pharmaniaga
Pharmaniaga Berhad

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MEDIA RELEASE

PHARMANIAGA DOUBLED ITS EARNINGS IN 2007

Shah Alam, 27 February 2008 - Leading local pharmaceutical manufacturer and distributor, Pharmaniaga closed the curtain of 2007 with commendable figures. The Group's revenue for the fourth quarter ended 31 December 2007 increased by 9.7% (RM292.8 million) over that of the corresponding period last year (RM266.9 million). The increase in revenue arose from higher sales to government hospitals and higher contribution from its Indonesian subsidiary.

Overall, the Group's revenue for the year grew by 11.9% (RM1.2 billion) over last year's performance (RM1.1 billion). According to Pharmaniaga Managing Director, Mohamad Abdullah, the increase in revenue was mainly contributed by the higher concession sales to government hospitals and private sector sales and revenue from its Indonesian subsidiary.

The Group also staged a huge turnaround in profit before taxation registering a growth of more than 100% (RM23.6 million) for the final quarter of 2007 as compared to the same quarter last year (loss before taxation of RM0.7 million). The Group's profit before taxation for the year also rose by more than 100% (RM77.9 million) compared to last year's performance (RM27.2 million).

"This was mainly due to higher revenue, improvement in gross profit margin and lower depreciation charges", Mohamad said. Moreover, in the final quarter of 2006 there was a provision for impairment in respect of its China investment of RM21.5 million but partially offset by a gain of RM7.3 million on disposal of 70% equity stake in one of its subsidiary.

The Group has also achieved the main headline Key Performance Indicators ("KPIs") of Return on Equity ("ROE") by registering 15% against its KPI of 14%. However, the Revenue growth KPI of 35% was challenged by the lesser than expected growth in government sales, non materialisation of new hospital equipping projects and distributorship business coupled with adverse foreign currency translation impact from the weakening of Indonesian Rupiah.

Mohamad believed that the Group will grow the international market despite the competitive market conditions. To support this, the Group will enhance its efforts in implementing aggressive marketing strategies, increase in production capacity to achieve better economies of scales as well as further improvement in product quality, cost containment and operational efficiencies. In view of the above, the company has set a stretched KPI for revenue growth and ROE of 20% and 18% respectively for 2008.

"We are clearly focused on business expansion, improving profitability, productivity and efficiency and ultimately enhancing value to shareholders and stakeholders", Mohamad concluded.

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ABOUT PHARMANIAGA BERHAD

Pharmaniaga Berhad, a member of the UEM Group, is an investment holding company listed in the Main Board of Bursa Malaysia. The Pharmaniaga Group's core businesses are generic pharmaceuticals manufacturing, research and development, marketing and sales, warehousing and distribution of pharmaceutical and medical products as well as supply, trading and installation of medical and hospital equipment.

With a vision to be the premier Malaysian pharmaceuticals company, Pharmaniaga is guided by its philosophy of 'doing business with a conscience' and empowered by its mission of **enriching life together**.

Already operating in 38 sites across 3 countries (Malaysia, Indonesia & Vietnam) the Pharmaniaga Group is poised to be a regional player in the international pharmaceuticals arena.

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