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MEDIA RELEASE

**PHARMANIAGA NET EARNINGS GREW BY 16.1%
IN FIRST HALF 2004**

In its second quarter financial announcement released today, Pharmaniaga Berhad reported an increase in its net earnings by 16.1% to RM23.3 million for the year to-date. Pharmaniaga attributed the higher net earnings to the strong growth in its turnover for the period.

The Group turnover increased 19.4% this year to RM369.9 million compared to only RM309.8 million registered during the same period in 2003. Non-concession sales to MOH more than doubled this year with the additional tenders awarded, the major one being the 2-year contract to supply vaccine worth RM49.0 million. In addition to that, other Government Institutions and private sector markets showed a combined growth of 63.8%. Also contributing to the top line growth was the higher revenue recognized on hospital equipping projects this year.

Concession sales for the period contributed 65% of the Group's total revenue, compared to 78% a year ago.

In the second quarter this year, Pharmaniaga secured a USD4.2 million contract to supply pharmaceuticals and medical items to Iraq, which would further boost the revenue for the year.

Key performance indicators of the Pharmaniaga Group for the first half of 2004 reflected improvement in Group's performance. Return on total gross assets was higher at 21.6% compared to 20.6% as at 31 December 2003. The capital position remained strong with

the Group shareholders' funds growing by 6.9% to close at RM258.4 million at the end of the second quarter.

Commenting on the Company's prospects for the year, the Directors are optimistic that the results for year 2004 will continue to improve.

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ABOUT PHARMANIAGA BERHAD

Pharmaniaga Berhad is Malaysia's leading pharmaceuticals group and a member of the UEM Group. The company is driven by its core businesses in generic pharmaceuticals R&D and manufacturing, warehousing and distribution of pharmaceutical and medical products, sales & marketing, as well as hospital equipping provision of turnkey contract services. Pharmaniaga has also created a niche in healthcare IT solutions which forms the backbone of its operations.