera (LTAT), where he oversees the reporting, evaluation, restructuring, and management of LTAT's strategic investee companies. His focus is on improving financial performance, driving growth, and enhancing shareholder value, while ensuring alignment with LTAT's key objectives and targets.

Qualification(s)

- Master of Management, Universiti Tun Abdul Razak
- Bachelor of Chemical Engineering, Universiti Putra Malaysia

KEY MANAGEMENT PERSONNEL

From left to right:

MOHD IZWAN ISHAK
Head of Manufacturing Division

WAN INTAN IDURA WAN ISMAIL
Chief Governance Officer

NORAI'NI MOHAMED ALI
Chief Financial Officer

ZULKIFLI JAFAR
Managing Director

AHMAD SHAHREDZUAN MOHD SHARIFF
Chief Operating Officer

DR. BADARULHISAM ABDUL RAHMAN
Chief Scientific Officer

DR. ISRAFIL MERICAN FAZIL MERICAN
Head of Biopharma & Patient Access

HAIRULRIZAL SAMURI
Head of Logistics & Distribution

AHMAD ABU BAKAR
Head of Indonesia Operations Division

ZULHAZRI RAZALI
Head of Government Business Division

MAHENDRAN A/L PUNUSAMY
Head of Private Marketing and Sales Division

HAYAT AL-MAZLI YAHAYA
Acting Head of Human Capital Management & Administration Division

KEY MANAGEMENT PERSONNEL

12
KEY MANAGEMENT PERSONNEL

10 Male

2 Female

Age Diversity

35 - 40 years	41 - 50 years	51 years and above
1	5	6

Length of Service

Below 2 years	2 - 5 years	Above 5 years
1	3	8

PROFILE OF KEY MANAGEMENT PERSONNEL

AHMAD SHAHREDZUAN MOHD SHARIFF

Chief Operating Officer

Gender
Male

Age
42

Nationality
Malaysian

Date of Appointment to present position
1 October 2024

Ahmad Shahredzuan began his career at Permodalan Nasional Berhad in 2006. His last position was Senior Manager at the Office of President and Group Chief Executive. Subsequently, he joined McKinsey & Company in 2015 as an Implementation Consultant, where he was involved in the strategy and execution of numerous projects.

In 2019, he expanded his horizon by joining Boustead Holdings Berhad (Boustead) as Senior General Manager. He then rose in the ranks within the Boustead Group to Chief Transformation Officer in May 2020. In March 2021, Ahmad Shahredzuan was appointed as Chief Reinvention and Strategy Officer of Boustead and later redesignated to Group Chief Reinvention and Strategy Officer effective March 2023.

He holds a Bachelor of Economics from the University of Warwick, United Kingdom and obtained his Graduate Diploma of Applied Finance from Kaplan Higher Education in Australia.

On 22 February 2023, he was appointed as Non-Independent Non-Executive Director of Pharmaniaga and later appointed as Chief Operating Officer effective 1 October 2024.

NORAI'NI MOHAMED ALI

Chief Financial Officer

Gender
Female

Age
58

Nationality
Malaysian

Date of Appointment to present position
1 June 2012

Norai'ni is Pharmaniaga's Chief Financial Officer (CFO) and brings over 31 years of vast working experience in accounting and finance.

Her professional career with the Company spans more than 24 years. She is an accomplished talent who oversees all financial matters, including acquisition of strategic business, treasury, taxation, risk management strategies and formulation of financial policies and tax planning of Pharmaniaga.

Norai'ni joined the Company in 2001 as a Deputy General Manager of Finance. Subsequently, she was appointed as CFO in 2012 and presently sits on the Boards subsidiaries of Pharmaniaga.

Prior to joining the Company, Norai'ni was attached to Opus Group Berhad, a subsidiary of UEM Group Berhad, for eight years. A Chartered Accountant and a fellow member of Association of Chartered Certified Accountant (FCCA), Norai'ni is also a member of the Malaysian Institute of Accountant (MIA) and the ASEAN Chartered Professional Accountants (ASEAN CPA).

Ahmad Shahredzuan Mohd Shariff		Norai'ni Mohamed Ali
Graduate Diploma of Applied Finance, Kaplan Higher Education, Australia Bachelor of Economics, University of Warwick, United Kingdom	**Qualification(s)**	Fellow, Association of Chartered Certified Accountants (FCCA) Chartered Accountant, Malaysia Institute of Accountants (MIA) ASEAN Chartered Professional Accountants (ASEAN CPA) Bachelor of Arts (Honours), Accounting and Finance, Liverpool John Moores University, United Kingdom
None	**Any directorship in public companies and public listed companies**	None
None	**Any family relationship with any director and/major shareholder of the Company**	None
None	**Any conflict of interests with the Company**	None
None	**Other than traffic offences, any convictions for the past 5 years and other particulars of any public sanction or penalty imposed by the None relevant regulatory bodies during the financial year, if any**	None

PROFILE OF KEY MANAGEMENT PERSONNEL

DR. BADARULHISAM ABDUL RAHMAN

Chief Scientific Officer

Gender
Male

Age
57

Nationality
Malaysian

Date of Appointment to present position
1 January 2023

As the Chief Scientific Officer at Pharmaniaga, Dr. Badarulhisam spearheads product development and regulatory strategies for the Company, which include product ideation, development, trial, registration, and product life cycle management. He has extensive experience in pharmaceutical and biopharmaceutical manufacturing plant design, construction, equipment and facility qualification & validation and the operation of these plants for the manufacturing of various therapeutic segments and dosage forms including vaccine.

He was also instrumental in establishing Pharmaniaga's Group-wide sustainability programme, which he headed from 2017 to 2022. He is a qualified Biochemical Engineer with expertise in Biochemical Engineering and Biotechnology.

He completed his Advanced Diploma and Master of Science at University College of London in the United Kingdom. Subsequently, he obtained his PhD from Johns Hopkins University in the United States of America.

Dr. Badarulhisam began his career as a lecturer at the Department of Bioprocess Engineering, Universiti Teknologi Malaysia, where he is still academically active. He then served as an Adjunct Professor at the Chemical Engineering Department of Universiti Putra Malaysia.

Amongst his other accomplishments include his appointment as Board of Academic Advisory of the Faculty of Engineering at Universiti Kebangsaan Malaysia and several other universities. He has also served as an industrial advisor to several Bioprocess Engineering Programmes of major universities in Malaysia and co-supervises master's and PhD students in various aspects of Biopharmaceutical Plant Design, Biologics Drug Development and Process Optimisations.

WAN INTAN IDURA WAN ISMAIL

Chief Governance Officer

Gender
Female

Age
45

Nationality
Malaysian

Date of Appointment to present position
1 August 2024

Wan Intan Idura joined Pharmaniaga in 2010 as Assistant Manager in the Legal Department and was promoted to Head of the Legal Department in 2012. Her dedication and expertise led to further career advancements within the Company, as she expanded her skills and knowledge in corporate governance and legal management.

In 2017, she was promoted to Deputy Director of the Corporate Governance Division and subsequently appointed as Director on 1 July 2021. She has also served as the Company Secretary of Pharmaniaga Berhad since 19 November 2019, overseeing all legal and secretarial functions of the Company.

On 1 August 2024, Wan Intan Idura was appointed as the Chief Governance Officer, a role in which she leads the Legal, Secretarial, Risk Management, Sustainability, Compliance, and Corporate System's functions of Pharmaniaga.

Admitted to the Malaysian Bar in 2006, Wan Intan Idura brings over 18 years of experience as an in-house legal counsel. Her expertise spans both local and international dealings across industries such as pharmaceuticals, information technology solutions, manufacturing, and automotive.

Dr. Badarulhisam Abdul Rahman		Wan Intan Idura Wan Ismail
PhD in Biotechnology, Johns Hopkins University MSc in Biochemical Engineering, University College London, United Kingdom Advanced Diploma in Biochemical Engineering, University College London, United Kingdom	**Qualification(s)**	Licensed Company Secretary (LS 0010668) Admission to Malaysian Bar in 2006 Bachelor of Laws (Honours), Universiti Teknologi MARA
None	**Any directorship in public companies and public listed companies**	None
None	**Any family relationship with any director and/major shareholder of the Company**	None
None	**Any conflict of interests with the Company**	None
None	**Other than traffic offences, any convictions for the past 5 years and other particulars of any public sanction or penalty imposed by the None relevant regulatory bodies during the financial year, if any**	None

PROFILE OF KEY MANAGEMENT PERSONNEL

MOHD IZWAN ISHAK

Head of Manufacturing Operations

Gender
Male

Age
46

Nationality
Malaysian

Date of Appointment to present position
1 August 2024

Mohd Izwan has been with Pharmaniaga for the past 13 years and held several roles, starting from Head of Production Section up to General Manager of Pharmaniaga Manufacturing Berhad, before being appointed as the Head of Manufacturing Operations of the Manufacturing Division effective 1 August 2024.

With over 23 years of experience under his belt in the pharmaceutical industry, he presently leads the four plants located throughout Malaysia. Apart from overseeing superior supply performance and continuous improvement activities of each plant, he led the capacity balancing improvement including the readiness of manufacturing facilities, utilities, equipment and developed organisational capability.

Prior to joining Pharmaniaga, Mohd Izwan was a New Product Development Manager at GlaxoSmithKline (M) Sdn. Bhd. with 9 years of experience in various positions within the company.

Mohd Izwan graduated with a Bachelor of Accounting (Honours) from Universiti Putra Malaysia. He is an active member of various pharmaceutical societies, both locally and internationally, such as the International Society for Pharmaceutical Engineering (ISPE) and a member of the Malaysian Organisation of Pharmaceutical Industries (MOPI).

HAIRULRIZAL SAMURI

Head of Logistics & Distribution

Gender
Male

Age
47

Nationality
Malaysian

Date of Appointment to present position
21 April 2025

Hairul has over 20 years of experience in supply chain management, procurement, logistics, and distribution, working across various industries such as semiconductors, oil & gas, FMCG, and construction, both in Malaysia and internationally. He began his career in 1999 as an Assistant Manager at Flextronics Technology in Shah Alam, where he gained experience in inventory management, logistics, and operational planning.

In 2007, he transitioned to Emerson Process Management, where he managed the global shipping operations.

In 2011, Hairul took on the role of Regional Logistics Head for ASEAN at Bluescope Steel Asia, where he played a pivotal role in enhancing distribution efficiency and driving significant cost reductions. His ability to streamline operational excellence further expanded when he became the General Manager of Supply Chain at Cement Industries of Malaysia Berhad (CIMA) from 2013 to 2019.

From 2019 to 2023, Hairul moved to Vietnam, where he worked as Head of Logistics at BMT Logistics, responsible for 3PL performance before assumed the role of Global Director at Twinstar Home, overseeing logistics and supply chain operations across ASEAN, China and US.

Before joining Pharmaniaga in 2025, Hairul was the Director of Supply Chain at Omya Malaysia, where he managed the country's logistics operations and focusing on enhancing operational efficiency.

Throughout his career, Hairul has continuously demonstrated his ability to drive operational excellence, optimise supply chains, and lead diverse teams to achieve business growth. His strategic planning, expertise in procurement, and dedication to cost-effective logistics make him a key player in any supply chain operation.

Mohd Izwan Ishak		Hairulrizal Samuri
Bachelor of Accounting (Honours), Universiti Putra Malaysia	**Qualification(s)**	Master of Business Administration (Strategic Management) from Universiti Teknologi Malaysia Bachelor of Business Administration (Honours) in Human Resources from Universiti Teknologi MARA Diploma in Banking from Universiti Teknologi MARA
None	**Any directorship in public companies and public listed companies**	None
None	**Any family relationship with any director and/major shareholder of the Company**	None
None	**Any conflict of interests with the Company**	None
None	**Other than traffic offences, any convictions for the past 5 years and other particulars of any public sanction or penalty imposed by the None relevant regulatory bodies during the financial year, if any**	None

PROFILE OF KEY MANAGEMENT PERSONNEL

ZULHAZRI RAZALI

Head of Government Business

Gender
Male

Age
58

Nationality
Malaysian

Date of Appointment to present position
1 December 2024

Zulhazri joined Pharmaniaga in 1994 as an Assistant Manager of Customer Care, marking the beginning of a remarkable journey within the company. Over the years, he has broadened his expertise across various disciplines, including warehouse management, supply chain, international business, sales and marketing, finance, and business strategy.

In 2014, he was promoted to Commercial Director, where he took charge of the Sales & Marketing Division and played a pivotal role in identifying strategic business opportunities for the Group's healthcare portfolios within both the private and Government sectors in Malaysia.

On 1 December 2024, Zulhazri was redesignated as the Head of Government Business Unit, tasked with overseeing all Government-related business functions.

A dynamic leader, Zulhazri excels in articulating strategic goals and plans, ensuring alignment across teams while driving operational efficiency and profitability. His deep understanding of market trends and the competitive landscape positions him as a valuable asset to the organisation. He consistently shares these insights with colleagues, contributing to the Company's and the Group's long-term growth and opportunities in our chosen business portfolios.

MAHENDRAN A/L PUNUSAMY

Head of Private Marketing and Sales

Gender
Male

Age
49

Nationality
Malaysian

Date of Appointment to present position
1 December 2024

Mahendran began his career in the healthcare and pharmaceutical industry, gaining foundational experience in operations and sales across various roles. Early in his career, he demonstrated strong capabilities in managing key brands, launching new products, and driving sales growth at reputable organisations such as Servier Malaysia and Novartis Malaysia.

He joined Pharmaniaga in 2008 and progressed through key roles in sales and marketing, driving market leadership, launching new products, and optimising operations. Promoted to Deputy General Manager in 2016, he developed strategies across therapeutic areas, achieved market dominance for flagship brands, and enhanced sales force efficiency.

As General Manager, Sales & Marketing in 2021, he elevated Pharmaniaga to new heights, launching 16 products, establishing specialty units such as Vaccines and Hepatitis C, and laying the groundwork for future growth. On 1 December 2024, Mahendran was appointed as the Head of the Private Marketing and Sales Division, overseeing strategic initiatives to expand the private market portfolio.

Mahendran, graduated with a Bachelor of Science in Microbiology from Universiti Malaya, is a visionary leader with a proven track record of driving growth, innovation, and market leadership in the pharmaceutical industry, consistently delivering impactful results through strategic planning, operational excellence, and team empowerment.

Zulhazri Razali		Mahendran A/L Punusamy
Master of Business Administration, University of Manchester, United Kingdom Bachelor of Science (Honours) Pharmacy, University of Manchester, United Kingdom	**Qualification(s)**	Bachelor of Science (Honours) in Microbiology, Universiti Malaya
None	**Any directorship in public companies and public listed companies**	None
None	**Any family relationship with any director and/major shareholder of the Company**	None
None	**Any conflict of interests with the Company**	None
None	**Other than traffic offences, any convictions for the past 5 years and other particulars of any public sanction or penalty imposed by the None relevant regulatory bodies during the financial year, if any**	None

PROFILE OF KEY MANAGEMENT PERSONNEL

AHMAD ABU BAKAR

Head of Indonesia Operations

Gender
Male

Age
56

Nationality
Malaysian

Date of Appointment to present position
16 July 2020

Ahmad was appointed as the President Director of PT Millennium Pharmacon International Tbk (MPI) at the Annual General Meeting and Extraordinary General Meeting on 16 July 2020. Prior to this, he was a Director of the Company since 29 September 2011.

Prior to joining MPI, he was the Branch Manager of Pharmaniaga Logistics Sdn. Bhd.'s Northern Branch in Penang for seven years. Whilst stationed there, he was responsible in running and managing the logistics and distribution operations of the branch, which served customers mainly in the four northern states of Peninsular Malaysia.

He graduated from Bradford University, United Kingdom with a degree in Pharmacy in 1993 and is a registered pharmacist in Malaysia. He spent one year as a pre-registration pharmacist at Bradford Royal Infirmary and Lipha Pharmaceutical Ltd, United Kingdom.

He has more than 30 years of pharmaceutical experience and has worked in various fields of pharmacy; namely retail and wholesale pharmacy, manufacturing, private hospital, pharmaceuticals' logistics and distribution field and part-time teaching of students pursuing a diploma in Pharmacy.

HAYAT AL-MAZLI YAHAYA

Acting Head, Human Capital Management and Administration

Gender
Male

Age
52

Nationality
Malaysian

Date of Appointment to present position
1 October 2024

Hayat is a highly experienced human resource (HR) practitioner with over 29 years of human resources management in the private sector. He has held various senior roles at Pharmaniaga, overseeing HR strategy, talent development, reward management, and employee engagement initiatives.

Before joining Pharmaniaga, Hayat worked at Touch 'n Go Sdn. Bhd. and TIME Engineering Bhd, where he gained experience in HR management, office administration, and procurement.

Throughout his career, he has successfully led numerous key HR initiatives, focusing on developing high-performance teams and strategically aligning HR practices with corporate objectives for long-term organisational success.

Hayat holds a Master of Social Science in Psychology & Counselling and an Advanced Diploma in Psychology & Counselling from the National University of Malaysia (UKM).

Ahmad Abu Bakar		Hayat Al-Mazli Yahaya
Bachelor of Pharmacy (Honours), University of Bradford, United Kingdom	**Qualification(s)**	Master of Social Science (Psychology & Counselling), Universiti Kebangsaan Malaysia Advanced Diploma in Psychology & Counselling, Universiti Kebangsaan Malaysia Certificate of Human Resource Management, Universiti Malaya
None	**Any directorship in public companies and public listed companies**	None
None	**Any family relationship with any director and/major shareholder of the Company**	None
None	**Any conflict of interests with the Company**	None
None	**Other than traffic offences, any convictions for the past 5 years and other particulars of any public sanction or penalty imposed by the None relevant regulatory bodies during the financial year, if any**	None

PROFILE OF KEY MANAGEMENT PERSONNEL

DR. ISRAFIL MERICAN FAZIL MERICAN

Head of Biopharma & Patient Access

Gender
Male

Age
40

Nationality
Malaysian

Date of Appointment to present position
1 December 2024

Dr. Israfil brings over 15 years of diverse experience across various sectors of the healthcare industry. He began his career with the Ministry of Health Malaysia (MOH), where he served as a practicing medical officer and held a management role with the Penang State Health Department.

Dr. Israfil then joined the Malaysia Healthcare Travel Council (MHTC), where he spent two years expanding Malaysia's healthcare travel industry. Following that, he worked at AstraZeneca and Roche, leveraging his expertise to strengthen their presence in Malaysia.

In March 2023, Dr. Israfil joined Pharmaniaga Research Centre Sdn. Bhd. as Head of Medical Affairs. He represented Pharmaniaga in the development of two key national guidelines, namely the Malaysian Prioritisation of Vaccine Selection (MyPRICISE) Manual 2024 by MOH and the first Malaysia Halal Pharmaceutical Guideline by Halal Development Corporation Berhad (HDC).

In December 2024, Dr. Israfil was appointed as the Head of Biopharma and Patient Access Division where his primary responsibility is to oversee the marketing and sales of Pharmaniaga's key biopharmaceutical products, such as vaccines, insulin, and other biosimilars.

Qualification(s)

Master of Healthcare Management (MHM), University of New South Wales (UNSW), Australia

Medical Degree (MD), I.M Sechenov Moscow Medical Academy, Russia Federation

None	**Any directorship in public companies and public listed companies**
None	**Any family relationship with any director and/major shareholder of the Company**
None	**Any conflict of interests with the Company**
None	**Other than traffic offences, any convictions for the past 5 years and other particulars of any public sanction or penalty imposed by the None relevant regulatory bodies during the financial year, if any**

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SERI ABDUL RAZAK JAAFAR
Independent Non-Executive Chairman

ZULKIFLI JAFAR
Managing Director

DR. ABDUL RAZAK AHMAD
Senior Independent
Non-Executive Director

IZADDEEN DAUD
Non-Independent Non-Executive Director

MOHAMMAD ASHRAF MD. RADZI
Non-Independent Non-Executive Director

SARAH AZREEN ABDUL SAMAT
Independent Non-Executive Director

DATO' MOHD ZAHIR ZAHUR HUSSAIN
Independent Non-Executive Director

DATO' DR. FARIDAH ARYANI MD. YUSOF
Independent Non-Executive Director

DR. IMAM FATHORRAHMAN
Independent Non-Executive Director

DR. MARY JANE CARDOSA
Independent Non-Executive Director

DATO' SERI DR. HJ. AWALUDIN SAID
Independent Non-Executive Director

MOHD FIRDAUS ZULKIFLI
Non-Independent Non-Executive Director
(Alternate Director to Mohammad Ashraf Md. Radzi)

AUDIT COMMITTEE

CHAIRMAN
Sarah Azreen Abdul Samat

MEMBERS
Dr. Abdul Razak Ahmad
Dato' Mohd Zahir Zahur Hussain
Dr. Imam Fathorrahman
Dato' Seri Dr. Hj. Awaludin Said

NOMINATING AND REMUNERATION COMMITTEE

CHAIRMAN
Dr. Abdul Razak Ahmad

MEMBERS
Sarah Azreen Abdul Samat
Dato' Dr. Faridah Aryani Md. Yusof
Dr. Imam Fathorrahman
Dato' Mohd Zahir Zahur Hussain

BOARD RISK AND INVESTMENT COMMITTEE

CHAIRMAN
Dato' Mohd Zahir Zahur Hussain

MEMBERS
Sarah Azreen Abdul Samat
Dr. Abdul Razak Ahmad
Dato' Dr. Faridah Aryani Md. Yusof
Dato' Seri Dr. Hj. Awaludin Said

BOARD SUSTAINABILITY COMMITTEE

CHAIRMAN
Dr. Abdul Razak Ahmad

MEMBERS
Dato' Dr. Faridah Aryani Md. Yusof
Dr. Mary Jane Cardosa

BOARD TENDER COMMITTEE

CHAIRMAN
Sarah Azreen Abdul Samat

MEMBERS
Dato' Mohd Zahir Zahur Hussain
Dr. Mary Jane Cardosa
Dato' Seri Dr. Hj. Awaludin Said

COMPANY SECRETARIES

Wan Intan Idura Wan Ismail
(LS 0010668)
Syaruzaimi Yusof
(LS 0010665)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Sector : Trading/Services
Stock Code : 7081

REGISTERED OFFICE

Level 23, The Bousteador,
No. 10, Jalan PJU 7/6,
Mutiara Damansara,
47800 Petaling Jaya,
Selangor Darul Ehsan.
Tel. No. : +603-2141 9044
Fax. No. : +603-2141 9750

BUSINESS ADDRESS

No. 7, Lorong Keluli 1B,
Kawasan Perindustrian Bukit Raja
Selatan, Seksyen 7,
40000 Shah Alam,
Selangor Darul Ehsan.
Tel. No. : +603-3342 9999
Fax. No. : +603-3341 7777
Website : www.pharmaniaga.com
Email : info@pharmaniaga.com

PRINCIPAL BANKERS

Bank Muamalat Malaysia Berhad
Bank Islam Malaysia Berhad
Affin Islamic Bank Berhad
United Overseas Bank (Malaysia) Bhd

AUDITORS

Messrs. Ernst & Young PLT
(AF:0039)
Chartered Accountants
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur.

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
Co. Reg. No. 197101000970
(11324-H)
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel. No. : +603-2783 9299
Fax. No. : +603-2783 9222

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(PURSUANT TO PARAGRAPH 15.25(1) OF THE MAIN MARKET LISTING REQUIREMENTS (MMLR) OF BURSA MALAYSIA SECURITIES BERHAD (BURSA MALAYSIA))

At Pharmaniaga Berhad (Pharmaniaga or the Company), we recognise that effective corporate governance is fundamental to our success, sustainability and ability to create long terms value for all stakeholders. As such, the Board is committed to upholding the highest standards of transparency, accountability, integrity, and ethical conduct in all aspects of our operations.

Our corporate governance practices are designed to ensure that we operate in a manner that is consistent with the interests of our shareholders, employees, customers, suppliers, and the communities in which we operate. By adhering to best practices and continuously evaluating and enhancing our governance framework, we aim to maintain the trust and confidence of our stakeholders while driving sustainable growth and delivering value over the long term.

In this Corporate Governance Overview Statement, we set out the principal features of Pharmaniaga and its subsidiaries' (collectively, the Group) corporate governance approach, summary of corporate governance practices during the year under review, as well as key focus areas and future priorities in relation to corporate governance. Guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia.

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG). The updated MCCG dated 28 April 2021 introduced a number of new practices and guidance to listed issuers with the aim of strengthening their corporate governance culture.

The Corporate Governance Report is available on the Group's website, **www.pharmaniaga.com** as well as via announcement made on the website of Bursa Malaysia. This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Integrated Report, namely Statement on Risk Management and Internal Control, Audit Committee Report and the Sustainability Statement.

CORPORATE GOVERNANCE APPROACH

The Board of Pharmaniaga is committed towards reinforcing its market position in the pharmaceutical sector, whilst remaining true to the Group's well-established corporate governance philosophies which are ingrained in the Group's core values, namely, Respect, Integrity, Teamwork and Excellence. The Board believes that a robust and dynamic corporate governance framework is essential to form the bedrock of responsible and responsive decision making in the Group. The Group's overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
- find a fine balance in meeting the expectations of all stakeholders within the Group.

Given that the Board forms the pivot of good corporate governance, the Board steers efforts to promote meaningful and thoughtful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory tapestry and evolving stakeholder expectations.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment to sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other best practices. Pharmaniaga has applied all the Practices encapsulated in the MCCG for the financial year ended 31 December 2024 with the exception of:

- Practice 5.9: 30% women Directors in the Boardroom; and
- Practice 8.2: Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000.

In line with the latitude accorded in the application mechanism of the MCCG, the Company has provided explanations for the departures from the said Practices, supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the MCCG are available in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A summary of the Group's corporate governance practices with reference to the MCCG is described below.

BOARD'S ROLES AND RESPONSIBILITIES

The Board's primary role is to determine Pharmaniaga's strategic objectives and policies to deliver sustainable value to its shareholders. In ensuring the protection and enhancement to shareholder value, it takes into account the interest of stakeholders, customers, suppliers, regulators, non-governmental organisations and the general public, amongst others. The Board is ultimately accountable for the performance of the Group, governs its affairs on behalf of the shareholders and retains full and effective control over it. To this end, the Board sets goals, policies and targets within a framework of prudent and effective controls which enables risk to be assessed and managed. Additionally, the Board ensures the necessary resources and capabilities are in place to deliver its strategic aims and objectives.

The following are the Board's principal roles and responsibilities in discharging its leadership function and fiduciary duties toward meeting the goals and objectives of the Group:

a. Reviewing and adopting a strategic plan
b. Monitoring the conduct of business
c. Reviewing the adequacy and integrity of information and internal control systems and identifying principal risks and implementation of appropriate internal controls and mitigation measures
d. Reviewing and adopting a strategic plan that supports long-term value creation and business sustainability
e. Succession planning
f. Ensuring effective communication with stakeholders

The Chairman and Managing Director (MD) roles are separate and clearly defined and held by two distinct parties. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with a focused approach facilitates efficiency and expedites informed decision-making. Whilst the Chairman provides leadership to the Board, the responsibility for the overall business and day-to-day management of Pharmaniaga is delegated to the MD. The MD is responsible for leading the Management and implementing operational decisions. The MD has been delegated certain powers to execute transactions guided by rules and procedures and in accordance with the authority limits as defined and formalised.

In performing their duties, the Board is supported by two professionally qualified and competent joint Company Secretaries who, under the direction of the Chairman, are accountable for all matters regarding the proper functioning of the Board and for facilitating effective information flows within the Board and Board Committees and between Senior Management and the Non-Executive Directors.

All Directors have access to the advice and services of the Senior Management and Company Secretaries on matters relating to the Group and necessary compliance by the Group. The Directors, in their individual capacity or collectively, may seek independent professional advice in furtherance of their duties, whenever necessary and in appropriate circumstances at the Company's expense.

The joint Company Secretaries attend all meetings of the Board and Board Committees and advise the Directors on the requirements of the Company's Constitution and legislative promulgations such as the Companies Act 2016, Capital Markets and Services Act 2007 (Amendment 2012) MMLR of Bursa Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AC

AUDIT COMMITTEE

Review of financial reporting, internal controls, related party transactions/recurrent related party transactions and conflict of interest, internal audit as well as external audit processes.

BTC

BOARD TENDER COMMITTEE

To assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by Pharmaniaga and its subsidiaries.

BRIC

BOARD RISK AND INVESTMENT COMMITTEE

Oversee the implementation of the risk management framework and identify, assess and monitor the overall risk exposure in order to safeguard the Group's interest.

BOARD

Responsible for providing stewardship and oversight of the Group's business affairs.

NRC

NOMINATING AND REMUNERATION COMMITTEE

Review candidatures for Board appointment and re-appointment as well as annual assessment of the Board, Board Committees and Directors. Review and oversee administration of remuneration policies and procedures of Directors and Senior Management and administration of Share Issuance Scheme of the Company.

SC

SUSTAINABILITY COMMITTEE

Monitor implementation of sustainability-related policies, measures and actions in achieving Group's sustainability milestones and goals.

MANAGING DIRECTOR

Responsible for the overall business and implementation of Board policies, decisions and power within delegated limits of authority for all matters except those reserved for the Board or delegated to Board Committee.

RISK MANAGEMENT WORKGROUP COMMITTEE (RMWC)

HEAD OF INTERNAL AUDIT

GOVERNANCE FRAMEWORK

The Board discharges its responsibilities within a clearly defined governance framework and robust mechanisms in place. Through the framework, the Board delegates its governance responsibilities to the Committees of the Board and other Management Committees. The Board retains ultimate accountability and responsibility for the performance and affairs of the Company and ensures that the Group adheres to high standards of ethical behaviour.

The table above illustrates the Group's governance structure and an overview of the key Board Committees and Management Committees for the financial year ended 31 December 2024.

As depicted in the table, the Board is assisted by five (5) Board Committees in its oversight function with reference to specific responsibility areas. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

The Board has formalised a Board Charter which serves as the primary source of reference on the governance together with roles and responsibilities of the Board, Board Committees and individual Directors. The Board Charter is available on the Group's website, **www.pharmaniaga.com**.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ATTENDANCE AT BOARD MEETINGS

In accordance with the Company's Constitution, the Board is required to meet at least four (4) times a year. The dates of these scheduled meetings are determined well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on an ad hoc basis to deliberate urgent matters. All Directors attended at least 75% of all Board meetings held during the financial year under review. Members of the Senior Management were also invited to attend selected Board meetings to support the Board with further information on the matters being deliberated.

During the financial year under review, the Board deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, financial results as well as key performance indicators. Directors must immediately declare if they have any interest in transactions that are to be entered into directly or indirectly with the Company. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the conflict of interest. They must also abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

Board meetings are convened immediately following the finalisation of the Company's quarterly and annual results for the Board to review and approve prior to announcements to Bursa Malaysia.

The attendance of individual Directors at Board and Board Committees meetings during the financial year ended 31 December 2024 is outlined below:

Director	Board	AC	NRC	SC	BRIC	BTC
Managing Director						
Zulkifli Jafar [1]	11/11	-	-	-	-	-
Non-Independent Non-Executive Chairman						
Dato' Seri Abdul Razak Jaafar [2]	4/4	-	-	-	-	-
Senior Independent Non-Executive Director						
Dr. Abdul Razak Ahmad	16/17	8/8	13/13	2/2	6/6	2/2
Independent Non-Executive Directors						
Sarah Azreen Abdul Samat	17/17	8/8	13/14	-	6/6	5/5
Dato' Dr. Faridah Aryani Md. Yusof [3]	11/11	-	11/11	1/1	4/4	-
Dato' Mohd Zahir Zahur Hussain [4]	11/11	6/6	-	-	4/4	3/3
Dr. Imam Fathorrahman [5]	11/11	6/6	11/11	1/1	-	3/3
Dato' Seri Dr. Hj. Awaludin Said [6]	6/6	-	-	-	-	-
Dr. Mary Jane Cardosa [7]	5/6	-	-	-	-	-
Non-Independent Non-Executive Directors						
Izaddeen Daud [8]	14/17	-	-	-	-	-
Mohammad Ashraf Md. Radzi	14/17	-	-	-	-	-
Ahmad Shahredzuan Mohd Shariff [9]	12/13	6/6	13/13	1/1	4/4	3/3
Mohd Firdaus Zulkifli (Alternate Director to Mohammad Ashraf Md. Radzi) [10]	1/1	-	-	-	-	-
Dayana Rogayah Omar [11]	-	-	-	-	-	-

Board/Board Committee Chairman *Member*

[1] Redesignated from Executive Director to Managing Director on 1 September 2024.
[2] Appointed as Independent Non-Executive Chairman on 1 October 2024.
[3] Appointed as Independent Non-Executive Director on 1 March 2024. Appointed as member of Nominating & Remuneration Committee, Sustainability Committee and Board Risk and Investment Committee on 1 October 2024.
[4] Appointed as Independent Non-Executive Director on 1 March 2024. Appointed as member of Audit Committee, Board Risk and Investment Committee and Board Tender Committee on 27 March 2024.
[5] Appointed as Independent Non-Executive Director on 1 March 2024. Appointed as member of Audit Committee, Nominating & Remuneration Committee, Sustainability Committee and Board Tender Committee on 27 March 2024.
[6] Appointed as Independent Non-Executive Director on 19 July 2024.
[7] Appointed as Independent Non-Executive Director on 19 July 2024.
[8] Redesignated from Non-Independent Non-Executive Chairman to Non-Independent Non-Executive Director on 1 October 2024.
[9] Resigned as Non-Independent Non-Executive Director and appointed as Chief Operating Officer of the Company on 1 October 2024.
[10] Appointed as Non-Independent Non-Executive Director on 20 May 2024 (Alternate Director to Mohammad Ashraf Md. Radzi).
[11] Resigned as Non-Independent Non-Executive Director on 14 February 2024 (Alternate Director to Mohammad Ashraf Md. Radzi).

BOARD COMPOSITION

During the financial year under review, the Board saw changes to its composition.

The Board welcomed three new Independent Non-Executive Directors, namely, Dato' Mohd Zahir Zahur Hussain, Dato' Dr. Faridah Aryani Md. Yusof and Dr. Imam Fathorrahman on 1 March 2024. On 20 May 2024, the Board appointed Encik Mohd Firdaus Zulkifli as alternate director to Encik Mohammad Ashraf Md. Radzi following the departure of Puan Dayana Rogayah Omar on 14 February 2024. The Board also welcomed Dr. Mary Jane Cardosa and Dato' Seri Dr. Hj. Awaludin Said as new Independent Non-Executive Directors on 19 July 2024.

On 1 September 2024, Encik Zulkifli Jafar was redesignated from Executive Director to Managing Director. Subsequently, Dato' Seri Abdul Razak Jaafar was appointed as Chairman of the Board effective 1 October 2024. With the appointment of Dato' Seri Abdul Razak Jaafar as the Chairman of the Board, Encik Izaddeen Daud has been redesignated as Non-Independent Non-Executive Director of the Company.

1 October 2024 also marked the appointment of Encik Ahmad Shahredzuan Mohd Shariff as the Company's Chief Operating Officer to replace Encik Mohamed Iqbal Abdul Rahman who has retired on 8 March 2024. In light of his appointment, Encik Ahmad Shahredzuan resigned from the Board with effect from the same date.

Following the new appointments, redesignation and resignation of Board members, as of the date of this Integrated Report, the Board consists of twelve (12) Directors. Presently, the Board has three (3) female Directors. The NRC and the Board fully recognise the need to re-balance the Board and have factored this into their succession planning. Nonetheless, whilst sufficient emphasis is placed on recruiting women Directors, appointments to the Board will be based on merits and credentials of each candidate under evaluation.

In accordance with the Company's Constitution, one-third of the Directors shall retire from office at every annual general meeting and all Directors shall retire at least once in every three (3) years. If eligible, retiring Directors may offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next annual general meeting following their appointments.

The Board is supported by the Senior Management in ensuring that there is an effective and fair representation of the shareholders, including minority shareholders. The Board strives to ensure that it has an appropriate and collective mix of skills, qualifications, expertise, and diversity to add value to Board processes and decisions. The Board, from time to time, undertakes a review of its composition to determine areas of strength and improvement opportunities.

The oversight of the overall composition of the Board and Board Committees resides within the NRC. Appointments to the Board are made via a formal, rigorous, and transparent process. The NRC is guided by qualitative and quantitative criteria when assessing the suitability of Directors for nominations, such as qualifications, skills, experiences, professionalism, integrity and diversity. In the case of Independent Non-Executive Directors, the NRC assesses the candidate's ability to bring the element of detached impartiality and objective judgment to the boardroom deliberations.

The Board, with the assistance of the NRC, regularly assesses the skills, experiences, independence, and diversity required collectively for the Board to effectively fulfil its roles.

The Board was satisfied that there was mutual respect among Directors, which contributed to a democratic environment that allowed for constructive deliberations and a robust decision-making process. The Board reviews and evaluates annually its performance and that of the Board Committees as well as individual Directors based on a set of predetermined criteria in a process that is facilitated by the NRC.

INDEPENDENCE OF THE BOARD

The Board recognises the importance and contributions of Independent Non-Executive Directors. They provide objectivity, impartiality and independent judgement to the Board and ensure check and balance. Their presence provides unbiased and independent views, advice, and opinions to safeguard the interests of minority shareholders.

At the date of this Integrated Report, eight (8) Independent Non-Executive Directors satisfy the following criteria:

- independent from Management and any other relationship that could interfere with their independent judgement or the ability to act in the best interest of the Company;
- not involved in the day-to-day operations of the Company; and
- declared their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings.

In reviewing the independence of Independent Non-Executive Directors, the NRC and Board adopt a qualitative approach in assessing if the Independent Non-Executive Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour.

BOARDROOM DIVERSITY

Diversity is important to ensure the Company remains relevant, resilient and sustainable in the rapidly transforming and evolving business environment.

In this regard, the NRC is empowered to review and evaluate the composition and performance of the Board annually, as well as assess qualified candidates to occupy Board positions.

The Board will take the necessary measures to ensure that at every possible event, boardroom diversity will be accounted for in the Board appointment as well as annual assessment.

The Company appreciates the benefits of having gender diversity in the boardroom as a mixed-gendered Board would offer different viewpoints, ideas, and market insights, which enables better problem-solving to gain a competitive advantage in serving an increasingly diverse customer base, compared with a boardroom dominated by one gender.

The Company also provides a suitable working environment that is free from harassment and discrimination in order to attract and retain women's participation on the Board.

The Board further acknowledges the benefits of having diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity as well as youthful exuberance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whilst it is important to promote diversity, Directors are selected based on various factors, i.e., effective blend of competencies, skills, experience, and knowledge on the industry or other identified areas in order to carry out effectively the Board's functions and duties. The Board is committed to ensuring that its composition does not only reflect diversity but will also have the right mix of skills and balance to contribute to the achievement of the Company's goals.

REMUNERATION

The Board delegates to the NRC the responsibility to set the overarching principles, parameters and governance framework relating to the Group's remuneration matters. To attract and retain high calibre Directors and Senior Management in order to run the business successfully, Pharmaniaga aims to set remuneration at levels that are sufficient, taking into consideration all relevant factors including the function, workload and responsibilities involved. The Board acknowledges the importance of motivating quality people to lead, manage and serve the Company in a competitive environment. Hence, the appropriate level of remuneration is essential to enhance the long-term interests of the stakeholders.

A review of the quantum and composition of the C-Suite and Senior Management's remuneration is usually undertaken on an annual basis to reflect the experience and level of responsibilities undertaken, while for Non-Executive Directors, it may be reviewed from time to time, as determined by the Board.

However, due to the Company's PN17 status, the remuneration review is currently on hold until the Company's financial position stabilises and it exits the situation.

The details for the remuneration of Directors for the financial year ended 31 December 2024 for the Group and the Company are as tabulated below.

	Fees		Salaries	Bonuses		EPF and SOCSO	Benefits in Kind	Other Allowances		Total	
Director	Group RM	Company RM	Group & Company RM	Group RM	Company RM	Group & Company RM	Group & Company RM	Group RM	Company RM	Group RM	Company RM
Managing Director											
Zulkifli Jafar [1]	-	-	1,130,800	2,500	-	127,352	24,600	54,038	31,000	1,339,290	1,313,752
Non-Executive Directors											
Dato' Seri Abdul Razak Jaafar [2]	42,500	42,500	-	-	-	-	-	6,000	6,000	48,500	48,500
Dr. Abdul Razak Ahmad	201,718	153,718	-	-	-	-	-	71,316	53,500	273,034	207,218
Izaddeen Daud [3]	150,000*	150,000*	-	-	-	-	-	19,500	19,500	169,500	169,500
Ahmad Shahredzuan Mohd Shariff [4]	91,500*	91,500*	-	-	-	-	-	36,000	36,000	127,500	127,500
Sarah Azreen Abdul Samat	180,496	132,196	-	2,500	-	-	-	77,611	56,000	260,607	188,196
Mohammad Ashraf Md. Radzi	90,000**	90,000**	-	-	-	-	-	14,000	14,000	104,000	104,000
Dato' Mohd Zahir Zahur Hussain [5]	96,301	96,301	-	-	-	-	-	31,000	31,000	127,301	127,301
Dato' Dr. Faridah Aryani Md. Yusof [5]	81,847	81,847	-	-	-	-	-	26,000	26,000	107,847	107,847
Dr. Imam Fathorrahman [5]	268,171	97,062	-	11,930	-	-	-	80,902	35,000	361,003	132,062
Dato' Seri Dr. Hj. Awaludin Said [6]	40,645	40,645	-	-	-	-	-	6,000	6,000	46,645	46,645
Dr. Mary Jane Cardosa [6]	40,645	40,645	-	-	-	-	-	5,000	5,000	45,645	45,645
Mohd Firdaus Zulkifli [7]	-	-	-	-	-	-	-	1,000	1,000	1,000	1,000
Total	**1,283,823**	**1,016,414**	**1,130,800**	**16,930**	**-**	**127,352**	**24,600**	**428,367**	**320,000**	**3,011,872**	**2,619,166**

[1] Redesignated from Executive Director to Managing Director on 1 September 2024.
[2] Appointed as Independent Non-Executive Chairman on 1 October 2024.
[3] Redesignated from Non-Independent Non-Executive Chairman to Non-Independent Non-Executive Director on 1 October 2024.
[4] Resigned as Non-Independent Non-Executive Director and appointed as Chief Operating Officer of the Company on 1 October 2024.
[5] Appointed as Independent Non-Executive Director on 1 March 2024.
[6] Appointed as Independent Non-Executive Director on 19 July 2024.
[7] Appointed as Non-Independent Non-Executive Director on 20 May 2024 (Alternate Director to Mohammad Ashraf Md. Radzi).

** Directors' fees paid to Boustead Holdings Berhad.*
*** Directors' fees paid to Lembaga Tabung Angkatan Tentera.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INDUCTION PROGRAMME

The Company Secretaries are tasked with facilitating the induction of newly appointed Directors in order to familiarise the new Directors with the business of the Group. New Directors received a comprehensive onboarding programme, conducted by the Senior Management covering key areas of the business, an overview of the Group's financial management processes and operations of the Company, amongst others. Directors were also updated on ongoing potential projects undertaken by the Group.

The Company has arranged for newly appointed and existing Directors to attend the Mandatory Accreditation Programme (MAP) Part I focusing on corporate governance, and MAP Part II, a new mandatory onboarding programme on sustainability for directors of Public Listed Companies.

BOARD CONDUCT

The Board commits itself to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. All Board members discharge their fiduciary duties and responsibilities at all times in the best interest of the Company. They act with integrity, lead by example and keep abreast of their responsibilities as Directors for the business and development of the Company.

In directing or managing the Company's affairs and business, the Board exercises reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly recorded.

MATTERS RESERVED FOR THE BOARD

The matters reserved for the Board, amongst others, are set out below:

a. Review, approve and adopt the Company's strategic plans and annual budgets
b. Declaration of dividends
c. Approval of annual financial statements, accounts and quarterly reports
d. Acquisitions, divestments or closure of business
e. Establishment of new substantial businesses
f. Corporate exercises
g. Capital investment and disposal of material assets

OUR SUSTAINABILITY COMMITMENT

The Board is responsible for formulating ongoing programmes to promote sustainability where attention is paid to Environmental, Social and Governance (ESG) aspects of business which underpin sustainability.

To support the Group's long-term strategy and success, the Board and Management emphasise strategic management of material sustainability risks and opportunities, which includes integration of ESG factors in their decision-making process and in the Group's operations. The Board considers ESG factors as a component of the Board's fiduciary responsibility and, therefore, accountable to the oversight and management accountability.

A designated senior employee is tasked to manage the Company's sustainability governance and integrate sustainability considerations into our operations.

In line with the MCCG's recommendation, the Board will consider the Company's performance in managing material sustainability risks and opportunities when determining the appropriate level of remuneration for Directors and Senior Management.

AUDIT COMMITTEE

The Audit Committee (AC) was established by the Board to provide independent oversight of the Company's internal and external audit functions and financial reporting processes, including the quality of its financial reporting and the internal control systems, and to ensure checks and balances within the Company.

The AC is chaired by an Independent Director who is not the Chairman of the Board. All members of the AC have the relevant accounting or related financial management experience or expertise. The Chairman of the AC is a Certified Practising Accountant of CPA Australia, recognised under the MMLR of Bursa Malaysia.

The members of the AC are equipped with vast experience from various industries and are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Company's risk and internal control environment. The AC has full access to internal and external auditors, who, in turn, have access at all times to the Chairman of the AC. The Terms of Reference of the AC are available on the Company's corporate website.

The role of the AC and the number of meetings held during the financial year under review as well as the attendance record of each member are set out in the AC Report of the Integrated Report.

BOARD RISK AND INVESTMENT COMMITTEE

The Board Risk and Investment Committee (BRIC) consists exclusively of the Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The composition of the BRIC, its duties and responsibilities are set out in the Corporate Governance Report. The BRIC oversees the adequacy of risk management within the Group. It also assists the Board in ensuring that the risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, BRIC is responsible for formulating policies and frameworks to identify, monitor, manage and control material risks impacting the Group. It is also to review all investments and project business cases proposed to be made by the Company before making appropriate recommendations to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value creation targets by providing risk information to enable better formulation of the Group's strategies and decision-making.

For internal audit, the function is carried out by an in-house Group Internal Audit Department (GIAD) from Boustead Holdings Berhad (the immediate holding company of Pharmaniaga). The GIAD's function reports directly to the AC and is independent of the activities it audits. GIAD's authority, scope, and responsibilities are governed by an Internal Audit Charter, which is approved by the AC.

Financial Reporting

The Board is committed to providing a fair and objective assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Integrated Report, and all other reports or statements to shareholders, investors, and relevant regulatory authorities.

The Statement of Director's Responsibility for Preparation of Financial Statements is set out on page 201.

Risk Management and Internal Control

The Board reviews the risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard the Company's shareholders' investments and assets.

Further information on the Group's risk management and internal control framework is set out in the Statement on Risk Management and Internal Control of the Integrated Report on pages 180 to 195.

BOARD TENDER COMMITTEE

The Board Tender Committee (BTC) is established to assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by Pharmaniaga and its subsidiaries. The BTC strives to ensure that it has an appropriate mix of skills and experience to discharge its roles and responsibilities effectively based on the BTC's terms of reference.

COMMUNICATION WITH STAKEHOLDERS

Regular communication and engagement between stakeholders and the Company are critical for the sustainable growth of our business as this gives stakeholders a much better insight into the Company and facilitates mutual understanding of each other's expectations. We have, therefore, consistently maintained a two-way communication and an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations, industry and trade associations, and suppliers. Their views and concerns on the Company's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

Our annual investor relations engagement programme includes media interviews, plants or site visits and Annual General Meeting.

During the financial year under review, Senior Management also hosted the Company's analyst briefing after the announcement of our quarterly financial results, during which participants were updated on our operational, commercial and financial performance of the Company.

The Group is fully committed to maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to stakeholders. Key stakeholder communication modes include Integrated Report, unaudited quarterly results, analyst briefings, announcements to Bursa Malaysia, corporate website and investor relation activities.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication to improve disclosure and transparency. Communication and feedback from stakeholders can be directed to the key contact person of the Company as follows:

Norai'ni Mohamed Ali
Chief Financial Officer
Tel : +603-3342 9999
E-mail : **investor.relations@pharmaniaga.com**

GROUP CORPORATE WEBSITE

The Group's corporate website, **www.pharmaniaga.com**, provides comprehensive and easy access to the latest information on the corporate and business aspects of the Group. Corporate profiles, individual profiles of Directors and Senior Management, financial results, Integrated Report, and corporate news, amongst others, can be found on our corporate website. Additionally, information on press releases, announcements to Bursa Malaysia and quarterly results of the Group are also made available on the Company's corporate website and this serves to promote accessibility of information to the Company's shareholders and all other market participants.

ANNUAL GENERAL MEETINGS

The Group is of the view that Annual General Meetings (AGM) are important two-way platforms to engage with its shareholders as well as to address their concerns.

The Company's 26th AGM, which was held on 5 June 2024, was attended by shareholders through live streaming via the Remote Participation and Voting (RPV) facilities provided by the Group's share registrar, i.e., Tricor Investor & Issuing House Services Sdn. Bhd. as Independent Scrutineer for the conduct of poll via the e-Vote application. Shareholders who participated via remote participation were able to submit questions during the AGM for the Company to respond.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NOTICE OF 27TH ANNUAL GENERAL MEETING	
Date	: 18 June 2025 (Wednesday)
Time	: 10.00 a.m.
Venue	: Royale Chulan Damansara

There was active engagement between the Board and shareholders and there was an opportunity for shareholders to have real-time interaction with the Board and Senior Management. The Chairman and Senior Management answered questions raised by shareholders and provided written answers to questions that could not be readily answered. Answers to the questions by the Minority Shareholders Watch Group prior to the AGM were also shared with the shareholders and the same were uploaded onto the website prior to the AGM day.

The minutes of the AGM detailing the meeting's proceedings, including issues or concerns raised by shareholders are captured in the Key Matters Discussed, which is accessible on the Company's corporate website.

INTEGRITY AND ETHICS

The Board is committed to a corporate culture that encompasses and embraces ethical conduct within the Group by adopting numerous policies that serve to achieve this commitment.

Code of Ethics and Conduct

Pharmaniaga Code of Ethics and Conduct (the Code) provide clear guidelines on permissible or non-permissible conduct in the business practices of the Company. The Code is implemented to ensure that all employees and its representatives comply with the same standards. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relations between the Company and its customers. The Code applies to all the Company's employees and representatives including agents, consultants, contractors and suppliers for the Company. The Code expressly prohibits improper solicitation, bribery and other corrupt activities not only by employees and directors but also by third parties performing work or services for or on behalf of companies in the Group.

The Board Charter on the other hand, stipulates the statutory duties of directors under various legislative enactments, amongst others, the Companies Act 2016, Listing Requirements of Bursa Malaysia and Securities Commission Act.

Anti-Bribery and Corruption Policy

With the adoption of the Anti-Bribery and Corruption Policy (ABC), Pharmaniaga also practices a zero-tolerance policy against all forms of bribery and corruption. The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business. The ABC policy is also applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Company.

Whistleblowing Policy

The Company has established its Whistleblowing Policy which provides an avenue for the Group's employees and members of the public to disclose any improper conduct in accordance with the procedures provided under the policy. To lodge a report for any improper conduct, please email to **whistleblow@pharmaniaga.com** and/or to the Audit Committee Chairman and/or to the Senior Independent Non-Executive Director. The email addresses of the Audit Committee Chairman and the Senior Independent Non-Executive Director can be found on the Group's corporate website at **www.pharmaniaga.com**. The policy and procedures are accessible to the public on the Company's corporate website.

Trading on Insider Information

The Board and Principal Officers of the Group are prohibited from trading in securities based on price-sensitive information and knowledge acquired by virtue of their positions, which have not been publicly announced. Notices on the closed period for trading in Pharmaniaga's shares are sent to the Directors and Principal Officers on a quarterly basis as a reminder not to trade during the identified timeframe. None of the Directors and Principal Officers breached the above ruling during the financial year under review.

PROFESSIONAL DEVELOPMENT OF DIRECTORS

In line with Paragraph 15.08 of the MMLR, the Directors acknowledged the importance and value of attending conferences, training, programmes, and seminars to keep themselves abreast of industry developments and changes and update themselves on new statutory and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year under review, Directors attended various training programmes to keep themselves abreast of changes in legislative promulgations and industry practices. To enhance their knowledge and performance, the Board members attended as many training sessions as they possibly could to facilitate them in discharging their duties effectively.

The list of training programmes attended by the Board members during the financial year under review are outlined below:

Name	Programme Title & Organiser	Date
Dato' Seri Abdul Razak Jaafar (Appointed on 1 October 2024)	Nil	Nil
Zulkifli Jafar (Appointed on 1 March 2024)	Mandatory Accreditation Programme Part II; Leading For Impact (LIP) organised by Institute of Corporate Directors Malaysia (ICDM)	10 - 11 July 2024
	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
Dr. Abdul Razak Ahmad	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
Izaddeen Daud	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
	2025 Malaysia Budget Tax Seminar organised by Dr. Salihin	4 November 2024
	Mandatory Accreditation Programme Part II; Leading For Impact (LIP) organised by Institute of Corporate Directors Malaysia (ICDM)	13 - 14 November 2024
Sarah Azreen Abdul Samat	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
Mohammad Ashraf Md. Radzi	Directors Training: Conflict of Interest and Related Party Transactions organised by Affin Bank Berhad	15 February 2024
	Transparency Matters: A Director's Approach to Handling Conflicts of Interest organised by Institute of Corporate Directors Malaysia (ICDM)	7 March 2024
	Live Board Simulation: Withstanding A Crisis Through Management Dynamics organised by Institute of Corporate Directors Malaysia (ICDM)	20 August 2024
	Board Interview Tips & Profiling organised by Institute of Corporate Directors Malaysia (ICDM)	18 October 2024
	Public Training: The Practise of Leadership Using Techniques of Influence organised by Asia School of Business (ASB Campus)	8 November 2024
	Board Profiling Webinar organised by Abu Dhabi Islamic Bank (ADIB)	3 December 2024
Dato' Mohd Zahir Zahur Hussain (Appointed on 1 March 2024)	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024

Name	Programme Title & Organiser	Date
Dato' Dr. Faridah Aryani Md. Yusof (Appointed on 1 March 2024)	Conduct of Directors and Common Breaches of Listing Requirements organised by Malaysian Institute of Accountants	24 April 2024
	Mandatory Accreditation Programme organised by Institute of Corporate Directors Malaysia (ICDM)	29 - 30 April 2024
	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
Dr. Imam Fathorrahman (Appointed on 1 March 2024)	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
Dato' Seri Dr. Hj. Awaludin Said (Appointed on 19 July 2024)	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
Dr. Mary Jane Cardosa (Appointed on 19 July 2024)	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
Mohd Firdaus Zulkifli (Appointed on 20 May 2024 as Alternate Director to Mohammad Ashraf Md. Radzi)	Job Description & Job Evaluation Workshop – Batch 1 organised by LTAT	16 January 2024
	Executive Coaching 1st Session organised by LTAT	29 July 2024
	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024
	Cybersecurity Training Group Management Level organised by LTAT	25 October 2024
	Executive Coaching 2nd Session organised by Tuan Haji Yasir	25 October 2024
	Executive Coaching 3rd Session organised by Tuan Haji Yasir	8 November 2024
	Business Numbers That Matters organised by LTAT	25 November 2024
	Modular Programme – Thinking Big organised by LTAT	3 December 2024
	Strategic Asset Management Training Series: Corporate Finance Insight in Building Organisation organised by LTAT	3 December 2024
	Mergers and Acquisition (M&A) Valuation and Financial Modelling organised by LTAT	9 December 2024
Ahmad Shahredzuan Mohd Shariff (Resigned as Board Member on 1 October 2024)	National Sales Conference organised by Pharmaniaga	8 January 2024
	Affin Bank Market Outlook 2024: Propelling Malaysia Forward organised by Affin Bank Berhad	30 January 2024
	Unleashing the Full Potential of Malaysia's Startup Ecosystem organised by KL20 Summit	22 - 23 April 2024
	[SSM Webinar] Transaction with Related Party organised by Suruhanjaya Syarikat Malaysia	4 September 2024

CORPORATE GOVERNANCE PRIORITIES

The Board recognises that there are always opportunities for improvement in its corporate governance activities. Prioritising corporate governance is not just about meeting regulatory requirements, it is about building a sustainable, ethical and successful business that benefits all stakeholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), the Board is pleased to provide the Statement on Risk Management and Internal Control for the financial year ended 31 December 2024 (FY 2024) which was prepared in accordance with Practice 10.1 and 10.2 of the Malaysian Code on Corporate Governance (MCCG) and the Statement of Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

RESPONSIBILITIES AND ACCOUNTABILITIES

THE BOARD

The Board continually articulates, implements, and reviews the adequacy and effectiveness of the Group's enterprise risk management and internal control system which has been embedded in all aspects of the Group's activities. The Board reviews the processes and responsibilities, as well as assesses for reasonable assurance that the risks have been managed within the Group's risk appetite and tolerable ranges. This is to ensure the existing risk management and internal control system is viable and robust.

Recognising the constant changing of risk landscape, the risk management and internal control system is designed to effectively manage and mitigate the risks but not entirely eliminate risks that could support the Group's business objectives. The internal control system can, therefore, only provide a reasonable but not absolute assurance against the occurrence of material misstatement or loss. The Board acknowledges its overall responsibility and is committed to maintaining a sound internal control system and robust risk management practices to safeguard shareholders' investment and the Group's assets.

In acknowledging that having a sound risk management and internal control system is crucial, the Board has established a governance structure that ensures effective oversight of risks and internal controls within the Group. The Board is assisted by the Board Risk and Investment Committee (BRIC) to oversee the governance of risks and investments as well as to ensure that there is an effective infrastructure in place, such as policies, frameworks, processes, resources, and systems to manage risk and conduct management activities in identifying, assessing, controlling and monitoring risks. The BRIC reports to the Board on a quarterly basis as part of its monitoring activity to ensure key risks are deliberated and mitigating actions are implemented. The Board is also assisted by the Audit Committee (AC) to provide independent oversight of the Group's financial reporting and internal control systems that facilitate appropriate checks and balance within the Group.

During FY2024, four (4) BRIC meetings were held on 7 February, 23 May, 7 August and 6 November 2024 to assess and discuss the Group's risks particularly on the adequacy and effectiveness of risk management processes. The BRIC reviewed the controls and actions in place to manage and mitigate the overall Group's risk exposure, including emerging risks, as well as raised issues of concerns and recommended mitigating actions. The BRIC is also responsible for assisting and reporting to the Board, any matters deemed critical to the Group's controlling processes and risk management activities, including implementing the appropriate systems to manage risks. The Board, through the BRIC, maintains risk oversight for the Group. For FY2024, the risk report was presented to the Board on 21 February, 24 May, 21 August and 26 November 2024.

THE MANAGEMENT

The Management assists the Board in effectively implementing risk management and internal controls. The Management, through the Risk Management Committee (RMC), is entrusted with the responsibility of implementing and maintaining the Group's risk management and internal controls. The RMC is chaired by the Managing Director and supported by C-Suites. During the financial year under review, RMC meetings were held on 1 February, 2 May, 1 August and 29 October 2024.

The Management formulates and endorses the risk management policy, frameworks and guidelines including their implementation across the Group. The risks are reviewed, and additional actions are recommended and implemented to mitigate the impact. The Management also assigns accountabilities and responsibilities at appropriate levels within the Group to ensure that all necessary resources are efficiently allocated to manage risks.

The overall roles and responsibilities of the Management involve implementing the Group's policies, framework and procedures on risk and control as follows:

- Identifying, assessing, monitoring and reporting on risks and internal control, as well as taking appropriate measures where necessary, to mitigate or minimise the risks relevant to the businesses of the Group and to ensure the achievement of its objectives and goals;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Continuously reviewing the changes in the market environment, be it economic, environmental, political or social, and any emerging risks that could affect the Group and its businesses;
- Implementing remedial actions to address deficiencies in risk management and internal control that were identified and tracked. Thereafter, the actions and outcomes are reported to the BRIC and the Board for deliberation;
- Formulating and reviewing relevant policies and procedures to manage risks in accordance with the Group's strategic goals;
- Reporting to the BRIC and the Board in a timely manner on any changes in risks or emerging risks and the corresponding corrective actions taken; and
- Demonstrating appropriate behaviour through words and actions to inspire and emphasise the significance of ethical business practices.

In addition, a formal Management Control Policy (MCP) explains the internal control responsibilities of managers at all levels of the Group to ensure that they are fully aware at all times. The MCP also clarifies the responsibilities of the Internal Audit function to complement the Internal Audit Charter and this Statement on Risk Management and Internal Control.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

The Risk Management Department of Corporate Governance Division provides comprehensive oversight of risk management at an enterprise-wide level, establishing robust risk strategies, frameworks, and policies while conducting independent assessments and monitoring the risks. In 2024, the Risk Management Department remained focused on driving value creation and supporting the Group in achieving its strategic and business objectives.

The Risk Management Department specialises in managing specific risk areas across the Group and strategically addresses risks associated with the external environment and material matters. It ensures consistency by setting uniform standards for risk policies, and reporting, reinforcing a cohesive approach to risk management within the Group.

RISK APPETITE

The Group's risk appetite is a fundamental element of its robust risk management framework, guided by top-down leadership from the Board and active bottom-up engagement from Management at all levels. It serves as a tool for the Board and Management to define, communicate, and evaluate the types and levels of risk the Group is prepared to accept in pursuit of its strategic and business objectives, while accounting for constraints under stressed conditions.

The risk appetite translates the Group's risk capacity into defined limits and tolerances, providing clear guidance for regularly measuring and evaluating the risk profile. Integrated into the strategic planning process, the risk appetite remains dynamic and adaptable to evolving internal and external factors such as internal capabilities, economic condition, market dynamics, climate change, stakeholder expectations, and regulatory changes.

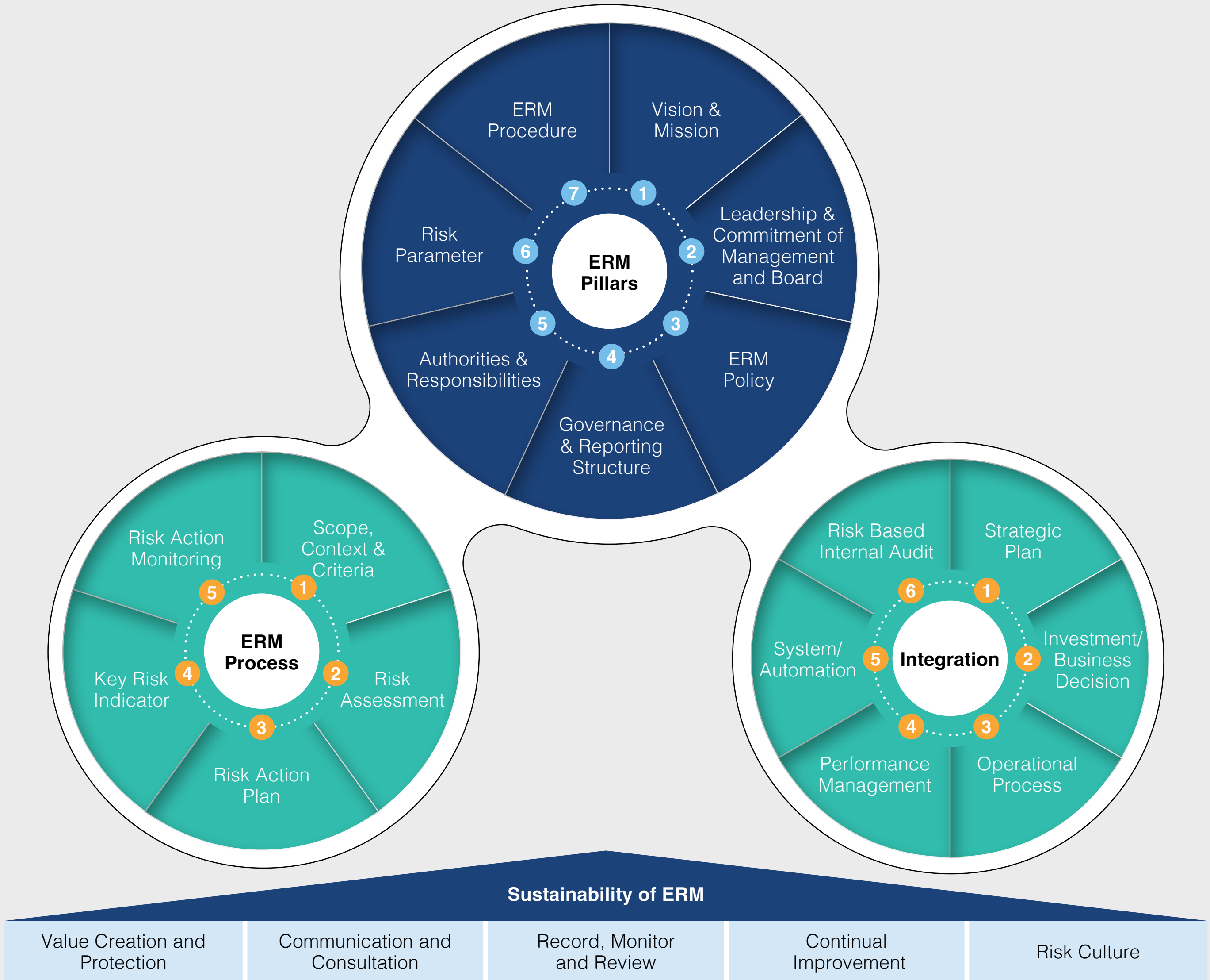
ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group has established an appropriate risk management infrastructure which is tailored to the specific circumstances of the Group and guided by Enterprise Risk Management (ERM) Framework, to ensure that the Group's assets are well-protected, and shareholders' value enhanced. The ERM Framework is periodically reviewed and revised to ensure it remains current and effective, with the latest revision taking effect on 1 December 2024.

The risk management is integrated into business planning, investment decisions, internal control and day-to-day operations to enhance ownership and agility in managing risks. The responsibility for day-to-day risk management resides with the management of each function/business unit, where they are the risk owners and accountable for managing and assessing the risks identified. The framework is supported by a series of foundational building blocks that drive a robust risk management culture, encompassing the following elements:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Enterprise Risk Management Framework



ERM Pillars

The ERM pillars emphasise the importance of leadership and governance in establishing a strong risk culture. This includes setting the tone at the top, demonstrating commitment from the Management and the Board, defining clear roles and responsibilities, and ensuring robust governance structures to support effective risk management.

ERM Process

The ERM process follows a structured, step-by-step approach to risk management, beginning with a comprehensive understanding of the Group's operating environment. This includes risk identification, assessment, action planning, monitoring, and reporting, ensuring a systematic approach to managing risks across all business functions.

Integration

The integration of risk management into the Group's decision-making processes ensures that risk considerations are embedded in all aspects of operations. This includes strategic planning, business investment decisions, operational processes, performance management, and risk-based internal audits, fostering a risk-aware organisation.

Sustainability of ERM

In ensuring the suitability, adequacy, and effectiveness of ERM, the Group is committed to continuously enhancing its risk management framework, improving reporting mechanisms, and adapting to the evolving business and operational landscape. Proactive engagement and effective communication play a crucial role in embedding risk management practices into the Group's corporate culture, ensuring resilience and long-term sustainability.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BUSINESS CONTINUITY MANAGEMENT

The Group is dedicated to continuously enhancing its operational resilience to ensure the preventive measure is able to respond effectively, recover quickly and minimise the impact in the event of business disruptions. This is guided by the Group's comprehensive Business Continuity Management (BCM) Programme. The BCM Programme is designed to:

- Protect employees' safety, health, and well-being;
- Ensure key business operations, services, and/or products are resumed to an acceptable level; and
- Safeguard the reputation and image of the Group.

Embedding BCM in the Organisation's Culture

Exercising, Maintaining and Reviewing

- Conduct review of the documents
- Conduct simulation testing exercise
- Awareness and training
- Review and audit

Understanding the Organisation

- Risk Assessment
- Business Impact Analysis

BCM Policy & Programme

Developing & Implementing Crisis Management Plans

- Crisis Communication Plan
- Emergency Response Plan
- Business Continuity Plan
- Disaster Recovery Plan
- Pandemic Response Plan

Determining Recovery Strategy

- Business As Usual
- Respond to incident/crisis/disaster occurrence
- Recover key components i.e. workforce, alternate worksite and system
- Resume critical business operations

To achieve these objectives, the programme includes regular workshops, reviews and establishment of documents, testing, and awareness to strengthen the Group's ability to respond, recover, and resume critical business functions during disruptive incidents. Key initiatives include:

BCM Activities

Workshop, BCMWC* Meeting & Indonesia Site Visit	Documentation	Testing	Awareness	Climate Risk	Ad Hoc/ Real Respond
Conducted 11 BCM workshops for Pharmaniaga Group	Establishment of 6 Business Continuity Plan document for Manufacturing Division and Indonesia operations	Conducted 2 DRP testing for Logistics & Distribution Division systems	Conducted 9 BCM awareness to all employees nationwide	Conducted workshop for Pharmaniaga Group	Coordinated various departments during cyber incidents through Crisis Management Committee
Conducted 2 BCMWC meetings	Revision of Crisis Management Plan document				
Completed 2 Indonesia Site Visits: • Errita** (Bandung) • MPI*** (Jakarta)	Establishment of Disaster Recovery Plan (DRP) for IT Department	Conducted 1 DRP testing for Manufacturing Division system	Broadcasted BCM E-Posters quarterly	Facilitated the climate risk assessment	Coordinated and obtained clearance from the Management for work-from-home during gas leakage at neighbouring premises in Bukit Raja

* BCM Working Committee | ** PT Errita Pharma | *** PT Millennium Pharmacon International Tbk

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK GOVERNANCE AND OVERSIGHT

The governance model adopted by the Group establishes a formalised, transparent, and effective structure that fosters active involvement from the Board and Management in the risk management process, ensuring a consistent perspective on risks across the Group.

This model emphasises accountability and ownership while maintaining appropriate levels of independence and clear segregation of duties within the three lines of defense. Risk management is implemented across various hierarchical levels and reinforced through multiple committees, business lines, controls and reporting functions.

BOARD OF DIRECTORS

Board Oversight — **Board Risk and Investment Committee**

Senior Management Oversight — **Risk Management Committee**

First Line of Defense	Second Line of Defense	Third Line of Defense
• Own and manage day-to-day risks inherent in business operations and activities. • Ensuring that all processes align with the established risk strategies, tolerance levels, appetite, framework, policies and procedures.	• Develop and implement frameworks, policies and procedures. • Provide comprehensive risk governance, oversight and challenge the 1st line. • Ensure adherence to applicable laws, regulations, policies and procedures.	Deliver assurance through independent assessment, review and validation of: • The risk management framework, policies and procedures to ensure they are robust and aligned with established standards. • The adequacy of controls in place to mitigate risks effectively. • The adequacy of oversight exercised by the 2nd line over the 1st line.

External Audit

Regulatory Bodies

RISK CULTURE

Risk culture plays a crucial role in executing the risk management strategy, as it significantly influences decision-making processes and shapes the approach to identifying, understanding, addressing, and mitigating risks. A strong risk culture ensures that employees at all levels are aligned with the Group's risk management objectives, enabling better anticipation of potential challenges and more effective responses to emerging threats. It forms the foundation for fostering accountability and transparency in managing risks across all functions and operations.

The Group is committed to cultivating a effective risk-aware culture that emphasises rapid risk escalation, proactive risk detection, and effective enterprise-level risk management. This involves embedding a shared understanding and appreciation of risk considerations into the decision-making processes, ensuring that all employees, from senior management to operational employees, prioritise risk management as an integral part of their roles.

To support this commitment, the Group has implemented various initiatives to strengthen and promote a risk-aware culture:

- Workshops and Training Programmes
  - Organising targeted workshops and training sessions to educate employees on risk management principles, frameworks, and best practices.
  - Providing scenario-based learning to enhance risk awareness and equip employees with practical skills to identify and address risks effectively.

- Awareness Campaigns
  - Conducting ongoing awareness programmes to highlight the importance of risk culture and its impact on the Group's success.
  - Utilising internal communication platforms to share risk-related topics, updates, and lessons learned from risk-related incidents.

- Integration into Day-to-Day Operations
  - Embedding risk management considerations into standard operating procedures and decision-making processes.
  - Encouraging employees to adopt a proactive mindset in identifying and addressing risks within their respective areas of responsibility.

- Leadership Involvement
  - Ensuring active involvement from senior leadership to set the tone from the top, demonstrating commitment to fostering a risk-aware culture.

These initiatives aim to embed values, principles, mindsets, behaviours, and attitudes towards risk management across the Group. By cultivating a consistent and unified approach, the Group seeks to enhance its overall resilience, adaptability, and ability to navigate an increasingly complex and dynamic risk landscape.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF RISK MANAGEMENT PRACTICES AND PROCESSES

The risk management practices and processes facilitate the systematic identification, assessment, control, monitoring, and reporting of risk exposures throughout the Group. The key elements of an effective ERM are as follows:

- **Risk Analysis and Measurement**

The risk analysis and measurement process is a critical component of the Group's ERM Framework, enabling the identification, evaluation, and prioritisation of risks across the Group. This process ensures a consistent and structured approach to understanding nature, impact, and likelihood of potential risks, providing a solid foundation for effective decision-making and mitigation strategies.

The risk analysis and measurement process include:

Identification of Risk Parameters

- Establishing clear criteria for measuring risks, including financial, operational, strategic, regulatory, and reputational impacts.
- Defining thresholds and benchmarks aligned with the Group's risk appetite and tolerance levels.

Risk Scoring and Prioritisation

- Utilising risk matrices models to classify risks based on their severity and probability.
- Prioritising risks for mitigation based on their potential impact on achieving the Group's strategic and operational objectives.

Qualitative and Quantitative Analysis

- Employing qualitative techniques such as scenario analysis, expert judgment, and risk categorisation to evaluate potential threats.
- Applying quantitative methods, including statistical analysis, probability assessments, and financial modelling, to measure the extent and likelihood of risks.

Integration with Business Operations

- Embedding risk analysis and measurement into key business processes, including strategic planning, project management, and investment decision.
- Ensuring that risk evaluations are regularly updated to reflect changes in the business environment, market conditions, and organisational priorities.

- **Risk Assessment, Monitoring and Reviews**

The Group places significant emphasis on risk assessment, monitoring and reviews as integral components of its ERM framework. These processes ensure a proactive and dynamic approach to managing risks, aligning with the Group's commitment to operational excellence and resilience. The risk assessment, monitoring and review activities are summarised as per table below:

Level/Context	Assessment	Management Involvement	Frequency
Corporate	Assessment on the Group key risks known as Corporate Risk Register.	Review and deliberate the risks, existing controls and status of action plans.	Quarterly
Department	Assessment of risks related to the department's activities, known as the Department Risk Register.	Review and deliberate the risks, existing controls and status of action plans.	Quarterly
Operational	Assessment related to International Organisation for Standardisation (ISO) certification, i.e. Quality, Occupational Health & Safety, Environmental, Anti-Bribery and Testing & Calibration Laboratories.	Review and deliberate the risks, existing controls and status of action plans.	Yearly
Project Investment Proposal	Assessment related to new projects/ investments.	Review and deliberate the risk exposure, its impacts and required controls to manage them.	As required
Business Continuity Management	Assessment on business resiliency and sustainability.	Review and deliberate the risks particularly on material changes to the process, system and organisation structure.	As required

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Several initiatives were undertaken during the year as follows:

- Continuously building and enhancing the Group's resilience towards emerging risks and potential threats by streamlining and refining the existing ERM Framework in line with the Group's business strategies, regulatory requirements, risk categories and leading best practices;

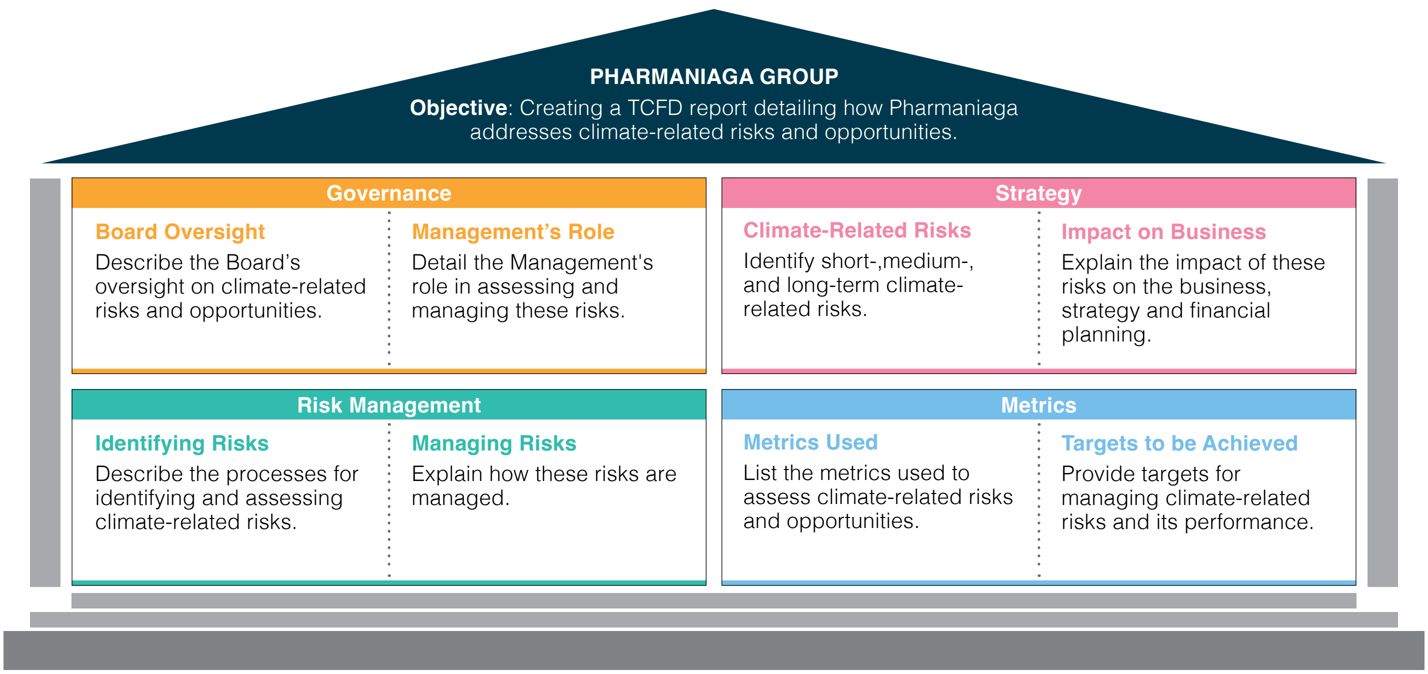
  - Conducting Climate Risk Assessments to identify, evaluate, and address risks associated with climate change and its impact on the Group's operations and strategic goals;
  - Establishing the Department Risk Register to proactively identify, assess, manage and report operational risks involving the department's activities and control functions to identify and manage the risks;
  - Integrating risk management practices into key operations in line with ISO requirements in Quality Management Systems (ISO 9001:2015), Environmental Management Systems (ISO 14001:2015), Anti-Bribery Management Systems (ISO 37001:2016), Occupational Health and Safety Management Systems (ISO 45001:2018) and Testing and Calibration Laboratories (ISO 17025:2017); and
  - Assessing risk from various aspects including BCM to ensure the Group's resiliency and ability to resume critical operations in the event of disaster.

- Continuously enhancing ERM function competencies and capabilities within the Group by stringently advocating professionalism, integrity, transparency and anti-bribery values; and
- Continuous engaging with the respective subsidiaries to provide clear direction and guidance on appropriate risk management practices. This includes an oversight function on the Group's subsidiaries in Indonesia through Risk and BCM review and visit, to monitor and streamline their risk management practices.

The increasing climate variability, regulatory changes, and stakeholder expectations emphasise the need for the Group to integrate climate resilience into its operations. In FY2024, the Group observed various climate-related incidents across its facilities, affecting business continuity and operational efficiency. Notable occurrences include:

- Ground sinking which may be attributed to soil erosion and shifting due to changing weather patterns;
- Flash floods have further highlighted the vulnerability of logistics hubs to extreme rainfall;
- Excessive heat has caused floor tiles and walls to crack, indicating the impact of rising temperatures on building structures; and
- Strong winds led to roof damage, unrooted trees and damages outdoor notice board, underscoring the increasing severity of storms and wind-related disruptions.

These incidents reinforce the urgency of implementing climate adaptation and mitigation strategies. Pharmaniaga remains committed to enhancing its infrastructure resilience, incorporating climate risk considerations into operational planning, and strengthening business continuity measures. Aligning with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the Group acknowledges the importance of integrating climate considerations into its governance, strategy, risk management, and metrics to ensure long-term business sustainability.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

By integrating sustainability and climate action into its risk management framework, the Group aims to minimise disruptions, safeguard supply chain reliability, and contribute to broader environmental sustainability efforts. While currently aligning with the TCFD recommendations, the Group acknowledges the importance of emerging global standards, including the International Financial Reporting Standards (IFRS) of International Sustainability Standards Board (ISSB) S1 and S2, and will work towards incorporating these frameworks to further strengthen climate resilience and disclosure practices.

RISK MANAGEMENT

Enterprise Risk

Transitional Risk: Potential financial and operational challenges that businesses face as the world shifts towards a more sustainable, low-carbon economy.

Policy & Legal

New and evolving regulations aimed at reducing greenhouse gas emissions can increase operational and compliance costs, especially in carbon-intensive industries. Legal exposure may arise from failure to meet regulatory requirements, potentially resulting in penalties, litigation, or loss of operating licenses.

Market Shift

Consumer preferences shift towards more sustainable products and services, companies may need to adapt their offerings, which can involve significant investment.

Technology Advancement

The development and adoption of new, greener technologies can render existing technologies obsolete, leading to potential financial losses.

Reputation

Companies that fail align with environmental expectations may suffer reputational damage. Negative public perception and stakeholder pressure can lead to reduced customer loyalty, investor concern, and diminished brand value, impacting long-term business performance.

Business Continuity

Physical Risk: Potential for physical damages, business disruption and financial losses due to increased exposure to climate hazards.

Acute

Immediate and severe impacts of climate change, often resulting from extreme weather events.

- Flood-Tsunami
- Fallen Tree
- Landslide-Sinkhole
- Strong Wind
- Earthquake-Tremors
- Wildfire

Chronic

Long-term, gradual changes in climate patterns that can have significant and lasting impacts.

- Drought
- Rising Sea Level
- Rising Temperature
- Extreme Hot Weather

Managing transition risk involves proactive strategies such as investing in sustainable technologies, diversifying energy sources and staying ahead of regulatory changes.

Managing physical climate risk involves understanding and mitigating the potential impacts of climate change on tangible assets like infrastructure, facilities and supply chain.

The assessment framework applied by the Group encompasses both physical and transition risks. Physical risks include acute climate events, such as floods and storms, and chronic conditions, like rising temperatures. Transition risks are related to regulatory changes, market shifts, and reputational factors as stakeholders demand on sustainable practices. The methodology incorporates scenario analysis, stakeholder engagement, and risk prioritisation matrices to identify and evaluate risks comprehensively.

The Group will continue to focus on the key risk areas and corresponding controls to respond effectively on the challenges, threats and potential risks in a dynamic business environment, with additional controls to be implemented where necessary and feasible.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL FRAMEWORK

Audit Committee

The Board has delegated the duty of reviewing and monitoring the effectiveness of the Group's internal control system to the Audit Committee (AC). The AC is responsible for overseeing, monitoring and evaluating financial reporting, duties and responsibilities of the internal and external auditors, governance, integrity, related party transactions and overall internal financial controls.

The AC assumes the overall duties of reviewing the external auditors' audit plan and report, as well as audit findings and recommendations pursuant to the year-end audit. The AC also evaluates the adequacy and effectiveness of the Group's internal control systems through reviews of internal control issues identified by internal and external auditors as well as the Management. The AC is also responsible for determining that the Management satisfactorily resolved all major issues reported by the internal and external auditors and other external advisors.

- **Group Internal Audit**

  Boustead Holdings Berhad's Group Internal Audit Department (GIAD) principal responsibility is to assist the Board and AC:

  - to independently assess the adequacy and effectiveness of;
  - to provide reasonable assurance on; and
  - to recommend improvements over;
    the internal control systems put in place by Management.

  GIAD adopts a risk-based methodology in planning and conducting its audits. The annual internal audit plan is approved by the AC. GIAD facilitates the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and enhance the overall effectiveness of risk management, control and governance processes.

  GIAD operates and performs its activities in accordance with the Group Internal Audit Charter and the Group Internal Audit Manual, whilst also adopting internal audit standards and best practices based on the International Professional Practices Framework (promulgated by the Institute of Internal Auditors) and the COSO Internal Control Framework. GIAD reports directly to the AC and is independent of the activities it audits.

  In FY2024, the audits covered a wide range of operational areas and processes within the Group, including penalty management, engineering, technical services, quality control, regulatory affairs, product registration, production, supply chain, trade procurement, general control environment, project management, sales and marketing, inventory management, principal management, transportation and order management.

  Areas of improvement have been identified as a result of the reviews, with improvement measures recommended to strengthen controls and follow up audits performed to assess the status of implementation by the Management.

Internal Control Systems and Practices

The internal control system of the Group is supported by the control systems and practices which provide the discipline and structure to sustain organisational support of the Management and employees. The control systems and practices that encompass organisation structure, governance activities and practices include:

- **Group Organisation Structure**

  The Board has established an organisational structure with clearly defined lines of responsibility, limits of authority, and accountability aligned to business and operational requirements to support the maintenance of a strong control environment. The Group has 10 divisions, with each division having clear roles and responsibilities to support and achieve the Group's objectives.

- **Strategic Business Planning, Budgeting and Reporting**

  The Board plays an active role in strategic planning sessions held with the Management to discuss and review the plans, strategies, performance and risks faced by the Group. Strategic concerns are deliberated and reviewed, with the Management given the mandate by the Board to carry out the agreed action plans. A two-day retreat amongst the Senior Management and the Board was conducted on 16 and 17 October 2024. This platform enables the Management to seek input and guidance from the Board on the business plans and strategies moving forward for 2025 - 2029.

  Based on strategies identified and input from the Board, the Annual Operating Plan for 2025 and the Five-Year Strategic Plan and Financial Targets were drawn up and approved by the Board on 26 November 2024. This ensures accountability and achievement of the Group's objectives and strategies. The approved strategies are reviewed and revised where necessary based on changes in the business and operating environments.

  Business plans, budgets and Key Performance Indicators (KPIs) are aligned to the Group's Five-Year Strategic Plan to guide the Group in achieving its vision of becoming the preferred brand in healthcare among the markets we serve. We measured actual achievements of financial and non-financial indicators against the approved budget and explanations for significant variances, which are tabled at Management meetings and quarterly Board meetings. Effective utilisation of the budget is attained through regular monitoring by the Management.

To further enhance operational efficiency and strategic decision-making, the Group has adopted a proactive approach through various initiatives, including:

- Product Management Committee: A structured five-gate approval process to ensure rigorous evaluation during development of new products as well as sales progress at commercialisation stage.
- Independent Evaluation of Logistics & Distribution: Engaging independent consultant to assess the efficiency level of existing operations for continuous improvements on Logistics and Distribution.
- Scorecard Measurement & Monitoring: Implementing tracking mechanisms to measure respective divisions' performance against target to meet strategic objectives.

The Group has established processes and procedures for efficient financial reporting to ensure the Board approved quarterly financial results and audited annual financial statements on the Group's performance and submitted to Bursa Malaysia as well as to shareholders and stakeholders on a timely basis.

The Group's quarterly financial results and Integrated Report, which include the annual audited financial statements as well as the auditors' and directors' reports, are reviewed to ensure compliance with the MMLR of Bursa Malaysia, applicable approved accounting standards and other statutory and regulatory requirements prior to being submitted to the Board for approval.

- **Limits of Authority**

The Group has put in place a Limits of Authority (LOA) which defines the appropriate approving authority and decision-making limits to govern and manage business decision process. The LOA sets out a clear line of accountability and responsibility, which serves as a reference in identifying the approving authority for various transactions, including matters that the Board approves.

During the financial year under review, the LOA was reviewed to reflect the changes to the organisational structure and its operational needs. The revised LOA which took effect on 1 October 2024 was distributed to the respective levels of Management accordingly.

- **Policies, Licenses, Standard Operating Procedures and Certified Management Systems**

Written policies and procedures are established to guide a department and/or employees performing their tasks. The policies and procedures also form part of the various management systems and are reviewed regularly and updated when necessary. Briefings and trainings are frequently held to enhance employees' awareness of the policies and procedures.

Subsidiaries within the Group have implemented several Internationally Accredited Management Systems to standardise its management and operational processes and further improve efficiency. A few of our subsidiaries have been awarded various Management System certifications, among others:

Malaysia Operations

- ISO 37001: 2016 Anti-Bribery Management Systems;
- ISO 45001: 2018 Occupational Health and Safety Management Systems;
- ISO 27001: 2013 Information Security Management Systems;
- ISO 9001: 2015 Quality Management Systems;
- ISO 14001: 2015 Environmental Management Systems;
- ISO/IEC 17025: 2017 Laboratory Quality Management Systems;
- ISO 18295-1: 2017 Customer Contact Centres;
- Good Manufacturing Practice - Manufacturing License from National Pharmaceutical Regulatory Agency (NPRA), Malaysia;
- Good Distribution Practice - Wholesaler License from NPRA, Malaysia;
- Good Distribution Practice for Medical Devices - Certification from SIRIM, Malaysia;
- Establishment License from Medical Device Authority (MDA);
- Halal Pharmaceutical Product Certification – Certification from *Jabatan Kemajuan Islam Malaysia* (JAKIM), Malaysia; and
- EU Good Manufacturing Practice - Certification from INFARMED, Portugal.

Indonesia Operations

- ISO 37001 : 2016 Anti-Bribery Management Systems;
- ISO 9001: 2015 Quality Management Systems;
- ISO 14001: 2015 Environmental Management Systems;
- Cara Pembuat Obat Yang Baik - Certification from BPOM, Indonesia;
- Cara Distribusi Obat Yang Baik - Certification from BPOM, Indonesia;
- Perizinan Distribusi Alat Kesehatan - Certification from Kementerian Kesehatan, Indonesia;
- Perizinan Perdagangan Besar Farmasi - Certification from Kementerian Kesehatan, Indonesia; and
- Sertifikasi Halal - Certification from Badan Penyelenggara Jaminan Produk Halal, Indonesia.

These licenses and certifications reflect the Group's commitment in providing quality deliverables to customers, safeguarding the safety and health of employees as well as the environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Anti-Bribery Management Systems (ABMS) certification demonstrates that the Group upholds transparency and integrity in our day-to-day business activities with continuous adoption of ABMS programmes by the subsidiaries. The following initiatives were conducted in 2024 to further strengthen the Group's commitment to corruption risk:

- Obtained ABMS certification for Pharmaniaga Marketing Sdn. Bhd. and MPI.;
- Established investigation process through revision of Whistleblowing Procedure;
- Established Discipline Management Procedure, Employee Separator Procedure and Promotion Procedure;
- Revision of Whistleblowing Policy, and Anti-Bribery Management & Corruption Policy; and
- Continuous training and awareness on ABMS are conducted to induce professional ethics and work integrity among employees.

The business operations of the Group are also governed by various regulations and laws applicable to the pharmaceutical and healthcare industry. Compliance audits are regularly conducted by various independent bodies for the certifications and licences obtained from SIRIM, NPRA, JAKIM and evaluation committees of numerous multinational companies.

- **Compliance and Corporate Systems**

The Compliance and Corporate Systems Department (CCSD) provides independent, reasonable and objective assurance, including business advisory reviews designed to add value and improve efficiency of the Group's operations. In supporting the Group to achieve its objectives, CCSD employs a systematic and disciplined approach to evaluate and recommend improvements for the effectiveness of risk management, internal controls and governance processes. The following three (3) units drive the CCSD:

Regulatory Compliance

- Conduct routine compliance audits in Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), Good Distribution Practice for Medical Devices (GDPMD), Good Pharmacovigilance Practice (GVP) and Pharmacist Type A License (PTAL), ISO 9001, ISO 14001, ISO 45001, ISO 27001 and ISO 37001 within the Group;
- Advice and review advertisement of pharmaceutical products, medical devices, food supplements and health awareness for the Group prior to its publication to healthcare professionals and general public; and
- Furnish resources and adopt regulatory perspectives in business projects such as biologics, vaccines, insulins, cold chain and digitalisation for the Group.

Quality, Safety & Security System

- Lead, coordinate, consult and monitor Quality, Environmental, as well as Occupational Health and Safety ISO certifications and management for the Group;
- Monitor implementation of Safety and Health, Environment and Quality SHE-Q activities to ensure the Group complies with applicable legislation requirements;
- Conduct training and awareness to all employees on SHE-Q and other ISO related matters;
- Lead and monitor the implementation of the security operations management system in Pharmaniaga Logistics Sdn. Bhd.; and
- Manage access control systems, surveillance equipment and other security technologies to ensure proper functioning and effectiveness (e.g. CCTV System, Visitor Management System, Face Scanner, Magnetic Door, Clocking Device, etc).

Customer Care

- Responsible for addressing customer enquiries and complaints about products and/or services. This involves providing accurate and timely information to ensure customer satisfaction;
- Manage returns or recall process to ensure that all customer interactions are smooth and efficient;
- Collect and analyse customer feedback to identify areas for improvement. This helps the Company to continuously enhance its products and services based on customer needs and preferences; and
- Ensure clear communication channels within the team and with other departments. This helps in quick resolution of issues and enhances overall customer experience.

- **Human Capital Management**

The Management and the Board set the tone at the top for corporate behaviour and corporate governance. The Group has put in place a Code of Ethics and Conduct as a guide on the standards of behaviour expected from all employees in the Group as well as our business partners. All employees are guided by Employee Handbook and supported by various Company Policy, such as Confidentiality Agreement, Information Security Policies and Standards, Conflict of Interest Declaration, Statement of Integrity, Gifting Policy, Donation Policy, Anti-Bribery Policy and Personal Data Protection Act 2010. Appropriate remedial and disciplinary measures such as warning letters and dismissal are also in place to deal with any breach of the aforementioned policies.

In addition, documented internal policies, standards and procedures are in place to ensure the work force is in compliance with internal controls and relevant laws and regulations. Key policies and procedures, advice as well as support provided include performance management, annual performance reviews, disciplinary matters, recruitment and selection, learning and development, as well as leave and grievance matters.

Regular training and development programmes are identified and established to ensure that employees are well equipped with adequate skills and competencies to carry out their responsibilities toward achieving the Group's objectives.

Meanwhile, to ensure every important and critical position has the right skills for continuity and to avoid disruption to business operations, succession planning is also implemented and new line of leaders are identified to prepare them ready through management development programmes.

Manpower planning exercise is conducted on an annual basis within the Group in accordance with the allocated budget. The planning exercise enables the Management to determine and identify the present and prospective human resources needs and recruit the required number of suitable personnel. In addition, the Management will also promote or transfer employees as per the Group's requirements.

Policies and procedures are issued to all Heads of Divisions/ Departments and reviews are conducted periodically to ensure all policies and procedures are relevant. Key parts of the terms and conditions of employment and appropriate policies and procedures are included in the Employee Handbook, which is accessible to all employees via the intranet. The Employee Handbook has been revised in 2024, with the updated version taking effect on 1 January 2025.

These policies and procedures establish clear expectations and standards of behaviour, fostering consistent and efficient management of human resources across the Group. They also play a crucial role in shaping and reinforcing the Group's culture.

- **Procurement Management**

The Group Procurement Department is entrusted with internal control responsibilities over the sourcing of non-trade products and services, contract negotiations and vendor management. The Centralised Procurement Policy and Procedures has also been put in place across the Group to guide the employees on the uniform standard of non-trade procurement practices. The team envisions embedding best procurement practices that emphasise cost-effectiveness, ensuring competitive cycle times, eradicating leakages, enhancing transparency and developing an extensive supplier base.

As part of the Group's ongoing commitment to enhancing transparency, coordination, and control in the procurement of goods and services, a Management Tender Committee (MTC) is established for each specific tender process involving projects exceeding a prescribed threshold. The MTC ensures that procurement activities are conducted in a structured, accountable, and impartial manner, in accordance with the Group's Procurement Policies and Procedures. The MTC comprises three key functions, the Opening Tender Committee, Technical Committee, and Commercial Committee, each consisting of qualified and impartial representatives from various departments. This structure ensures an independent, objective, and transparent procurement process.

The committees are responsible for assessing and evaluating all bids against predetermined criteria and recommending the most suitable vendor for onward approval by the relevant approving authority. This structured approach enhances efficiency, ensures adequate internal controls, and strengthens governance in the tender award process. These processes collectively reinforce the Group's commitment to transparency, efficiency, and fairness in procurement, ensuring that all sourcing and tendering activities are aligned with corporate governance principles and contribute to long-term operational excellence.

- **Cyber and Technology Management**

The Group's focus has shifted from responding to a cyberattack to implementing vigorous controls and preventive measures to strengthen the Group's cybersecurity posture. The initiatives undertaken highlight the Group's commitment to ensuring a secure and resilient IT environment:

  - Security enhancements through deployment of Multi-Factor Authentication (MFA) and secured email communication via SPF and Secure Link;
  - Upgrade IT infrastructure, including servers to eliminate vulnerabilities and optimise firewall rules;
  - Introduce Endpoint Detection and Response (EDR) solutions and Incident Response (IR) capabilities for real-time threat detection and remediation;
  - Establish a Security Operations Centre (SOC) for proactive monitoring and incident analysis;
  - Implement DNS filtering and reverse proxies for enhanced web application security and network defence;
  - Conduct periodic Vulnerability Assessments and Penetration Testing (VAPT), and cyber maturity reviews to strengthen defences;
  - Ensure readiness through annual Disaster Recovery Centre (DRC) testing and maintaining robust IT Disaster Recovery Plans; and
  - Deliver cybersecurity training and awareness programmes to build a strong security culture and empower employees to mitigate risks.

These initiatives significantly enhance the Group's resilience, aligning with its commitment to robust cybersecurity and business continuity. All measures and progress are incorporated in the CRR and reviewed quarterly.

- **Insurance**

Adequate insurance and physical safeguards on major assets, such as buildings, machineries and inventory in all operating divisions and subsidiary companies, are in place to ensure the Group's assets are sufficiently covered against any potential calamity that could result in material losses to the Group and/or its subsidiary companies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Credit Management**

  This risk arises from the inability to recover debts promptly, which may adversely affect the Group's profitability, cash flow and funding. The Group's Credit Management Policy aims to minimise credit and payment risk by providing a set of rigorous criteria with the following measures:

  - Assessing the credit worthiness of potential customers before granting credit limits and terms;
  - Closely monitoring collections and overdue debts; and
  - Ensuring effective credit utilisation to keep leverage at a comfortable level.

  These proactive measures support the Group's commitment to maintaining financial stability and minimising exposure to credit-related risks.

- **Liquidity Management**

  During the year under review, liquidity management remained a key concern for the Group due to its PN17 status, which resulted in tight cash flow, limited access to financing facilities, and overdue payment obligations to suppliers. The Group's regularisation plan, initially approved by Bursa Malaysia on 29 November 2024, later revised on 4 February 2025 and subsequently approved by Bursa Malaysia on 17 February 2025, addresses liquidity risks through a comprehensive fundraising strategy. This includes a rights issue targeting up to RM353.5 million excluding free warrants, a private placement of up to RM300 million with a minimum amount to be raised of RM215 million and capital reduction of RM520 million ("Proposed Corporate Exercise"). These measures aim to ensure sufficient cash flow for operational needs, enhance the Group's financial flexibility and eliminate accumulated losses in order to improve its financial position. To mitigate operational risks, the Group is also restructuring its processes to enhance efficiency and profitability. Strong shareholder support, particularly from LTAT and Boustead, bolsters stakeholder confidence and mitigates reputational risks. This comprehensive strategy strengthen the Group's financial resilience and positioning for sustainable and long-term growth.

  The Group liquidity management is disclosed in Note 35(c) to the financial statements.

- **Penalty Management**

  The Group has secured a seven-year Concession Agreement (CA) with the Ministry of Health (MOH) to continue providing logistics and distribution services for pharmaceutical products to Government hospitals and clinics, effective from 1 July 2023 until 30 June 2030. This CA reaffirms the Group's commitment to national healthcare by ensuring the efficient and timely delivery of essential medical supplies.

  The CA entails a concession KPI as a measure to gauge the Group's service performance, amongst others related to supply delivery timeline, product quality, buffer stock maintenance as well as invoice and payment timeline. Failing which, the Group will be imposed with penalty.

  During the year under review, the Group has been actively engaging with the Ministry of Health (MOH) to address penalty issues arising from various challenges, including:

  - Spike orders placed by Pusat Tanggungjawab (PTJ);
  - Supplier delays in fulfilling orders;
  - Unstable supply due to old pricing (APPL 2017-2019 Concession); and
  - Disruption of the system due to a ransomware attack in February 2024.

  These challenges have highlighted the need for enhanced measures to effectively manage the situation. The Group is committed to implementing the following actions to address these issues and ensure continued compliance with the CA:

  - Ongoing discussions with MOH to request penalty exemptions for 2024;
  - Reviewing and refining the terms and principles surrounding penalty exemptions with MOH to establish clear and equitable resolutions;
  - Closely tracking penalty statuses through the Managing Director's quarterly reports to the Board; and
  - Automating the penalty process to streamline operations and improve accuracy.

  By undertaking these actions, the Group aims to address penalty-related challenges effectively while fostering strong partnerships with MOH and other stakeholders. These efforts are integral to ensuring smooth operations under the CA and safeguarding the Group's commitment to delivering consistent and reliable healthcare services.

- **Inventory Management**

  In FY2023, the Group wrote down a total of RM76.9 million in slow-moving and obsolete inventories. This higher inventory obsolescence was mainly attributed by COVID-19 pandemic items such as hood cover, shoes cover, boot cover, particulate respirator, etc. arising from change of MOH policies and/or directives as well as dropped COVID-19 cases. In FY2024, there was a write-back of slow-moving and obsolete inventories amounting to RM0.9 million. It is crucial for the Group to manage the inventory effectively by balancing between sound financial health, optimise operational efficiency and meet customers' expectation. The Group will continue to enhance the inventory management effectiveness via the following control measures:

- Maintains and monitors inventory at optimum level;
- Continuous monitoring of slow-moving inventory;
- Monitor supplier's buffer inventory on monthly basis for better coordination and resiliency; and
- Track and report the potential write-off periodically to the Management and the Board.

These initiatives are to improve inventory management practices and ensuring operational and financial sustainability.

- **Flood Task Force**

  Following the Malaysian Meteorological Department (Met Malaysia) forecast on heavy rainfall, Flood Task Force was reactivated on 25 September 2024. Due to our current financial constraint, the Flood Task Force decided to make a preparation based on Standby Mode. The priority is given to our employees with the following action plans:

  - Reactivate Emergency Hotline to provide official communication channel for affected employees;
  - Test the functionality of the necessary equipment (genset, water jet, etc.);
  - Coordinate preloved clothes collection from Pharmaniaga Bukit Raja employees; and
  - Disseminate flood awareness posters to all employees on a weekly basis starting 21 September 2024.

  From 5 to 7 December 2024, the Group sent Flood Task Force team to Tumpat, Kelantan in a flood relief missions to support employees affected by the flood. Understanding the devastating impact on livelihoods and well-being, the initiative aimed to provide immediate aid to the affected employees and their families by delivering essential supplies, including food, drinking water, hygiene kits, and other necessities. In addition to material support, the Group also extended some monetary contribution, as well as emotional and moral support, reaffirming its commitment to employee's welfare and corporate responsibility.

  These proactive measures reflect the Group's commitment to safeguarding employee well-being and providing timely assistance during potential flood situations. The Flood Task Force was deactivated on 31 January 2025 upon completion of flood relief.

MONITORING

Relevant processes adopted to monitor the adequacy and integrity of the systems of internal control include:

- **Regular Monthly Reporting**

  Management and operational review meetings are conducted monthly to review and monitor matters pertaining to business operations. The review is based on performance reports providing comprehensive financial performance information and other key non-financial indicators. Monthly performance is also reviewed against the targets, allowing for timely response and corrective actions to be taken to mitigate risk.

- **Performance Management**

  Employees performance is measured through a structured Performance Management System (PMS), linked and guided by Departmental Balanced Scorecard which comprised of KPIs and Key Result Areas (KRAs) parameters. The Group adopts the "FCIO" Balance Scorecard quadrants to measure KPI achievements through the PMS:

  - Financial (F);
  - Customer (C);
  - Internal Business Process (I); and
  - Organisational Learning and Growth (O).

  FCIO provides a framework to translate and align the Group's strategy into measurable operational terms and is being used as a business unit and corporate performance measurement tool. The Group and Departmental Balanced Scorecard were designed based on the approved Business Plans and incorporated in the target KPIs based on the approved AOP. The Departmental Balanced Scorecard will be cascaded down to Head of Departments and subsequently to all employees to ensure alignment between individual KPIs, departmental KPIs and Group KPIs. The Group adopted the 360-degree appraisal into PMS, which aims to enhance further the evaluation of individual as well as team performance. This system has been implemented for employees at all levels.

- **Group Internal Audit**

  The Internal Audit function provides an independent and objective assurance on the areas of operations reviewed and advises on the best practices that will improve and add value to the Group's internal control systems. The GIAD from Boustead Holdings Berhad adopts a risk-based methodology in planning and conducting its audits, by focusing on key risk areas as identified by the relevant stakeholders.

COMMUNICATION

Corporate Communication Department (CCD) plays a crucial role in managing the Group's internal and external communication strategies. CCD provides strategic advice on public communication, ensuring that the message aligns with the Group's corporate values, objectives, and regulatory requirements. CCD is also responsible for monitoring public sentiment, including potential backlashes or comments on mainstream and social media platforms, ensuring that any issues are promptly addressed to protect and enhance the Group's reputation.

In times of crisis or disaster, CCD leads crisis communication efforts, ensuring timely and accurate information is disseminated to stakeholders, employees, and the public. This includes coordinating with relevant authorities, media, and internal teams to manage the situation effectively and mitigate reputational risks. Additionally, CCD actively engages with key stakeholders to strengthen the Group's brand positioning and corporate image through targeted communication initiatives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

To ensure effective information flow, the Group also leverages various communication channels to identify, document, and share critical updates in a structured and timely manner. This ensures that employees have access to relevant and accurate information, enabling them to carry out their responsibilities efficiently. Platforms available to enhance transparent and effective communication include:

- **Employee Engagement**

  The Management remains committed to fostering transparent and effective communication, recognising that employee engagement is critical for motivation, productivity, and overall workplace satisfaction. Transparent communication serves as a key driver in encouraging employees to deliver high-quality and efficient services to both customers and stakeholders.

  Engagement with employees is conducted through various platforms and activities, ensuring open dialogue on matters ranging from operational updates to employee welfare. These engagements are facilitated through both physical and virtual channels, allowing for inclusive participation across all levels within the Group. Employees are kept informed about the Group's business direction, strategic initiatives, and organisational changes, fostering a culture of collaboration, trust, and shared purpose.

  Additionally, structured engagement initiatives such as town halls, employee surveys, sports, recreational, and wellness activities create an environment where employees feel valued, heard, and empowered. The Group continuously seeks to enhance these efforts by leveraging digital communication tools, employee forums, and leadership engagement sessions to ensure that all voices are acknowledged and considered in decision-making processes.

  Counselling sessions are also being provided to all employees to help them deal with stress and challenges at work, family issues and environmental factors. It is important to ensure that employees carry out their work effectively which will increase productivity.

  By prioritising employee engagement and transparent communication, the Group reinforces its commitment to building a positive, collaborative, and motivated workforce, ultimately driving sustainable business success.

- **Whistleblowing Policy**

  The Whistleblowing Policy serves as a structured and secured platform for stakeholders to report misconduct, fraud, wrongdoing, or non-compliance with the Group's rules and procedures. It enables employees and external parties to raise concerns confidentially regarding unethical behaviour within the Group, including actions by employees, the Management and the Board of Directors.

  As part of the Group's continuous improvement in strengthening governance, several enhancements have been made to the Whistleblowing Policy, effective 26 November 2024, include the following:

  - A refined and transparent reporting process to ensure efficiency in handling and escalating concerns; and
  - A standardised form to facilitate structured reporting and proper documentation of concerns.

  The policy clearly outlines when, how, and to whom a concern may be reported, ensuring that the process is transparent, accessible, and properly managed. It also differentiates between a genuine concern and a personal grievance, ensuring that the whistleblowing mechanism is not misused. To protect whistleblowers, the Group guarantees strict confidentiality of their identity and provides protection against any form of reprisal, retaliation, or victimisation.

  All reported concerns under the Whistleblowing Policy will be thoroughly investigated, with findings presented to the Board for review and action. The implementation of these enhancements underscores the Group's commitment to fostering a culture of integrity, accountability, and ethical business conduct, reinforcing corporate governance and compliance within the Group.

- **Revolution of Work Culture – *DO IT RIGHT ALWAYS***

  The Do It Right Always (DIRA) campaign serves as a vital platform for fostering transparent, engaging, and impactful communication across the Group. Through various employee engagement initiatives, awareness programmes, and structured communication channels, DIRA ensures that key messages on integrity, sustainability, and corporate responsibility are effectively disseminated.

  The Sustainability Department plays a critical role in promoting DIRA initiatives by leveraging internal and external communication platforms to enhance awareness and participation. These efforts include digital newsletters, social media updates, and interactive engagement sessions that provide employees with real-time updates on the Group's ESG-driven activities.

  To reinforce a culture of sustainability and social responsibility, the Group has launched several DIRA engagement initiatives, including:

  - DIRA Roadshow 2024: Successfully conducted at 11 sites, reinforcing the Group's commitment to staff awareness, learning, development, and engagement;
  - Wellness Warrior Programme (Weight Loss Challenge and Diabetes Management Programme). A total of 438 employees participated, including 11 in the Diabetes Management Programme. Collectively, participants achieved a total weight loss of 850 kg, reinforcing a culture of health and well-being within the organisation;

- Environmental Awareness Programmes: Such as used cooking oil recycling initiatives, successfully recycling 802.4 kg of used cooking oil across three subsidiaries, driving sustainable waste management efforts;
- Community-Driven Activities: Such as Lip Lap Raya Pharmaniaga across the Group including Indonesia operation sites, where vibrant decorations were crafted from recycled materials, blending tradition with eco-friendly practices, fostering a fun, creative, and team-oriented work environment;
- Merdeka and Hari Malaysia Celebrations: Featuring quizzes, Merdeka hiking, and colouring contests for employees' children, strengthening employee's engagement and national pride; and
- DIRA Poster Blast: The DIRA email blasts have proven to be valuable tools in spreading awareness about diseases, disaster emergency responses, safety reminders, sustainability practices, and committee appreciation posts. These initiatives align with our sustainability goals, creating a sustainable and high performance workforce.

For further information on sustainability initiatives, please refer to the Sustainability Statement at pages 72 to 145.

ADEQUACY AND EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

All risk management matters including BCM, recommendations and management actions are rigorously deliberated upon at RMC and BRIC meetings before being reported to the Board. The quarterly reports track the progress and completion of all corrective actions taken on issues highlighted by the Management, the BRIC, the Board and GIAD.

The monitoring, review and reporting arrangements in place provide reasonable assurance that the structure of controls and their implementation are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees and others.

The BRIC and the Board will continue to monitor all major risks affecting the Group and will take the necessary measures to mitigate them and enhance the adequacy and effectiveness of the risk management and internal control system of the Group. For areas which require improvement, action plans are being developed with implementation dates being monitored by the Management, the BRIC, and the Board.

The Board is of the view that the internal control system for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment, the interest of stakeholders, i.e. customers, regulators, employees and the Group's assets.

ASSURANCE FROM MANAGEMENT

For the financial year under review, based on inquiry, information and assurances provided by the Managing Director and Chief Financial Officer, the Board is satisfied with the adequacy and effectiveness of the Group's systems of risk management and internal controls system to safeguard shareholders' investment and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control as required in the paragraph 15.23 of the MMLR of Bursa Malaysia. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this statement is inconsistent with their understanding of the processes the Group had adopted in the review of the adequacy and integrity of the risk management and internal control system of the Group. This Statement has been approved by the Board of Directors on 27 February 2025.

AUDIT COMMITTEE REPORT

The Board of Directors (the Board) is pleased to present the report on the Audit Committee and its activities during the financial year ended 31 December 2024.

The main objective of the Audit Committee is to assist the Board in ensuring effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal audit function and the external auditors and the oversight of the Group's systems of internal control and related compliance activities.

The Audit Committee continued to play a key role in assisting the Board to fulfil its responsibilities in accordance with its Terms of Reference and held discussions with the internal auditors, external auditors and relevant members of Management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

COMPOSITION AND TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The composition of the Audit Committee is appointed by the Board from amongst the Non-Executive Directors and stood at four (4) members as at year end, whom including the Chairman are Independent Directors.

CHAIRMAN	MEMBERS	
SARAH AZREEN ABDUL SAMAT Independent Non-Executive Director	**DR. ABDUL RAZAK AHMAD** Senior Independent Non-Executive Director	**DATO' MOHD ZAHIR ZAHUR HUSSAIN** Independent Non-Executive Director *(Appointed on 27 March 2024)*
	DR. IMAM FATHORRAHMAN Independent Non-Executive Director *(Appointed on 27 March 2024)*	**AHMAD SHAHREDZUAN MOHD SHARIFF** Non-Independent Non-Executive Director *(Resigned on 1 October 2024)*

The composition of the Audit Committee is in line with Paragraph 15.09 and 15.10 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Practice 9.1 under Principle B of the Malaysian Code on Corporate Governance (MCCG), in which;

- All members are Non-Executive Directors and Independent Directors;
- No alternate director is appointed as a member;
- The Chairman of the Audit Committee is a certified Practicing Accountant of CPA Australia;
- The Chairman of the Audit Committee is not the Chairman of the Board; and
- None of the Committee members is a former key audit partner of the Company's external auditor.

The Audit Committee has a policy that requires a former partner of the Company's external auditors to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The Audit Committee reviewed its report for the financial year ended 31 December 2024 to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

MEETINGS AND MINUTES

A total of eight (8) meetings were held during the financial year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set as follows:

Name of Director	Status of Directorship	Independent	Attendance of Meeting
Sarah Azreen Abdul Samat[1]	(Chairman) Independent Non-Executive Director	Yes	8/8
Dr. Abdul Razak Ahmad	Senior Independent Non-Executive Director	Yes	8/8
Dato' Mohd Zahir Zahur Hussain *(Appointed as Committee Member on 27 March 2024)*	Independent Non-Executive Director	Yes	6/6
Dr. Imam Fathorrahman *(Appointed as Committee Member on 27 March 2024)*	Independent Non-Executive Director	Yes	6/6
Ahmad Shahredzuan Mohd Shariff *(Resigned on 1 October 2024)*	Non-Independent Non-Executive Director	No	6/6

Note: [1] The Audit Committee Chairman's profile can be viewed on page 153 of this Integrated Report.

The Audit Committee meetings were also attended by the Managing Director, Chief Operating Officer, Chief Financial Officer and Head of Internal Audit at the Audit Committee's invitation and as and when appropriate. The Audit Committee also met with the external auditors during the year on two separate sessions, without the presence of Management. The meetings have been appropriately structured with Audit Committee members receiving notices, agendas and papers sufficiently in advance of the meetings.

The Audit Committee Chairman reports to the Board on principal matters deliberated at Audit Committee meetings. Minutes of each Audit Committee meeting are recorded and tabled for confirmation at the following meeting and subsequently presented to the Board for notation. The Audit Committee Chairman also conveys to the Board matters of significant concern as and when raised by the external auditors or internal auditors.

All members of the Audit Committee have and will continue to undertake professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the Audit Committee members' trainings can be viewed on pages 178 to 179 of this Integrated Report.

KEY ACTIVITIES DURING THE YEAR

During the year, the Audit Committee carried out its duties as set out in its Terms of Reference. The information on the Terms of Reference of the Audit Committee is available on Pharmaniaga's website, **www.pharmaniaga.com**. The main activities undertaken were as follows:

Financial Reporting

1. Reviewed the quarterly unaudited financial results and audited annual financial statements of the Group to ensure compliance with the MMLR of Bursa Malaysia, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board.

2. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.

3. Obtained assurance from the Chief Financial Officer that:
   - appropriate accounting policies had been adopted and applied consistently;
   - the going concern basis applied in the quarterly financial statements and annual financial statements was appropriate;
   - prudent judgements and reasonable estimates had been made in accordance with Malaysian Financial Reporting Standards (MFRSs);
   - adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and MMLR of Bursa Malaysia; and
   - the quarterly financial statements and the annual financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2024.

Integrated Report

1. Reviewed and endorsed the Statement on Risk Management and Internal Control (SORMIC) for Board's approval and disclosure in the Integrated Report 2024.

2. Reviewed and approved the Audit Committee Report for incorporation in the Integrated Report 2024.

3. Reviewed and endorsed the Corporate Governance Overview Statement and Report for Board's approval and inclusion in the Integrated Report 2024.

AUDIT COMMITTEE REPORT

External Audit

During the year, the Audit Committee together with the external auditors:

1. Reviewed 2024 audit plan and scope of work for the Group.
2. Reviewed the audit fees, the number and experience of audit staff assigned to the audit engagement, resources and effectiveness of the external auditors.
3. Reviewed the performance of external auditors, their independence and objectivity.
4. Discussed on audit reports and evaluation of the systems of the internal controls.
5. Reviewed major audit findings and reservations arising from the interim and final audits, significant accounting issues and any matter the external auditors may wish to discuss.
6. Reviewed the external auditors' management letter(s) and management response(s).

The Audit Committee met with the external auditors twice during the year in the absence of Management to discuss amongst others, audit issues and reservations arising from the interim and final audits.

The external auditors have assured the Audit Committee that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2024.

The external auditor's non-audit service fees and the statutory audit fees are available on page 247 of this Integrated Report.

Internal Audit

During the year, the Audit Committee:

1. Reviewed with the internal auditors, their annual audit plan which is risk-based, focusing on significant areas of risk to ensure adequate and comprehensive scope coverage over the activities of the Group.
2. Reviewed and deliberated internal audit reports, including follow-up on remedial action.
3. Reviewed the corrective actions taken by the Management in addressing and resolving issues as well as ensuring that all key issues were adequately addressed on a timely basis.
4. Reviewed the adequacy of resource requirements and competencies of staff within the Group Internal Audit Department to execute the annual audit plan.
5. Reviewed the effectiveness of internal audit processes and the resources allocated to the Group Internal Audit Department.

Related Party Transactions

During the year, the Audit Committee:

1. Reviewed the Circular to Shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for Board's approval.
2. Reviewed the related party transactions entered by the Company and the Group pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 5 June 2024.
3. Reviewed the related party transactions entered by the Company and the Group as well as the disclosure and the procedures relating to related party transactions.
4. Reviewed the Framework and Procedures on related party transactions in ensuring that these were in accordance with the provisions of the MMLR of Bursa Malaysia.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Group Internal Audit Department (GIAD) of Boustead Holdings Berhad (BHB) (the immediate Holding Company of Pharmaniaga Berhad). The Head of GIAD is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Professional Member of the Institute of Internal Auditors Malaysia (IIA Malaysia). She has more than 20 years of firm and commercial experience in internal audit, risk management, compliance and financial management (strategic and operational) encompassing a wide array of industries. She reports functionally to the Audit Committee and administratively to the Group Chief Executive Officer of BHB.

In discharging its duties in accordance with the Three Lines of Defence Model, GIAD, being the third line of defence, is responsible to provide independent assessment of compliance with existing laws/regulations, policies and procedures, as well as evaluate the adequacy and effectiveness of the risk management systems, internal controls and governance processes of Pharmaniaga Berhad and its subsidiaries. This is accomplished through a systematic and disciplined approach of regular reviews based on the internal audit plan that is presented to, and approved by the Audit Committee annually.

i. Reporting Line

The internal audit function's purpose, authority and responsibilities are stated in the Pharmaniaga Berhad Internal Audit Charter. The Charter was last updated in February 2021, and approved by the Audit Committee. GIAD operates and performs its activities in accordance with the principles of the Charter that provides for its independence. GIAD reports directly to the Audit Committee and is independent of the activities it audits. GIAD has an adequately resourced internal audit function to assist the Audit Committee and the Board in maintaining an effective system of internal control and overall governance practices within the Company and the Group.

ii. Audit Planning and Work Done

GIAD adopts a risk-based methodology in planning and conducting audits based on a risk assessments of the business operations and activities. These are aligned with the Group's strategic plans and the overall audit cycle. GIAD has also adopted internal audit standards and best practices based on the Global Internal Audit Standards promulgated by the Institute of Internal Auditors and the COSO Internal Control Framework, in conducting its reviews.

As of 31 December 2024, GIAD had in total 8 internal auditors, assigned to perform audits across the various divisions and they were assisted via a co-sourcing arrangement with an external service provider. At Pharmaniaga Berhad reviews were focused on the following sectors, i.e. manufacturing, logistics and distributions within Malaysia and Indonesia, research, and sales and marketing. GIAD completed and issued internal audit reports for 11 assignments based on the approved annual audit plan. The audits conducted in 2024 covered a wide range of operational areas and processes within the Group, such as the biopharma project management review (covering the development and readiness of the plant and product development), penalties, inventory management, tender management, engineering, technical services, quality control, regulatory affairs covering product registration, control environment, supply chain management, trade procurement, principal management, order management, transportation, as well as sales and marketing activities.

The internal audit reports which included issues and action plans, were presented to and discussed with Management, and subsequently to the Audit Committee; for their attention, deliberation and/or corrective actions. GIAD also monitors the status of implementation of the agreed action plans to ensure full compliance.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT ACTIVITIES DURING THE YEAR

During the year under review, GIAD undertook the following activities:

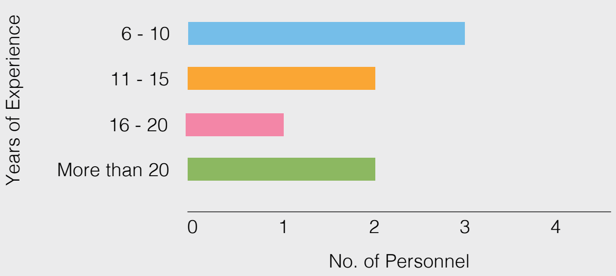
- Prepared the annual audit plan for approval by the Audit Committee;
- Performed risk-based audits based on the annual audit plan;
- Undertook ad-hoc reviews on matters arising from the audits and/or requested by the Management and/or Audit Committee and issued reports accordingly;
- Conducted root-cause analysis as part of the internal audit work to enable relevant recommendations to address any weaknesses noted;
- Issued internal audit reports on risk management, control and governance issues identified from the risk-based audits together with recommendations for improvements for these processes;
- Reported on a quarterly basis to the Audit Committee on significant risk management, control and governance issues from the internal audit reports issued, special reviews undertaken and results of follow-up of matters reported;
- Reported on an ongoing basis to the Audit Committee the achievement of the audit plan and status of resources of GIAD;
- Conducted regular follow-up and monitoring on the implementation of recommendations made to ensure that appropriate corrective or preventive actions were taken on a timely basis or within agreed timelines;
- Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks;
- Reviewed the procedures relating to related party transactions entered into by the Group to ensure that the transactions have been conducted on the Group's normal commercial terms and are not to the detriment of the Group's minority shareholders; and
- Carried out internal peer review assessments of the internal audit function in compliance to the Global Internal Audit Standards prescribed by the Institute of Internal Auditors. Outcomes of the assessment were tabled to the Audit Committee for noting, including areas identified for improvement.

iii. Resources and Continuous Professional Development

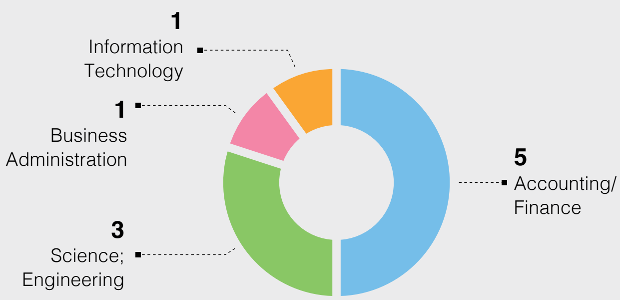
GIAD continues its commitment to equip its internal auditors with the sufficient knowledge, skills and competencies to discharge their duties and responsibilities. They had attended various trainings, seminars and courses focusing on enhancing technical competencies, and development of soft skill capabilities, as well as industry related trainings. They are strongly encouraged to obtain appropriate professional certifications and qualifications. The internal auditors have over the years accumulated experiences in areas of governance, assurance, integrity, fraud and risk, as well as exposure in various industry practices.

The qualification and audit related years of experience breakdown of the GIAD team as of 31 December 2024 are shown below:

GIAD Personnel



GIAD Personnel Qualification



Note: Several internal auditors have more than one qualification

iv. Internal Audit Cost

GIAD had carried out the audits for Pharmaniaga Berhad with a total fee amounting to RM466,085 for the financial year ended 31 December 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Applied the appropriate and relevant accounting policies on a consistent basis;
- Made judgements and estimates that are prudent and reasonable; and
- Prepared the financial statements on the going concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the requirements of Companies Act 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company to prevent, detect fraud and other irregularities.

This statement has been approved by the Board of Directors on 26 March 2025.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company's other principal activities include the provision of management services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	133,794	5,050
Attributable to:		
Owners of the parent	131,822	5,050
Non-controlling interests	1,972	-
	133,794	5,050

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures by the Company during the financial year.

SHARE SCHEME

On 13 May 2016, the Company implemented the Share Scheme comprising Option Plan and Long Term Incentive Plan ("LTIP") after approval was obtained from Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Share Scheme is governed by By-Laws approved by the Company's shareholders at the Extraordinary General Meeting ("EGM") held on 29 March 2016.

Option Plan

The principal features of the Option Plan are as follows:

(a) Directors and selected Senior Management Officers ("Eligible Employees") can subscribe under the Option Plan for new ordinary shares in the Company. The number of options granted is subject to the seniority of the respective Eligible Employees as provided under the Option Plan By-Laws.

(b) Options granted under the Option Plan shall expire on 12 May 2021. Any extension of time of the Option Plan would have to be approved by the relevant authorities and shareholders of the Company in a general meeting. The Company in a general meeting may terminate the Option Plan prior to the expiry date.

(c) The option price under the Option Plan shall be based on the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia for the five (5) Market Days immediately preceding the date of offer subject to a discount not more than ten percent (10%) at the Scheme Committee's discretion.

(d) The new ordinary shares shall rank pari passu in all respect with the existing ordinary shares of the Company.

Long Term Incentive Plan ("LTIP")

The principal features of the LTIP are as follows:

(a) Subject always to the eligibility criteria set out below, the Executive Director and Eligible Employees of the Group are awarded with new ordinary shares in the Company for nil consideration:
   - if he has attained the age of 18 years, is not an undischarged bankrupt and is not subject to any bankruptcy proceedings;
   - if he entered into a full-time or fixed term contract with, and is on the payroll of the Group, and whose service has been confirmed;
   - if he is serving in a specific designation under an employment contract, whether on a permanent contract or for a fixed duration (or any other contract as may be determined by the Scheme Committee); and
   - if he fulfils any other criteria and/or falls within such category as may be determined by the Scheme Committee from time to time.

(b) Shares granted are vested to the Executive Director and Eligible Employees in tranches over a period of up to 3 years, the vesting conditions of which are to be determined by the Scheme Committee.

(c) Executive Director and Eligible Employees are awarded with new ordinary shares in the Company for nil consideration.

(d) The value of the allocation per year to the Executive Director and Eligible Employees under the LTIP shall not exceed 6% of the audited profit after tax of the Group for the preceding financial year.

(e) The new ordinary shares shall rank pari passu in all respect with the existing ordinary shares of the Company.

SHARE SCHEME (CONTINUED)

Amendments to the Share Scheme

On 7 May 2021, the Board of Directors has resolved to extend the duration of the Initial Term of the Share Scheme for a further period of 5 years from 13 May 2021 to 12 May 2026, in accordance with the terms of the By-Laws.

The proposed amendments to the By-Laws governing the existing Share Scheme ("Proposed By-Laws Amendment") shall consist of the following amendments to the following terms under the By-Laws:

(a) amending the definition of eligible persons as specified under the By-Laws to include all employees of the Group (excluding foreign and dormant subsidiaries) to enable them to participate in the Option Plan and LTIP under the Share Scheme;

(b) streamlining the By-Laws to be aligned with the Companies Act 2016 ("Act"), which came into force on 31 January 2017, and to be in compliance with Bursa Listing Requirements, which include amongst others, the abolition of the par value regime and the maximum allocation to the Directors and senior management;

(c) providing that not more than 65% of the total number of shares of the Company to be issued under the Share Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group who are eligible persons under the Share Scheme (where "senior management" shall be subject to any criteria as may be determined at the sole discretion of the Scheme Committee from time to time); and

(d) reducing the Maximum Shares Available from 15% to 8.5% of the then issued share capital (excluding treasury shares) of the Company at any point of time, from time to time, during the duration of the Share Scheme.

The Proposed By-Laws Amendment has been approved by the shareholders of the Company at the EGM on 16 June 2021.

Particulars of the outstanding options granted under the Option Plan and the shares granted under LTIP

As at 31 December 2024, the particulars of the outstanding options granted under the Option Plan and the shares granted under LTIP are as follows:

Option Plan

		Number of options over ordinary shares				
Date of grant	Option price	At 1.1.2024	Granted	Exercised	Forfeited	At 31.12.2024
20 August 2021	RM0.8433	31,752,300	-	-	(5,672,200)	26,080,100

Details of senior management who were granted options to subscribe shares under the Option Plan during the financial year, other than Directors, are as follows:

	Number of options over ordinary shares				
	At 1.1.2024	Granted	Exercised	Forfeited	At 31.12.2024
Norai'ni Mohamed Ali	82,550	-	-	-	82,550
Abdul Malik Mohamed	82,550	-	-	-	82,550
Zulhazri Razali	82,550	-	-	-	82,550
Wan Intan Idura Wan Ismail	82,550	-	-	-	82,550
Dr. Badarulhisam Abdul Rahman	56,700	-	-	-	56,700

DIRECTORS' REPORT

SHARE SCHEME (CONTINUED)

Long Term Incentive Plan ("LTIP")

As at 31 December 2024, no shares under LTIP were granted to Eligible Employees.

The other details of Share Scheme are disclosed in Note 27 to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Dato' Seri Abdul Razak Jaafar	(Appointed as Independent Non-Executive Chairman on 1 October 2024)
Zulkifli Jafar	(Redesignated from Executive Director to Managing Director on 1 September 2024)
Dr. Abdul Razak Ahmad	
Izaddeen Daud	(Redesignated from Non-Independent Non-Executive Chairman to Non-Independent Non-Executive Director on 1 October 2024)
Sarah Azreen Abdul Samat	
Mohammad Ashraf Md. Radzi	
Dato' Mohd Zahir Zahur Hussain	(Appointed on 1 March 2024)
Dato' Dr. Faridah Aryani Md. Yusof	(Appointed on 1 March 2024)
Dr. Imam Fathorrahman	(Appointed on 1 March 2024)
Mohd Firdaus Zulkifli (Alternate Director to Mohammad Ashraf Md. Radzi)	(Appointed on 20 May 2024)
Dato' Seri Dr. Hj. Awaludin Said	(Appointed on 19 July 2024)
Dr. Mary Jane Cardosa	(Appointed on 19 July 2024)
Ahmad Shahredzuan Mohd Shariff	(Resigned as Non-Independent Non-Executive Director and appointed as Chief Operating Officer on 1 October 2024)
Dayana Rogayah Omar (Alternate Director to Mohammad Ashraf Md. Radzi)	(Resigned on 14 February 2024)

DIRECTORS (CONTINUED)

The names of the Directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who were already listed above are as follows:

Norai'ni Mohamed Ali	
Zulhazri Razali	
Dr. Badarulhisam Abdul Rahman	
Yusni Rizal Khairul Anuar	
Muhammad Fauzi Abdul Hamid	
Mohd Izwan Ishak	
Joefly Joesoef Bahroeny	
Professor Dr. Aman Bhakti Pulungan	
Ahmad Abu Bakar	
Ahmad Shahredzuan Mohd Shariff	(Appointed on 17 March 2025)
Mohd Saharuddin Othman	(Resigned on 30 January 2024)
Mohamed Iqbal Abdul Rahman	(Retired on 8 March 2024)
Ong Yee Wen	(Resigned on 5 July 2024)
Lim Cheng Chin	(Resigned on 5 July 2024)
Abdul Malik Mohamed	(Resigned on 17 March 2025)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate emoluments received or due and receivable by the Directors as shown in Notes 7 and 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received by Directors of the Group and of the Company during the financial year were as follows:

	Group RM'000	Company RM'000
Non-Executive Directors fees	1,284	1,016
Non-Executive Directors' other allowances and emoluments	389	289
Managing Director's remuneration:		
- Salaries and bonuses	1,133	1,131
- Defined contribution plan	127	127
- Other short-term employee benefits	54	31

DIRECTORS' REPORT

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company and the total premium paid during the financial year amounted to RM71,500.

NOMINATING AND REMUNERATION COMMITTEE

The Nominating and Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the Managing Director and senior management of the Company on an annual basis and makes recommendation to the Board of Directors. The members of the Nominating and Remuneration Committee are as follows:

Dr. Abdul Razak Ahmad	
Sarah Azreen Abdul Samat	
Dato' Dr. Faridah Aryani Md. Yusof	(Appointed on 27 March 2024)
Dr. Imam Fathorrahman	(Appointed on 27 March 2024)
Dato' Mohd Zahir Zahur Hussain	(Appointed on 1 March 2025)
Ahmad Shahredzuan Mohd Shariff	(Resigned as Non-Independent Non-Executive Director and appointed as Chief Operating Officer on 1 October 2024)

DIRECTORS' INTERESTS IN SHARES

None of the Directors holding office at 31 December 2024 held or dealt in the shares and options over the shares of the Company and of its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

CURRENT ASSETS VALUATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

CONTINGENT AND OTHER LIABILITIES

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

CHANGING CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, other than as disclosed in the financial statements:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for a penalty waiver, which resulted in an increase of RM124.9 million in profit before taxation and RM94.9 million in net profit; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

The significant events during the financial year and subsequent events are disclosed in Note 35 to the financial statements.

HOLDING CORPORATIONS

The Directors regard Boustead Holdings Berhad, a company incorporated in Malaysia, and Lembaga Tabung Angkatan Tentera ("LTAT"), a local statutory body established under the Tabung Angkatan Tentera Act, 1973, as the immediate holding company and ultimate holding corporation respectively.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration for the financial year ended 31 December 2024 for the Group and the Company is as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
(i) statutory audit fees:		
- Ernst & Young PLT, Malaysia	628	170
- firms other than member firms of Ernst & Young Global Limited	284	-
- predecessor auditors	105	105
(ii) other non-audit fees		
- Ernst & Young PLT, Malaysia	283	283
- firms other than member firms of Ernst & Young Global Limited	6	-

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 26 March 2025. Signed on behalf of the Board of Directors:

DATO' SERI ABDUL RAZAK JAAFAR
INDEPENDENT NON-EXECUTIVE
CHAIRMAN

ZULKIFLI JAFAR
MANAGING DIRECTOR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Seri Abdul Razak Jaafar and Zulkifli Jafar, being two of the Directors of Pharmaniaga Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 217 to 317 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and financial performance of the Group and of the Company for the financial year ended on 31 December 2024 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 March 2025.

DATO' SERI ABDUL RAZAK JAAFAR
INDEPENDENT NON-EXECUTIVE
CHAIRMAN

ZULKIFLI JAFAR
MANAGING DIRECTOR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Norai'ni Mohamed Ali, being the officer primarily responsible for the financial management of Pharmaniaga Berhad, do solemnly and sincerely declare that the financial statements set out on pages 217 to 317 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

NORAI'NI MOHAMED ALI
MIA Number: 44576

Subscribed and solemnly declared by the abovenamed Norai'ni Mohamed Ali at Kuala Lumpur on
26 March 2025, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PHARMANIAGA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pharmaniaga Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 217 to 317.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial statements, which indicates that the Group's and the Company's current liabilities exceeded their current assets by RM748.8 million and RM827.2 million respectively, and the Group recorded a capital deficiency of RM145.9 million as of 31 December 2024.

These events or conditions, along with other matters as set forth in Note 2(a) to the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is materially dependent on the successful and timely implementation of the Proposed Regularisation Plan, and continuous support from its shareholder(s), and lenders.

Our opinion is not qualified in respect of this matter.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Revenue recognition
(refer to Note 2(n) and Note 4 to the financial statements)

Revenue from sales of goods recognised for the financial year ended 31 December 2024 amounted to RM3.74 billion representing 99% of the Group's total revenue.

We considered the revenue from sales of goods to be an area of audit focus as the magnitude and the high volume of transactions may give rise to a higher risk of material misstatement relating to timing and amount of revenue recognised.

In addressing the matter above, we have performed amongst others the following audit procedures:

i. Obtained an understanding of the relevant internal controls over the revenue recognition process, including the accuracy and timing of revenue recognition towards satisfaction of performance obligation;
ii. Tested the operating effectiveness of these controls over the revenue recognition process, including involving our information technology specialists to test the operating effectiveness of information technology system for revenue;
iii. Evaluated the terms and conditions of major sales transactions to assess if the revenue recognised is in line with the requirements of MFRS 15 Revenue from Contracts with Customers;
iv. Used data analytics to perform correlation analysis between revenue, trade receivables and cash and bank balances;
v. Test sample of revenue transactions near the financial year end to determine if revenue is recorded in the correct accounting period; and
vi. To the extent the revenue generated from the components within the Group are audited by component auditor, we evaluated the adequacy of the work performed by the component auditor, in particular, their audit procedures on the following area:
    - Test of revenue transactions through examining of supporting evidences such as invoices and acknowledged delivery orders on sampling basis;
    - Evaluate the terms and conditions of major sales transactions to assess if revenue recognised is in line with the requirements of MFRS 15 Revenue from Contracts with Customers; and
    - Test sample of revenue transactions near the financial year end to determine if revenue is recorded in the correct accounting period.

Impairment assessment of goodwill
(refer to Note 3 and Note 14 to the financial statements)

As at 31 December 2024, the carrying amounts of the Group's goodwill amounted to RM77.3 million. In accordance with MFRS 136: Impairment of Assets, the Group is required to perform annual impairment test of cash generating units ("CGUs") to which goodwill has been allocated.

The Group estimates the recoverable amount of the CGUs based on value-in-use ("VIU"). We focused on this area because this assessment requires significant judgement and estimates by the directors, in particular, the discount rate applied in deriving at the VIU and the underlying assumptions applied to the cash flows projection in deriving at the VIU, including sales growth rates, gross profit margin and terminal growth rate.

Our procedures to address this area of focus include, amongst others, the following:

i. Obtained an understanding of management process in estimating the recoverable amounts of the CGUs;
ii. Evaluated the key assumptions used by management in the cash flow projection by comparing the sales growth rate, gross profit margins and terminal growth rate to the past trends, taking into consideration the current and expected outlook of the economic growth;
iii. Evaluated the rates used in discounting the future cash flows to its present value, with the involvement of our internal valuation specialists;
iv. Assessed the sensitivity of the recoverable amount to the changes in the key assumptions; and
v. Evaluated the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Impairment assessment of property, plant and equipment
(refer to Note 3 and Note 11 to the financial statements)

As of 31 December 2024, the continuing losses reported by a CGU indicated that the carrying amount of the property, plant and equipment in this loss-making CGU amounted to RM262.8 million may be impaired.

The Group estimates the recoverable amount of the CGU based on value-in-use ("VIU"). We focused on this area because this assessment requires significant judgement and estimates by the directors, in particular, the discount rate applied in deriving at the VIU and the underlying assumptions applied to the cash flows projection in deriving at the VIU, including estimated revenue and gross profit margin.

In addressing the matters above, we have performed amongst others the following audit procedures:

i. Obtained an understanding of management process in estimating the recoverable amounts of the CGU;
ii. Evaluated the key assumptions used by management in the cash flow projection by:
    - Assessed estimated revenue by evaluating the likelihood of securing sales from tenders, industry demand, and the projected economic growth; and
    - Compared the gross margins to the peer manufacturing companies within the group, taking into consideration the fixed and variable cost structure.
iii. Evaluated the rates used in discounting the future cash flows to its present value, with the involvement of our internal valuation specialists;
iv. Assessed the sensitivity of the recoverable amount to the changes in the key assumptions; and
v. Evaluated the adequacy of the disclosures made in the financial statements.

Impairment assessment of assets – Investment in subsidiaries
(refer to Note 3 and Note 13 to the financial statements)

As at 31 December 2024, the carrying amount of the investment in subsidiaries amounted to RM1.0 billion representing 87% and 81% of the Company's total non-current assets and total assets respectively.

The Company has an investment of RM143.3 million on Pharmaniaga Logistics Sdn. Bhd. and RM625.2 million on Pharmaniaga LifeScience Sdn. Bhd..

The net assets of the subsidiaries above were lower than the Company's investment in these subsidiaries as at 31 December 2024. This indicates that the carrying amount of the investment of these subsidiaries may be impaired.

The Group estimates the recoverable amount of the investment in the subsidiaries based on value-in-use ("VIU").

We focused on this area because this assessment requires significant judgement and estimates by the directors, in particular, the discount rate applied in deriving at the VIU and the underlying assumptions applied to the cash flows projection in deriving at the VIU, including estimated revenue, sales growth rates, gross profit margin and terminal growth rate.

In addressing the matter above, we have performed amongst others the following audit procedures:

i. Obtained an understanding of management process in estimating the recoverable amounts of the investment in subsidiaries;
ii. Evaluated the key assumptions used by management in the cash flow projection by:
    - Assessed Pharmaniaga LifeScience Sdn. Bhd.'s estimated revenue by evaluating the likelihood of securing sales from tenders, industry demand, and the projected economic growth;
    - Compared the gross margins for Pharmaniaga LifeScience Sdn. Bhd. to the peer manufacturing companies within the group, taking into consideration the fixed and variable cost structure;
    - Compared the terminal growth rate for Pharmaniaga LifeScience Sdn. Bhd. to the industry growth and macroeconomic trends; and
    - Compared the sales growth rate, product margins and terminal growth rate for Pharmaniaga Logistics Sdn. Bhd. to the past trends, taking into consideration the current and expected outlook of the economic growth.
iii. Evaluated the rates used in discounting the future cash flows to its present value, with the involvement of our internal valuation specialists;
iv. Assessed the sensitivity of the recoverable amount to the changes in the key assumptions; and
v. Evaluated the adequacy of the disclosures made in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PHARMANIAGA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760–LCA) & AF0039
Chartered Accountants

Najihah Binti Khalid
03249/10/2026 J
Chartered Accountant

Kuala Lumpur
26 March 2025

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	4	**3,759,479**	3,404,481	**83,466**	22,359
Cost of sales	5	**(3,218,985)**	(3,096,660)	**-**	-
Gross profit		**540,494**	307,821	**83,466**	22,359
Other income	7(c)	**2,971**	2,649	**34**	59
Administrative expenses		**(279,568)**	(328,267)	**(35,210)**	(30,856)
Impairment of amount due from subsidiaries	18(a)	**-**	-	**(550)**	(30,876)
Impairment of investment in subsidiaries	13(c)	**-**	-	**-**	(20,148)
Finance costs	6	**(71,969)**	(61,843)	**(57,339)**	(39,558)
Interest income	7(b)	**2,252**	1,477	**21,950**	35,838
Profit/(Loss) before taxation	7(a)	**194,180**	(78,163)	**12,351**	(63,182)
Taxation	9	**(60,386)**	(581)	**(7,301)**	(112)
Net profit/(loss) for the financial year		**133,794**	(78,744)	**5,050**	(63,294)
Attributable to:					
Owners of the parent		**131,822**	(80,160)	**5,050**	(63,294)
Non-controlling interests		**1,972**	1,416	**-**	-
Net profit/(loss) for the financial year		**133,794**	(78,744)	**5,050**	(63,294)
Earnings/(Loss) per share (sen):					
- Basic	10(a)	**9.15**	(5.86)		
- Diluted	10(b)	**9.15**	(5.86)		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net profit/(loss) for the financial year		**133,794**	(78,744)	**5,050**	(63,294)
Other comprehensive income, net of tax:					
Items that will be subsequently reclassified to profit or loss					
Foreign currency translation (losses)/gains for foreign operations		**(5,906)**	3,559	**-**	-
Items that will not be reclassified to profit or loss					
Recognition of actuarial gains	29	**238**	103	**-**	-
Gains on revaluation of land and buildings		**264**	103,654	**-**	-
Other comprehensive (loss)/income, net of tax for the financial year		**(5,404)**	107,316	**-**	-
Total comprehensive income/(loss), net of tax for the financial year		**128,390**	28,572	**5,050**	(63,294)
Attributable to:					
Owners of the parent		**127,791**	24,771	**5,050**	(63,294)
Non-controlling interests		**599**	3,801	**-**	-
		128,390	28,572	**5,050**	(63,294)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**520,869**	515,319	**-**	-
Right-of-use assets	12(a)	**88,486**	90,429	**-**	-
Subsidiaries	13	**-**	-	**1,006,212**	556,072
Intangible assets	14	**151,317**	149,558	**-**	-
Other receivables	17	**-**	-	**-**	-
Amounts due from subsidiaries	18(a)	**-**	-	**136,649**	201,691
Deferred tax assets	28	**27,343**	52,082	**8,033**	12,632
		788,015	807,388	**1,150,894**	770,395
Current assets					
Inventories	15	**612,793**	580,643	**-**	-
Trade receivables	16	**337,626**	285,220	**-**	-
Other receivables	17	**69,881**	83,958	**1,949**	223
Amounts due from subsidiaries	18(a)	**-**	-	**73,487**	294,951
Amounts due from related companies	20	**6**	9	**-**	-
Tax recoverable		**31,782**	30,195	**1,080**	-
Deposits, cash and bank balances	19	**152,203**	127,441	**19,292**	11,939
		1,204,291	1,107,466	**95,808**	307,113
TOTAL ASSETS		**1,992,306**	1,914,854	**1,246,702**	1,077,508

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	**200,046**	200,046	**200,046**	200,046
Exchange reserve		**(4,307)**	149	**-**	-
Revaluation reserve		**100,774**	100,534	**-**	-
Share reserves	27	**3,624**	3,624	**3,624**	3,624
(Accumulated losses)/Retained earnings		**(471,412)**	(603,419)	**82,243**	77,193
		(171,275)	(299,066)	**285,913**	280,863
Non-controlling interests		**25,331**	24,976	**-**	-
(Capital deficiency)/Total equity		**(145,944)**	(274,090)	**285,913**	280,863
Non-current liabilities					
Government grants	24	**14,511**	3,097	**-**	-
Borrowings	25	**130,063**	139,372	**37,796**	50,512
Lease liabilities	12(b)	**2,686**	341	**-**	-
Deferred tax liabilities	28	**27,125**	32,846	**-**	-
Provision for defined benefit plan	29	**10,792**	10,841	**-**	-
		185,177	186,497	**37,796**	50,512
Current liabilities					
Amounts due to subsidiaries	18(b)	**-**	-	**519,224**	304,000
Amounts due to related companies	20	**10,070**	8,023	**30**	-
Trade payables	21	**650,095**	627,781	**-**	-
Other payables	22	**140,806**	245,504	**3,883**	4,411
Amount due to immediate holding company	23	**52,740**	50,515	**52,381**	50,119
Contract liabilities	30	**29,496**	8,899	**-**	-
Government grants	24	**260**	260	**-**	-
Borrowings	25	**1,055,059**	1,047,727	**347,475**	386,864
Lease liabilities	12(b)	**4,088**	3,943	**-**	-
Current tax liabilities		**10,459**	9,795	**-**	739
		1,953,073	2,002,447	**922,993**	746,133
Total liabilities		**2,138,250**	2,188,944	**960,789**	796,645
TOTAL EQUITY AND LIABILITIES		**1,992,306**	1,914,854	**1,246,702**	1,077,508

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Equity attributable to equity holders of the Company							
	Note	Share capital RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Share reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2024		**200,046**	**149**	**100,534**	**3,624**	**(603,419)**	**(299,066)**	**24,976**	**(274,090)**
Net profit for the financial year		-	-	-	-	131,822	131,822	1,972	133,794
Other comprehensive (loss)/income		-	(4,456)	240	-	185	(4,031)	(1,373)	(5,404)
Total comprehensive (loss)/income for the financial year		-	(4,456)	240	-	132,007	127,791	599	128,390
Transactions with owners:									
Dividends:									
- non-controlling interests of a subsidiary		-	-	-	-	-	-	(244)	(244)
Total transactions with owners for the financial year		-	-	-	-	-	-	(244)	(244)
At 31 December 2024		**200,046**	**(4,307)**	**100,774**	**3,624**	**(471,412)**	**(171,275)**	**25,331**	**(145,944)**

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Equity attributable to equity holders of the Company							
	Note	Share capital RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Share reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2023		154,189	(2,281)	-	3,624	(525,226)	(369,694)	21,386	(348,308)
Net (loss)/profit for the financial year		-	-	-	-	(80,160)	(80,160)	1,416	(78,744)
Other comprehensive income		-	2,430	103,136	-	57	105,623	1,693	107,316
Transfer of revaluation reserve upon disposal of leasehold land in right-of-use asset		-	-	(2,602)	-	1,910	(692)	692	-
Total comprehensive income/(loss) for the financial year		-	2,430	100,534	-	(78,193)	24,771	3,801	28,572
Transactions with owners:									
Issuance of new shares:									
- Private placement	26	45,857	-	-	-	-	45,857	-	45,857
Dividends:									
- non-controlling interests of a subsidiary		-	-	-	-	-	-	(211)	(211)
Total transactions with owners for the financial year		45,857	-	-	-	-	45,857	(211)	45,646
At 31 December 2023		200,046	149	100,534	3,624	(603,419)	(299,066)	24,976	(274,090)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Non-distributable		Distributable	
		Share capital RM'000	Share reserves RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2024		**200,046**	**3,624**	**77,193**	**280,863**
Total comprehensive income for the financial year		**-**	**-**	**5,050**	**5,050**
At 31 December 2024		**200,046**	**3,624**	**82,243**	**285,913**
At 1 January 2023		**154,189**	**3,624**	**140,487**	**298,300**
Total comprehensive loss for the financial year		**-**	**-**	**(63,294)**	**(63,294)**
Transactions with owners:					
Issuance of new shares:					
- Private placement	26	**45,857**	**-**	**-**	**45,857**
Total transactions with owners for the financial year		**45,857**	**-**	**-**	**45,857**
At 31 December 2023		**200,046**	**3,624**	**77,193**	**280,863**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		**3,648,914**	3,403,556	**-**	-
Cash payments to suppliers and employees		**(3,506,506)**	(3,276,710)	**(6,275)**	(46,844)
Cash generated from/(used in) operations		**142,408**	126,846	**(6,275)**	(46,844)
Interest paid		**(68,105)**	(60,811)	**(20,065)**	(23,951)
Net tax paid		**(33,887)**	(20,561)	**(4,520)**	(1,302)
Interest received		**2,252**	1,477	**268**	12,670
Net cash generated from/(used in) operating activities		**42,668**	46,951	**(30,592)**	(59,427)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**79**	1,316	**-**	-
Proceeds from disposal of right-of-use assets		**-**	4,412	**-**	-
Purchase of property, plant and equipment	11	**(31,160)**	(50,672)	**-**	-
Purchase of intangible assets	14	**(8,412)**	(10,336)	**-**	-
Purchase of leasehold land ("ROU")		**-**	(12,654)	**-**	-
Gross advances to subsidiaries		**-**	-	**(89,728)**	(1,119,342)
Gross repayments from subsidiaries		**-**	-	**1,207**	1,143,552
Increase in investment in deposits maturing more than three (3) months		**(6,125)**	-	**-**	-
Net cash (used in)/generated from investing activities		**(45,618)**	(67,934)	**(88,521)**	24,210

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to:					
- owners of the Company		**-**	(7,859)	**-**	(7,859)
- non-controlling interests of a subsidiary		**(244)**	(211)	**-**	-
Proceeds from issuance of share capital	26	**-**	45,857	**-**	45,857
Drawdown of borrowings		**2,150,072**	3,247,537	**715,430**	1,140,168
Repayment of borrowings		**(2,131,405)**	(3,228,013)	**(767,535)**	(1,125,392)
Repayment of hire purchase liabilities	25	**(688)**	(966)	**-**	-
Advances from immediate holding company		**-**	50,000	**-**	50,000
Gross advances received from subsidiaries		**-**	-	**551,407**	192,249
Gross repayments to subsidiaries		**-**	-	**(372,836)**	(252,887)
Receipt of government grant	24	**11,674**	-	**-**	-
Payment of lease liabilities	12(b)	**(7,306)**	(11,077)	**-**	-
Net cash generated from financing activities		**22,103**	95,268	**126,466**	42,136
NET CHANGES IN CASH AND CASH EQUIVALENTS		**19,153**	74,285	**7,353**	6,919
Foreign exchange differences		**(516)**	307	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**127,441**	52,849	**11,939**	5,020
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	19	**146,078**	127,441	**19,292**	11,939

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is an investment holding company. The Company's other principal activities include the provision of management services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The addresses of the registered office and principal place of business of the Company are as follows:

Registered office:

Level 23, The Bousteador,
No.10, Jalan PJU 7/6,
Mutiara Damansara,
47800 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business:

No. 7, Lorong Keluli 1B,
Kawasan Perindustrian Bukit Raja Selatan,
Seksyen 7,
40000 Shah Alam,
Selangor Darul Ehsan.

The Directors regard Boustead Holdings Berhad, a company incorporated in Malaysia, and Lembaga Tabung Angkatan Tentera ("LTAT"), a local statutory body established under the Tabung Angkatan Tentera Act, 1973, as the immediate holding company and ultimate holding corporation respectively.

The financial statements are presented in Ringgit Malaysia and rounded to the nearest thousand, unless otherwise stated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in this summary of material accounting policies.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Going concern basis of preparation for the Group and the Company

As of 31 December 2024, the Group's and the Company's current liabilities exceeded the current assets by RM748.8 million and RM827.2 million respectively, and the Group recorded a capital deficiency of RM145.9 million.

On 27 February 2023, the Company announced that it had triggered the criteria under Practice Note 17 ("PN17") of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") due to its shareholders' equity being below RM40.0 million and 25% of its issued and paid-up capital.

As disclosed in Note 25(a) to the financial statements, the Group and the Company did not meet financial covenants for certain borrowings of RM175.2 million as at 31 December 2024.

In addition, as at 31 December 2024, other than the borrowings mentioned in the preceding paragraph, certain borrowings within the Group and the Company of RM475.1 million and RM210.1 million respectively contain cross-default clauses that may be triggered due to the Group and the Company failing to meet financial covenants of the borrowings in the preceding paragraph, as further elaborated in Note 25(b) to the financial statements.

The Directors have concluded that the combination of the events highlighted above indicate the existence of material uncertainty that may cast significant doubt over the ability of the Group and the Company to continue as a going concern and therefore, may be unable to realise their assets and discharge their liabilities in the normal course of business.

The Directors prepared a set of cash flow projections for the 24-month period ending 31 December 2026 in assessing whether it is appropriate to prepare the financial statements of the Group and the Company for the year ended 31 December 2024 on a going concern basis.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Basis of preparation (continued)

Going concern basis of preparation for the Group and the Company (continued)

The 24-month cash flow projection incorporated the effects of the following key measures that have been or are to be undertaken by the Group and the Company. The ability of the Group and the Company to continue as a going concern is materially dependent on the successful implementation of the key measures outlined below:

i. Successful implementation and timely completion of the Proposed Regularisation Plan

As disclosed in Note 35(a) to the financial statements, the Company had obtained approval from Bursa Malaysia on the Proposed Regularisation Plan on 29 November 2024 and the Proposed Variation to the Proposed Regularisation Plan on 17 February 2025.

On 20 March 2025, the Proposed Regularisation Plan was approved by the shareholders of the Company at the Extraordinary General Meeting ("EGM").

To date, LTAT and Boustead have provided an irrevocable letter of undertaking to subscribe in full for its entitlements under the proposed rights issue of RM190.1 million.

The successful implementation of the Proposed Regularisation Plan is dependent on the Company's ability to raise:

a. minimum proceeds of RM215.0 million from the proposed private placement; and
b. the remaining proceeds of RM155.8 million of the proposed rights issue, or obtain underwriter(s) to subscribe to the same.

Proceeds to be received from Proposed Regularisation Plan are expected to be utilised for repayment of certain existing borrowings of the Group and of the Company as well as capital expenditure for the Group's business expansion in particular to build or acquire new warehouses and product development of vaccines, insulins and other generic drugs and for working capital purpose. After the proceeds are used as intended, the Group and the Company will be able to comply with various financial covenants by reducing its net debt and shift to a positive shareholders' equity, ultimately lifting itself out from PN17 status.

Given the Company has already obtained letters of undertaking of RM190.1 million from LTAT and Boustead and is currently in discussion with potential investors and underwriter(s) for the remaining private placement and uncommitted right issues, the Directors believe that the Proposed Regularisation Plan will be successfully implemented in a timely manner by the financial year ending 31 December 2025.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Basis of preparation (continued)

Going concern basis of preparation for the Group and the Company (continued)

ii. Continuous support from the lenders

There are breaches of the financial covenant for two borrowings totalling to RM175.2 million as at 31 December 2024. As explained in Note 25(a), a conditional indulgence has been obtained for the breach of the financial covenant on borrowings amounting to RM135.0 million, contingent upon the completion of the Proposed Regularisation Plan not later than 30 September 2025.

The Group is in the process of obtaining an indulgence letter for the breach of the financial covenant on borrowings amounting to RM40.2 million, as the assessment of financial covenants is to be tested based on the annual audited financial statements, in accordance with the agreement with the financial institution. While the financial institution has yet to grant an indulgence for breach of the financial covenant for the year ended 31 December 2024, it approved the renewal of the borrowing facility on 26 February 2025, extending the borrowing facility until 20 January 2026, and provided indulgence for the breaches in the financial year ended 31 December 2023.

As at 31 December 2024, other than the borrowings mentioned in the preceding paragraph, certain borrowings within the Group and the Company of RM475.1 million and RM210.1 million respectively contain cross-default clauses that may be triggered due to the Group and the Company failing to meet financial covenants of the borrowings as mentioned in the preceding paragraph. As explained in Note 25(b), the financial institutions have confirmed that the breaches in the current financial year did not trigger a cross-default.

As at 31 December 2024, the Group and the Company have borrowings amounting to RM1.2 billion and RM385.3 million. Despite the breach of financial covenants for certain borrowings as mentioned above, the Group and the Company did not receive any default letters from the financial institutions.

Moreover, the Group and the Company did not default on any repayment obligations during the financial year and up to the date when these financial statements were approved by the Board of Directors; and the lenders of the Group and the Company, including financial institutions where the financial covenants were breached, have not recalled the borrowings of the Group and the Company as of the date when these financial statements were approved by the Board of Directors.

The Directors believe that the Group and the Company are able to continuously roll over existing revolving credits and bankers' acceptance facilities and that the financial institutions will not recall the borrowings despite the breach of certain financial covenants. The Directors also believe that they are able to utilise undrawn borrowing facilities (as disclosed in Note 25(k)) continuously.

In summary, the ability of the Group and of the Company to continue as a going concern is materially dependent on the successful implementation and timely completion of the Proposed Regularisation Plan and continuous support from its lenders. However, based on the measures taken above, the Directors believe that it is appropriate to prepare the financial statements of the Group and of the Company for the financial year ended 31 December 2024 on a going concern basis.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Basis of preparation (continued)

Amendments to published standards that are effective

On 1 January 2024, the Group and the Company have applied the following amendments to published standards:

- Amendments to MFRS 16 “Leases” on ‘Lease Liability in a Sale and Leaseback’
- Amendments to MFRS 101 “Presentation of Financial Statements” on ‘Classification of liabilities as current or non-current’
- Amendments to MFRS 101 “Presentation of Financial Statements” on ‘Non-current Liabilities with Covenants’
- Amendments to MFRS 107 “Statement of Cash Flows” and MFRS 7 “Financial Instruments: Disclosures” on ‘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.

Amendments to published standards that have been issued but not yet effective

- Amendments to MFRS 121 “The Effects of Changes in Foreign Exchange Rates” – Lack of Exchangeability (effective 1 January 2025)
- Annual improvements to MFRS Accounting Standards – Volume 11 (effective 1 January 2026)
- Amendments to MFRS 7 “Financial Instruments: Disclosures” and MFRS 9 "Financial Instruments" on the Classification and Measurement of Financial Instruments (effective 1 January 2026)
- MFRS 18 “Presentation and Disclosure in Financial Statements” (effective 1 January 2027)
- MFRS 19 “Subsidiaries without Public Accountability: Disclosures” (effective 1 January 2027)
- 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)

The Group and the Company are expected to apply the above mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above mentioned pronouncements is not expected to have any material impact to the financial statements of the Group and of the Company.

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

The Group applies the acquisition method to account for business combination under common control.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Consolidation (continued)

Subsidiaries (continued)

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

Disposal of subsidiaries

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries includes the carrying amount of goodwill relating to the subsidiaries sold.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(d) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain and loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment

Land and buildings

Land and buildings within the property, plant and equipment 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 and impairment losses. The revaluation is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the land and buildings being valued.

When revalued land and buildings are sold, the revaluation surplus included in equity is transferred directly to retained earnings when the asset is retired or disposed of.

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. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

The Group has opted to apply the gross method for the treatment of accumulated depreciation when revaluing assets and to recognise the depreciation charge on revalued assets as an expense in income statement.

Other property, plant and equipment

All other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses except for freehold land and capital work-in-progress which are not depreciated. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see accounting policy Note 2(l) on borrowings and borrowing costs).

Subsequent costs are included in the assets' carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment (continued)

Other property, plant and equipment (continued)

Gains or losses on disposals are determined by comparing proceeds with carrying amounts and are included in 'other income' or 'administrative expenses' in profit or loss.

Freehold land is not depreciated as it has an infinite life. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold and leasehold lands	2% - 5%
Furniture and fittings	10% - 25%
Renovation	5% - 25%
Equipment	3% - 25%
Motor vehicles	20% - 25%
Plant and machinery	3% - 20%

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revision of the residual values and useful lives are accounted for as a change in accounting estimate and are included in profit or loss for the financial year in which the changes arise.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See Note 2(i) for accounting policy on impairment of non-financial assets.

(f) Investments in subsidiaries in separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See Note 2(i) for accounting policy on impairment of non-financial assets.

On disposal of an investment, the difference between disposal proceeds and carrying amount of the investment is recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

(g) Intangible assets

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) management intends to complete the intangible asset and use or sell it;
(iii) there is an ability to use or sell the intangible asset;
(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life of 5-15 years.

Development costs work-in-progress is tested for impairment annually, in accordance with MFRS 136 “Impairment of Assets”. See Note 2(i) for accounting policy on impairment of non-financial assets.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

Cost includes the actual cost of materials and incidental cost incurred in bringing the inventories to store. As for in-house manufactured finished goods and work-in-progress, labour and appropriate production overheads (based on normal operating capacity) are also included.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(iv) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(v) Diluted earnings per share

Diluted earnings per share adjust the figures in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(l) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period when the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

The Group's contributions to defined contribution plans are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plan

The defined benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for actuarial gains/losses. The Group determines the present value of the defined benefit obligation with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting period.

The defined benefit obligation, calculated using the projected credit unit method, is determined by independent actuaries, by discounting the estimated future cash outflows using market yields at the reporting date on government securities which have currency and term to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in the profit or loss as employee benefit expense, except where included in the cost of an asset.

(iv) Option Plan

The Company operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share reserves within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for the employees to hold shares for a specific period of time).

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Employee benefits (continued)

(iv) Option Plan (continued)

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

Total expenses are recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share reserves in equity.

In circumstances where employees provide services in advanced of the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share reserves is transferred to retained earnings.

(v) Deferred shares – Long Term Incentive Plan

The fair value of deferred shares granted to employees for nil consideration under the Long Term Incentive Plan is recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share reserves. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period with adjustments recognised in profit or loss and share reserves as appropriate.

When shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

In the separate financial statements of the Company, the shares granted by the Company over its equity instruments to the employees of subsidiaries in the Group are treated as a capital contribution to the subsidiaries. The fair value of shares granted to employees of the subsidiaries in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiaries, with a corresponding credit to equity of the Company.

(n) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised with reference to each distinct performance obligation in the contract with customers. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of returns, rebates, discounts and any penalties imposed by the customers in respect of the sales of goods in accordance to the performance criteria as agreed with the customers. Transaction price is allocated to each performance obligation on the basis of relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Revenue recognition (continued)

(i) Sale of goods

The Group manufactures and sells a range of pharmaceutical products. Sales are recognised in the accounting period when control of the products has been transferred, being when the products are delivered to the customer net of any penalties charged by the customer in perfoming the obligations. Delivery occurs when the products have been shipped to the designated location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Contracts

The Group enters into contracts with customers to provide services such as system maintenance, upgrades, enhancements, hardware and software supply, and system implementation. Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from services rendered is measured at the fixed transaction price agreed under the contracts.

Revenue relating to contracts is recognised in the accounting period in which the services are rendered. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. This is determined based on actual contract costs incurred. Otherwise, for example, contracts that include the installation of hardware, revenue is recognised at a point in time when the customer obtains control of the asset.

(iii) Management fees

The Company provides management services such as human resources management, accounting and finance services, secretarial services, legal services, taxation services and information technologies services to its subsidiaries. Revenue from providing services is recognised over the period in which the services are rendered.

(iv) Dividend income

Dividend income is included in the profit or loss when the right to receive payment is established and no significant uncertainty exists as regards to its receipt. Interim dividends from subsidiaries are recognised when they are declared and final dividends when they are approved by shareholders in general meeting.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Current and deferred income taxes

The tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred income tax is recognised for all taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(p) Financial assets

Classification

The Group classifies its financial assets to be measured at amortised cost.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(p) Financial assets (continued)

Measurement of financial asset at amortised cost

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Subsequent to initial recognition, the financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is recognised using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss or statement of comprehensive income as applicable.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit or loss or statement of comprehensive income as applicable.

(q) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- significant increases in credit risk on other financial instruments of the same debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(q) Impairment of financial assets (continued)

The ECL approach can be classified into the categories below:

(i) Trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

For measurement of ECL, trade receivables arising from the Group's principal activities have been grouped based on shared credit risk characteristics, for example type of customers, the days past due and geographical. Trade receivables which are in default or credit-impaired are assessed individually.

(ii) Other receivables and intercompany receivables

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Amounts due from subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on balances due from each individual subsidiary.

Cash and cash equivalents are also subject to the impairment requirements of MFRS 9. The identified impairment loss was immaterial.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

(r) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group has not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities are recognised initially at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

A financial liability is derecognised when the obligation under the liability is extinguished and the resulting gains or losses are recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(s) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain

(t) Contract assets and liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. In the case of system maintenance, upgrades, enhancements, hardware and software supply, and system implementation, contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is an objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration in advance or has billed the customer. In the case of system maintenance, upgrades, enhancements, hardware and software supply, and system implementation, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group has billed or has received consideration before the goods are delivered or services are to be rendered to the customers.

(u) Government grants

Grants from government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are recognised in the profit or loss over the period necessary to match the related costs for which the grants are intended to compensate. When the grants relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(w) Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:
(i) Expected to be realised or intended to sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within 12 months after the reporting period; or
(iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within 12 months after reporting period; or
(iv) There is unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment assessment of non-financial assets

The Group and the Company assess impairment of the non-financial assets (excluding goodwill and development costs work-in-progress), in particular impairment assessments on the property, plant and equipment, intangible assets with definite life and investment in subsidiaries, whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable (i.e. the carrying amount is more than the recoverable amount). The Group also tests annually whether goodwill or development costs work-in-progress has suffered any impairment.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Further detail of the impairment assessments of the property, plant and equipment, investment in subsidiaries and intangible assets are set out in Notes 11, 13 and 14 to the financial statements, respectively.

4 REVENUE

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue consists of:					
Revenue from contracts with customers:					
- Sale of goods		**3,740,512**	3,404,481	**-**	-
- Contracts revenue	30(b)	**18,967**	-	**-**	-
- Management fees		**-**	-	**35,466**	22,359
		3,759,479	3,404,481	**35,466**	22,359
Dividend income		**-**	-	**48,000**	-
		3,759,479	3,404,481	**83,466**	22,359

Disaggregation of revenue from contracts with customers:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Geographical markets				
- Malaysia	**2,572,301**	2,357,890	**35,466**	22,359
- Indonesia	**1,178,206**	1,040,121	**-**	-
- Other countries	**8,972**	6,470	**-**	-
	3,759,479	3,404,481	**35,466**	22,359
Timing of revenue recognition				
- at a point in time	**3,740,512**	3,404,481	**-**	-
- over time	**18,967**	-	**35,466**	22,359
	3,759,479	3,404,481	**35,466**	22,359

5 COST OF SALES

	Note	Group 2024 RM'000	Group 2023 RM'000
Employee benefit expenses	8	**50,603**	50,672
Depreciation of property, plant and equipment	11	**13,895**	13,754
Depreciation of right-of-use assets	12(a)	**576**	576
Amortisation of intangible assets	14	**1,194**	983
Changes in inventories of finished goods		**2,929,854**	2,718,903
(Write-back)/Write-down of slow-moving and obsolete inventories	7(a)	**(876)**	76,905
Raw materials and consumables used		**128,081**	145,689
Selling and distribution costs		**68,833**	62,978
Maintenance of Pharmacy Information System		**17,940**	17,950
Others		**8,885**	8,250
		3,218,985	3,096,660

6 FINANCE COSTS

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Interest expenses on:					
- bankers' acceptances		**45,897**	44,444	**8,611**	11,719
- revolving credits		**16,813**	17,061	**11,454**	12,225
- bridging loan		**5,612**	-	**-**	-
- lease liabilities	12(b)	**184**	235	**-**	-
- hire purchase		**85**	103	**-**	-
- advance from a subsidiary company	33(c)	**-**	-	**33,896**	15,499
- advance from immediate holding company	33(a)	**3,378**	-	**3,378**	115
		71,969	61,843	**57,339**	39,558

7 PROFIT/(LOSS) BEFORE TAXATION

(a) The following expenses (excluding finance costs) have been charged in arriving at profit/(loss) before taxation:

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration					
(i) statutory audit fees:					
- Ernst & Young PLT, Malaysia		**628**	-	**170**	-
- firms other than member firms of Ernst & Young Global Limited		**284**	207	**-**	-
- predecessor auditors		**105**	780	**105**	291
(ii) other non-audit fees					
- Ernst & Young PLT, Malaysia		**283**	-	**283**	-
- firms other than member firms of Ernst & Young Global Limited		**6**	20	**-**	-
- predecessor auditors		**-**	25	**-**	25
Directors' fees:					
- Non-executive		**1,284**	819	**1,016**	730
Directors' salaries, other allowances and emoluments					
- Managing Director		**1,314**	494	**1,289**	494
- Non-executive		**389**	254	**289**	232
Employee benefit expenses	8	**200,417**	208,129	**22,566**	20,602
Expenses arising from leases of low-value assets		**5,732**	5,828	**189**	175
Warehousing and storage charges		**5,275**	5,857	**16**	8
Management fees paid/payable to immediate holding company	33(a)	**306**	308	**306**	308
Foreign exchange losses, net		**3,041**	-	**-**	-
Impairment of investment in subsidiaries	13(c)	**-**	-	**-**	20,148
Impairment loss on:					
- trade receivables	16	**1,898**	2,294	**-**	-
- other receivables	17	**32**	-	**-**	-
- amount due from subsidiaries	18 (a)	**-**	-	**550**	30,876
(Write-back)/Write-down of slow-moving and obsolete inventories	5	**(876)**	76,905	**-**	-
Right-of-use assets:					
- depreciation	12(a)	**10,784**	10,976	**-**	-
Intangible assets:					
- amortisation	14	**5,267**	6,622	**-**	-
- written off	14	**592**	14,652	**-**	-

7 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

(a) The following expenses (excluding finance costs) have been charged in arriving at profit/(loss) before taxation (continued):

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Property, plant and equipment:					
- depreciation	11	**25,327**	24,106	**-**	-
- written off	11	**728**	6,719	**-**	-
- impairment loss	11	**-**	6,694	**-**	-

During the financial year, the Group incurred a total of RM15,849,000 (2023: RM13,425,000) for research and development expenses, of which RM8,412,000 (2023: RM9,195,000) has been recognised as capitalised development cost of work-in-progress and capitalised development cost under Intangible Assets as disclosed in Note 14.

(b) Interest income

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Interest income from:					
- deposits with licensed banks		**2,252**	1,477	**268**	50
- advances to subsidiaries	33(c)	**-**	-	**21,682**	35,788
		2,252	1,477	**21,950**	35,838

(c) Other income

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Gain on disposal of property, plant and equipment		**79**	864	**-**	-
Utilisation of government grant	24	**260**	261	**-**	-
Foreign exchange gains, net		**-**	1,127	**8**	-
Penalty income		**1,488**	-	**-**	-
Others		**1,144**	397	**26**	59
		2,971	2,649	**34**	59

8 EMPLOYEE BENEFIT EXPENSES

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries and bonuses		**132,076**	130,500	**16,881**	15,435
Defined contribution plan		**16,309**	17,557	**2,418**	2,179
Defined benefit plan	29	**1,987**	2,277	**-**	-
Other short-term employee benefits		**50,045**	57,795	**3,267**	2,988
		200,417	208,129	**22,566**	20,602
Managing Director's remuneration:					
- Salaries and bonuses		**1,133**	422	**1,131**	422
- Defined contribution plan		**127**	51	**127**	51
- Other short-term employee benefits		**54**	21	**31**	21
		1,314	494	**1,289**	494
Total		**201,731**	208,623	**23,855**	21,096
Employee benefit expenses included in:					
- cost of sales	5	**50,603**	50,672	**-**	-
- administrative expenses		**151,128**	157,951	**23,855**	21,096
		201,731	208,623	**23,855**	21,096

The estimated monetary value of benefits provided to Directors of the Company during the financial year amounted to RM24,600 (2023: RM2,277).

9 TAXATION

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax:					
- Malaysian income tax		**32,804**	13,952	**-**	1,564
- foreign income tax		**3,381**	4,954	**-**	-
- under provision in prior years		**5,496**	5,102	**2,702**	477
		41,681	24,008	**2,702**	2,041
Deferred tax:					
- origination and reversal of temporary differences	28	**18,705**	(23,427)	**4,599**	(1,929)
Tax expense		**60,386**	581	**7,301**	112

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/(Loss) before taxation	**194,180**	(78,163)	**12,351**	(63,182)
Statutory income tax at rate of 24% (2023: 24%)	**46,603**	(18,759)	**2,964**	(15,164)
Different tax rates in other country	**(196)**	(290)	**-**	-
Tax effects of:				
Expenses not deductible for tax purpose	**11,133**	12,324	**13,155**	14,815
Expenses subject to double deduction	**(2,380)**	(1,373)	**-**	-
Income not subject to tax	**(375)**	(390)	**(11,520)**	(16)
Deductible temporary difference not recognised	**105**	3,967	**-**	-
Under provision of tax in prior years	**5,496**	5,102	**2,702**	477
Tax expense	**60,386**	581	**7,301**	112

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the Company for the financial year by the average number of ordinary shares in issue during the financial year.

	Group	
	2024	**2023**
Net profit/(loss) attributable to owners of the Company (RM'000)	**131,822**	(80,160)
Weighted average number of ordinary shares in issue ('000)	**1,441,229**	1,367,642
Basic earnings/(loss) per share (sen)	**9.15**	(5.86)

(b) Diluted earnings/(loss) per share

For the diluted earnings/(loss) per share calculation, the average number of ordinary shares in issue is adjusted to assume the full conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group are Option Plan and Long Term Incentive Plan ("LTIP").

For the shares granted under the Option Plan, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding shares under the Option Plan. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the shares under the Option Plan. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the 'bonus' element in the outstanding ordinary shares for the purpose of computing the dilution. No adjustment is made to profit/(loss) for the financial year for the shares granted under the Option Plan calculation.

For the shares granted under the LTIP, the outstanding number of shares granted to eligible employees is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to profit/(loss) for the financial year for the shares granted under the LTIP calculation.

	Group	
	2024	**2023**
Net profit/(loss) attributable to owners of the Company (RM'000)	**131,822**	(80,160)
Weighted average number of ordinary shares in issue ('000)	**1,441,229**	1,367,642
Assumed shares issued under Long Term Incentive Plan ('000)	**-**	-
Weighted average number of ordinary shares in issue ('000)	**1,441,229**	1,367,642
Diluted earnings/(loss) per share (sen)	**9.15**	(5.86)

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/(loss) per share.

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	Furniture, fittings, renovation and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
At 31 December 2024						
At cost	**-**	**155,244**	**13,786**	**334,170**	**125,814**	**629,014**
At valuation	**393,105**	**-**	**-**	**-**	**-**	**393,105**
Accumulated depreciation	**(147,878)**	**(131,165)**	**(11,808)**	**(210,399)**	**-**	**(501,250)**
Net book value	**245,227**	**24,079**	**1,978**	**123,771**	**125,814**	**520,869**
At 31 December 2023						
At cost	-	154,204	14,101	328,713	109,283	606,301
At valuation	394,009	-	-	-	-	394,009
Accumulated depreciation	(143,637)	(126,959)	(11,423)	(202,972)	-	(484,991)
Net book value	250,372	27,245	2,678	125,741	109,283	515,319
At 1 January 2023						
At cost	279,676	151,284	16,392	323,238	75,421	846,011
Accumulated depreciation	(116,224)	(119,500)	(13,432)	(192,667)	-	(441,823)
Net book value	163,452	31,784	2,960	130,571	75,421	404,188

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Land and buildings RM'000	Furniture, fittings, renovation and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
Movements in net book value							
At 1 January 2024		**250,372**	**27,245**	**2,678**	**125,741**	**109,283**	**515,319**
Additions		**898**	**3,123**	**143**	**9,750**	**19,942**	**33,856**
Written off	7(a)	**-**	**(728)**	**-**	**-**	**-**	**(728)**
Reclassification		**1,807**	**407**	**-**	**959**	**(3,173)**	**-**
Revaluation surplus		**335**	**-**	**-**	**-**	**-**	**335**
Depreciation charged	7(a)	**(6,882)**	**(5,918)**	**(823)**	**(11,704)**	**-**	**(25,327)**
Foreign exchange adjustments		**(1,303)**	**(50)**	**(20)**	**(975)**	**(238)**	**(2,586)**
At 31 December 2024		**245,227**	**24,079**	**1,978**	**123,771**	**125,814**	**520,869**
At 1 January 2023		163,452	31,784	2,960	130,571	75,421	404,188
Additions		1,281	2,352	1,091	4,826	46,016	55,566
Disposals		(131)	(45)	(251)	(25)	-	(452)
Written off	7(a)	(821)	(1,548)	-	(1,127)	(3,223)	(6,719)
Reclassification to right-of-use assets	12(a)	(1,373)	-	-	-	-	(1,373)
Reclassification		5,688	595	-	2,648	(8,931)	-
Revaluation surplus		93,984	-	-	-	-	93,984
Depreciation charged	7(a)	(5,563)	(6,133)	(1,108)	(11,302)	-	(24,106)
Impairment loss	7(a)	(6,694)	-	-	-	-	(6,694)
Foreign exchange adjustments		549	240	(14)	150	-	925
At 31 December 2023		250,372	27,245	2,678	125,741	109,283	515,319

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Analysis of land and buildings:

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
Group				
At 31 December 2024				
At valuation	**105,032**	**125,658**	**162,415**	**393,105**
Accumulated depreciation	**-**	**(55,277)**	**(92,601)**	**(147,878)**
Net book value at valuation	**105,032**	**70,381**	**69,814**	**245,227**
At 31 December 2023				
At valuation	105,032	125,790	163,187	394,009
Accumulated depreciation	-	(52,356)	(91,281)	(143,637)
Net book value at valuation	105,032	73,434	71,906	250,372
At 1 January 2023				
At cost	25,655	121,075	132,946	279,676
Accumulated depreciation	-	(45,919)	(70,305)	(116,224)
Net book value	25,655	75,156	62,641	163,452
Movements in net book value				
At 1 January 2024	**105,032**	**73,434**	**71,906**	**250,372**
Additions	**-**	**187**	**711**	**898**
Reclassification	**-**	**991**	**816**	**1,807**
Revaluation surplus	**-**	**-**	**335**	**335**
Depreciation charged	**-**	**(2,709)**	**(4,173)**	**(6,882)**
Foreign exchange adjustments	**-**	**(1,522)**	**219**	**(1,303)**
At 31 December 2024	**105,032**	**70,381**	**69,814**	**245,227**

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Analysis of land and buildings (continued):

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
Movements in net book value (continued)				
At 1 January 2023	25,655	75,156	62,641	163,452
Additions	-	-	1,281	1,281
Disposal	-	(131)	-	(131)
Written off	-	(821)	-	(821)
Reclassification to right-of-use assets	(1,373)	-	-	(1,373)
Reclassification	-	-	5,688	5,688
Revaluation surplus	80,750	1,658	11,576	93,984
Depreciation charged	-	(2,677)	(2,886)	(5,563)
Impairment loss	-	-	(6,694)	(6,694)
Foreign exchange adjustments	-	249	300	549
At 31 December 2023	105,032	73,434	71,906	250,372

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
Group				
At 31 December 2024				
At cost	**24,282**	**120,753**	**141,092**	**286,127**
Accumulated depreciation	**-**	**(51,327)**	**(81,062)**	**(132,389)**
Net book value	**24,282**	**69,426**	**60,030**	**153,738**
At 31 December 2023				
At cost	24,282	120,885	140,333	285,500
Accumulated depreciation	-	(48,770)	(79,209)	(127,979)
Net book value	24,282	72,115	61,124	157,521

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Analysis of furniture, fittings, renovation and equipment:

	Furniture and fittings RM'000	Renovation RM'000	Equipment RM'000	Total RM'000
Group				
At 31 December 2024				
At cost	**35,298**	**48,765**	**71,181**	**155,244**
Accumulated depreciation	**(28,257)**	**(42,116)**	**(60,792)**	**(131,165)**
Net book value	**7,041**	**6,649**	**10,389**	**24,079**
At 31 December 2023				
At cost	35,569	47,474	71,161	154,204
Accumulated depreciation	(27,969)	(39,777)	(59,213)	(126,959)
Net book value	7,600	7,697	11,948	27,245
At 1 January 2023				
At cost	33,975	46,629	70,680	151,284
Accumulated depreciation	(25,253)	(37,193)	(57,054)	(119,500)
Net book value	8,722	9,436	13,626	31,784
Movements in net book value				
At 1 January 2024	**7,600**	**7,697**	**11,948**	**27,245**
Additions	**187**	**1,381**	**1,555**	**3,123**
Written off	**(403)**	**-**	**(325)**	**(728)**
Reclassification	**359**	**40**	**8**	**407**
Depreciation charged	**(727)**	**(2,447)**	**(2,744)**	**(5,918)**
Foreign exchange adjustments	**25**	**(22)**	**(53)**	**(50)**
At 31 December 2024	**7,041**	**6,649**	**10,389**	**24,079**
At 1 January 2023	8,722	9,436	13,626	31,784
Additions	1,389	412	551	2,352
Disposals	(33)	-	(12)	(45)
Written off	(1,265)	(5)	(278)	(1,548)
Reclassification	-	296	299	595
Depreciation charged	(1,192)	(2,615)	(2,326)	(6,133)
Foreign exchange adjustments	(21)	173	88	240
At 31 December 2023	7,600	7,697	11,948	27,245

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, depreciation of RM13,895,000 (2023: RM13,754,000) is included in 'cost of sales' and RM11,432,000 (2023: RM10,352,000) in 'administrative expenses' in profit or loss.

Included in the capital work-in-progress is interest capitalised of RM3,235,000 (2023: RM3,363,000).

Property, plant and equipment under hire purchase arrangements

Net book values of property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2024 RM'000	2023 RM'000
Plant and machinery	**610**	717
Equipment	**1,420**	1,808
Motor vehicles	**50**	127
	2,080	2,652

The net cash outflows for the acquisition of property, plant and equipment during the financial year are as follows:

	Group	
	2024 RM'000	2023 RM'000
Acquisition of property, plant and equipment during the financial year	**33,856**	55,566
Less: Accrual of property, plant and equipment	**(15,445)**	(12,836)
Less: Acquired through hire purchase arrangements	**(87)**	(1,068)
Add: Payments for property, plant and equipment purchased in prior year	**12,836**	9,010
Net cash outflows for the acquisition of property, plant and equipment	**31,160**	50,672

Security

At 31 December 2024, freehold land with a carrying amount of RM44,400,000 (2023: RM44,400,000) is subject to a registered debenture to secure bank loans granted to the Group (see Note 25(d)).

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fair value

The Group obtains independent valuations for its freehold land and buildings ("properties") at least annually or at least every three year if there is no significant changes on the assumptions used in the valuations.

The fair value of the Group's properties are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

At the end of each financial year ended, the Directors will update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property's value within a range of reasonable fair value estimates.

Freehold land

Freehold land is valued using current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences using the comparable method that derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

The fair value of the Group's lands are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

All resulting fair value estimates for freehold land are included in Level 3. The level 3 fair value of freehold land has been derived using the sales comparison approach. The key inputs under this approach are the price per square foot from current year sales of comparable lots of land in the area (location and size).

Buildings

The value of buildings is arrived by the Depreciated Replacement Cost Method. In this method, the building value is taken to be equal to the cost of replacing the building in its existing condition. This is determined by taking the current replacement cost of the buildings as new and allowing for depreciation for physical, functional and economic obsolescence.

The fair value of the Group's buildings are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

The Level 3 inputs or unobservable inputs include discount rates, terminal yields and expected vacancy rates are estimated by independent valuer based on comparable transactions and industry data.

As at the dates of revaluation on 31 December 2024 and 31 December 2023, the freehold land and buildings' fair values are based on valuations performed by an accredited independent valuer. A net gain from the revaluation of the freehold land and buildings of RM87,000 (2023: RM71,026,000) was recognised in other comprehensive income.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Nature and purpose of revaluation surplus

The land and buildings within property, plant and equipment and leasehold land within right-of-use assets revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy Note 2(e) for details.

Impairment assessment for property, plant and equipment

An impairment assessment was undertaken for the Pharmaniaga LifeScience Sdn. Bhd.'s ("PLS") property, plant and equipment, as it has not been utilised to its optimum production capacity as most of the products are still in the development stage.

The carrying values of property, plant and equipment occupied by PLS as at 31 December 2024 is RM262.8 million (2023: RM248.2 million).

The recoverable amount was determined using the value-in-use ("VIU") calculations based on the discounted cash flow projections covering the useful life of the property, plant and equipment. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of property, plant and equipment:

i. Revenue

   Management has taken into consideration the likelihood of securing sales from the tender and the expectations of the future revenue growth in determining the revenue projection.

ii. Budgeted gross margin

   Budgeted gross margin is estimated based on the historical gross margin achieved by peer manufacturing companies within the Group and their fixed and variable cost structures.

iii. Discount rate

   The discount rate reflects specific risks relating to the relevant CGU. The discount rate applied to cash flows is 11.0% (2023: 9.5%).

Based on management's assessment, no impairment charge is required on the carrying value of the property, plant and equipment for PLS in the current and previous financial years. Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amounts of the property, plant and equipment to materially exceed the recoverable amount in the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

12 LEASES

(a) Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Equipment RM'000	Total RM'000
Group				
At 31 December 2024				
At cost	**-**	**44,354**	**1,729**	**46,083**
At valuation	**111,399**	**-**	**-**	**111,399**
Accumulated depreciation	**(38,218)**	**(29,049)**	**(1,729)**	**(68,996)**
Net book value	**73,181**	**15,305**	**-**	**88,486**
At 31 December 2023				
At cost	-	35,042	1,729	36,771
At valuation	111,870	-	-	111,870
Accumulated depreciation	(35,564)	(21,247)	(1,401)	(58,212)
Net book value	76,306	13,795	328	90,429
At 1 January 2023				
At cost	30,137	28,716	1,729	60,582
Accumulated depreciation	(7,476)	(13,193)	(1,067)	(21,736)
Net book value	22,661	15,523	662	38,846

12 LEASES (CONTINUED)

(a) Right-of-use assets (continued)

	Note	Leasehold land RM'000	Buildings RM'000	Equipment RM'000	Total RM'000
Movements in net book value					
At 1 January 2024					
- At cost		**-**	**13,795**	**328**	**14,123**
- At valuation		**76,306**	**-**	**-**	**76,306**
Additions		**-**	**9,835**	**-**	**9,835**
Depreciation charged	7(a)	**(2,654)**	**(7,802)**	**(328)**	**(10,784)**
Foreign exchange adjustments		**(471)**	**(523)**	**-**	**(994)**
At 31 December 2024		**73,181**	**15,305**	**-**	**88,486**
At 1 January 2023					
- At cost		-	15,523	662	16,185
- At valuation		22,661	-	-	22,661
Additions		12,654	5,960	-	18,614
Disposals		(4,412)	-	-	(4,412)
Reclassification from property, plant and equipment	11	1,373	-	-	1,373
Derecognition		-	(79)	-	(79)
Revaluation surplus		46,551	-	-	46,551
Depreciation charged	7(a)	(2,667)	(7,975)	(334)	(10,976)
Foreign exchange adjustments		146	366	-	512
At 31 December 2023		76,306	13,795	328	90,429

If the leasehold land was stated on the historical cost basis, the amounts would be as follows:

	2024 RM'000	2023 RM'000
Group		
At cost	**43,500**	43,351
Accumulated depreciation	**(10,847)**	(9,166)
Net book value	**32,653**	34,185

12 LEASES (CONTINUED)

(a) Right-of-use assets (continued)

During the financial year, depreciation of RM576,000 (2023: RM576,000) is included in 'cost of sales' and RM10,208,000 (2023: RM10,400,000) in 'administrative expenses' in profit or loss.

As at 31 December 2024, the Group leases the land for a period of 2 to 76 years. As at 31 December 2024, rental contracts for buildings are typically made for fixed periods ranging from 1 to 2 years, but may have extension or termination options of which the Group is not reasonably certain to exercise. In the previous financial year, potential future cash outflows of RM1,531,000 (undiscounted) have not been included in the lease liability because it was not reasonably certain that the leases will be extended.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Fair value

The Group obtains independent valuations for its leasehold land at least annually or at least every three year if there is no significant changes on the assumptions used in the valuations.

At the end of each financial year ended, the Directors will update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property's value within a range of reasonable fair value estimates.

Leasehold land

Leasehold land is valued using current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences using the comparable method that derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

The fair value of the Group's lands is determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

All resulting fair value estimates for leasehold lands are included in Level 3. The level 3 fair value of leasehold land has been derived using the sales comparison approach. The key inputs under this approach are the price per square foot from current year sales of comparable lots of land in the area (location and size).

As at the dates of revaluation on 31 December 2024 and 31 December 2023, the leasehold land and buildings' fair values are based on valuations performed by an accredited independent valuer. A net gain from the revaluation of the leasehold land and buildings of RM177,000 (2023: RM32,628,000) was recognised in other comprehensive income.

Security

At 31 December 2024, leasehold land with a carrying amount of RM10,229,000 (2023: RM11,436,000) is subject to a registered debenture to secure bank loans granted to the Group (see Note 25(d)).

12 LEASES (CONTINUED)

(b) Lease liabilities

	Group	
	2024 RM'000	2023 RM'000
Current	**4,088**	3,943
Non-current	**2,686**	341
	6,774	4,284

Reconciliation of lease liabilities

The following table illustrates the changes in lease liabilities, including both changes arising from cash flows and non-cash changes during the financial year:

	At 1 January 2024 RM'000	Net cash flow RM'000	Interest charges RM'000	Acquisition RM'000	Foreign exchange movement RM'000	At 31 December 2024 RM'000
Group						
Lease liabilities	**4,284**	**(7,306)**	**184**	**9,835**	**(223)**	**6,774**

	At 1 January 2023 RM'000	Net cash flow RM'000	Interest charges RM'000	Acquisition RM'000	Foreign exchange movement RM'000	At 31 December 2023 RM'000
Group						
Lease liabilities	9,193	(11,077)	235	5,960	(27)	4,284

13 SUBSIDIARIES

	Company	
	2024 RM'000	**2023 RM'000**
Investment in subsidiaries:		
Unquoted shares, at cost	**590,954**	590,954
Less: Accumulated impairment losses	**(47,042)**	(47,042)
	543,912	543,912
Capital contribution to subsidiaries	**462,300**	12,160
	1,006,212	556,072

Capital contribution to subsidiaries

In the previous financial year, the capital contribution to subsidiaries solely represents the fair value of deferred shares granted to eligible employees of subsidiaries of the Company in respect of the Company's Share Scheme.

During the financial year, amounts due from subsidiaries of RM450,140,000 were waived and the waiver is accounted for as a capital contribution to the subsidiaries.

Details of the subsidiaries incorporated and principal place of business in Malaysia, unless otherwise stated, are as follows:

Name of Company	Principal activities	Paid-up capital	Effective equity interest (%) 2024	Effective equity interest (%) 2023
Subsidiaries of the Company				
Idaman Pharma Manufacturing Sdn. Bhd.	Manufacture and sale of pharmaceutical products	RM25,000,000	**100**	100
Pharmaniaga Manufacturing Berhad	Manufacture and sale of pharmaceutical products	RM10,015,000	**100**	100
Pharmaniaga LifeScience Sdn. Bhd.	Manufacture and sale of pharmaceutical products	RM200,000,000	**100**	100
Pharmaniaga Logistics Sdn. Bhd.	Distribution of pharmaceutical and medical products	RM40,000,000	**100**	100
Pharmaniaga Marketing Sdn. Bhd.	Trading and marketing of pharmaceutical and medical products	RM3,000,000	**100**	100
Pharmaniaga Research Centre Sdn. Bhd.	Conduct research and development of pharmaceutical products	RM10,000,000	**100**	100
Pristine Pharma Sdn. Bhd.	Ceased operations	RM20,000,050	**100**	100

13 SUBSIDIARIES (CONTINUED)

Details of the subsidiaries incorporated and principal place of business in Malaysia, unless otherwise stated, are as follows (continued):

Name of Company	Principal activities	Paid-up capital	Effective equity interest (%) 2024	Effective equity interest (%) 2023
Subsidiaries of the Company (continued)				
Bio-Collagen Technologies Sdn. Bhd.	Ceased operations	RM2,000,000	**100**	100
Pharmaniaga Biomedical Sdn. Bhd.	Ceased operations	RM8,000,000	**100**	100
Pharmaniaga International Corporation Sdn. Bhd.	Investment holding	RM103,000,000	**100**	100
Pharmaniaga Pegasus (Seychelles) Co. Ltd. @	Dormant	USD100,000	**100**	100
Subsidiary of Pristine Pharma Sdn. Bhd.				
Paradigm Industry Sdn. Bhd.	Ceased operations	RM100,000	**100**	100
Subsidiaries of Pharmaniaga International Corporation Sdn. Bhd.				
PT Millennium Pharmacon International Tbk *# ("PT MPI")	Distribution and trading of pharmaceutical products, food supplements and diagnostic products in Indonesia	IDR127,400,000,000	**73**	73
PT Errita Pharma *# ("PT Errita")	Manufacture and sale of pharmaceutical products in Indonesia	IDR95,832,000,000	**96**	96
Subsidiary of PT MPI				
PT Digital Pharma Andalan Indonesia *#	Developing Pharmacy Management System for ordering management system, point-of-sale transactions and inventory management	IDR247,500	**73**	73

* Audited by firms other than member firms of Ernst & Young Global Limited and Ernst & Young PLT, Malaysia
@ Incorporated in Republic of Seychelles
\# Incorporated in Indonesia

13 SUBSIDIARIES (CONTINUED)

Impairment assessment on investment in subsidiaries

During the financial year, the Company performed impairment assessments of its investments in certain subsidiaries as there were indicators of impairment due to various factors, as follows:

(a) Pharmaniaga LifeScience Sdn. Bhd. ("PLS")

The Company had performed an impairment assessment of its investment in PLS of RM625.2 million (2023: RM200.2 million) as PLS operates a plant which has not been utilised to its optimum production capacity. The recoverable amount for PLS was determined based on VIU calculations, as disclosed in Note 11 to the financial statements, adjusted for tax, terminal value, intercompany balance and other non-trade related items, reflecting the assessment of the investment's recoverability. Cash flow beyond the terminal period is extrapolated using the terminal growth rate of 2.0% (2023: 2.2%).

No impairment loss was required for the investment in PLS as at 31 December 2024 as the recoverable amount is in excess of its carrying amount.

There are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the cost of investment to materially exceed the recoverable amount.

(b) Pharmaniaga Logistics Sdn. Bhd. ("PLSB")

The Company had performed an impairment assessment of its investment in PLSB of RM143.3 million (2023: RM143.3 million). The recoverable amount of PLSB was determined using the VIU calculations based on the discounted cash flow projections cover a period of five (5) years with terminal values thereafter. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the investment:

i. Revenue growth rate

Revenue growth rate is estimated based on average growth rate achieved in prior years and future outlook of the CGUs.

ii. Budgeted gross margin

Budgeted gross margin is estimated based on gross margin achieved in prior years and management's expectation.

iii. Discount rate

The discount rate reflects specific risks relating to the relevant CGU. The discount rate applied to cash flows is 10.2% (2023: 8.5%).

No impairment loss was required for the investment in PLSB as at 31 December 2024 as the recoverable amount is in excess of its carrying amount.

There are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the cost of investment to materially exceed the recoverable amount.

13 SUBSIDIARIES (CONTINUED)

Impairment assessment on investment in subsidiaries (continued)

(c) Pristine Pharma Sdn. Bhd. ("PPSB")

In the previous financial year, the Group changed its strategy direction to focus on its core business, i.e logistic and manufacturing divisions. Due to PPSB's long gestation period and uncertain business environment of its consumer health care operations in Malaysia, on 24 May 2023, the Board approved the closure of PPSB and subsequently ceased the operations of PPSB.

The Company had fully impaired the costs of investment in PPSB of RM20.1 million based on the impairment assessment performed in the previous financial year.

Summarised financial information of a subsidiary with material non-controlling interests

Set out below are the summarised financial information for the Group's subsidiary, PT Millennium Pharmacon International Tbk ("PT MPI") that has non-controlling interests that is material to the Group. The amounts disclosed below are before intercompany eliminations.

Summarised statement of financial position

	PT MPI	
	2024 RM'000	2023 RM'000
Current		
Assets	**433,627**	433,305
Liabilities	**(371,076)**	(373,955)
Total current net assets	**62,551**	59,350
Non-current		
Assets	**53,006**	55,082
Liabilities	**(21,112)**	(22,067)
Total non-current net assets	**31,894**	33,015
Net assets	**94,445**	92,365
Net assets attributable to non-controlling interests at the end of the financial year	**25,122**	24,569
Proportion of effective equity interests held by non-controlling interests (%)	**27**	27

13 SUBSIDIARIES (CONTINUED)

Summarised financial information of a subsidiary with material non-controlling interests (continued)

Summarised statement of profit or loss and statement of comprehensive income

	PT MPI	
	2024 RM'000	2023 RM'000
Revenue	**1,151,364**	998,300
Profit before taxation	**9,791**	11,084
Taxation	**(1,702)**	(5,615)
Net profit for the financial year	**8,089**	5,469
Other comprehensive (loss)/income	**(5,091)**	8,344
Total comprehensive income, net of tax for the financial year	**2,998**	13,813
Net profit for the financial year allocated to non-controlling interests	**2,152**	1,455
Total comprehensive income allocated to non-controlling interests	**797**	3,674
Dividend paid to non-controlling interests	**244**	211

Summarised statement of cash flows

	PT MPI	
	2024 RM'000	2023 RM'000
Cash used in operations	**(16,771)**	(1,366)
Interest paid	**(19,272)**	(16,080)
Net tax paid	**(3,884)**	(4,752)
Net cash used in operating activities	**(39,927)**	(22,198)
Net cash used in investing activities	**(4,037)**	(1,769)
Net cash generated from financing activities	**38,720**	36,988
Net changes in cash and cash equivalents	**(5,244)**	13,021
Cash and cash equivalents at beginning of financial year	**16,990**	3,747
Foreign exchange differences	**(80)**	222
Cash and cash equivalents at end of financial year	**11,666**	16,990

14 INTANGIBLE ASSETS

	Note	Goodwill RM'000	Software RM'000	Capitalised development cost of work-in-progress RM'000	Capitalised development cost RM'000	Rights to sell RM'000	Manufacturing licences RM'000	Trade name RM'000	Intellectual property RM'000	Total RM'000
Group										
Cost										
At 1 January 2024		143,143	20,148	38,318	12,566	9,795	17,282	3,964	3,071	248,287
Additions		-	176	8,412	-	-	-	-	-	8,588
Written off	7(a)	-	-	(592)	-	-	-	-	-	(592)
Foreign exchange adjustments		(163)	(228)	(376)	-	-	(1,112)	(266)	-	(2,145)
At 31 December 2024		142,980	20,096	45,762	12,566	9,795	16,170	3,698	3,071	254,138
Less: Accumulated amortisation										
At 1 January 2024		-	4,307	-	2,589	3,363	17,282	2,442	975	30,958
Amortisation charged	7(a)	-	1,832	-	1,194	1,980	-	261	-	5,267
Foreign exchange adjustments		-	(10)	-	-	-	(1,112)	(53)	-	(1,175)
At 31 December 2024		-	6,129	-	3,783	5,343	16,170	2,650	975	35,050
Less: Accumulated impairment										
At 1 January 2024/31 December 2024		65,675	-	-	-	-	-	-	2,096	67,771
Net book value										
At 31 December 2024		77,305	13,967	45,762	8,783	4,452	-	1,048	-	151,317

14 INTANGIBLE ASSETS (CONTINUED)

	Note	Goodwill RM'000	Software RM'000	Capitalised development cost of work-in-progress RM'000	Capitalised development cost RM'000	Rights to sell RM'000	Manufacturing licences RM'000	Trade name RM'000	Intellectual property RM'000	Total RM'000
Group										
Cost										
At 1 January 2023		143,016	25,183	42,546	12,395	9,453	16,396	3,750	3,071	255,810
Reclassification		-	-	(171)	171	-	-	-	-	-
Reclassification to prepayment		-	-	(708)	-	-	-	-	-	(708)
Additions		-	799	9,195	-	342	-	-	-	10,336
Written off	7(a)	-	(6,216)	(12,811)	-	-	-	-	-	(19,027)
Foreign exchange adjustments		127	382	267	-	-	886	214	-	1,876
At 31 December 2023		143,143	20,148	38,318	12,566	9,795	17,282	3,964	3,071	248,287
Less: Accumulated amortisation										
At 1 January 2023		-	6,523	-	1,568	1,420	14,943	2,049	975	27,478
Amortisation charged	7(a)	-	1,913	-	1,021	1,943	1,482	263	-	6,622
Written off	7(a)	-	(4,375)	-	-	-	-	-	-	(4,375)
Foreign exchange adjustments		-	246	-	-	-	857	130	-	1,233
At 31 December 2023		-	4,307	-	2,589	3,363	17,282	2,442	975	30,958
Less: Accumulated impairment										
At 1 January 2023 / 31 December 2023		65,675	-	-	-	-	-	-	2,096	67,771
Net book value										
At 31 December 2023		77,468	15,841	38,318	9,977	6,432	-	1,522	-	149,558

14 INTANGIBLE ASSETS (CONTINUED)

During the financial year, amortisation of RM1,194,000 (2023: RM983,000) is included in ‘cost of sales’ and RM4,073,000 (2023: RM5,639,000) in ‘administrative expenses’ in profit or loss.

The net cash outflows for the acquisition of intangible assets during the financial year are as follows:

	Group	
	2024 RM’000	2023 RM’000
Additions during the financial year	**8,588**	10,336
Less: Accrual of intangible assets	**(434)**	(258)
Add: Payment for intangible assets acquired in prior year	**258**	258
Net cash outflows on the acquisition of intangible assets	**8,412**	10,336

Impairment assessment for goodwill

Goodwill is intangible assets with indefinite useful lives. These assets are not amortised as they are not confined to a predetermined service period and they are expected to contribute to net cash inflows indefinitely, but are tested for impairment annually, either individually or at the cash-generating unit (“CGU”) level. The carrying amounts of goodwill allocated to the Group’s CGUs are as follows:

	Group	
	2024 RM’000	2023 RM’000
Malaysia		
Trading and distribution	**16,839**	16,839
Manufacturing	**58,205**	58,205
Indonesia		
Trading and distribution	**2,261**	2,424
Total	**77,305**	77,468

14 INTANGIBLE ASSETS (CONTINUED)

Impairment assessment for goodwill (continued)

Operations in Malaysia: Trading and distribution, and Manufacturing

The recoverable amount of the CGUs was determined using the VIU calculation based on the discounted cash flow projections cover a period of five (5) years with terminal values thereafter.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

i. Revenue growth rate

Revenue growth rate is estimated based on average growth rate achieved in prior years and future outlook of the CGUs.

ii. Budgeted gross margin

Budgeted gross margin is estimated based on gross margin achieved in prior years and management's expectation.

iii. Discount rate

The discount rate reflects specific risks relating to the relevant CGUs. The discount rate applied to cash flows for Malaysia Trading and Distribution is 10.2% (2023: 8.5%) and Malaysia Manufacturing is 11.0% (2023: 9.5%).

iv. Terminal growth rate

Cash flow beyond the terminal period is extrapolated using the growth rate of 2.0% for Malaysia Manufacturing (2023: 2.2%) and no terminal growth rate has been applied for Malaysia Trading and Distribution in 2024 and 2023, with cash flows remaining unchanged beyond the 5th year.

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Directors concluded that no reasonable possible change in the assumptions would cause the carrying amounts of the CGUs to exceed their recoverable amounts.

14 INTANGIBLE ASSETS (CONTINUED)

Impairment assessment for capitalised development costs of work-in-progress within the manufacturing segment

Capitalised development costs of work-in-progress that are not ready to use, are not subject to amortisation and are tested annually for impairment.

The recoverable amount was determined using the VIU calculations based on the discounted cash flow projections covering a period of 5 to 15 years that reflects the industry, product lifecycle from development to commercialisation developed based on the five (5) years approved budget by the Directors.

The key assumptions used in the impairment testing are as follows:

i. Revenue growth rate

   Revenue growth rate is estimated based on industry growth rate, anticipated market expansion and external market data where available.

ii. Budgeted gross margin

   Budgeted gross margin is estimated based on profitability expectations, market data, and industry trends. These margins reflect anticipated variations in pricing, costs, and market conditions for different products in the portfolio.

iii. Discount rate

   The discount rate reflects specific risks relating to the relevant CGU. The discount rate applied to cash flows are ranging from 13.0% to 14.7% (2023: 11.7% to 12.8%).

Based on management's assessment, no impairment charge is required on the carrying value of the capitalised development costs of work-in-progress in the current and previous financial years.

Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amounts of the CGUs to materially exceed the recoverable amounts in the current and previous financial years.

15 INVENTORIES

	Group	
	2024 RM'000	**2023 RM'000**
Raw materials	**39,183**	48,530
Packaging materials	**23,850**	26,797
Work-in-progress	**11,593**	8,783
Finished goods	**538,167**	496,533
	612,793	580,643

The cost of inventories recognised as an expense during the financial year amounted to RM3.1 billion (2023: RM2.9 billion).

16 TRADE RECEIVABLES

	Group	
	2024 RM'000	2023 RM'000
Trade receivables	**348,618**	295,578
Less: Accumulated impairment losses	**(10,992)**	(10,358)
	337,626	285,220

The credit terms of trade receivables range from 30 days to 120 days (2023: 30 days to 120 days).

Movements of the accumulated impairment of trade receivables during the financial year are as follows:

	Group		
	Lifetime ECL (Collective assessment) RM'000	Lifetime ECL (Individual assessment) RM'000	Total RM'000
2024			
At 1 January 2024	**2,287**	**8,071**	**10,358**
Impairment during the financial year (Note 7(a))	**162**	**1,736**	**1,898**
Written off	**-**	**(707)**	**(707)**
Foreign exchange differences	**-**	**(557)**	**(557)**
At 31 December 2024	**2,449**	**8,543**	**10,992**
2023			
At 1 January 2023	6,225	4,196	10,421
Reclassification	(4,357)	4,357	-
Impairment during the financial year (Note 7(a))	419	1,875	2,294
Written off	-	(2,793)	(2,793)
Foreign exchange differences	-	436	436
At 31 December 2023	2,287	8,071	10,358

The creation and release of impaired receivables have been included in 'administrative expenses' in the profit or loss. Amounts charged are generally written off when there is no expectation of recovering additional cash.

Information about the impairment of trade receivables and the exposure to credit risk is disclosed in Note 34(b).

17 OTHER RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current				
Other receivables	**6,122**	6,975	**46**	8
Less: Accumulated impairment losses	**(1,226)**	(1,194)	**-**	-
	4,896	5,781	**46**	8
Prepayments	**12,270**	26,895	**597**	202
Deposits	**2,442**	2,865	**1,306**	13
Value Added Tax ("VAT") recoverable	**50,273**	48,417	**-**	-
	69,881	83,958	**1,949**	223
Non-current				
Other receivables	**3,080**	3,188	**-**	-
Less: Accumulated impairment losses	**(3,080)**	(3,080)	**-**	-
Less: Written off	**-**	(108)	**-**	-
	-	-	**-**	-

Movement of the accumulated impairment of other receivables during the financial year is as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	**4,274**	4,382
Provision for impairment during the financial year (Note 7(a))	**32**	-
Written off	**-**	(108)
At 31 December	**4,306**	4,274

Information about the impairment of other receivables and the exposure to credit risk is disclosed in Note 34(b).

18 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company	
	2024 RM'000	2023 RM'000
Current		
Amounts due from subsidiaries	**73,986**	300,122
Less: Accumulated impairment losses	**(499)**	(5,171)
Amounts due from subsidiaries – net	**73,487**	294,951
Non-current		
Amounts due from subsidiaries	**205,790**	276,519
Less: Accumulated impairment losses	**(69,141)**	(74,828)
Amounts due from subsidiaries – net	**136,649**	201,691

The amounts due from subsidiaries are unsecured, bear interest at 4.87% to 5.34% (2023: 4.23% to 4.87%) and are repayable on demand.

During the current financial year, the Directors of the Company have assessed the carrying amount of the amount due from subsidiaries. As a result of the assessment, an impairment of RM550,000 (2023: RM30,876,000) was recognised during the financial year mainly due to adverse changes in the financial capability of the subsidiaries and failure to comply with the repayment plan with the Company.

Movement of the accumulated impairment of amount due from subsidiaries during the financial year are as follows:

	Company	
	2024 RM'000	2023 RM'000
Lifetime ECL (individual assessment)		
As at 1 January	**79,999**	79,500
Reclassification to capital contribution to subsidiaries	**(5,686)**	-
Impairment during the financial year (Note 7(a))	**550**	30,876
Written off (Note 33(h))	**(5,223)**	(30,377)
As at 31 December	**69,640**	79,999

(b) Amounts due to subsidiaries

Included in amounts due to subsidiaries is an advance granted to the Company by a subsidiary amounting to RM519.2 million (2023: RM304.0 million) which is unsecured, bears interest at 3.53% to 4.71% (2023: 3.30% to 4.58%) per annum and is repayable on demand.

Dividend income from subsidiaries totalling RM48.0 million (2023: Nil) during the financial year was set off against amounts due to subsidiaries.

18 AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONTINUED)

(c) Reconciliation of amounts due to subsidiaries

The following table illustrates the changes in amounts due to subsidiaries, including both changes arising from cash flows and non-cash changes during the financial year:

	At 1 January 2024 RM'000	Net cash flow RM'000	Non-cash changes RM'000	At 31 December 2024 RM'000
Amounts due to subsidiaries	**304,000**	**178,571**	**36,653**	**519,224**

	At 1 January 2023 RM'000	Net cash flow RM'000	Non-cash changes RM'000	At 31 December 2023 RM'000
Amounts due to subsidiaries	385,788	(60,638)	(21,150)	304,000

19 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	**68,678**	49,241	**19,292**	11,939
Deposits with licensed banks	**83,525**	78,200	**-**	-
Total deposits, cash and bank balances	**152,203**	127,441	**19,292**	11,939
Less: Deposits maturing more than three (3) months	**(6,125)**	-	**-**	-
Total cash and cash equivalents at end of financial year	**146,078**	127,441	**19,292**	11,939

Cash and bank balances are deposits held at call with banks and earn no interest except for bank balances amounting to RM3.3 million (2023: RM1.4 million) that earn interest at 2.8% (2023: 1.8%) per annum.

The effective interest rates on deposits with licensed banks for the Group ranging from 1.5% to 3.4% (2023: 2.6% to 3.0%) per annum with original maturity dates ranging from 3 days to 365 days (2023: 3 days to 7 days).

Included in the deposits placed with licensed bank of the Group is RM19.8 million (2023: RM12.7 million) pledged for bank facility.

20 AMOUNTS DUE FROM/(TO) RELATED COMPANIES

The amounts due from/(to) related companies are non-trade in nature, unsecured, interest free and are repayable on demand.

21 TRADE PAYABLES

The credit terms of trade payables granted to the Group range from 30 days to 120 days (2023: 30 days to 120 days).

22 OTHER PAYABLES

		Group		Company	
		2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Penalty claims	(a)	**23,605**	110,816	**-**	-
Other payables		**43,680**	57,679	**1,546**	2,550
Obligations to repay to customers		**40,141**	43,948	**-**	-
Accruals		**33,380**	33,061	**2,337**	1,861
		140,806	245,504	**3,883**	4,411

(a) Penalty claims include penalties specified in the contract with its customer as a form of variable consideration for determining the transaction price of RM6.8 million (2023: RM95.5 million), as well as any other penalties imposed by the Group's customer due to non-compliance with a certain contract of RM16.8 million (2023: RM15.3 million).

23 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company arose from management fees and payments made on behalf. This amount is unsecured, interest free and repayable on demand except for RM52,261,000 (2023: RM50,000,000) which is subject to interest of 6.5% (2023: 6.5%).

24 GOVERNMENT GRANTS

	Group	
	2024 RM'000	2023 RM'000
At 1 January	**3,357**	3,618
Additions during the financial year	**11,674**	-
Recognition during the financial year (Note 7(c))	**(260)**	(261)
At 31 December	**14,771**	3,357
Analysed as:		
- Current	**260**	260
- Non-current	**14,511**	3,097
	14,771	3,357

Government grants relate to monies received from certain government agencies to fund the purchase of certain intangible assets and property, plant and equipment of the Group.

25 BORROWINGS

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current					
Unsecured:					
- Bankers' acceptances	(a)(i),(b)	**696,260**	694,104	**140,726**	147,664
- Revolving credits	(a)(ii),(b)	**265,517**	319,367	**190,249**	222,700
- Bridging loan	(c)	**75,000**	17,079	**-**	-
		1,036,777	1,030,550	**330,975**	370,364
Secured:					
- Term loans	(a)(iii),(d)	**17,892**	16,500	**16,500**	16,500
- Hire purchase		**390**	677	**-**	-
		1,055,059	1,047,727	**347,475**	386,864
Non-current					
Unsecured:					
- Revolving credits	(a)(ii),(b),(e)	**79,730**	74,998	**-**	-
Secured:					
- Term loans	(a)(iii),(d)	**49,836**	63,624	**37,796**	50,512
- Hire purchase		**497**	750	**-**	-
		130,063	139,372	**37,796**	50,512
Total		**1,185,122**	1,187,099	**385,271**	437,376

25 BORROWINGS (CONTINUED)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Bankers' acceptances	**696,260**	694,104	**140,726**	147,664
Revolving credits	**345,247**	394,365	**190,249**	222,700
Term loans	**67,728**	80,124	**54,296**	67,012
Hire purchase	**887**	1,427	**-**	-
Bridging loan	**75,000**	17,079	**-**	-
Total	**1,185,122**	1,187,099	**385,271**	437,376

(a) Financial covenants

As at 31 December 2024, the Group and the Company did not meet certain financial covenants for borrowings totalling RM175.2 million (2023: RM346.3 million and RM207.8 million, respectively).

Details of the breaches of the financial covenants are as follows:

(i) Bankers' acceptances

The Group and the Company were not in compliance with the following financial covenant in accordance with the facilities agreements as at 31 December 2024:

- The consolidated net worth of the Group must not be less than RM336.0 million.

The Group was not in compliance with the following financial covenants in accordance with the facilities agreements as at 31 December 2023:

- 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 Company was not in compliance with the following financial covenant in accordance with the facilities agreements as at 31 December 2023:

- The consolidated net worth of the Group must not be less than RM336.0 million.

The total borrowings related to the breach in covenants for the Group and the Company is RM80.7 million (2023: RM174.6 million and RM86.1 million, respectively). These borrowings are presented as current liabilities as at 31 December 2024 and 31 December 2023.

On 11 November 2024, the Group and the Company were granted indulgence from one financial institution for non-compliance in the current financial year with the financial covenant relating to net worth of the Group, with a borrowing balance of RM80.7 million, contingent upon the completion of the Proposed Regularisation Plan not later than 30 September 2025 (2023: indulgence granted on 21 December 2023 for borrowings of RM86.1 million).

25 BORROWINGS (CONTINUED)

(a) Financial covenants (continued)

(i) Bankers' acceptances (continued)

On 16 February 2024, the Group was granted indulgence from another financial institution for non-compliance in the previous financial year 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 RM88.5 million.

There is no remaining borrowing balance without indulgence (2023: Nil).

(ii) Revolving credits

The Group and the Company were not in compliance with the following financial covenants in accordance with the facilities agreements as at 31 December 2024:

- The consolidated tangible net worth of the Group must not be less than RM149.9 million.

The Group was not in compliance with the following financial covenants in accordance with the facilities agreements as at 31 December 2023:

- 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 Company was not in compliance with the following financial covenants in accordance with the facilities agreements as at 31 December 2023:

- The consolidated 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 for the Group and the Company is RM40.2 million (2023: RM104.7 million and RM54.7 million, respectively). These borrowings are presented as current liabilities as at 31 December 2024 and 31 December 2023.

The Group and the Company are in the process of obtaining an indulgence letter for the breach of the financial covenant on borrowings amounting to RM40.2 million, as the assessment of financial covenants is to be tested based on the annual audited financial statements, in accordance with the agreement with the financial institution. While the financial institution has yet to grant an indulgence for breach of the financial covenant for the year ended 31 December 2024, it approved the renewal of the borrowing facility on 26 February 2025, extending the borrowing facility until 20 January 2026, and provided indulgence for the breaches in the financial year ended 31 December 2023.

25 BORROWINGS (CONTINUED)

(a) Financial covenants (continued)

(ii) Revolving credits (continued)

On 16 February 2024, the Group was granted indulgence from another financial institution for non-compliance in the previous financial year 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 borrowing balance without indulgence for the Group and the Company is RM40.2 million (2023: RM54.7 million).

(iii) Term loans

The Group and the Company were not in compliance with the following financial covenants in accordance with the facilities agreements as at 31 December 2024:

- The consolidated net worth of the Group must not be less than RM336.0 million.

The Group and the Company were not in compliance with the following financial covenants in accordance with the facilities agreements as at 31 December 2023:

- 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 for the Group and the Company is RM54.3 million (2023: RM67.0 million).

On 11 November 2024, the Group and the Company were granted indulgence from one financial institution for non-compliance in the current financial year with the financial covenant relating to net worth of the Group, with a borrowing balance of RM54.3 million, contingent upon the completion of the Proposed Regularisation Plan not later than 30 September 2025 (2023: indulgence granted on 21 December 2023 for borrowings of RM67.0 million).

As the indulgence was granted before the reporting date and the lender does not have the rights to demand for immediate repayment as at the reporting date, the borrowings of RM37.8 million (2023: RM50.5 million) remain as a non-current liability for the Group and the Company. The remaining RM16.5 million (2023: RM16.5 million) is presented as current liability in accordance with the contractual repayment terms.

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

25 BORROWINGS (CONTINUED)

(b) Facilities with cross-default clauses

As at 31 December 2024, other than the borrowings disclosed in Note 25(a) to the financial statements, certain facilities within the Group and the Company of RM475.1 million and RM210.1 million (2023: RM412.4 million and RM229.5 million, respectively) contain cross-default clauses that may be breached due to the Group and the Company failing to meet certain financial covenants of other borrowings. These borrowings are presented as current liabilities as at 31 December 2024 and 31 December 2023.

On 25 February 2025 and 4 March 2025, the financial institutions have confirmed that the breaches in the current financial year did not trigger a cross-default, as indulgence was granted for the non-compliance with the financial covenant related to the bankers' acceptances and no formal default notice was issued by the financial institutions involved for the revolving credits.

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

(c) The Group's bridging loan is an Islamic term financing, unsecured and supported by way of corporate guarantee from the Company. The tenure of the loan is up to 24 months from the first disbursement date, which was in December 2023. The first principal payment shall commence 15 months from the first disbursement date with three months interval.

Notwithstanding the repayment schedule above, the Group shall immediately fully repay the outstanding amount upon receipt of the proceeds raised from the Proposed Regularisation Plan as stated in Note 35(a). The bridging loan is therefore, classified as current liabilities in the statement of financial position.

(d) The Group's term loans have maturity ranging from five to ten years and are secured over a freehold land and a leasehold land of the subsidiaries (see Note 11 and 12(a)).

(e) Revolving credit classified under non-current liabilities is not due in the next twelve months from the reporting date and is subject to contractual repayment plan until full settlement in 2029.

(f) Interest rate

The average effective interest rates per annum for the Group and the Company is as follows:

<u>Group</u>

	2024		2023	
	Floating interest rate %	Fixed interest rate %	Floating interest rate %	Fixed interest rate %
Bankers' acceptances	**4.32-10.50**	**-**	4.35-10.00	-
Revolving credits	**4.48-5.40**	**-**	4.48-5.20	-
Term loans	**5.32-8.25**	**-**	5.32-7.75	-
Hire purchase	**-**	**1.88-6.98**	-	1.88-6.98
Bridging loan	**7.76**	**-**	7.80	-

25 BORROWINGS (CONTINUED)

(f) Interest rate (continued)

Company

	2024		2023	
	Floating interest rate %	Fixed interest rate %	Floating interest rate %	Fixed interest rate %
Bankers' acceptances	**4.50-4.91**	**-**	4.35-4.79	-
Revolving credits	**5.21-5.40**	**-**	5.19-5.20	-
Term loans	**5.32**	**-**	5.32	-

(g) Hire purchase liabilities

	Group	
	2024 RM'000	2023 RM'000
Minimum lease payments:		
- Payable within 1 year	**455**	762
- Payable between 1 and 5 years	**552**	863
	1,007	1,625
Less: Future finance charges	**(120)**	(198)
Present value of liabilities	**887**	1,427

25 BORROWINGS (CONTINUED)

(h) Borrowings' maturity and interest rate analysis

The net exposure of borrowings of the Group to interest rate changes and the periods in which the borrowings mature are as follows:

		Repayment terms					
	Effective interest rate at year end % per annum	On demand RM'000	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	More than 5 years RM'000	Total carrying amount RM'000
Group							
At 31 December 2024							
Bankers' acceptances	**5.98**	**-**	**696,260**	**-**	**-**	**-**	**696,260**
Revolving credits	**5.04**	**40,249**	**225,268**	**33,868**	**45,862**	**-**	**345,247**
Term loans	**5.90**	**-**	**17,892**	**17,993**	**25,773**	**6,070**	**67,728**
Hire purchase	**4.54**	**-**	**390**	**460**	**37**	**-**	**887**
Bridging loan	**7.76**	**-**	**75,000**	**-**	**-**	**-**	**75,000**
		40,249	**1,014,810**	**52,321**	**71,672**	**6,070**	**1,185,122**
At 31 December 2023							
Bankers' acceptances	6.61	302,842	391,262	-	-	-	694,104
Revolving credits	4.96	302,699	16,668	16,668	50,000	8,330	394,365
Term loans	6.13	-	16,500	17,957	38,383	7,284	80,124
Hire purchase	4.99	-	677	697	53	-	1,427
Bridging loan	7.80	-	17,079	-	-	-	17,079
		605,541	442,186	35,322	88,436	15,614	1,187,099

25 BORROWINGS (CONTINUED)

(h) Borrowings' maturity and interest rate analysis (continued)

The net exposure of borrowings of the Company to interest rate changes and the periods in which the borrowings mature are as follows:

		Repayment terms					
	Effective interest rate at year end % per annum	On demand RM'000	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	More than 5 years RM'000	Total carrying amount RM'000
Company							
At 31 December 2024							
Bankers' acceptances	**4.74**	**-**	**140,726**	**-**	**-**	**-**	**140,726**
Revolving credits	**5.36**	**40,249**	**150,000**	**-**	**-**	**-**	**190,249**
Term loans	**5.32**	**-**	**16,500**	**16,500**	**21,296**	**-**	**54,296**
		40,249	**307,226**	**16,500**	**21,296**	**-**	**385,271**
At 31 December 2023							
Bankers' acceptances	4.64	61,522	86,142	-	-	-	147,664
Revolving credits	5.20	222,700	-	-	-	-	222,700
Term loans	5.32	-	16,500	16,500	34,012	-	67,012
		284,222	102,642	16,500	34,012	-	437,376

25 BORROWINGS (CONTINUED)

(i) Reconciliation of liabilities arising from financing activities

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year:

	At 1 January RM'000	Net cash flows RM'000	Acquisition of PPE RM'000	Foreign exchange movements RM'000	At 31 December RM'000
Group					
2024					
Borrowings	**1,185,672**	**18,667**	**-**	**(20,104)**	**1,184,235**
Hire purchase liabilities	**1,427**	**(688)**	**88**	**60**	**887**
Total	**1,187,099**	**17,979**	**88**	**(20,044)**	**1,185,122**
2023					
Borrowings	1,157,419	19,524	-	8,729	1,185,672
Hire purchase liabilities	1,480	(966)	1,068	(155)	1,427
Total	1,158,899	18,558	1,068	8,574	1,187,099
Company					
2024					
Borrowings	**437,376**	**(52,105)**	**-**	**-**	**385,271**
2023					
Borrowings	422,600	14,776	-	-	437,376

Fair value

The fair values of current and non-current borrowings approximate their carrying amounts, as the impact of discounting is not significant.

25 BORROWINGS (CONTINUED)

(j) Currency profile

The carrying amounts of the Group's and of the Company's borrowings are denominated in the functional currencies of the relevant group entity:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Ringgit Malaysia	**940,011**	960,533	**385,271**	437,376
Indonesian Rupiah	**245,111**	226,566	**-**	-
	1,185,122	1,187,099	**385,271**	437,376

(k) Undrawn borrowings facilities

The Group and the Company have the following undrawn borrowings facilities:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Bankers' acceptances	**177,950**	356,846	**29,274**	22,336
Term loans	**6,247**	38,076	**-**	37,988
Bank overdraft	**9,730**	2,980	**-**	-
Bridging loan	**-**	57,921	**-**	-
	193,927	455,823	**29,274**	60,324

26 SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2024 '000	2023 '000	2024 RM'000	2023 RM'000
Issued and fully paid-up ordinary shares with no par value:				
At 1 January	**1,441,229**	1,310,209	**200,046**	154,189
Issuance during the financial year arising from Private Placement	**-**	131,020	**-**	45,857
At 31 December	**1,441,229**	1,441,229	**200,046**	200,046

26 SHARE CAPITAL (CONTINUED)

In the previous financial year, the Company increased its issued and paid-up share capital from RM154,189,000 to RM200,046,000 by way of issuance of 131,020,866 new ordinary shares representing 10% of the total issued shares of the Company on 24 July 2023 at RM0.35 per share ("Private Placement").

The new ordinary shares issued in the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

27 SHARE RESERVES

(a) Option Plan

	Group and Company	
	2024 RM'000	2023 RM'000
Option Plan	**3,624**	3,624

An Option Plan was implemented on 13 May 2016 for the benefit of Directors and selected Senior Management Officers ("Eligible Employees") of the Group. The Option Plan shall be in force for a period of 5 years. The fair value of each share option on the grant date was RM0.71. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

The exercise price of the share options granted under the Option Plan is RM5.04 each. The options granted are divided into 5 equal tranches which vest on 16 May 2016, 16 May 2017, 16 May 2018, 16 May 2019 and 16 May 2020. The vesting condition is that the offeree must be an employee or Director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates. The options expired on 12 May 2021.

Subsequently, the Option Plan has been extended for a further period of 5 years from 13 May 2021 to 12 May 2026. The definition of eligible persons has been amended to include all employees of the Group (excluding foreign subsidiaries, dormant subsidiaries and Directors).

The extended Option Plan is to be granted to eligible persons over a period of 3 years. The First Tranche of the Option Plan was granted on 20 August 2021 and is to be exercised after 19 August 2022. The fair value and exercise price of each share option of the First Tranche are RM0.0988 and RM0.8433 respectively. The vesting condition is that the offeree must be an employee, as the case may be, of the Company or its subsidiaries on the vesting and exercise date. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

27 SHARE RESERVES (CONTINUED)

(a) Option Plan (continued)

Movements of share options during the financial year

The following table illustrates the number of, and movements in, share options of the Company during the financial year:

	Number of share options	
	2024 ’000	2023 ’000
At 1 January	**31,752**	36,319
Forfeited	**(5,672)**	(4,567)
At 31 December	**26,080**	31,752
Exercisable at 31 December	**-**	-

The fair value of the options granted in the current and previous financial years were accounted for in accordance with MFRS 2 “Share-based Payment” using the Black-Scholes and Binomial valuation model respectively. The significant inputs in the model are as follows:

	Options granted on 20 August 2021
Fair value per option	RM0.10
Exercise price	RM0.84
Option life	5 years
Weighted average share price at grant date	RM0.96
Expected dividend yield	5.38%
Risk free rate	3.25%
Expected volatility	14.31%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of share prices over the last 5 years (2023: 5 years).

There are no share-based expenses arising from the Option Plan granted to Directors and Eligible Employees recognised in the current and previous financial year.

(b) Long Term Incentive Plan

A Long Term Incentive Plan (“LTIP”) was implemented on 13 May 2016 for the benefit of the Executive Director and Eligible Employees of the Group. The value of the allocation per year to the Executive Director and Eligible Employees under the LTIP shall not exceed 6% of the audited profit after tax of the Group for the preceding financial year.

Under the LTIP, the Executive Director and Eligible Employees are awarded with new ordinary shares in the Company for nil consideration and the shares granted are vested to the Executive Director and Eligible Employees in tranches over a period of up to 3 years. There are no cash settlement alternatives.

As at 31 December 2024, no shares were granted under the LTIP (2023: Nil).

28 DEFERRED TAXATION

		Group	
	Note	2024 RM'000	2023 RM'000
At 1 January		**19,236**	30,075
Credited/(Charged) to profit or loss:			
- property, plant and equipment		**7,831**	4,226
- provisions		**(11,602)**	1,021
- provisions for slow-moving and obsolete inventories		**(3,946)**	13,220
- unutilised tax losses		**(5,383)**	7,928
- intangible assets		**(5,605)**	(2,968)
	9	**(18,705)**	23,427
Charged to other comprehensive income			
- revaluation reserves	*	**(71)**	(34,036)
		(71)	(34,036)
Foreign exchange adjustments		**(242)**	(230)
At 31 December		**218**	19,236
Subject to income tax			
Deferred tax assets (before offsetting):			
- property, plant and equipment		**3,433**	647
- provisions		**19,399**	32,359
- provisions for slow-moving and obsolete inventories		**15,633**	19,579
- unutilised tax losses		**28,421**	33,804
		66,886	86,389
Offsetting		**(39,543)**	(34,307)
Deferred tax assets (after offsetting)		**27,343**	52,082
Deferred tax liabilities (before offsetting):			
- property, plant and equipment		**(57,285)**	(62,259)
- provisions		**-**	(1,116)
- intangible assets		**(9,383)**	(3,778)
		(66,668)	(67,153)
Offsetting		**39,543**	34,307
Deferred tax liabilities (after offsetting)		**(27,125)**	(32,846)

* *where the land and buildings are carried at their fair value, the amount of the deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date.*

28 DEFERRED TAXATION (CONTINUED)

	Note	Company	
		2024 RM'000	2023 RM'000
At 1 January		**12,632**	10,703
Credited to profit or loss:			
- unutilised tax losses		**(4,841)**	1,929
- provision		**242**	-
	9	**(4,599)**	1,929
At 31 December		**8,033**	12,632
Subject to income tax			
Deferred tax assets:			
- unutilised tax losses		**7,791**	12,632
- provision		**242**	-
		8,033	12,632

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The deductible temporary differences are available indefinitely for offset against future taxable profits of the Group and of the Company, subject to agreement with the Inland Revenue Board. These tax benefits will only be obtained if the Group and the Company derive future assessable income of a nature and amount sufficient for the tax benefits to be utilised.

Estimating the future taxable profits involve significant assumptions, especially in respect of sales growth rate and product margins. These assumptions used are consistent with those prepared and used for impairment testing purposes. All available convincing evidences were considered, including approved budgets, business plan and analysis of historical operating results. Based on the available convincing evidences, management believes that the temporary differences, which include unutilised tax losses with time limit of utilisation, will be utilised and has recognised the deferred tax assets as at the end of the reporting date.

The amount of deductible temporary differences for which no deferred tax asset is recognised in the financial statements of the Group is as follows:

	Group	
	2024 RM'000	2023 RM'000
Unutilised tax losses	**575,440**	104,926
Unabsorbed capital allowances	**512**	3,691
Other deductible temporary differences	**3,358**	555,700
	579,310	664,317
Deferred tax assets not recognised at 24% (2023: 24%)	**139,034**	159,436

28 DEFERRED TAXATION (CONTINUED)

Under the Malaysian Finance Act 2018 which was gazetted on 27 December 2018, unutilised tax losses are imposed with a time limit of utilisation of 7 years. This time limit of utilisation was further extended to 10 years following the release of Public Ruling No. 1/2022 dated 30 June 2022. As at 31 December, the amount of unutilised tax losses based on time limit is as follows (stated at gross):

	Expired by year							
	2028 RM'000	2029 RM'000	2030 RM'000	2031 RM'000	2032 RM'000	2033 RM'000	2034 RM'000	Total RM'000
Group								
At 31 December 2024								
Deferred tax assets are recognised	**20,504**	**-**	**-**	**-**	**42,834**	**43,173**	**11,910**	**118,421**
No deferred tax assets are recognised	**15,629**	**-**	**-**	**-**	**6,671**	**-**	**553,140**	**575,440**
At 31 December 2023								
Deferred tax assets are recognised	30,273	2,998	5,651	11,667	48,160	42,101	-	140,850
No deferred tax assets are recognised	48,911	9,956	6,400	11,333	14,561	13,765	-	104,926

29 PROVISION FOR DEFINED BENEFIT PLAN

The subsidiaries in Indonesia operate an unfunded defined benefit scheme for its employees based on the provisions of Labour Law No. 13/2003. The latest actuarial valuations of the plans for 31 December 2024 were signed on 13 December 2024 and 4 January 2025 (2023: 11 December 2023 and 16 January 2024).

29 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The amounts of unfunded defined benefit recognised in the statements of financial position of the Group are determined as follows:

	Group	
	2024 RM'000	2023 RM'000
Present value of unfunded defined benefit obligations	**10,792**	10,841
Actuarial gains recognised in the statements of comprehensive income	**238**	103
Cumulative actuarial losses recognised	**(285)**	(523)

The movements during the financial year in the amounts recognised in the statements of financial position of the Group are as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	**10,841**	9,051
Charged to profit or loss (Note 8)	**1,987**	2,277
Contributions paid during the financial year	**(1,361)**	(981)
Recognition of actuarial gains	**(238)**	(103)
Foreign exchange adjustments	**(437)**	597
At 31 December	**10,792**	10,841
The amounts recognised in the profit or loss are as follows:		
Current service cost	**1,340**	1,429
Interest cost	**706**	1,073
Gain on settlement for past service cost	**(59)**	(225)
Total included in employee benefit expenses (Note 8)	**1,987**	2,277

The principal actuarial assumptions used in respect of the Group's unfunded defined benefit plan are as follows:

	Group	
	2024 %	2023 %
Discount rate	**6.9**	7.0
Expected rate of salary increase	**6.5**	6.5

The weighted average duration of the defined benefit obligation is 18 years (2023: 18 years).

29 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions are as follows:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
2024			
Discount rate	**1.0%**	**Decrease by 7.3%**	**Increase by 8.6%**
Expected rate of salary increase	**1.0%**	**Increase by 7.9%**	**Decrease by 7.1%**
2023			
Discount rate	1.0%	Decrease by 7.2%	Increase by 8.2%
Expected rate of salary increase	1.0%	Increase by 7.7%	Decrease by 6.9%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous financial year.

30 CONTRACT LIABILITIES

			Group	
		Note	2024 RM'000	2023 RM'000
(a)	Contract with customers for supply of medicines			
	At 1 January		**6,670**	13,468
	Recognition of income during the year		**(21)**	(6,798)
	At 31 December		**6,649**	6,670
(b)	Contract with a customer for provision of services such as system maintenance, upgrades, enhancements, hardware and software supply, and system implementation			
	At 1 January		**2,229**	-
	Additions during the year		**39,585**	2,229
	Recognition of contract revenue during the year	4	**(18,967)**	-
	At 31 December		**22,847**	2,229
	Total		**29,496**	8,899

30 CONTRACT LIABILITIES (CONTINUED)

The Group entered into contracts with customers for the supply of medicines and the provision of services such as system maintenance, upgrades, enhancements, hardware and software supply, and system implementation. Advance payments were received from customers; however, revenue will only be recognised upon satisfaction of performance obligations through delivery of medicines and provision of services such as system maintenance, upgrades, enhancements, hardware and software supply, and system implementation to customers.

31 SEGMENTAL REPORTING

The Board of Directors is the Group's chief operating decision maker. Performance is measured based on identified reportable segments' earnings before interest, taxation, depreciation and amortisation, as management believes that such information is most relevant in evaluating the results of the segments.

For management purposes, the Group's business is organised into the following three reportable segments according to the internal reporting structure:

(a) Logistics and distribution – Distribution, trading and wholesaling of pharmaceutical and medical products as well as supply and installation of medical and hospital equipment in Malaysia.

(b) Manufacturing – Manufacturing of pharmaceutical products in Malaysia.

(c) Indonesia – Manufacturing and distribution of pharmaceutical and medical products in Indonesia have been aggregated into one reportable segment as it is reflective of the Group's business synergy in Indonesia, it is closely monitored as a potential growth region and is expected to materially contribute to the Group's revenue in the future.

Inter-segment revenues are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

31 SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by business segments

	Malaysia		Indonesia		
	Logistics and distribution RM'000	Manufacturing RM'000	Manufacturing and distribution RM'000	Elimination RM'000	Total RM'000
Group					
2024					
Revenue					
External sales	**2,578,328**	**2,945**	**1,178,206**	**-**	**3,759,479**
Inter-segment sales	**-**	**307,140**	**-**	**(307,140)**	**-**
Total revenue	**2,578,328**	**310,085**	**1,178,206**	**(307,140)**	**3,759,479**
Results					
Earnings before interest, taxation, depreciation and amortisation	**216,079**	**53,362**	**35,834**	**-**	**305,275**
Depreciation and amortisation	**(14,221)**	**(17,889)**	**(9,268)**	**-**	**(41,378)**
Finance costs	**(102,851)**	**(3,273)**	**(22,238)**	**56,393**	**(71,969)**
Interest income	**58,416**	**210**	**19**	**(56,393)**	**2,252**
Profit before taxation	**157,423**	**32,410**	**4,347**	**-**	**194,180**
Taxation	**(59,894)**	**809**	**(1,301)**	**-**	**(60,386)**
Net profit for the financial year	**97,529**	**33,219**	**3,046**	**-**	**133,794**

31 SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by business segments (continued)

	Malaysia		Indonesia		
	Logistics and distribution RM'000	Manufacturing RM'000	Manufacturing and distribution RM'000	Elimination RM'000	Total RM'000
Group					
2024					
Other information					
Segment assets	2,673,370	789,714	527,770	(1,998,548)	1,992,306
Segment liabilities	2,366,539	387,157	438,552	(1,053,998)	2,138,250
Capital expenditure on property, plant and equipment, right-of-use assets and intangible assets	8,946	36,747	6,586	-	52,279
(Write-back)/Write-down of slow-moving and obsolete inventories	(8,826)	6,872	1,078	-	(876)
Write-off of intangible assets	-	592	-	-	592
Write-off of property, plant and equipment	57	251	420	-	728
Non-cash expenses	420	1,668	4,204	-	6,292

31 SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by business segments (continued)

	Malaysia		Indonesia			
	Logistics and distribution RM'000	Manufacturing RM'000	Manufacturing and distribution RM'000	Unallocated corporate expenses RM'000	Elimination RM'000	Total RM'000
Group						
2023						
Revenue						
External sales	2,358,762	5,598	1,040,121	-	-	3,404,481
Inter-segment sales	-	290,888	-	-	(290,888)	-
Total revenue	2,358,762	296,486	1,040,121	-	(290,888)	3,404,481
Results						
(Loss)/Earnings before interest, taxation, depreciation and amortisation	(22,259)	19,091	35,514	(8,439)	-	23,907
Depreciation and amortisation	(15,345)	(16,786)	(9,573)	-	-	(41,704)
Finance costs	(72,246)	(21,642)	(19,189)	-	51,234	(61,843)
Interest income	52,031	141	539	-	(51,234)	1,477
(Loss)/Profit before taxation	(57,819)	(19,196)	7,291	(8,439)	-	(78,163)
Taxation	9,061	(4,466)	(5,176)	-	-	(581)
Net (loss)/profit for the financial year	(48,758)	(23,662)	2,115	(8,439)	-	(78,744)

31 SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by business segments (continued)

	Malaysia		Indonesia		
	Logistic and distribution RM'000	Manufacturing RM'000	Manufacturing and distribution RM'000	Elimination RM'000	Total RM'000
Group					
2023					
Other information					
Segment assets	2,221,005	751,291	534,621	(1,592,063)	1,914,854
Segment liabilities	2,036,940	807,804	445,088	(1,100,888)	2,188,944
Capital expenditure on property, plant and equipment, right-of-use assets and intangible assets	5,028	53,949	25,539	-	84,516
Write-down of slow-moving and obsolete inventories	64,620	10,877	1,408	-	76,905
Write-off of intangible assets	3,798	10,854	-	-	14,652
Write-off of property, plant and equipment	1,364	5,355	-	-	6,719
Non-cash expenses/(income)	7,621	(1,113)	(18)	-	6,490

31 SEGMENTAL REPORTING (CONTINUED)

(b) Geographical information

	Revenue from external customers RM'000	Total non-current assets excluding deferred tax assets RM'000
Geographical markets		
2024		
Malaysia	**2,572,301**	**697,007**
Indonesia	**1,178,206**	**63,665**
Other countries	**8,972**	**-**
	3,759,479	**760,672**
2023		
Malaysia	2,357,890	679,698
Indonesia	1,040,121	75,608
Other countries	6,470	-
	3,404,481	755,306

Revenue is based on the country in which the customer is located.

Non-current assets information presented above consist of non-current assets other than financial instruments and deferred tax assets as presented in the consolidated statement of financial position.

Revenues of approximately RM2.3 billion (2023: RM2.2 billion) are mainly derived from a single external customer. These revenues are attributable to both the Logistics and Distribution as well as the Manufacturing segments. The single external customer with revenue equal or more than 10% of the Group's total revenue is disclosed in Note 33(f).

32 CAPITAL COMMITMENTS

Capital expenditure in respect of the following has not been provided for in the financial statements:

	Group	
	2024 RM'000	2023 RM'000
Authorised and contracted for:		
- acquisition of property, plant and equipment	**1,945**	17,287
Authorised but not contracted for:		
- acquisition of property, plant and equipment	**198,244**	96,691

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making any financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions and balances:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) Immediate holding company				
Expenses				
• Management fees	**(306)**	(308)	**(306)**	(308)
• Corporate and administrative support services	**(716)**	(393)	**-**	-
• Interest expense on advance	**(3,378)**	-	**(3,378)**	(115)

	Group	
	2024 RM'000	2023 RM'000
(b) Subsidiaries of the immediate holding company		
Expenses		
• Travelling and accommodation	**(803)**	(1,110)
• Provision of insurance	**(2,715)**	(76)
• Freight forwarding and transportation services	**(14,940)**	(16,198)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

		Company	
		2024 RM'000	2023 RM'000
(c)	Subsidiaries		
	Income		
	• Interest income on advances to subsidiaries	**21,682**	35,788
	• Management fees charged to subsidiaries	**35,466**	22,359
	• Dividend income from subsidiaries	**48,000**	-
	Expenses		
	• Interest expense on advance from a subsidiary	**(33,896)**	(15,499)
(d)	Payment of expenses made on behalf:		
	• by subsidiaries	**9,459**	3,537
	• for subsidiaries	**(22,959)**	(96,325)

(e) Remuneration of key management personnel

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, bonuses and allowances	**7,068**	8,679	**6,140**	7,487
Social contribution costs	**4**	5	**4**	4
Defined contribution plan	**686**	842	**640**	791
Estimated monetary value of benefits by way of usage of Group's assets	**226**	304	**226**	304
Fees	**1,284**	819	**1,016**	730
	9,268	10,649	**8,026**	9,316

Key management personnel comprise the Board of Directors and Senior Management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(f) Government-related entities

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group by virtue of Lembaga Tabung Angkatan Tentera ("LTAT") being a body controlled by the Government of Malaysia.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Government-related entities (continued)

On 16 March 2011, Pharmaniaga Logistics Sdn. Bhd. ("PLSB"), a wholly-owned subsidiary entered into a Concession Agreement ("CA") with the Government of Malaysia represented by the Ministry of Health, Malaysia ("MOH") for a period of ten (10) years expiring on 30 November 2019, for the right and authority to purchase, store, supply and distribute the Approved Products (i.e. drugs and non-drugs approved by MOH) to the Public Sector Customers (i.e. government hospital, health office, health clinic, dental clinic, or any health institution or other similar facility within Malaysia which is operated and controlled by the MOH and as determined by the MOH from time to time) and also for the development of Pharmacy Information System and Clinic Pharmacy Systems in government hospitals and clinics.

In November 2019, the Group received a letter from MOH extending its services for the provision of medicine and medical supplies to MOH facilities for an interim period of twenty-five (25) months, commencing from 1 December 2019 to 31 December 2022 ("Interim Period"). In addition, the Group also secured a contract to continue providing logistics and distribution services for MOH for a period of five (5) years ending 30 November 2024.

On 28 December 2021, MOH issued an extension letter to PLSB to further extend the Interim Period by one year up to 31 December 2023. The other terms and conditions, including the 5-year extension in respect of logistics and distribution services, remained in place with no further changes.

On 6 January 2022, MOH issued another letter stating its agreement in principle to enter into a 10-year concession agreement with PLSB for the procurement of drugs and medical supplies as well as logistics and distribution of Approved Products. This 10-year concession agreement will supersede existing concessions arrangements upon its execution, including the Interim Period for the procurement of drugs and medical supplies which ended 31 December 2023 and the logistics and distribution services which will continue until 30 November 2024.

On 29 December 2022, PLSB had received a letter from MOH informing that *Jawatankuasa Kerjasama Awam Swasta* ("JKAS") had agreed to extend the Interim Period for the provision of medicines and medical supplies to MOH facilities for an additional period of 6 months up to 30 June 2023, pending the finalisation of the new concession agreement.

On 12 July 2023, MOH issued a letter including the agreed salient terms to PLSB for a new medical supply logistics service for a period of seven (7) years, commencing from 1 July 2023 to 30 June 2030. Following the issuance of the letter, the interim period which commenced on 1 December 2019 to provide the services for the provision of medicines and medical supplies ended on 30 June 2023.

The new CA was subsequently signed on 3 January 2024. It took effect retrospectively from 1 July 2023 and will remain in force for a period of seven (7) years until 30 June 2030.

	Group	
	2024 RM'000	**2023 RM'000**
Sale of goods to government-related entities	**2,332,193**	2,201,641
Amounts due from government-related entities	**57,474**	16,221

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Significant outstanding balances

Significant outstanding balances arising from the above transactions are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amounts due from				
- Subsidiaries	**-**	-	**210,136**	496,642
- Related companies*	**6**	9	**-**	-
Amounts due to				
- Immediate holding company	**52,740**	50,515	**52,381**	50,119
- Subsidiaries	**-**	-	**519,224**	304,000
- Related companies*	**10,070**	8,023	**30**	-

* *The related companies are subsidiaries of the immediate holding company and are included in Note 20.*

(h) Intercompany loan waivers

On 29 December 2023, the Company issued a memorandum to Pharmaniaga Biomedical Sdn. Bhd., Pristine Pharma Sdn. Bhd. and Paradigm Industry Sdn. Bhd. to waive the amounts due from these subsidiaries. The total of amounts waived by the Company during the financial year amounting to RM5,223,000 (2023: RM30,377,000). Consequently, these amounts were written off by the Company as at 31 December 2024 and 31 December 2023.

34 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group has a written risk management framework which sets out its overall business strategies, its tolerance to risk and established processes to monitor and control the risks. Such framework is approved by the Board of Directors and quarterly reviews are undertaken as required.

Financial risk factors

(a) Market risk

(i) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the Euro Dollars ("EURO"), United States Dollar ("USD"), Chinese Renminbi ("RMB") and Indonesian Rupiah ("IDR"). Foreign currency exchange risk arises from current commercial transactions, recognised assets and liabilities.

To manage the foreign currency exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group enters into contracts in Ringgit Malaysia denomination, where possible. Foreign currency exchange risk arises when current commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December 2024, if the functional currency had weakened/strengthened by 5% (2023: 5%) against EURO with all other variables held constant, post tax profit and equity for the financial year would have been lower/ higher by RM27,000 (2023: post tax loss and deficit equity higher/lower by RM39,000) mainly as a result of foreign exchange losses/gains on translation of EURO denominated trade payables and other payables.

As at 31 December 2024, if the functional currency had weakened/strengthened by 5% (2023: 5%) against USD with all other variables held constant, post tax profit and equity for the financial year would have been lower/higher by RM271,000 (2023: post tax loss and deficit equity higher/lower by RM510,000) mainly as a result of foreign exchange losses/gains on translation of USD denominated trade payables, other payables, trade receivables as well as deposits, cash and bank balances.

As at 31 December 2024, if the functional currency had weakened/strengthened by 5% (2023: 5%) against RMB with all other variables held constant, post tax profit and equity for the financial year would have been higher/lower by RM284,000 (2023: post tax loss and deficit equity lower/higher by RM288,000) mainly as a result of foreign exchange gains/losses on translation of RMB denominated trade receivables as well as deposits, cash and bank balances.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. As at 31 December 2024, if the functional currency had weakened/strengthened by 5% (2023: 5%) against the IDR with all other variables held constant, the impact on equity would have been approximately higher/lower by RM3,412,000 (2023: RM3,567,000) on translation upon consolidation. There is no impact to profit or loss as the financial assets and liabilities denominated in IDR are in respect of foreign subsidiaries where trade is conducted in the entity's functional currency.

The financial assets and financial liabilities of the Group that are not denominated in its functional currency are set out below:

	2024		
	RMB RM'000	USD RM'000	Euro RM'000
Trade receivables	**273**	**1,095**	**-**
Deposits, cash and bank balances	**7,213**	**1,016**	**-**
Trade payables	**-**	**(8,743)**	**(617)**
Other payables	**-**	**(509)**	**(86)**
	7,486	**(7,141)**	**(703)**

	2023		
	RMB RM'000	USD RM'000	Euro RM'000
Trade receivables	-	1,505	-
Deposits, cash and bank balances	7,587	3	-
Trade payables	-	(13,673)	(230)
Other payables	-	(1,263)	(787)
	7,587	(13,428)	(1,017)

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest bearing assets are primarily short term bank deposits with financial institutions. The interest rates on these deposits are monitored closely to ensure they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on deposits to be unlikely.

Interest rate exposure arises from the Group's borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

As at 31 December 2024, if interest rates on Ringgit Malaysia denominated borrowings of the Group and of the Company had been 50 (2023: 50) basis points lower/higher with all other variables held constant, post tax profit for the financial year of the Group would have been higher/lower by RM3,422,000 (2023: post tax loss lower/higher by RM3,719,000) and the post tax loss for the financial year of the Company would have been lower/higher by RM1,487,000 (2023: post tax loss lower/higher by RM906,000) respectively, mainly as a result of lower/higher interest expense.

As at 31 December 2024, if interest rates on IDR denominated borrowings of the Group had been 50 (2023: 50) basis points lower/higher with all other variables held constant, post tax profit for the financial year of the Group would have been higher/lower by RM990,000 (2023: post tax loss lower/higher by RM791,000) respectively, mainly as a result of lower/higher interest expense.

(b) Credit risk

(i) Risk management

Each entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposures to customers, including outstanding receivables, as well as deposits, cash and bank balances.

For trade and other receivables, individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. There are no significant concentrations of credit risk whether through exposure to individual customers and/or regions other than disclosed below.

(ii) Exposure to credit risk

Under MFRS 9, deposits, cash and bank balances are also subject to the impairment. However, the identified impairment loss was immaterial as the counterparties are reputable financial institutions with high credit ratings and no history of default.

As at the end of the reporting period, the maximum exposure to credit risk arising from financial assets carried at amortised cost are represented by the carrying amounts in the statement of financial position.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets

Trade receivables

The Group applies the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared similar credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

On that basis, during the financial year ended 31 December 2024, the Group recognised loss allowance of RM1,898,000 (2023: RM2,294,000) for receivables that are past due by 3 months and above.

There is a significant concentration of credit risk with respect to government-related entities of the Group. However, the Group is of the view that the expected credit loss rate on the amounts outstanding from government-related entities are considered low as government-related entities have low risk of default, strong capacity to meet their contractual cash flow obligations in the near term.

The aging analysis of the Group's gross and net trade receivables are as follows:

	Collective assessment					
	Current and less than three months RM'000	Between three and six months RM'000	Between six months and one year RM'000	Greater than one year RM'000	Individual assessment RM'000	Total RM'000
At 31 December 2024						
Gross carrying amount	**301,895**	**11,406**	**8,775**	**17,999**	**8,543**	**348,618**
Expected loss rate	**0.0%**	**0.0%**	**1.8%**	**12.7%**	**100.0%**	**3.2%**
Loss allowance	**-**	**-**	**(157)**	**(2,292)**	**(8,543)**	**(10,992)**
Carrying amount (net of loss allowance)	**301,895**	**11,406**	**8,618**	**15,707**	**-**	**337,626**
At 31 December 2023						
Gross carrying amount	217,138	34,318	16,029	20,022	8,071	295,578
Expected loss rate	0.0%	0.3%	0.8%	10.2%	100.0%	3.5%
Loss allowance	-	(116)	(129)	(2,042)	(8,071)	(10,358)
Carrying amount (net of loss allowance)	217,138	34,202	15,900	17,980	-	285,220

The reconciliation of loss allowance for trade receivables is disclosed in Note 16.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets (continued)

Other receivables and amounts due from subsidiaries

With the exception of specific debtors identified as credit impaired and assessed individually, the balances are deemed recoverable, considered to be performing, and have a low risk of default and a capacity to meet contractual cash flows.

The reconciliation of loss allowance for other receivables and amounts due from subsidiaries are disclosed in Notes 17 and 18 respectively.

(c) Liquidity risk

Cash flow forecasting is performed for the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's and of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration the Group's and the Company's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable, external regulatory or legal requirements.

The Group's and the Company's current liabilities exceeded their current assets by RM748.8 million and RM827.2 million (2023: RM895.0 million and RM439.0 million), respectively. As at that date, the Group did not meet financial covenants for certain borrowings as disclosed in the Note 25(a) to the financial statements. Due to this breach of the covenant clauses, the financial institutions are contractually entitled to request for immediate repayment of the Group's and the Company's outstanding borrowings amount of RM40.2 million (2023: RM605.5 million and RM284.2 million, respectively). These borrowings are presented as current liabilities as at 31 December 2024 and 31 December 2023.

The financial institutions had not requested early repayment of the borrowings and the Group and the Company did not default on any repayment obligations as of the date when these financial statements for the financial year ended 31 December 2024 were approved by the Board of Directors. In order to ensure that the Group and the Company would have sufficient cash flows within the next 15-month period ending 31 March 2026 to repay the existing borrowings and meet working capital, the Group and Company have submitted the detailed Proposed Regularisation Plan (Note 35(a)) to Bursa Malaysia on 23 February 2024 and will undertake the measures disclosed in Note 2(a).

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) and will not reconcile to the amounts disclosed on the statements of financial position.

	On demand RM'000	Less than 3 months RM'000	Between 3 months and 1 year RM'000	Between 1 and 2 years RM'000	More than 2 years RM'000
Group					
At 31 December 2024					
Borrowings	**40,249**	**683,341**	**350,846**	**57,471**	**84,913**
Lease liabilities	**-**	**1,220**	**3,188**	**2,769**	**-**
Trade payables	**-**	**650,095**	**-**	**-**	**-**
Other payables	**-**	**140,806**	**-**	**-**	**-**
Amount due to immediate holding company	**-**	**52,740**	**-**	**-**	**-**
Amounts due to related companies	**-**	**10,070**	**-**	**-**	**-**
At 31 December 2023					
Borrowings	605,541	390,730	60,632	41,914	116,366
Lease liabilities	-	1,246	2,804	344	-
Trade payables	-	627,781	-	-	-
Other payables (net of penalty claims)	-	134,688	-	-	-
Amount due to immediate holding company	-	50,515	-	-	-
Amounts due to related companies	-	8,023	-	-	-

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk (continued)

	On demand RM'000	Less than 3 months RM'000	Between 3 months and 1 year RM'000	Between 1 and 2 years RM'000	More than 2 years RM'000
Company					
At 31 December 2024					
Borrowings	**40,249**	**138,924**	**174,011**	**18,286**	**22,716**
Other payables	**-**	**3,883**	**-**	**-**	**-**
Amount due to immediate holding company	**-**	**52,381**	**-**	**-**	**-**
Amounts due to subsidiaries	**-**	**519,224**	**-**	**-**	**-**
Amounts due to related companies	**-**	**30**	**-**	**-**	**-**
At 31 December 2023					
Borrowings	284,222	88,840	17,437	18,934	36,309
Other payables	-	4,411	-	-	-
Amount due to immediate holding company	-	50,119	-	-	-
Amounts due to subsidiaries	-	304,000	-	-	-

As at 31 December 2024, the Company's maximum potential liabilities under guarantee contracts amounted to RM75.0 million (2023: RM17.1 million). Financial guarantee contracts are assumed to be immediately payable on demand.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(d) Financial instruments by category

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets at amortised cost				
Trade receivables	**337,626**	285,220	**-**	-
Other receivables (net of VAT recoverable and prepayments)	**7,338**	8,646	**1,352**	21
Deposits, cash and bank balances	**152,203**	127,441	**19,292**	11,939
Amounts due from subsidiaries	**-**	-	**210,136**	496,642
Amounts due from related companies	**6**	9	**-**	-
Financial liabilities at amortised cost				
Borrowings	**1,185,122**	1,187,099	**385,271**	437,376
Lease liabilities	**6,774**	4,284	**-**	-
Trade payables	**650,095**	627,781	**-**	-
Other payables (net of penalty claims)	**140,806**	134,688	**3,883**	4,411
Amount due to immediate holding company	**52,740**	50,515	**52,381**	50,119
Amounts due to related companies	**10,070**	8,023	**30**	-
Amounts due to subsidiaries	**-**	-	**519,224**	304,000

Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital.

The gearing ratios are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Total borrowings (Note 25)	**1,185,122**	1,187,099	**385,271**	437,376
Total equity attributable to equity holders of the Company	**(171,275)**	(299,066)	**285,913**	280,863
Gearing ratio (times)	**(6.9)**	(4.0)	**1.3**	1.6

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management (continued)

Under the terms of certain borrowing facilities undertaken by the Group and the Company during the financial year are subjected to covenant clauses, whereby the Group and the Company are required to comply with the following financial covenants:

- The consolidated net worth of the Group must not be less than RM336.0 million;
- 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 consolidated DSCR, calculated as ratio of EBITDA to interest expense, must not be less than 1.5 times;
- The consolidated tangible net worth of the Group must not be less than RM149.9 million;
- The DSCR of subsidiary Pharmaniaga Manufacturing Berhad must not be less than 1.5 times;
- The leverage of subsidiary Pharmaniaga Manufacturing Berhad must not be more than 0.5 times;
- The tangible net worth of subsidiary Pharmaniaga Manufacturing Berhad must not be less than RM139.0 million;
- 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 current ratio, calculated as ratio of current assets to current liabilities, of subsidiary PT Millennium Pharmacon International Tbk (“PT MPI”) must not be less than 1.1 times;
- The interest-bearing debt over equity ratio of Indonesian subsidiaries must not be more than 3 times;
- The DSCR of PT MPI must not be less than 1.25 times; and
- The gearing ratio, calculated as ratio of total borrowings to total equity, of Indonesian subsidiaries must not be more than 3 times.

The Group and the Company did not meet financial covenants for certain borrowings as at 31 December 2024 as disclosed in the Note 25(a) to the financial statements. Due to this breach of the covenant clauses, the banks are contractually entitled to request for immediate repayment of the Group’s and the Company’s outstanding borrowings amount of RM40.2 million (2023: RM605.5 million and RM284.2 million, respectively), presented as current liabilities as at 31 December 2024.

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

Fair value estimation

The carrying values of financial assets and financial liabilities of the Group and of the Company at the reporting date approximated their fair values.

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

(a) Practice Note 17 (“PN17”) status and the Company’s regularisation plans

On 27 February 2023, the Company announced that it had triggered the criteria under Paragraph 2.1(a) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) due to its shareholders' equity being less than RM40.0 million and less than 25% of its issued and paid-up capital as at 31 December 2022. As a result, the Company is required to submit a regularisation plan within twelve months. On 28 March 2023, MIDF Amanah Investment Bank Bhd (“MIDF Investment”) was appointed as the Principal Adviser for the proposed regularisation plan to regularise the Group’s financial condition and level of operations pursuant to Paragraph 8.04(3) of the MMLR of Bursa Malaysia.

On 29 November 2023, the Company announced its initial plan to regularise its financial condition in accordance with Paragraph 8.04(3) of the MMLR of Bursa Malaysia. The plan, collectively referred to as the Initial Proposed Regularisation Plan, includes:

(i) 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 pursuant to Section 116 of the Companies Act 2016 (“Act”) (“Proposed Capital Reduction”);

(ii) proposed renounceable rights issue of up to 1,182,038,540 new ordinary shares in the Company’s shares (“Rights Shares”) on the basis of 4 Rights Shares for every 5 existing the Company’s shares held, together with up to 1,182,038,540 free detachable warrants (“Warrants”) on the basis of 1 Warrant for every 1 Rights Share subscribed for, on an entitlement date to be determined and announced by the Board at a later date (“Entitlement Date”) (“Proposed Rights Issue with Warrants”); and

(iii) proposed private placement of up to 714,285,715 new Pharmaniaga Shares (“Placement Shares”) representing up to approximately 26.9% of the enlarged issued share capital of the Company after the Proposed Rights Issue with Warrants to third party investor(s) to be identified later at an issue price to be determined later (“Proposed Private Placement”).

On 19 February 2024, MIDF Investment on behalf of the Board, announced that the Company proposes to undertake revisions to the Proposed Rights Issue with Warrants and the Proposed Private Placement in the Initial Proposed Regularisation Plan. The revisions to the Initial Proposed Regularisation Plan includes:

(i) proposed renounceable rights issue of Rights Shares to raise gross proceeds of up to RM354.6 million, together with free detachable Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on the Entitlement Date; and

(ii) proposed private placement of Placement Shares to third party investor(s) to be identified later to raise gross proceeds of up to RM300.0 million.

The Proposed Capital Reduction as disclosed in the Initial Proposed Regularisation Plan shall remain unchanged. The revised Proposed Rights Issue with Warrants and revised Proposed Private Placement along with the Proposed Capital Reduction shall be referred to as the “Proposed Regularisation Plan”.

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS (CONTINUED)

(a) Practice Note 17 ("PN17") status and the Company's regularisation plans (continued)

On 19 February 2024, Boustead Holdings Berhad ("Boustead"), the immediate holding company of the Company, provided an irrevocable letter of undertaking to subscribe in full for its entitlements as at the Entitlement Date under the Proposed Rights Issue with Warrants based on its shareholdings. Boustead's undertaking for its entitlement is subject to cash consideration to be capped at RM163.0 million in value of Rights Shares.

The Company will procure an irrevocable undertaking from LTAT, the ultimate holding corporation of the Company, to subscribe in full for its entitlements as at the Entitlement Date under the Proposed Rights Issue with Warrants based on its shareholding. LTAT's undertaking for its entitlement is subject to cash consideration capped at RM27.1 million in value of Rights Shares. In the event that LTAT does not subscribe in full for its entitlement, LTAT may assign the unsubscribed portion to Boustead to ensure that the entitlement for LTAT and Boustead are fully subscribed.

LTAT and Boustead shall also ensure that their combined percentage of shareholdings after the Proposed Rights Issue with Warrants but prior to the issuance of new Pharmaniaga Shares pursuant to the Proposed Private Placement is maintained at the combined percentage of shareholdings as at 19 February 2024, being the date of Boustead's letter of undertaking.

On 23 February 2024, the Company submitted its regularisation plan to Bursa Malaysia. The plan remained unchanged as per the announcement made by the Company on 19 February 2024.

On 6 November 2024, the Company 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; ii. Proposed rights issue with warrants of up to RM354.6 million; and iii. Proposed private placement of up to RM300.0 million.	i. Proposed rights issue of up to RM353.5 million ii. Proposed private placement of up to RM300.0 million; and iii. Proposed capital reduction of RM520.0 million.

On 29 November 2024, Bursa Malaysia approved the Proposed Regularisation Plan and the listing of and quotation for the Rights Shares and Placement Shares on the Main Market of Bursa Malaysia.

On 4 February 2025, the Company announced further revision ("Proposed Variation") to the Proposed Regularisation Plan. The details of the Proposed Variation are as follows:

<u>Change in the amount to be raised from the Proposed Private Placement</u>

The Proposed Private Placement is to be revised such that the amount of proceeds to be raised is up to RM300.0 million, with a minimum of RM215.0 million. For clarity, the Proposed Private Placement remains to be undertaken in a single tranche and will be completed upon the minimum proceeds of at least RM215.0 million is achieved.

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS (CONTINUED)

(a) Practice Note 17 (“PN17”) status and the Company’s regularisation plans (continued)

Change in the number of Rights Shares and Placement Shares to be issued

The scheme of the Proposed Regularisation Plan is to be revised such that the number of Rights Shares and Placement Shares to be issued are to be increased up to 3,535,156,382 and 2,142,857,143, respectively due to the change in the basis of issue price for Right Shares and Placement Shares. For clarity, the amount of maximum proceeds to be raised from the Proposed Rights Issue shall remain up to RM353.5 million and the Proposed Private Placement shall remain up to RM300.0 million, with a minimum of RM215.0 million.

On 17 February 2025, Bursa Malaysia had approved the Proposed Variation to the Proposed Regularisation Plan. On 20 March 2025, the Proposed Regularisation Plan was approved by the shareholders of the Company at the Extraordinary General Meeting.

The Proposed Rights Issue, Proposed Private Placement and Proposed Capital Reduction are inter-conditional upon each other but not conditional upon any other corporate proposal undertaken or to be undertaken by the Company. The Board intends to implement the Proposed Rights Issue concurrently with the Proposed Private Placement before implementing the Proposed Capital Reduction.

(b) On 7 April 2023, the MOH issued a letter stating that, based on its collaboration with the *Unit Kerjasama Awam Swasta*, Prime Minister’s Office, a new concession agreement (“CA”) for a period of ten (10) years, for the right and authority to procure, store, and supply the Approved Products to the Public Sector Customers, was expected to come into effect from 1 July 2023. The MOH stated its expectation that PLSB will always ensure an uninterrupted supply of drugs and non-drugs under this concession and delivery of health and medical services to the people of Malaysia.

On 12 July 2023, MOH issued a letter to PLSB for the new medical supply logistics services for a period of seven (7) years, commencing from 1 July 2023 to 30 June 2030 (instead of 10 years as stated in the letter dated 7 April 2023). Following the issuance of the letter, the interim period which commenced on 1 December 2019 to provide the services for the provision of medicines and medical supplies has ended.

On 3 January 2024, PLSB signed the CA with MOH. The CA takes effect retrospectively from 1 July 2023 and shall remain in force for a period of seven (7) years until 30 June 2030.

(c) On 15 January 2024, MOH issued a letter to PLSB confirming that penalties payable by PLSB for failing to meet certain performance standards as agreed in the concession agreement from 1 July 2023 to 2 January 2024 were waived. Any applicable penalties will only commence from 3 January 2024 under the terms of the new concession agreement.

On 29 February 2024, the Group, in a discussion with MOH, requested for a waiver of penalties claimed amounting to RM139.8 million as a result of PLSB’s failure to meet certain performance standards specified in the previous concession agreement during the Covid-19 pandemic from March 2020 to 30 June 2023. Subsequently, the Group had several discussions with MOH from 4 March 2024 to 6 March 2024 to agree on the basis and parameters of an eligible waiver. As a result of these discussions, the Group expects that the total penalties claimed of RM124.9 million will be waived as the waivers meet the parameters agreed by both parties and will be tabled to the Concession Management Committee within MOH for consideration. Out of the RM124.9 million of penalties expected to be waived, RM77.0 million was recognised as penalties payable as at 31 December 2023. The remaining amount of RM47.9 million had previously been deducted from payments made by MOH to PLSB.

On 30 September 2024, PLSB received a letter from MOH waving the total penalties claimed amounting to RM124.9 million.

36 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 March 2025.

SHAREHOLDINGS STATISTICS
AS AT 28 MARCH 2025

SIZE OF SHAREHOLDINGS	NO OF HOLDERS	%	NO OF SHARES	%
LESS THAN 100	703	3.808	14,380	0.001
100 TO 1,000	2,497	13.526	1,446,769	0.100
1,001 TO 10,000	8,748	47.386	46,271,543	3.211
10,001 TO 100,000	5,681	30.773	184,066,904	12.771
100,001 TO LESS THAN 5% OF ISSUED SHARES	830	4.496	417,361,235	28.959
5% AND ABOVE OF ISSUED SHARES	2	0.011	792,068,695	54.958
TOTAL	**18,461**	**100.00**	**1,441,229,526**	**100.00**

30 LARGEST SHAREHOLDERS

	Name of shareholders	No. of shares	%
1.	BOUSTEAD HOLDINGS BERHAD *ACCOUNT NON-TRADING*	679,152,075	47.123
2.	LEMBAGA TABUNG ANGKATAN TENTERA	112,916,620	7.835
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR EAST NAVIGATORS CAPITAL LTD (PB)*	57,414,286	3.984
4.	MINAT MEGAH SDN BHD	23,380,000	1.622
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MAYBANK PRIVATE WEALTH MANAGEMENT FOR TAN BOON WY (PW-M00278) (730819)*	14,285,714	0.991
6.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DASAR TECHNOLOGIES SDN BHD (CTS-DTS0002C)*	9,750,000	0.677
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR CHE LODIN BIN WOK KAMARUDDIN (PB)*	9,155,000	0.635
8.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR STANDARD CHARTERED BANK MALAYSIA BERHAD (WEALTH MANAGEMENT) (TEMPATAN)*	7,934,400	0.551
9.	MUTHUKUMAR A/L AYARPADDE	6,849,000	0.475
10.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TENG CHI LIK (E-PDG)*	5,000,000	0.347
11.	YONG SIEW YOON	4,056,820	0.281
12.	LEMBAGA TABUNG AMANAH MELAKA	3,500,000	0.243
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN (TJJ/KEN)*	3,499,000	0.243
14.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LU YIENG LUNG (KUCHING-CL)*	3,129,600	0.217
15.	LOO CHOR MEI	3,070,000	0.213
16.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CELESTE RESOURCES SDN BHD (M)*	3,001,400	0.208
17.	AU YONG MUN YUE	3,000,000	0.208
18.	LEE CHAI ENG	3,000,000	0.208
19.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *YAYASAN LTAT*	2,981,000	0.207

SHAREHOLDINGS STATISTICS
AS AT 28 MARCH 2025

	Name of shareholders	No. of shares	%
20.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TOH HONG CHYE (7004332)*	2,799,500	0.194
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR MOHD ARIFFIN BIN MOHD YUSUF (AA TRUST-PB)*	2,794,300	0.194
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR PARMJIT SINGH A/L MEVA SINGH (PB)*	2,570,000	0.178
23.	PARMJIT SINGH A/L MEVA SINGH	2,390,200	0.166
24.	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	2,348,550	0.163
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CELESTE ASSETS SDN BHD*	2,000,000	0.139
26.	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIA TUAN SIA*	1,939,400	0.135
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MTRUSTEE BERHAD FOR PHILLIP PEARL FUND (UT-PM-PPF) (419471)*	1,846,000	0.128
28.	LIM GAIK BWAY @ LIM CHIEW AH	1,817,000	0.126
29.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAI LI CHONG (PENANG-CL)*	1,800,400	0.125
30.	TAN CHING LING	1,680,000	0.117
	TOTAL	**979,060,265**	**67.932**

INFORMATION ON SUBSTANTIAL HOLDERS’ HOLDINGS

Size of Holdings	No. of shares direct	%
Boustead Holdings Berhad		
Account Non-Trading	679,152,075	47.123
Lembaga Tabung Angkatan Tentera	112,916,620	7.835

INFORMATION ON DIRECTORS HOLDINGS

	No of Shares Held in Pharmaniaga Berhad	
Name of Directors	Direct	%
DATO’ SERI ABDUL RAZAK JAAFAR	–	–
ZULKIFLI JAFAR	–	–
DR. ABDUL RAZAK AHMAD	–	–
IZADDEEN DAUD	–	–
SARAH AZREEN ABDUL SAMAT	–	–
MOHAMMAD ASHRAF MD. RADZI	–	–
DATO’ MOHD ZAHIR ZAHUR HUSSAIN	–	–
DATO’ DR. FARIDAH ARYANI MD. YUSOF	–	–
DR. IMAM FATHORRAHMAN	–	–
DATO’ SERI DR. HJ. AWALUDIN SAID	–	–
DR. MARY JANE CARDOSA	–	–
MOHD FIRDAUS ZULKIFLI (Alternate Director to Mohammad Ashraf Md. Radzi)	–	–

GROUP PROPERTY LIST

AS AT 31 DECEMBER 2024

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building/ Land (Years)	Net Book Value as at 31/12/2024 (RM'000)	Date of Revaluation/ Acquisition
GRN 122905, Lot 54366 Mukim of Kapar, Klang, Selangor Darul Ehsan **Industrial Premises:** No. 7, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan	A parcel of industrial land with a detached industrial building comprising a 3-storey office annexed at the front, a single storey office building, automated storage retrieval system (ASRS) warehouse, a surau, a guard house and an inflammable store	23,595	Freehold	30	51,252	31 December 2024
GRN 122905, Lot 54366 Mukim of Kapar, Klang, Selangor Darul Ehsan **Industrial Premises:** No. 7, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan	A parcel of industrial land with a single storey laboratory building, chiller and a guard house	17,414	Freehold	27	30,733	31 December 2024
HSD 145264, Lot No. PT 70920, Mukim of Kapar, Klang, Selangor Darul Ehsan **Shoplot:** No. 25, Jalan Keluli 7/109, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan	3-storey shoplot	277	Freehold	10	3,429	31 December 2024
HSD 145263, Lot No. PT 70919, Mukim of Kapar, Klang, Selangor Darul Ehsan **Shoplot:** No. 23, Jalan Keluli 7/109, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan	3-storey shoplot	183	Freehold	10	2,286	31 December 2024

GROUP PROPERTY LIST

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building/ Land (Years)	Net Book Value as at 31/12/2024 (RM'000)	Date of Revaluation/ Acquisition
HSD 22385, Lot No. PT 49, Seksyen 15 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan **Industrial Premises:** No. 11, Jalan Ragum 15/17, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan	A parcel of Industrial land presently built upon with a single storey warehouse with 2 storey office annexed and a guard house	11,762	Leasehold of 99 years expiring on 12 January 2086	9	27,010	31 December 2024
Geran 44309, Lot 7, Mukim Pekan Puchong Perdana, Daerah Petaling, Selangor Darul Ehsan **Factory:** No 7, Jalan PPU 3, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor Darul Ehsan	An industrial land with a main 2-storey detached factory industrial building with a 3-storey office/ laboratory section at the back and a single storey warehouse section at the front, a cafeteria/surau building, a fire pump room/ cold water pump room, an inflammable store/ refuse chamber, chiller, boiler house, waste water treatment and a guard house	28,041	Freehold	24	81,563	31 December 2024
HSM 9726, Lot PT No. 11557 Seksyen 4, Bandar Baru Bangi, Mukim of Kajang, Hulu Langat, Selangor Darul Ehsan **Factory:** No. 11A, Jalan P/1, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	A parcel of industrial land with 3 industrial buildings, an office/workshop, a canteen, chiller, boiler house, waste water treatment, a TNB sub-station and a guard house	12,141	Leasehold of 99 years, expiring on 29 September 2086	39	33,535	31 December 2024
Lot No. 1024, Block 7, Muara Tebas Land, Kuching, Sarawak **Industrial Premises:** Lot 1024, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, 93050 Kuching, Sarawak	A parcel of industrial land with a 2-storey office, a warehouse and a guard house	6,560	Leasehold of 60 years, expiring on 14 August 2056	28	5,155	31 December 2024

GROUP PROPERTY LIST

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building/ Land (Years)	Net Book Value as at 31/12/2024 (RM'000)	Date of Revaluation/ Acquisition
Country Lease 015377554, Kota Kinabalu, Sabah **Industrial Premises:** Lorong Kurma, Kolombong Industrial Centre, KM 9, Off Jalan Tuaran 88450 Kolombong Kota Kinabalu, Sabah	A parcel of industrial land with a 2-storey office, warehouse and a guard house	7,851	Leasehold of 60 years, expiring on 31 December 2033	22	2,724	31 December 2024
GM 1288,1289 & 1290, Lot No. 3806, 3807 and 3808, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang **Industrial Premises:** No. 1,3 & 5, Lorong IKS Juru 8, Taman Perindustrian Ringan Juru, 14100 Simpang Ampat, Seberang Perai, Pulau Pinang	3 contiguous 1 1/2 semi-detached warehouses with office	2,175	Freehold	27	5,383	31 December 2024
PN 9467/M1/4/41, PN 9467/M1/4/42, PN 9467/M1/4/46, PN 9467/M1/4/47 & PN 9467/M1/4/48, Lot No. 37942, Bandar Baru Bangi, Hulu Langat, Selangor Darul Ehsan **Flats:** Unit No. 401, 402, 403, 404 & 405, 3rd Floor, Block 5, Jalan 1/9, Section 1, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	5 units of 2–bedroom flat for staff lodging	285	Leasehold of 99 years, expiring on 31 March 2095	31	589	31 December 2024
PN 9447/M1/5/33, PN 9447/M1/5/34, PN 9447/M1/5/35 & PN 9447/M1/5/36, Lot No. 37962, Bandar Baru Bangi, Hulu Langat, Selangor Darul Ehsan. **Flats:** Unit No. 501, 503, 505 & 507, 4th Floor, Block 10, Jalan 6C/11, Section 16, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	4 units of 2-bedroom flat for staff lodging	248	Leasehold of 99 years, expiring on 31 March 2095	31	455	31 December 2024

GROUP PROPERTY LIST

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building/ Land (Years)	Net Book Value as at 31/12/2024 (RM'000)	Date of Revaluation/ Acquisition
HSM 24839, Lot No. PT 10908, Seksyen 4, Bandar Baru Bangi, Mukim of Kajang, Hulu Langat, Selangor Darul Ehsan **House:** No. 5, Jalan 4/4E, Section 4 43650 Bandar Baru Bangi, Selangor Darul Ehsan	2-storey intermediate house for staff lodging	151	Leasehold of 99 years, expiring on 3 September 2086	38	358	31 December 2024
HSM 24838, Lot No. PT 10911, Seksyen 4, Bandar Baru Bangi, Mukim of Kajang, Hulu Langat, Selangor Darul Ehsan. **House:** No 11, Jalan 4/4E, Section 4, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	2-storey intermediate house for staff lodging	152	Leasehold of 99 years, expiring on 3 September 2086	38	358	31 December 2024
HSM144/1977 Lot No. PT, HSM 237/1984 Lot No. PT 25, Mukim Sungai Pasir, District of Kuala Muda, Kedah. **Factory:** Lot 24 & 25, Jalan Perusahaan 8, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah Darul Aman	A parcel of industrial land with a 2-storey office, guard house, manufacturing block, warehouse block, flammable store, chiller, boiler house, purified water system, waste water treatment and solar system	40,469	Leasehold of 99 years, expiring on 1 January 2083	47	15,415	31 December 2024
PN 169247, PN 169248 & PN 169249, Lot No. 276, 277 & 278, Bandar Seri Iskandar, District of Perak Tengah, Perak **Factory:** Lot 120, Taman Farmaseutikal, 32610 Bandar Seri Iskandar, Perak Darul Ridzuan	A parcel of building land built upon a defected industrial building with a 2–storey office building, prayer room, canteen, warehouse, penicillin and non penicillin production plant buildings, laboratory building, chiller, boiler house, TNB sub-station, waste water treatment and a guard house	60,737	Leasehold of 99 years, expiring on 13 March 2100	28	30,841	31 December 2024
Blok D, 20 & 21, Ruko Grand Mal, Bekasi, Jakarta, Indonesia	Shop lots	453	Leasehold of 23 years to 2 June 2036	22	835	10 January 2024

GROUP PROPERTY LIST

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building/ Land (Years)	Net Book Value as at 31/12/2024 (RM'000)	Date of Revaluation/ Acquisition
Blok D 19, Ruko Grand Mal, Bekasi, Jakarta, Indonesia	Shop lots	204	Leasehold of 20 years to 24 September 2033	7	488	10 January 2024
Bintara, Jalan Raya Kp. Setu No.28 A-B Bekasi	Office and warehouse	9,436	Leasehold of 20 years to 8 April 2033	2	12,824	20 December 2023
Jalan Kalibokor Selatan, 152 Surabaya, Indonesia	Office and warehouse	1,133	Leasehold of 5 years to 24 July 2026	43	673	31 December 2022
Jalan Hayam Wuruk No.45, Bandar Lampung, Indonesia	Office and warehouse	1,072	Leasehold of 20 years to 17 November 2036	8	946	5 May 2023
Apartment Serpong Greenview Tower Cottonwood	Apartment	16	Leasehold of 20 years to 10 Feb 2041	4	57	30 January 2021
Jalan Peundeuy, RT/RW 04/07, Desa Bojongsalam Kecamatan Rancaekek, Kabupaten Bandung, Indonesia	An industrial land with office, warehouse, guard house and electricity sub-station	16,492	Leasehold of 30 years to 1 October 2043	40	9,131	31 December 2024

GROUP CORPORATE DIRECTORY

LIST OF COMPANIES

Pharmaniaga Berhad	**Pristine Pharma Sdn. Bhd.**
Pharmaniaga Logistics Sdn. Bhd.	**Pharmaniaga Biomedical Sdn. Bhd.**
Pharmaniaga Marketing Sdn. Bhd.	**Pharmaniaga International Corporation Sdn. Bhd.**
Pharmaniaga Research Centre Sdn. Bhd.	**Pharmaniaga Pegasus (Seychelles) Co. Ltd.**
Paradigm Industry Sdn. Bhd.	**Bio-Collagen Technologies Sdn. Bhd.**

Address
No. 7, Lorong Keluli 1B, Kawasan Perindustrian
Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam,
Selangor Darul Ehsan
Tel : +603 3342 9999
Fax : +603 3341 7777

Mailing Address
P.O. Box 2030
Pusat Bisnes Bukit Raja, 40800 Shah Alam,
Selangor Darul Ehsan

Pharmaniaga Manufacturing Berhad
No. 11A, Jalan P/1
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel : +603 8925 7880
Fax : +603 8925 6177

Idaman Pharma Manufacturing Sdn. Bhd.
(Sungai Petani Branch)
Lot No. 24 & 25, Jalan Perusahaan 8
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah Darul Aman
Tel : +604 4213 011
Fax : +604 4215 731

Idaman Pharma Manufacturing Sdn. Bhd.
(Seri Iskandar Branch)
Lot 120, Taman Farmaseutikal
32610 Bandar Seri Iskandar
Perak Darul Ridzuan
Tel : +605 371 2020
Fax : +605 371 1940/1950

Pharmaniaga LifeScience Sdn. Bhd.
Lot 7, Jalan PPU 3
Taman Perindustrian Puchong Utama
47100 Puchong
Selangor Darul Ehsan
Tel : +603 8061 2006
Fax : +603 8061 2875

Pharmaniaga Logistics Sdn. Bhd.
(Seksyen 15, Shah Alam Branch)
Lot 49, No. 11, Jalan Ragum 15/17
Seksyen 15, 40200 Shah Alam
Selangor Darul Ehsan
Tel : +603 5512 0161
Fax : +603 5512 0281

Pharmaniaga Logistics Sdn. Bhd.
(Juru Branch)
1, 3 & 5, Lorong IKS Juru 8
Taman Perindustrian Ringan Juru
14100 Simpang Ampat Seberang Perai
Pulau Pinang
Tel : +604 686 1022
Fax : +604 508 3111

Pharmaniaga Logistics Sdn. Bhd.
(Kuching Branch)
Lot 1024, Block 7 Muara Tebas
Land District
Demak Laut Industrial Park
93050 Kuching, Sarawak
Tel : +6082 432 800
Fax : +6082 432 806

Pharmaniaga Logistics Sdn. Bhd.
(Kota Kinabalu Branch)
Lorong Kurma Kolombong
Industrial Centre
KM 9 Off Jalan Tuaran
88450 Kota Kinabalu, Sabah
Tel : +6088 439 188
Fax : +6088 437 288

PT Millennium Pharmacon International Tbk (HQ)
Crown Bungur Arteri 2-4th Floors
Jl. Sultan Iskandar Muda No. 18
Jakarta, 12240 Indonesia
Tel : +62-21 2708 5961
Fax : +62-21 2708 5958

PT Digital Pharma Andalan Indonesia
Crown Bungur Arteri 2-4th Floors
Jl. Sultan Iskandar Muda No. 18
Jakarta, 12240 Indonesia
Tel : +62-21 2708 5961
Fax : +62-21 2708 5958

PT Errita Pharma
(Bandung)
Jalan Peundeuy, RT/RW 04/07
Desa Bojongsalam
Kecamatan Rancaekek
Kabupaten Bandung, Indonesia
Tel : +62-22 7949 062/4
Fax : +62-22 7949 063

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh (27th) Annual General Meeting (AGM) of Pharmaniaga Berhad will be held on Wednesday, 18 June 2025 at 10.00 a.m. or any adjournment thereof at the Royale Ballroom, Level 2, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan for the purpose of transacting the following business:

AS ORDINARY BUSINESS

To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors. (Please refer to Explanatory Note 1)

1. To re-elect the following Directors who retire by rotation in accordance with Article 117 of the Company's Constitution and being eligible, offer themselves for re-election:

   i. Dr. Abdul Razak Ahmad **Resolution 1**
   ii. Izaddeen Daud **Resolution 2**
   iii. Mohammad Ashraf Md. Radzi **Resolution 3**

2. To re-elect the following Directors who retire in accordance with Article 123 of the Company's Constitution:

   i. Dato' Seri Abdul Razak Jaafar **Resolution 4**
   ii. Dr. Mary Jane Cardosa **Resolution 5**
   iii. Dato' Seri Dr. Hj. Awaludin Said **Resolution 6**

3. To approve payment of Directors' fees and meeting allowances for Pharmaniaga Berhad from 19 June 2025 until the conclusion of the next AGM of the Company. **Resolution 7**

4. To approve payment of meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Malaysia from 19 June 2025 until the conclusion of the next AGM of the Company. **Resolution 8**

5. To approve payment of Directors' fees and meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Indonesia from 19 June 2025 until the conclusion of the next AGM of the Company, at a remuneration to be determined by Pharmaniaga Berhad subsidiaries in Indonesia. **Resolution 9**

6. To approve the payment of benefits in kind payable to the Chairman and Directors from 19 June 2025 until the conclusion of the next AGM of the Company: **Resolution 10**

Description	Directors
Benefits in kind	Unlimited coverage of medical benefits and mileage

7. To re-appoint Messrs. Ernst & Young PLT as External Auditors of the Company and to hold office until the conclusion of the next AGM, at a remuneration to be determined by the Directors. **Resolution 11**

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

8. **ORDINARY RESOLUTION**
   AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **Resolution 12**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

"AND THAT pursuant to Section 85 of the Companies Act 2016, approval is hereby given to waive the statutory pre-emptive rights of shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016."

9. **ORDINARY RESOLUTION** **Resolution 13**
PROPOSED AUTHORITY TO PURCHASE ITS OWN SHARES BY THE COMPANY ("Proposed Share Buy-Back")

"THAT subject always to the Companies Act 2016, the Company's Constitution, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and any other relevant regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares through Bursa Malaysia and to do all acts and to take all such steps as they may deem necessary, to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time, subject further to the following:

(i) the aggregate number of shares to be purchased shall not exceed ten per cent (10%) of the issued share capital of the Company, provided that the Company continues to maintain a shareholding spread that complies with the requirements of the listing requirements after the share purchase;
(ii) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained profits of the Company for the time being;
(iii) the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends; and
(iv) the authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next AGM of the Company following the passing of this Ordinary Resolution unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

10. **ORDINARY RESOLUTION** **Resolution 14**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

"THAT, subject always to the Companies Act 2016 ("Act"), the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the mandate granted by the shareholders of the Company on 5 June 2024, authorising the Company and/or its subsidiaries to enter into recurrent transactions of a revenue or trading nature with the Related Parties as specified in Section 2.2 of the Circular to shareholders dated 29 April 2025, provided that the transactions are:

i. necessary for the day-to-day operations;
ii. carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
iii. are not to the detriment of the minority shareholders."

"AND THAT such approval shall continue to be in force until:

i. the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
ii. the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
iii. revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Shareholders' Mandate."

11. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

WAN INTAN IDURA WAN ISMAIL (LS0010668)
SSM PC No. 202008002336
SYARUZAIMI YUSOF (LS0010665)
SSM PC No. 202008002335

Secretaries

Selangor Darul Ehsan
29 April 2025

Explanatory Notes

1. Audited Financial Statements

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, shall not be put forward for voting.

2. Ordinary Resolutions 1 to 6 – Proposed Re-election of Directors in accordance with Article 117 and Article 123 of the Company's Constitution

Article 117 of the Company's Constitution provides amongst others that at least one-third of the Directors who are subject to the retirement by rotation or, if their number is not three (3) or multiple of three (3), the number nearest to one-third shall retire from office provided always that all Directors shall retire from office once at least every three (3) years and shall be eligible for re-election.

Directors who are standing for re-election pursuant to Article 117 of the Company's Constitution are as follows:

i. Dr. Abdul Razak Ahmad
ii. Izaddeen Daud
iii. Mohammad Ashraf Md. Radzi

The Nominating and Remuneration Committee ("NRC") of the Company has assessed the criteria and contribution of Dr. Abdul Razak Ahmad, Izaddeen Daud and Mohammad Ashraf Md. Radzi and recommended their re-election. The Board endorsed the NRC's recommendation that Dr. Abdul Razak Ahmad, Izaddeen Daud and Mohammad Ashraf Md. Radzi be re-elected as Directors of the Company.

Article 123 of the Company's Constitution provides amongst others that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with the Company's Constitution. Any Director so appointed shall hold office only until the conclusion of the next following AGM of the Company and shall then be eligible for re-election.

Directors who are standing for re-election pursuant to Article 123 of the Company's Constitution are as follows:

i. Dato' Seri Abdul Razak Jaafar
ii. Dr. Mary Jane Cardosa
iii. Dato' Seri Dr. Hj. Awaludin Said

The profiles of the Directors who are standing for re-election are set out on pages 148, 150, 151, 152, 157 and 158 of the Integrated Report 2024 and published on the Company's website, **www.pharmaniaga.com**. Details of their interests in securities are set out on page 319 of the Integrated Report 2024.

3. Ordinary Resolutions 7, 8 and 9 – Non-Executive Directors' Remuneration

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In respect of this, the Board wishes to seek shareholders' approval for the payment of Directors' fees and meeting allowances payable to Non-Executive Directors of Pharmaniaga Berhad from 19 June 2025 until the conclusion of the next AGM of the Company in three (3) separate resolutions as set out below:

Ordinary Resolution 7 seeks approval for payment of Directors' fees and meeting allowances for Pharmaniaga Berhad.

Pharmaniaga Berhad

		Directors' Fees (annual) (RM)	Meeting Allowance (per meeting) (RM)
Board	Chairman	170,000	1,500
	Senior Independent Non-Executive Director	120,000	1,000
	Independent Non-Executive Director	90,000	1,000
	Non-Independent Non-Executive Director	90,000	1,000
Audit Committee	Chairman	30,000	1,500
	Member	20,000	1,000
Other Board Committees	Chairman	5,000	1,500
	Member	3,000	1,000

Ordinary Resolution 8 seeks approval for payment of meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Malaysia.

Subsidiaries of Pharmaniaga Berhad in Malaysia

	Meeting Allowance (per meeting) (RM)
Chairman	1,500
Member	1,000

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 9 seeks approval for payment of Directors' fees and meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Indonesia, at a remuneration to be determined by Pharmaniaga Berhad subsidiaries in Indonesia.

4. **Ordinary Resolution 10 – Director's Remuneration Framework**

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at the general meeting.

Ordinary Resolution 10 seeks approval for payment of benefits in kind payable to the Chairman and Directors of Pharmaniaga Berhad from 19 June 2025 until the conclusion of the next AGM of the Company comprising the following, with or without modifications:

Description	Directors
Benefits in kind	Unlimited coverage of medical benefits and mileage

5. **Ordinary Resolution 11 – Re-appointment of Auditors**

The Board and Audit Committee of the Company are satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the External Auditors, Messrs. Ernst & Young PLT in carrying out their functions. Being satisfied with the External Auditors' performance, the Board recommends the re-appointment of the External Auditors' for shareholders' approval at the Twenty-Seventh (27^{th}) AGM.

6. **Explanatory Notes to Special Business**

(a) **Ordinary Resolution 12 – Authority for Directors to Allot and Issue Shares**

Ordinary Resolution 12, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM.

The authority will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

This is the renewal of the mandate obtained from the shareholders at the last AGM held on 5 June 2024 ("Previous Mandate").

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 10 of the Constitution will allow Directors of the Company to issue new shares of the Company which rank equally to existing shareholders of the Company prior to issuance of new shares in the Company under general mandate.

(b) **Ordinary Resolution 13 – Proposed Share Buy-Back**

Ordinary Resolution 13, if passed, will empower the Directors of the Company from the date of this AGM, the authority to purchase up to ten per cent (10%) of the total issued share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 29 April 2025 for further details.

(c) **Ordinary Resolution 14 – Recurrent Related Party Transactions**

Ordinary Resolution 14, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company ("Mandate"). Further information on the Mandate is set out in the Circular to Shareholders dated 29 April 2025.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 11 June 2025. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who hold ordinary shares in the Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the AGM, and that such proxy need not be a Member.

3. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing, or if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.

5. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) In hard copy form
    In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

    (ii) By electronic form
    The Proxy Form can be electronically lodged with the Company's Share Registrar via TIIH Online at **https://tiih.online**. Please follow the procedures set out in the Administrative Notes for the AGM.

6. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the AGM will be put to vote on a poll.

ADMINISTRATIVE NOTES

FOR THE TWENTY-SEVENTH ANNUAL GENERAL MEETING OF PHARMANIAGA BERHAD

Date	: Wednesday, 18 June 2025	**Time**	: 10.00 a.m.
Meeting Venue	: Royale Ballroom, Level 2, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan		

REGISTRATION

- Registration will start at 8:00 a.m. and end at a time as directed by the Chairman of the Meeting. Shareholders are encouraged to come early.

- To register for the meeting, you are required to queue at the designated meeting room according to the signage displayed on that day.

- Please present your ORIGINAL MyKad and not a photocopy or photograph, during registration for verification purposes. Please note that no person will be allowed to register on behalf of another even with the original MyKad of the said person. Upon verification and registration:

  (i) Please sign on the Attendance List; and

  (ii) You will also be given an identification wristband with passcode (for poll voting purpose). If you are attending the Meeting as a shareholder and a proxy, you will be registered once and will only be given one identification wristband to enter the Meeting Hall. No person will be allowed to enter the Meeting Hall without wearing the identification wristband. There will be no replacement in the event that you lose/misplace the identification wristband.

- The Company will not be responsible for any loss of MyKad.

- The registration counter will only handle verification of identity and registration of attendance.

- A Help Desk will be available for any other enquiries/assistance/revocation of proxy's appointment.

PROXY

- A member of the Company is entitled to appoint more than one proxy, to attend and vote at the same meeting in his/her/their stead, provided that the member specifies the proportion of his shareholdings to be represented by each proxy.

- A shareholder and his/her appointed proxy cannot attend the Meeting at the same time. The shareholder must revoke the appointment of the proxy if he/she wishes to attend the Meeting himself/herself.

- If you wish to attend the Meeting yourself, please do not submit any Proxy Form.

- If you have submitted your Proxy Form prior to the Meeting and subsequently decided to attend the Meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.

- Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the AGM will be put to vote on a poll.

- The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing, or if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.

- The instrument appointing a proxy and the power of attorney or other authority (if any) whether in hard copy form or electronic means shall be deposited or submitted in the following manner not later than Monday, 16 June 2025, at 10.00 a.m.

  (i) In hard copy form

  By hand or post to the office of the Company's Share Registrar, **Tricor Investor & Issuing House Services Sdn. Bhd.**, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively to be deposited in the Drop Box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

You may also submit your proxy appointment electronically via TIIH Online website at **https://tiih.online**. Please do read and follow the procedures below to submit proxy form electronically.

ELECTRONIC LODGEMENT OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at **https://tiih.online**. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: **"PHARMANIAGA BERHAD 27TH AGM - SUBMISSION OF PROXY FORM"**. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. Steps for Corporate or Institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at **https://tiih.online**. • Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
Proceed with submission of form of proxy	• Login to TIIH Online at **https://tiih.online**. • Select the corporate event: **PHARMANIAGA BERHAD 27TH AGM - SUBMISSION OF PROXY FORM".** .• Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: **"PHARMANIAGA BERHAD 27TH AGM - SUBMISSION OF PROXY FORM"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

ADMINISTRATIVE NOTES

VOTING PROCEDURE

- The voting at the Meeting will be conducted by poll voting in accordance with the Provision of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting (e-voting) and an independent scrutineer will be appointed to verify the poll results.
- E-voting for each of the resolutions as set out in the Notice of Meeting will take place only upon the conclusion of the deliberations of all the businesses transacted at the Meeting. At this juncture, the registration for attendance will be closed, to facilitate commencement of Poll Voting.
- The attendees at the Meeting will be briefed and guided by the Poll Administrator before the commencement of the voting process.
- E-voting facilities/devices will be made available at the polling stations. However, shareholders may opt to use their smartphone/tablet for voting, should it be more convenient.
- The voting at the AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Company has appointed Tricor to conduct the poll voting electronically (“e-voting”) via Tricor e-Vote application (“Tricor e-Vote App”).

VOTING USING YOUR OWN SMARTPHONE DEVICE

- Shareholders and proxy holders (voters) are advised to download Tricor e-Vote App into their smartphone/tablets before attending the meeting.
- Tricor e-Vote app download is available at no cost from Google Play Store or Apple App Store.
- If you require assistance on how to download the Tricor e-Vote app, please contact Tricor representatives as stated in Enquiry detail.
- Please refer to the guide on HOW TO DOWNLOAD TRICOR E-VOTE below.
- In order to access/use Tricor e-Vote app, shareholders and proxies need to connect to the Wi-Fi network provided by Tricor during the voting session:

Wi-Fi Name	: Tricor_eVote
Password	: PHARMA7081

ACCESS TO TRICOR E-VOTE APP

- You will be required to use the camera function of your device to scan the passcode on the identification wristband to access Tricor e-Vote app.
- Detailed instruction on how to vote will be provided in the meeting before the start of the voting session.

RESULTS OF THE VOTING

- The resolutions proposed at the AGM and the results of the voting will be announced at the AGM and subsequently via an announcement made by the Company through Bursa Malaysia at **www.bursamalaysia.com**.

REFRESHMENT

- Light refreshments will be served **before** the commencement of the 27th AGM. Please redeem the light refreshment at the designated area, using the meal voucher issued to you during registration.

  (a) One (1) meal for a shareholder present in person.
  (b) For a shareholder who appoints more than one (1) proxy, meal voucher will only be provided to the first two (2) proxies stated in the proxy form.
  (c) If you are a proxy representing more than one shareholder, you are entitled to one (1) meal voucher only.
  (d) If you are a shareholder and also appointed as proxy by another shareholder, you are entitled to one (1) meal voucher only.
  (e) If the proxy/proxies has/have obtained the meal voucher earlier, shareholder(s) who decided to attend and request to revoke the proxy appointment will not be given any meal voucher.

RECORD OF DEPOSITORS

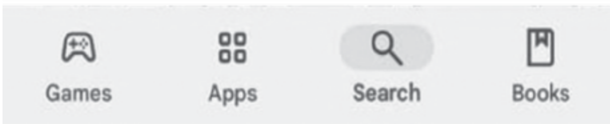
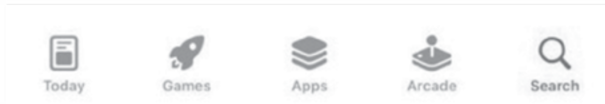
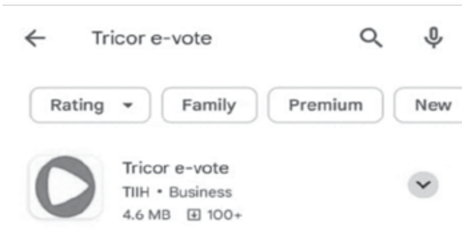
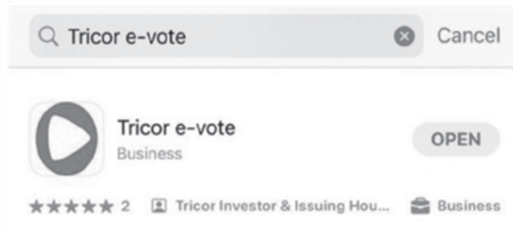
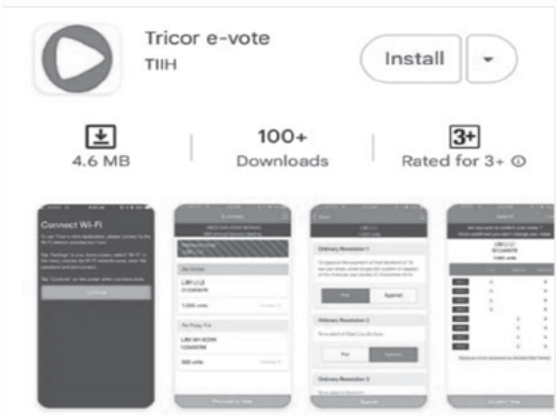
- For the purpose of determining who shall be entitled to participate in the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors of the Company as at 11 June 2025. Only members registered in this Record of Depositors of the Company shall be entitled to participate in the AGM.

ENQUIRY

- If you have any enquiry on the above, please contact the following during office hours from Monday to Friday between 8.30 a.m. to 5.30 p.m. (except on public holidays):

  Tricor Investor & Issuing House Services Sdn. Bhd.
  General Line : +603-2783 9299
  Fax Number : +603-2783 9222
  Email : **is.enquiry@vistra.com**

HOW TO DOWNLOAD TRICOR E-VOTE

How to download Tricor e-Vote from Google Play Store (Android) - Minimum version of Android 7.0.0 or later	How to download Tricor e-Vote from Apple App Store (IOS) - Minimum version of IOS 9.0 or later
1. Locate the Play Store icon and tap on it to open	1. Open the App Store application
2. Tap the Search icon at the bottom of the screen 	2. Tap the Search icon at the bottom of the screen. 
3. Type in the name of the app: “Tricor e-Vote”, into the menu bar and search 	3. Enter the app name: “Tricor e-vote” and tap Search. 
4. Tap the icon and click the install button to start downloading. You will be prompted to provide certain device permissions for the installation to continue, if any. 	4. Tap the icon and click the install button 
5. Once the download and installation are completed, you can tap the Open button in the Play Store listing or tap the icon from the notification tray to open your app. Otherwise, the app will be accessible by tapping the Apps icon at the bottom of your home screen, assuming an icon hasn't already been put on your home screen.	5. Once the download and installation are completed, you can tap the Open button in the App Store listing. Otherwise, the app will be accessible by tapping the Apps icon at your home screen.

This page is intentionally left blank.

pharmaniaga®
(A member of Boustead Group)

REQUISITION FORM

Registration No. 199801011581 (467709-M))
(Incorporated in Malaysia)

Dear Shareholders,

This year, we extend our sustainability efforts by embracing electronic communication. Please join us in our commitment to long-term sustainability by viewing and downloading the following from our website at **www.pharmaniaga.com**. The same are also available on Bursa Malaysia Securities Berhad's website at **www.bursamalaysia.com** under Company Announcements.

- Notice of 27th Annual General Meeting
- Proxy Form
- Recurrent Related Party Transactions (RRPT) Circular
- Administrative Notes

As part of the Group's efforts to reduce its environmental impact, we do not encourage circulation of hardcopy of the Integrated Report 2024 to the shareholders. However, should you require a printed copy of the Integrated Report 2024, please submit your request at **https://tiih.online** by selecting "**Request for AnnualReport/Circular**" under "**Investor Services**". Alternatively, you may forward your request to our **Share Registrar** by completing this **Requisition Form**. The Integrated Report 2024 will be sent to you by post as soon as reasonably practicable upon receipt of the Requisition Form. Kindly contact **Tricor** at **03-2783 9299** or **is.enquiry@vistra.com** for any further assistance.

Scan to view or download the Integrated Report and documents online

Find more information online at **www.pharmaniaga.com**

Forward this Requisition Form to Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, please scan or snap a photo of this form and email it to **is.enquiry@vistra.com**

Name : ______________________________

Address : ______________________________

____

____

NRIC No. : ______________________________

CDC Account No. : ______________________________

Contact No. : ______________________________

FOLD HERE

AFFIX
STAMP

The Share Registrar
PHARMANIAGA BERHAD
(Registration No: 199801011581 (467709-M))
C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

FOLD HERE

pharmaniaga®
(A member of Boustead Group)

Registration No. 199801011581 (467709-M))
(Incorporated in Malaysia)

PROXY FORM

I/We ____
(Full Name in Block Letters and NRIC No./Passport No./Company No.)

of ____________________________________ and ____________________________
(Address) (Tel. No./Email Address)

being a member/members of Pharmaniaga Berhad (the "**Company**"), hereby appoint

Full Name and Address (in Block Letters)	NRIC No./Passport No.	No. of Shares	% of shareholding

*and

Full Name and Address (in Block Letters)	NRIC No./Passport No.	No. of Shares	% of shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company, to be held on Wednesday, 18 June 2025 at 10.00 a.m. or at any adjournment thereof at the Royale Ballroom, Level 2, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on the following resolutions referred to in the Notice of the Annual General Meeting.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No	Resolution	Ordinary	For	Against
1	Re-election of Dr. Abdul Razak Ahmad	Resolution 1		
2	Re-election of Izaddeen Daud	Resolution 2		
3	Re-election of Mohammad Ashraf Md. Radzi	Resolution 3		
4	Re-election of Dato' Seri Abdul Razak Jaafar	Resolution 4		
5	Re-election of Dr. Mary Jane Cardosa	Resolution 5		
6	Re-election of Dato' Seri Dr. Hj. Awaludin Said	Resolution 6		
7	Approval of Directors' fees and meeting allowances for Pharmaniaga Berhad from 19 June 2025	Resolution 7		
8	Approval of meeting allowances to Directors' for directorship in Pharmaniaga Berhad subsidiaries in Malaysia from 19 June 2025	Resolution 8		
9	Approval of Directors' fees and meeting allowances to Directors' for directorship in Pharmaniaga Berhad subsidiaries in Indonesia from 19 June 2025	Resolution 9		
10	Approval of payment of Chairman and Directors' benefits in kind from 19 June 2025	Resolution 10		
11	Re-appointment of Messrs. Ernst & Young PLT as External Auditors	Resolution 11		
12	Approval for Directors to allot and issue shares	Resolution 12		
13	Authority to purchase its own shares by the Company	Resolution 13		
14	Renewal of shareholders' Mandate for Recurrent Related Party Transactions	Resolution 14		

Signed this ____________ day of __________ 2025.

____
Signature of Shareholder(s)/ Common Seal
* Strike out whichever is not desired.

No. of ordinary shares held:	
CDS account no.of authorised nominee:	
Proportion of shareholdings to be represented by proxies	First Proxy: ____________ %
	Second Proxy: __________ %
Total	

Notes

1. If shareholders wish to appoint as a proxy some person other than the Chairman of the Meeting, please insert in block letters the full name and address of the person of your choice and initial the insertion at the same time deleting the words “the Chairman of the Meeting”. A proxy need not be a member of the Company but must attend the Meeting in person to vote. Please indicate with an “X” in the appropriate box how you wish your vote to be cast in respect of each resolution.
2. For the purpose of determining who shall be entitled to participate in the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors of the Company as at 11 June 2025. Only members registered in the Record of Depositors of the Company shall be entitled to participate in the AGM.
3. A member of the Company entitled to participate in the AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company entitled to attend and vote at a general meeting of the Company may appoint not more than two proxies to participate at the AGM. Where a member appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, should be deposited at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than Monday, 16 June 2025, at 10.00 a.m.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the AGM of the Company shall be put to vote by way of a poll.

Personal Data Privacy

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM of the Company or any adjournment thereof.

FOLD HERE

AFFIX STAMP

The Share Registrar
PHARMANIAGA BERHAD
(Registration No: 199801011581 (467709-M))
C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

FOLD HERE

PHARMANIAGA BERHAD
199801011581 (467709-M)

No. 7, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan,
Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia

(T) +603 - 3342 9999
(F) +603 - 3341 7777

www.pharmaniaga.com