

Pharmaniaga Berhad (467709-M)

No.7, Lorong Keluli 1B
Kawasan Perindustrian Bukit Raja Selatan
Seksyen 7, 40000 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : 03-3342 9999 Fax : 03-3341 7777


(A member of UEM Group)

100%
COMMITMENT

With unwavering
commitment to
our goals,
we accelerated
growth through
the challenges
of 2008...
and will continue
to do so

2008 was a year of global economic challenges but Pharmaniaga resiliently kept up its pace of growth without a break in stride, without cutting corners and above all without compromising its values. This was due to our unwavering commitment to our strategy of transformation and growth. The challenges for 2009 continue to mount, but it is a task we are primed and ready to face. With our expertise at hand, strategies in place, and our people in sync Pharmaniaga Group is determined to keep track of our vision and lead the way as the preferred name in healthcare.

Remaining
Resilient to
challenges



Staying true
to Our Values



Keeping up
the Pace



100%
COMMITMENT





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Anatomy of Organisation

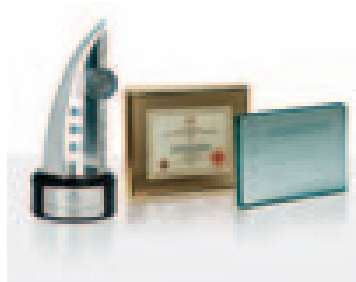
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Proxy Form



Vision & Mission

Vision

The preferred pharmaceutical brand in regional markets.

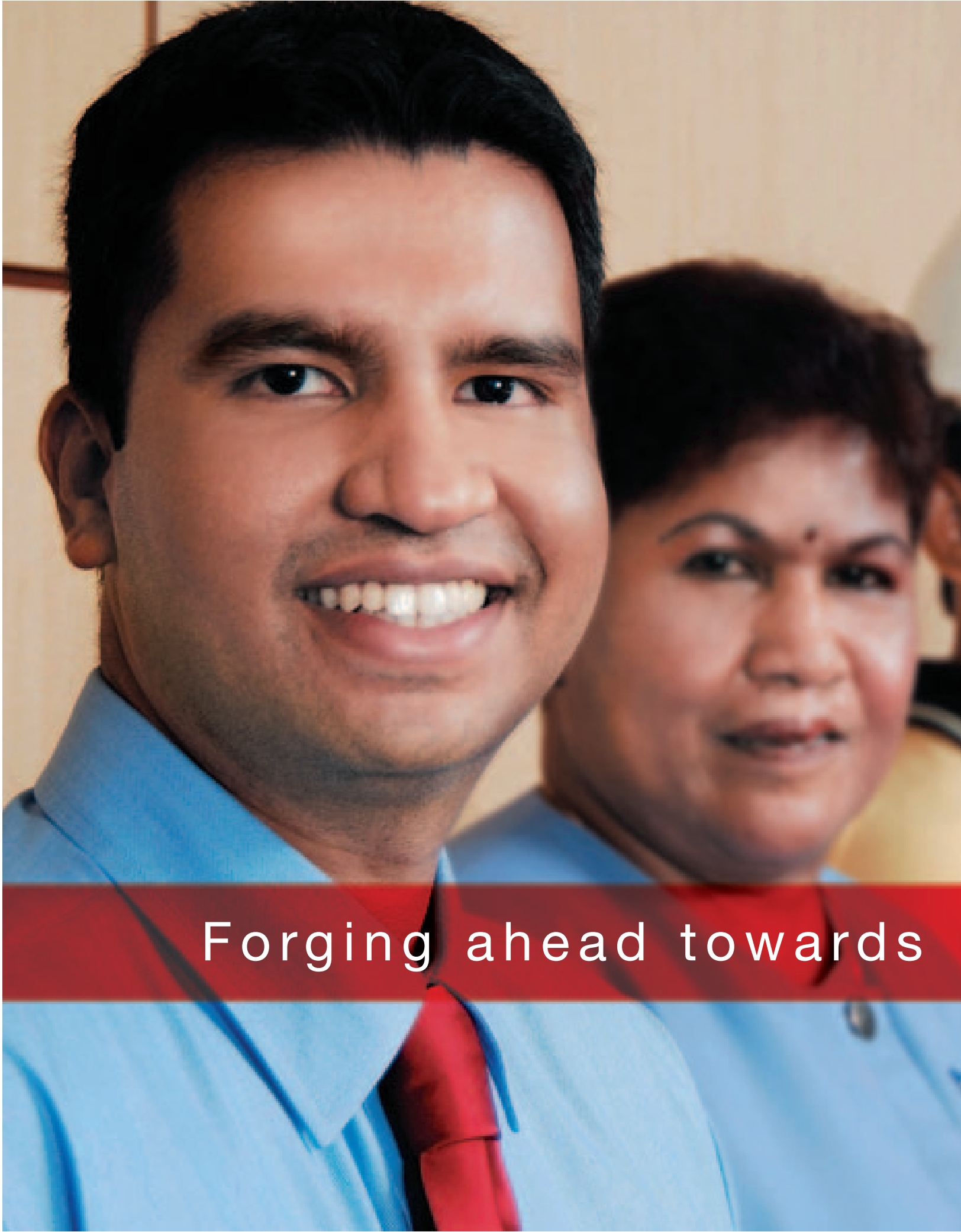
Mission

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

Company Profile

Pharmaniaga group at a glance

- An investment holding company and its core business involves generic pharmaceuticals.
- Incorporated on 21 August 1998.
- First local healthcare company to be listed on Bursa Malaysia Securities Bhd (Bursa Malaysia).
- Listed on the Second Board of Bursa Malaysia on 12 November 1999 with a paid up capital of RM50 million, migrated to the Main Board on 13 March 2003 with an increased paid up capital of RM100 million.
- Principal activities - logistics and distribution, sales and marketing, research and development and manufacturing of generic pharmaceuticals; supply of medical products and services; hospital equipping.
- A member of the UEM Group, which gained the status of a Government Linked Company (GLC).
- Pharmaniaga Logistics Sdn Bhd, a wholly owned subsidiary, holds a 15 year concession to supply and distribute pharmaceutical and medical products to hospitals and medical institutions under the Ministry of Health (MOH) Malaysia.
- Acquired a 55% stake in an Indonesian distribution company, PT Millennium Pharmacon International Tbk (MPI) in December 2004. MPI handles 18 principals, and has 27 branches, 5 sub distributors and 14 sales stations.
- Strong international presence in Vietnam, Brunei, Indonesia, Singapore, Papua New Guinea, Fiji, Myanmar, Cambodia, Hong Kong, the Philippines, Zimbabwe, Sudan, Sri Lanka, Kenya, Iraq and Macau.
- Enlist a capacity of 2,000-strong staff force.



Forging ahead towards



scaling greater heights...

NO COMPROMISE!



2008 Financial Highlights

Turnover RM1,305.6 million	Profit before taxation RM90.6 million	Earnings per share 56.12 sen	Dividend Final gross dividend of 27.0 sen per share, less taxation of 25%
-------------------------------------------------------	----------------------------------------------------------------------------	---------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------

Enhancing Value to Shareholders

		2008	2007	2006	2005	2004
Turnover	RM'000	1,305,646	1,183,983	1,057,868	936,431	799,991
Net profit for the year	RM'000	60,031	50,080	12,481	26,902	50,835
EBITDA margin	%	8.8	8.9	5.7	7.8	13.2
Dividend rate	%	27.0	18.0	15.0	15.0	15.0
Growth in turnover	%	10.3	11.9	13.0	17.1	26.5
Growth in net profit	%	19.9	301.2	(53.6)	(47.1)	24.7
Dividend payout	RM'000	21,396	19,253	16,044	16,043	15,312
Year end share price	RM	3.52	3.22	4.08	4.96	5.80

Financial Calendar

FINANCIAL YEAR END	31 December 2008	
ANNOUNCEMENT OF RESULTS First quarter Second quarter Third quarter Fourth quarter	28 May 2008 14 August 2008 24 November 2008 26 February 2009	
DIVIDEND Final - Recommendation - Record date - Payment date	26 February 2009 9 June 2009 2 July 2009	
HEADLINE KEY PERFORMANCE INDICATORS (%)		
	2008 Target	2008 Achieved
Revenue Growth	20%	10%
Return on Equity	18%	16%



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 11th Annual General Meeting of **PHARMANIAGA BERHAD (467709-M)** (the Company) will be held at Zamrud Ballroom, The Saujana Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 26 May 2009 at 10.30 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1 To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon. | |
| 2 To declare a Final Gross Dividend of 27 sen per ordinary share less 25 percent income tax for the financial year ended 31 December 2008 as recommended by the Directors. | Resolution 1 |
| 3 To re-elect the following Directors retiring in accordance with Article 88 of the Company's Articles of Association and, who being eligible, offer themselves for re-election: | |
| a Datuk Sulaiman bin Daud | Resolution 2 |
| b Oh Kim Sun | Resolution 3 |
| c Dato' Wira Prof. Ir. Dr. Mohammad Noor bin Hj. Salleh | Resolution 4 |
| 4 To approve the payment of Directors' Fees in respect of the financial year ended 31 December 2008. | Resolution 5 |
| 5 To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 6 |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications:

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 6 Ordinary Resolution | Resolution 7 |
| Authority to issue shares pursuant to section 132D of the Companies Act 1965 | |
| <p>"THAT pursuant to Section 132D of the Companies Act 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed 10 per cent of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company".</p> | |

7 Ordinary Resolution

Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

“THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the shareholders' mandate for the Company and/or its subsidiaries (Pharmaniaga Group) to enter into and give effect to specified recurrent transactions of a revenue or trading nature with specified classes of Related Parties (as defined in the Listing Requirements of Bursa Malaysia Securities Berhad and as specified in Section 2.2 of the Circular to Shareholders dated 30 April 2009) which are necessary for the day to day operations of the Pharmaniaga Group and the transactions are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year and such approval conferred shall continue to be in force until:

- a the conclusion of the next Annual General Meeting (AGM) of the Company following the forthcoming AGM at which such Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or
- b the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- c revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions authorised by this Ordinary Resolution”.

- 8 To transact any other business for which due notice shall have been given.

Resolution 8



Notice of Annual General Meeting (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the 11th Annual General Meeting to be held on Tuesday 26 May 2009, a final gross dividend of 27 sen per ordinary share less 25% Malaysian Income Tax for the financial year ended 31 December 2008 will be paid on 2 July 2009 to Depositors registered in the Record of Depositors at the close of business on 9 June 2009.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a securities transferred to the Depositor's securities account before 4.00 p.m. on 9 June 2009 in respect of ordinary transfers; and
- b securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

WONG LEE LOO (MAICSA 7001219)

NORHANA BINTI OTHMAN (LS 0008547)

Company Secretaries

Kuala Lumpur
30 April 2009

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 7 - Authority to issues shares pursuant to section 132D of the Companies Act 1965

This proposed Ordinary Resolution, if passed, will empower the Directors of the Company to issue and allot shares from time to time up to a maximum of 10% of the issued share capital of the Company as at the date of this Annual General Meeting and for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

Resolution 8 - Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

This proposed Ordinary Resolution, if passed, will authorise the Company and/or its subsidiaries to continue entering into the specified recurrent related party transactions of a revenue or trading nature with related parties, particulars of which are set out in Section 2.2.1 of the Circular to Shareholders dated 30 April 2009 circulated together with this Annual Report. These authorities, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

Notes

Registration of Members/Proxies

Registration of Members/Proxies attending the Meeting will be from 9.30 a.m. on the day of the Meeting. Members/Proxies are required to produce identification documents for registration.

Proxy

- 1 A member of the Company entitled to be present and vote at the Meeting may appoint a proxy to vote instead of him. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act 1965 need not be complied with.
- 2 The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney or by an officer on behalf of the corporation.
- 3 Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act 1991, he may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- 4 The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Company's share registrar, Symphony Share Registrars Sdn Bhd, 26th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof. The Annual Report and Form of Proxy are available for access and download at the Company's website at www.pharmaniaga.com.



Statement Accompanying Notice of AGM

Statement Accompanying Notice of the 11th Annual General Meeting pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1 NAMES OF THE DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING:

Directors retiring pursuant to Article 88 of the Articles of Association:

- a Datuk Sulaiman bin Daud
- b Oh Kim Sun
- c Dato' Wira Prof. Ir. Dr. Mohammad Noor bin Hj. Salleh

2 BOARD MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

A total of 6 meetings were held during the financial year ended 31 December 2008 in which 5 were Ordinary Board Meetings while another one (1) was Special Board Meeting (*).

Date	Time	Venue
27 February 2008	3.30 p.m.	Meeting Room, Pharmaniaga LifeScience Sdn Bhd Lot 7, Jalan PPU 3, Taman Perindustrian Puchong Utama 47100 Puchong, Selangor Darul Ehsan
4 April 2008	3.30 p.m.	Meeting Room, UEM Leadership Center No 5 Jalan 217, Off Jalan Templer 46050 Petaling Jaya, Selangor Darul Ehsan
28 May 2008	2.30 p.m.	Boardroom, Pharmaniaga Berhad, No 7, Lorong Keluli 1B Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7 40000 Shah Alam, Selangor Darul Ehsan
14 August 2008	2.30 p.m.	Boardroom, Pharmaniaga Berhad, No 7, Lorong Keluli 1B Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7 40000 Shah Alam, Selangor Darul Ehsan
*20 October 2008 (Special)	3.00 p.m.	The Saujana Kuala Lumpur, Saujana Resort Jalan Lapangan Terbang SAAS 40150 Shah Alam, Selangor Darul Ehsan
24 November 2008	3.30 p.m.	Boardroom, Pharmaniaga Berhad, No 7, Lorong Keluli 1B Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7 40000 Shah Alam, Selangor Darul Ehsan

3 DETAILS OF ATTENDANCE AT BOARD MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Directors' commitment, resources and time allocated to the Company are evident from the attendance record which well surpassed the 50% attendance requirements of Bursa Malaysia Securities Berhad as tabulated below:

Name of Director	No of meetings attended	Percentage of attendance (%)
Dato' Mohamed Azman bin Yahya	6/6	100.00
Mohamad bin Abdullah	6/6	100.00
Datuk Sulaiman bin Daud	6/6	100.00
Dato' Ahmad Pardas bin Senin	5/6	83.33
YM Dato' Raja Nong Chik bin Dato' Raja Zainal Abidin	6/6	100.00
Ismael Fariz bin Ali	4/6	66.67
Dato' Wira Prof. Ir. Dr. Mohammad Noor bin Haji Salleh	6/6	100.00
Oh Kim Sun	6/6	100.00

4 DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

Date : Tuesday, 26 May 2009

Time : 10.30 a.m.

Place : Zamrud Ballroom, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS
40150 Shah Alam, Selangor Darul Ehsan

5 FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The details of the 3 Directors seeking re-election are set out in their respective profiles which appear in the Profile of Directors on pages 32 to 35 of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings on page 195 to 197 of this Annual Report.



Corporate Information

NO	NAME	POSITION	AUDIT COMMITTEE	NOMINATION COMMITTEE	RISK MANAGEMENT COMMITTEE	ESOS COMMITTEE	INVESTMENT COMMITTEE
1.	Dato' Mohamed Azman bin Yahya	Non-Independent Non-Executive Chairman					
2.	Mohamad Bin Abdullah	Managing Director			●	●	●
3.	Datuk Sulaiman Bin Daud	Senior Independent Non-Executive Director	●	●	●		●
4.	Dato' Ahmad Pardas Bin Senin	Non-Independent Non-Executive Director		●		●	
5.	YM Dato' Raja Nong Chik Bin Dato' Raja Zainal Abidin	Independent Non-Executive Director	●				
6.	Ismael Fariz Bin Ali	Non-Independent Non-Executive Director					●
7.	Dato' Wira Prof. Ir. Dr. Mohammad Noor Bin Hj. Salleh	Independent Non-Executive Director	●	●	●	●	
8.	Oh Kim Sun	Non-Independent Non-Executive Director					●
9.	Stephen Sze Kwong Yew	Chief Operating Officer			●	●	
10.	Abd Rahman Bin Abdullah Thani	President Director, MPI			●		
11.	Ramlan Bin Abdul Rahman	Senior General Manager, Group Corporate Services			●		

● Chairman ● Member

COMPANY SECRETARIES

1. Wong Lee Loo (MAICSA 7001219)
2. Norhana binti Othman (LS0008547)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board Trading/Services

REGISTERED ADDRESS

19-2 Mercu UEM, Jalan Stesen Sentral 5
Kuala Lumpur Sentral, 50470 Kuala Lumpur
Tel: +603 - 2727 6868 Fax: +603 - 27276856

AUDITORS

PricewaterhouseCoopers (AF 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
26th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: +603 - 2721 2222 Fax: +603 - 2721 2530

SOLICITORS

Zaid Ibrahim & Co.
Shahrizat Rashid & Lee
Ainul Azam & Co.
Shook Lin & Bok
Sreenevasan Advocates & Solicitors
Gananathan Loh
Hing & Alvin Advocates & Solicitors
Rastam Singa & Co.

PRINCIPAL BANKERS

CIMB Bank Berhad
Standard Chartered Bank Malaysia Berhad
HSBC Bank Malaysia Berhad

BUSINESS ADDRESS

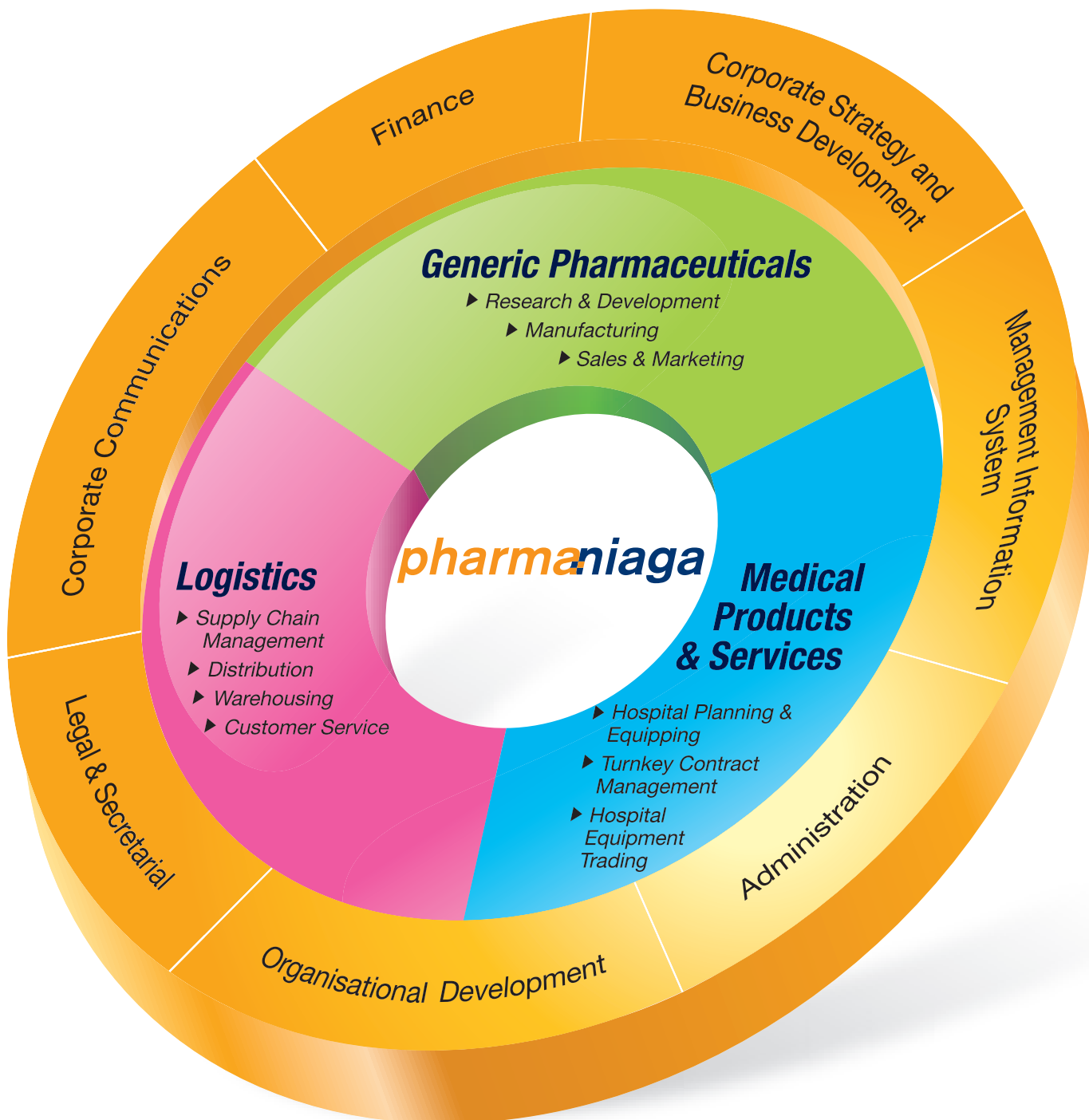
No. 7, Lorong Keluli 1B
Kawasan Perindustrian Bukit Raja Selatan
Seksyen 7
40000 Shah Alam
Selangor Darul Ehsan
Tel: +603 - 3342 9999 Fax: +603 - 3341 7777



Corporate Structure



Operations Structure





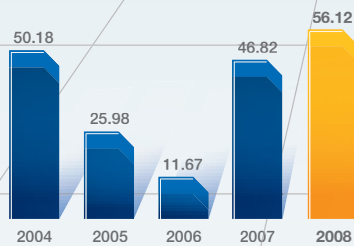
Group 5-Year Financial Summary

Consolidated profit and loss accounts for the years ended 31 December

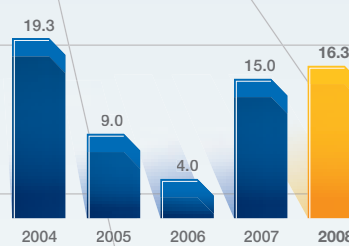
	2008	2007	2006	2005	2004
RM'000					
Turnover	1,305,646	1,183,983	1,057,868	936,431	799,991
Earnings before interest, taxation, depreciation and amortisation	115,380	105,179	60,218	72,868	105,766
Profit before taxation	90,599	77,898	27,195	42,072	81,778
Taxation	(29,190)	(26,180)	(13,111)	(12,938)	(18,705)
Profit after taxation	61,409	51,718	14,084	29,134	63,073
Minority interest	(1,378)	(1,638)	(1,603)	(2,232)	(12,238)
Profit attributable to shareholders	60,031	50,080	12,481	26,902	50,835
Dividend	19,253	16,044	12,300	14,483	13,163
Retained profit for the year	40,778	34,036	181	12,419	37,672
Per share statistics	sen				
Net earnings per share	56.12	46.82	11.67	25.98	50.18
Net assets per share	362.7	327.0	296.0	294.0	279.5
Dividend per share	27.0	18.0	15.0	15.0	15.0
Profitability / Return ratio	%				
EBITDA margin	8.8	8.9	5.7	7.8	13.2
Profit before taxation on turnover	6.9	6.6	2.6	4.5	10.2
Profit after taxation and minority interest on average shareholders' funds	16.3	15.0	4.0	9.0	19.3



Net Assets Per Share / Sen



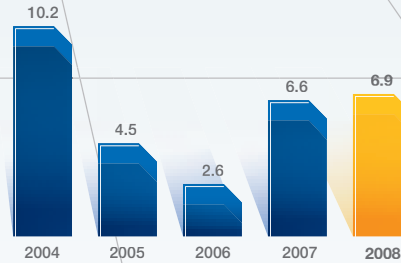
Net Earnings Per Share / Sen



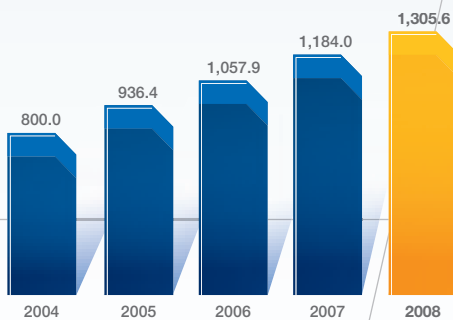
Return on Shareholders' Funds / %



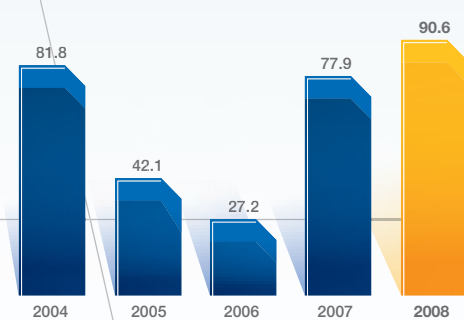
EBITDA Margin / %



Pre-Tax Profit Margin / %



Turnover / RM million



Pre-Tax Profit / RM million



Group Financial Performance Highlights

for three years ended 31 December

		% change from prior year			
		2008	2007	2006	
					2008 vs 2007 2007 vs 2006
RM'000					
Turnover		1,305,646	1,183,983	1,057,868	10.3% 11.9%
Earnings before interest, taxation, depreciation and amortisation		115,380	105,179	60,218	9.7% 74.7%
Profit before taxation		90,599	77,898	27,195	16.3% 186.4%
Profit attributable to shareholders		60,031	50,080	12,481	19.9% 301.2%
Total assets		798,318	884,849	827,785	-9.8% 6.9%
Total borrowings		122,145	224,935	255,576	-45.7% -12.0%
Total shareholders' funds		388,035	349,671	316,240	11.0% 10.6%
%					
EBITDA margin		8.8%	8.9%	5.7%	-0.1% 3.2%
Pre-tax profit on total assets		11.3%	8.8%	3.3%	2.5% 5.5%
Pre-tax profit on shareholders' funds		23.3%	22.3%	8.6%	1.1% 13.7%
Profit attributable to shareholders on average shareholders' funds		16.3%	15.0%	4.0%	1.3% 11.0%
Total borrowings to shareholders' funds		31.5%	64.3%	80.8%	-32.8% -16.5%
sen					
Net earnings per share		56.12	46.82	11.67	19.9% 301.2%
Dividend per share - final		27.0	18.0	15.0	50.0% 20.0%
times					
Dividend cover		2.8	2.6	0.8	7.9% 225.0%
RM					
Net assets per share		3.63	3.27	2.96	10.9% 10.5%
RM					
Turnover per RM of employment cost		20.7	20.5	22.1	1.0% -6.9%
RM'000					
Turnover per employee		668.2	618.3	527.1	8.1% 17.3%

Group Quarterly Performance

for the year ended 31 December 2008

By industry segment

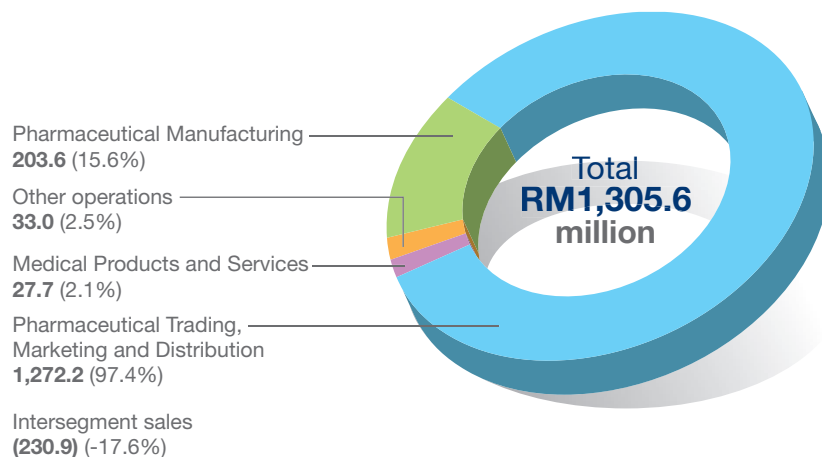
	1st	2nd	3rd	4th	Total
Turnover					
RM'000					
Pharmaceutical Manufacturing	59,051	63,373	62,097	19,070	203,591
Pharmaceutical Trading, Marketing and Distribution	298,078	345,240	305,999	322,883	1,272,200
Medical Products and Services	8,615	7,207	3,454	8,491	27,767
Other operations	–	26,893	3,453	2,734	33,080
Sub-total	365,744	442,713	375,003	353,178	1,536,638
Less: Intersegment sales	(56,094)	(89,248)	(60,715)	(24,935)	(230,992)
Total	309,650	353,465	314,288	328,243	1,305,646
Profit before tax					
RM'000					
Pharmaceutical Manufacturing	12,956	8,094	10,062	12,960	44,072
Pharmaceutical Trading, Marketing and Distribution	17,175	12,609	12,479	16,586	58,849
Medical Products and Services	(1,111)	989	(391)	444	(69)
Other operations	(5,153)	18,736	(2,284)	(6,767)	4,532
Sub-total	23,867	40,428	19,866	23,223	107,384
Less: Intersegment profits	3,286	(19,791)	(1,553)	332	(17,726)
Share of results from associated company	221	451	(672)	941	941
Total	27,374	21,088	17,641	24,496	90,599



Group 2008 Segmental Report

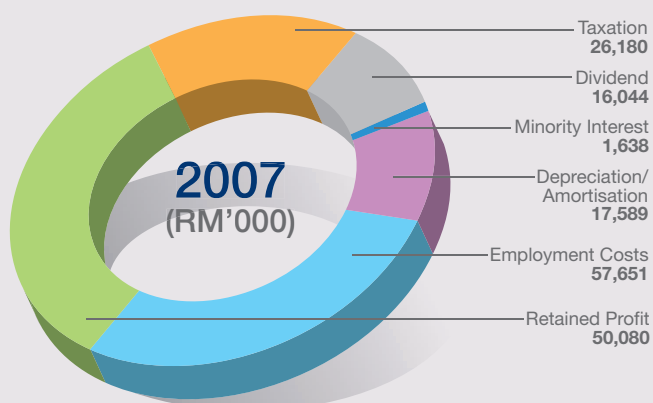
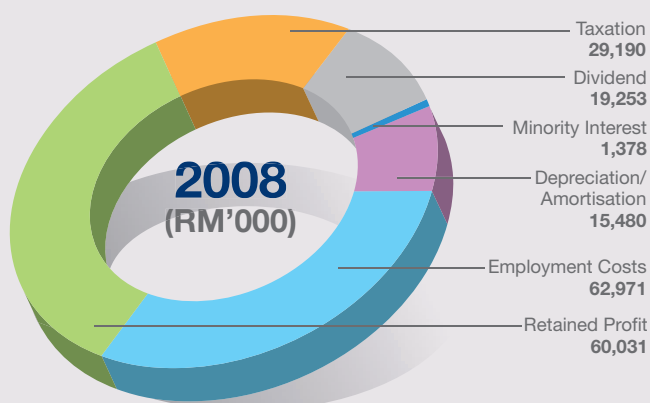
TURNOVER

RM million



Statement of Value Added

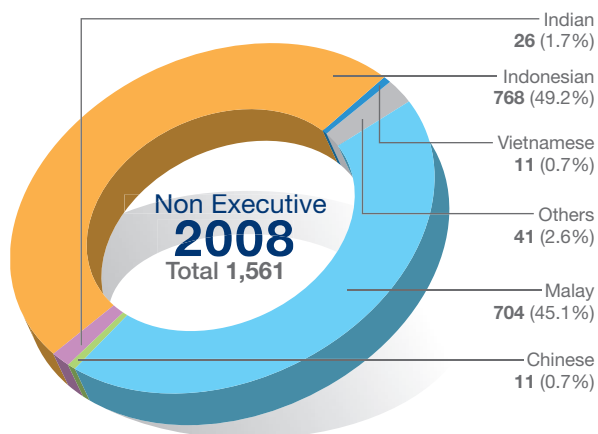
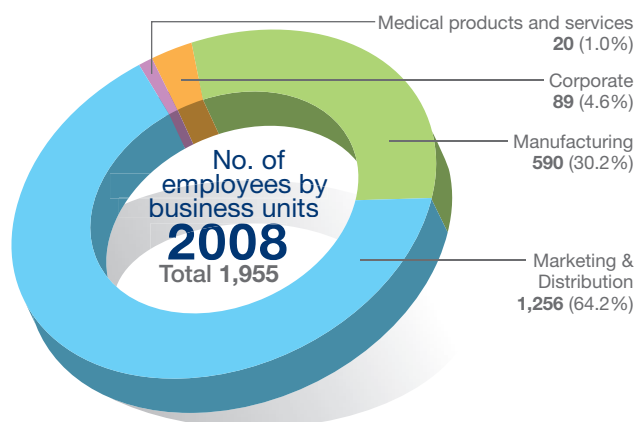
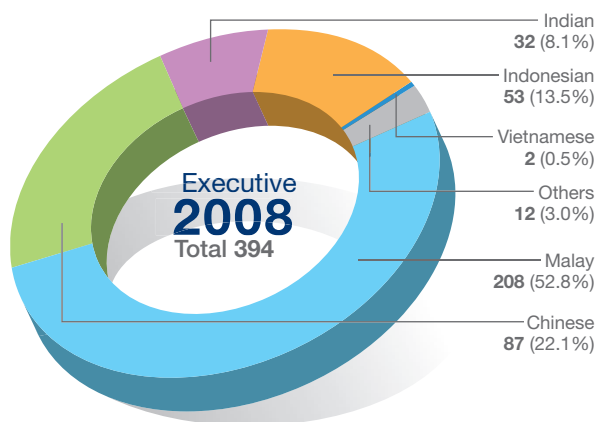
	2008 RM'000	2007 RM'000
Turnover	1,305,646	1,183,983
Purchase of goods and services	(1,111,639)	(1,005,697)
Value added by the Group of companies	194,007	178,286
Finance expenses (net)	(5,704)	(9,104)
Value added available for distribution	188,303	169,182



		2008 RM'000	2007 RM'000
To employees	- Employment costs	62,971	57,651
To government	- Taxation	29,190	26,180
To capital contributors	- Dividend	19,253	16,044
	- Minority interest	1,378	1,638
Earnings available for distribution and future growth	- Depreciation / Amortisation	15,480	17,589
	- Profit for the year	60,031	50,080
		188,303	169,182

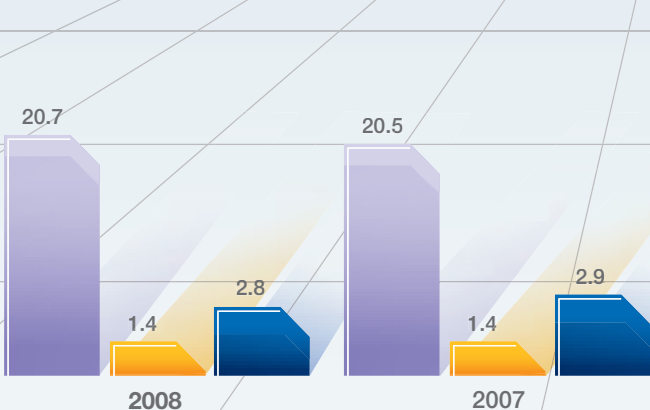


Employees & Productivity



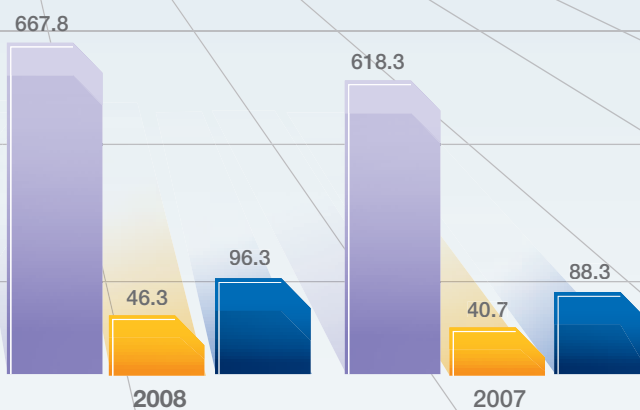
PER RM EMPLOYMENT COST

RM



PER EMPLOYEE

RM'000



Turnover Profit Before Taxation Value Added

Group Achievements



Quality Management Excellence Award

Awarded by the Ministry of International Trade and Industry, this award is a reflection of Pharmaniaga's quest to become superior in its products and services that would ultimately benefit the country's healthcare system and the citizen as a whole.

Frost & Sullivans' Excellence in Healthcare Award

Pharmaniaga Berhad received the 2008 Frost & Sullivan ("F&S") Excellence in Healthcare Awards for Malaysia Physicians' Choice Award - Domestic Pharmaceutical Company of the Year in an awards banquet held in Singapore.

The award acknowledges the relentless efforts of the Pharmaniaga team and recognises the company's outstanding performance throughout 2007.

The award also seeks to appreciate companies that have pushed the boundaries of excellence in the healthcare industry, rising above the competition and demonstrating outstanding performance across the region.

Frost & Sullivans' Manufacturing Excellence Award

In welcoming the new year 2009, Pharmaniaga Manufacturing Berhad was again awarded by F&S for achieving Manufacturing Excellence in late 2008.

The award is testimony to Pharmaniaga's aspiration to be the leading healthcare provider that promotes sustainable development for the wellbeing of the nation.

Mohamad bin Abdullah
Managing Director



DELIVER

STRATEGIES FOR CONSTANT PROGRESS

↓
BUILD HUMAN
CAPABILITIES

↓
OPTIMISE
ASSETS

↓
ENHANCE
COMPETENCE

↓
ENRICH
LIVES

We strategise to stay ahead!

The Pharmaniaga Group is determined to be on the leading edge of the healthcare industry today and tomorrow. By determining innovative routes and maintaining sustainable strategies we aim to continue achieving improved returns while making meaningful contributions to the wellbeing of the people around us.



Board of Directors



from left to right: **Dato' Mohamed Azman bin Yahya** Non-Independent Non-Executive Chairman • **Mohamad bin Abdullah** Managing Director • **Datuk Sulaiman bin Daud** Senior Independent Non-Executive Director • **Dato' Ahmad Pardas bin Senin** Non-Independent Non-Executive Director



from left to right: **YM Dato' Raja Nong Chik bin Dato' Raja Zainal Abidin** Independent Non-Executive Director • **Ismael Fariz bin Ali** Non-Independent Non-Executive Director • **Dato' Wira Prof. Ir. Dr. Mohammad Noor bin Hj. Salleh** Independent Non-Executive Director • **Oh Kim Sun** Independent Non-Executive Director



Profile of Directors



Dato' Mohamed Azman bin Yahya

Non-Independent Non-Executive Chairman

Dato' Azman, 45, a Malaysian, has been the Non-Independent Non-Executive Chairman of Pharmaniaga Berhad since 15 November 2001. He is the founder and Group Chief Executive of Symphony House Berhad, a listed outsourcing group and the Executive Chairman of Bolton Berhad, a listed property group. Prior to this, Dato' Azman was appointed by the Government of Malaysia in 1998 to set-up and head Danaharta, the national asset management company; and subsequently became its chairman until 2003. He was also the Chairman of the Corporate Debt Restructuring Committee (CDRC), which was set-up by Bank Negara Malaysia to mediate and assist in the debt restructuring of viable companies until its closure in 2002. His previous career includes auditing with KPMG in London, finance with the Island & Peninsular Group and investment banking with Bumiputra Merchant Bankers and Amanah Merchant Bank; the latter as the Chief Executive.

Outside his professional engagements, Dato' Azman is also active in public service. He sits on the boards of a number of Government Linked Corporations namely, Khazanah Nasional Berhad, the investment arm of the Malaysian Government, Malaysian Airline System Berhad and PLUS Expressways Berhad. Dato' Azman also serves as a member of the Bursa Malaysia Securities Market Consultative Panel, the National Council for Scientific Research & Development, the National Innovation Council, the Special Taskforce to facilitate Business (PEMUDAH) and the Malaysian Economic Council.

Dato' Azman is also a Director of Scomi Group Berhad and the Chairman of the Motorsports Association of Malaysia. He graduated with a first class Honours Degree in Economics from the London School of Economics and Political Science and is a Member of the Institute of Chartered Accountants in England and Wales, (ICAEW), the Malaysian Institute of Accountants (MIA) and a Fellow of the Malaysian Institute of Banks.



Mohamad bin Abdullah
Managing Director



Datuk Sulaiman bin Daud
*Senior Independent
Non-Executive Director*

Mohamad, 48, a Malaysian, was appointed as the Managing Director of Pharmaniaga Berhad on 1 January 2007. Prior to this appointment, Mohamad was the Chief Financial Officer of UEM Land Sdn Bhd (now a listed entity; UEM Land Berhad) since 1 December 2004, and was promoted to Chief Operating Officer on 1 January 2005. Mohamad graduated from the University of Bath, United Kingdom with a Masters of Business Administration. He had his early exposure in investment banking when he was working with Arab Malaysian Merchant Bank from 1988-1991. Prior to that, he was with Azman, Wong, Salleh & Co., an audit firm. In 1992, Mohamad moved to Kejora Holdings Sdn Bhd, the commercial arm of Kejora Group as the Group's Corporate Finance and Audit Manager where he served for 4 years, then joined Park May Berhad as its Financial Controller in March 1996; and subsequently promoted to General Manager, Corporate Affairs. He was then transferred to Faber Group Berhad, an associate company of UEM Group Berhad, and upon being promoted; assumed the position of Senior General Manager, Finance. In early 2004, he was promoted to Chief Financial Officer of Faber Group Berhad. Having played a key role in Faber Group's Corporate and Debt Restructuring, he was transferred to UEM Land on 1 December 2004. He is also a Director of Setia Haruman Sdn Bhd, the Master Developer of Cyberjaya and a member of Cluster Working Group (CWG) on Healthcare Biotechnology under the Malaysian Biotechnology Corporation Sdn Bhd.

Datuk Sulaiman, 62, a Malaysian, is the Senior Independent Non-Executive Director of Pharmaniaga Berhad. He is also the Chairman of the Investment Committee, Nomination and Remuneration Committee, Risk Management Committee and member of the Audit Committee. He was with Malaysian Tobacco Company for a considerable part of his professional life and he has been the Chairman of Bank Pertanian Malaysia for four terms from 1998 to 2006. He has been Chairman of Ranhill Power Berhad and a Director of Malaysia Packaging Industry Berhad and Director of Konsortium Transnasional Berhad and Silverlake Axis Limited in Singapore. Datuk Sulaiman has a Masters of Business Administration from International Management Centres, Buckingham, UK and is a graduate of the Stanford-Insead Advanced Management Programme at Fontainebleau, France.



Profile of Directors (cont'd)



Dato' Ahmad Pardas bin Senin
Non-Independent
Non-Executive Director



**YM Dato' Raja Nong Chik bin
Dato' Raja Zainal Abidin**
Independent Non-Executive Director

Dato' Ahmad Pardas, 56, a Malaysian, is a Non-Independent Non-Executive Director of Pharmaniaga Berhad. He was appointed on 1 July 2004 and is a member of the Nomination & Remuneration Committee and ESOS Committee of Pharmaniaga Berhad. He is also the Deputy Chairman of PLUS Expressways Berhad. He currently holds directorships in UEM Group Berhad, UEM Land Holdings Berhad, UEM Land Berhad and Yayasan UEM. He is also a director of Universiti Teknologi MARA (UiTM) and Chairman of Malaysian Directors Academy (MINDA). Dato' Ahmad Pardas is a Fellow of The Chartered Institute of Management Accountants (FCMA), a Chartered Member of the Malaysian Institute of Accountants (MIA), a Member of the Institute of Internal Auditors (IIA) and the Financial Reporting Foundation (FRF). He has been with the UEM Group for more than seventeen years since 1992. During this period, Dato' Ahmad Pardas had served in various other positions in the UEM Group, including as the Managing Director of TIME Engineering Berhad, Executive Director/CEO of TIME dotCom Berhad, Group Managing Director of Renong Berhad and Managing Director of Time Telekom Sdn Bhd. He was also Chief Operating Officer and Managing Director of EPE Power Corporation Berhad (now renamed Ranhill Power Berhad). He has also served on the boards of Faber Group Berhad, The Malaysian Industry-Government Group for High Technology (MIGHT), Silterra and Costain Group plc. Prior to joining the UEM Group, Dato' Ahmad Pardas had more than 17 years' service with the British-American Tobacco Group.

YM Dato' Raja Nong Chik, 56, a Malaysian, is an Independent Non-Executive Director of Pharmaniaga Berhad. He was appointed to the Board on 2 September 1999. He started his career at FELCRA (Federal Land Consolidation and Rehabilitation Authority) in 1978. A year later, he became Manager in Corporate Planning and Finance at Kumpulan Fima Bhd. In 1982, he joined OYL Industries as Executive Director, leading to the formation of a joint-venture company named Razatec Sdn Bhd which pioneered a local brand of electrical products called Acson; now recognised in Malaysia as well as internationally. After 9 years, he left to start Rasma Corporation Sdn Bhd, a Class-A mechanical and electrical contractor as Managing Director and major shareholder. Presently, he is the President of the Bumiputra Manufacturers' and Service Industry Association of Malaysia. He is also a Member of Malaysia Innovation Council (Majlis Inovasi Negara) - chaired by the Prime Minister, and also a member of Chartered Institute of Management Accountants, Malaysian Institute of Accountants and Malaysian Institute of Chartered Secretaries and Administrators. Since 1 January 2009 YM Dato' Raja Nong Chik has been a Board Member of British Malaysia Institute. YM Dato' Raja Nong Chik is also the Chairman of the Audit Committee and an Independent Director of icapital.biz Berhad. He holds a Degree in Economics (Hons) from the University of Wales, UK.



Ismael Fariz bin Ali
Non-Independent
Non-Executive Director



Dato' Wira Prof. Ir. Dr. Mohammad Noor bin Hj. Salleh
Independent Non-Executive Director



Oh Kim Sun
Independent
Non-Executive Director

Ismael Fariz, 47, a Malaysian, is a Non-Independent Non-Executive Director of Pharmaniaga Berhad. He was appointed to the Board on 15 November 2001. He is currently Executive Director of Investments at Khazanah Nasional Berhad. Prior to this, he was the Managing Director of FirstFloor Capital Sdn Bhd, a venture capital firm, and previously attached with a domestic merchant bank where he was with the Corporate Finance Department for 16 years. He also holds directorships in RHB Islamic Bank Berhad and Axiata Group Berhad (formerly known as TM International Berhad). He is a member of the Investment Committee and he holds a Masters of Business Administration (Finance) from University of Iowa, USA.

Dato' Wira Prof. Ir. Dr. Mohammad Noor, 61, a Malaysian, is an Independent Non-Executive Director of Pharmaniaga Berhad. Dato' Wira Prof. Ir. Dr. Mohammad Noor was appointed to the Board on 15 November 2001. Prior to his present position as President of Kuala Lumpur Infrastructure University College, he was the Vice President of Open University Malaysia. He held the position of Vice Chancellor of Universiti Pendidikan Sultan Idris and a similar position in Universiti Utara Malaysia and was the Deputy Vice Chancellor in Universiti Teknologi Malaysia before that. Dato' Wira Prof. Ir. Dr. Mohammad Noor chairs ESOS Committee and sits in the Audit Committee, Nomination & Remuneration Committee and Risk Management Committee. Dato' Wira Prof. Ir. Dr. Mohammad Noor has a Ph.D. in Civil Engineering from the University of Strathclyde, Glasgow, UK. He is currently a Fellow of the Academy of Science Malaysia, Fellow Member of Institution of Engineers Malaysia and a Member of the Malaysian Institute of Management.

Oh Kim Sun, 60, a Malaysian, is an Independent Non-Executive Director of Pharmaniaga Berhad. He was appointed to the Board on 12 December 2005 and is a member of the Investment Committee. Oh is a Member of the Malaysian Institute of Certified Public Accountants (MICPA). An accountant by training, he began his career in 1972 with Coopers & Lybrand in London. He has over 35 years of experience in finance and has held various positions such as Finance Director of Taiko Plantations Sdn Bhd, Financial Controller of ICI Malaysia and Finance Manager (Secondment) of ICI Headquarters in London; responsible for Northern Europe. Oh led a successful management buyout of ICI's Malaysian operations in 1994 and was appointed Group Executive Director of Chemical Company of Malaysia Berhad until 2003. His directorships in other public companies include Faber Group Berhad, UEM Land Holdings Berhad and Nikko Electronics Berhad. He is also a Director of IMPAX Laboratories Inc., a company listed on National Association of Securities Dealers Automated Quotations (NASDAQ).

Note:

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| (i) None of Directors have any family relationship with any other Director and/or major shareholder nor conflict of interest with Pharmaniaga Berhad | (ii) None of Directors have been convicted of any offence for the past 10 years (other than traffic offences, if any) |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|



DEAR SHAREHOLDERS,

I am delighted to bring you some good news about your Company's performance for the financial year ended 31 December 2008 despite the adverse economic conditions.

Dato' Mohamed Azman bin Yahya
Chairman

Chairman's Statement

RIDING THE STORM

The global economic downturn that we experienced in 2008 took on unprecedented proportions and surprised even the most astute industry leaders. Many corporations felt the rippling effect but Pharmaniaga managed to resist such negative trends and registered improvements for 2008 in terms of revenue and profits.

By concentrating on the pursuit of excellence in building our human capital, optimising assets, strategising new business development and engaging with the community, we are confident your Company will continue to perform well and overcome the expected turmoil in 2009.

RESULTS & PERFORMANCE OF 2008

Financially, the Group fared better for the year under review, and this was largely attributable to improvements in concession sales and supply of equipment to hospitals, as well as sales to the private sector and at our listed Indonesian subsidiary.

For 2008, the Group revenue rose 10.3% to reach RM1.306 billion, as compared to RM1.184 billion for 2007. Outpacing revenue, the Group's Profit Before Taxation (PBT) for the 2008 financial year grew by 16.3% to reach RM90.6 million as compared to RM77.9 million in 2007.

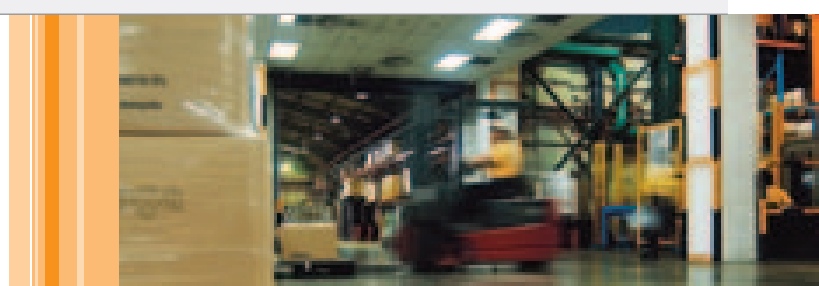
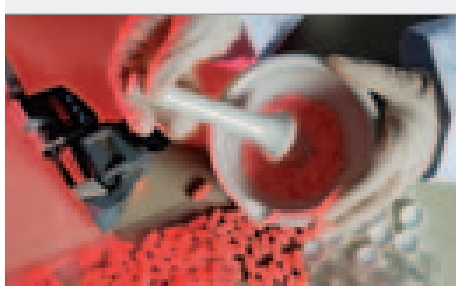
Improvement in gross margins and the share of results of an associate company also contributed to the increase in PBT. Additionally, reduced financing costs due to lower borrowings also contributed to the improved results.

Despite the improvements in revenue and PBT, the Group did not meet its Key Performance Indicators (KPIs) of Revenue Growth (RG) and Return on Equity (ROE) due to the inevitable adverse impact of the global economic crisis. As a result, the Group could only achieve 10% RG against its KPI of 20% and 16% ROE against its targeted 18%.

However, with continuous improvement in operational efficiencies, effective marketing and sales strategies and sound financial practices, we hope to address the current situation and work our way to achieving the Company's KPIs for 2009.

DIVIDENDS

In line with the favourable performance of the Group, your Board is recommending the payment of a final gross dividend of 27 sen per ordinary share less taxation of 25% for the financial year ended 31 December 2008, as compared to final tax exempt dividend of 18 sen per ordinary share in the previous year.





Chairman's Statement (cont'd)

PERFORMANCE OF LOGISTICS DIVISION

The Logistics division showed an impressive performance, recording a revenue growth of 10%. It achieved almost all of its major KPIs. The Bukit Raja warehouse throughput rate for instance, increased 25% from RM816/sq-ft in 2007 to RM1016/sq-ft in 2008.

The division has also improved on the order fulfillment for APPL, where the number of order lines increased from 318, 288 in 2007 to 642, 522 in 2008, an average 96% deliveries of which were done within 60 days.

PERFORMANCE OF SALES & MARKETING DIVISION: AT HOME & OVERSEAS

The consolidation of Sales & Marketing under the Manufacturing subsidiary as part of a major restructuring exercise in 2008 proved to be a fitting formula in synergising the right combination of people, products and processes. The result was an outstanding achievement of a record of 35% growth, well above the industry growth rate of 11%.

The strategic focus of product segmentation for the pharmaceutical range by specific therapeutic groups i.e. Acute range, Chronic range and Anti Infectives range has resulted in strong positive growth of 45%, 46% and 17% respectively against 2007. This approach has led to the emergence of a number of products recording sales of above RM1 million, including **PHARMANIAGA SIMVASTATIN**, **PHARMANIAGA AMOXYCILLIN** and **PHARMANIAGA BACAMPICILLIN**. In the local market, Pharmaniaga is undeniably a brand leader, and its strong presence in the non-government sectors has provided keen competition amongst the industry players, including leading multinational brands.

On the international front, a more aggressive approach was also introduced with a specific marketing team established to support this business sector with high growth potential. Your Company posted sales worth over RM8.4 million, recording a 9.8% growth.

Our very first International Sales Conference brought together all Pharmaniaga's business partners or distributors to address the needs of each country and reaffirm Pharmaniaga's vision in extending its international reach. The conference was held from 12 - 14 November 2008 with the theme "Towards Global Partnership", and was attended by distributors and partners from Vietnam, Myanmar, Sri Lanka, Cambodia, Kenya, Hong Kong, Singapore and Fiji.

RESEARCH & DEVELOPMENT (R&D) AT THE FOREFRONT

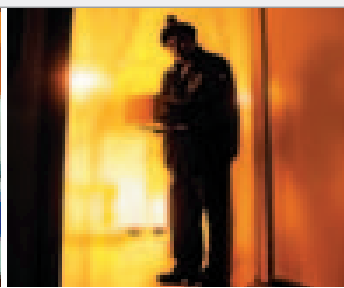
Our investment in R&D is testimony of the high priority we place on the quality, safety and efficacy of all our products.

New product development adopts a robust scientific approach adopted in both our Formulation and Analytical Divisions. In addition, we have a Preclinical and Clinical Division with 4 main areas of focus - Bio-Equivalence Studies, Pharmavigilance, Product Efficacy Complaints and Herbal & Biotechnology Projects.

In 2008 we managed to register 10 of our products in Brunei, 2 in Myanmar, 6 in Hong Kong, 2 in Sri Lanka and 5 in Vietnam.

RECOGNITION & AWARDS

Our pursuit of excellence in all areas has led us to win coveted industry awards and 2008 was no exception. I am pleased to announce that your Company was recognised with 3 distinctive and prestigious awards.



Quality Management Excellence Award

This was presented by the Ministry of International Trade and Industry, and is a reflection of your Company's quest to become superior in its products and services, ultimately benefitting the citizens and the country as a whole.

The Frost & Sullivan Excellence in Healthcare Award

Your Company captured the Physicians' Choice Award and received it at a ceremony in Singapore. This is testimony to our ability to push the boundaries of excellence in healthcare, rise above the competition and demonstrate outstanding performance across the region.

The Frost & Sullivan Manufacturing Excellence Award

This award underlines our aspiration to be the leading healthcare provider, promoting sustainable development for the well-being of the nation.

In the same vein, your Company has also obtained critical certification from various authorities. Our Logistics subsidiary continues to be certified for the Standard of MS ISO 9001:2000, MS ISO 14001:2004 and OHSAS 18001:2007, as the audit by SIRIM was successfully conducted in December 2008. On the Manufacturing side, both the Purified Water System and the Water for Injection System passed their Installation Qualification and Operation Qualification and are at the final stage of Performance Qualification (PQ).

DEVELOPING OUR GREATEST ASSET: OUR PEOPLE

The contribution and dedication of a committed team plays a large part in bringing success to any organisation. Your Company strives to build an environment which encourages all employees to realise their highest potential

and achieve their personal and professional goals. We promote and nurture the productive and diverse skills of our employees through training and mentoring to produce a highly motivated workforce. These attributes serve to attract the best talent for recruitment, as your Company becomes an employer of choice.

The on-going High Performance Culture (HPC) programme was designed to help employees identify areas of weakness, and to impart the right work culture, mindset, skills and knowledge. This was kicked off with a brainstorming session in February 2008, involving all members of the Senior Management team. At this session, an acronym evolved, comprising 5 pillars of shared values: simply known as **TOPIC** (Teamwork • Open Communication • Passion for Excellence • Integrity & Honesty • Caring). These qualities define the roadmap to your Company's transformation into a world-class organisation.

A series of workshops and events were conducted to bring the HPC **TOPIC** to life and action at all levels. Positive feedback from the employees indicated that this initiative was effective in changing mindset, and this was confirmed by a much improved Employee Climate Survey result which registered 77.2% positive responses as compared to 60% in 2007.

It is encouraging also to see the many employee-driven activities organised in 2008. The Surau Committee, the unified Pharmaniaga Sports Club and the Joint Consultative Council were all set up in 2008 to promote teamwork, open communication and to care for the well-being and recreational needs of the employees.





Chairman's Statement (cont'd)

ENHANCING OUR SOCIAL CONTRIBUTION

Equally important is the work we do for society. Underpinning our philosophy of 'doing business with a conscience' and our mission of **enriching life together** is our comprehensive and innovative Corporate Social Responsibility (CSR) portfolio. As a proactive contributor to the nation's healthcare services, your Company intensified its CSR initiatives throughout 2008 via 2 major platforms - Skuad Operasi Sihat (SOS), which contributes to community wellbeing and Ayuh Kayuh (AK), which addresses global environmental issues. Efforts were also made to align our activities to the Government Linked Companies (GLC) Silver Book and the 9th Malaysias Plan.

Skuad Operasi Sihat was launched in 2007 to galvanise caring employees to partner with the Ministry of Health and MERCY Malaysia to extend basic health education, counselling and medical check-ups to the general public. 2008 saw SOS growing in experience and maturity, and the enthusiastic interest and response resulted in 4 more SOS units being set up in Juru, Kota Kinabalu, Bangi and Kuching. More than 100 employees participated and were offered internal training with opportunities to attend the **Volunteer Induction Programme** and **Basic Mission Training** courses conducted by MERCY Malaysia. SOS carried out close to 90 missions covering all 14 states in 2008. Sensitive and responsive to regional and global disasters, SOS also contributed goods-in-kind worth about RM60,000 to victims of the Myanmar floods and the China earthquake.

Ayuh Kayuh is a cycle-to-work campaign initiated as an Environmental CSR. Its objective is to promote the bicycle as an alternative transportation to motor vehicle, in order to cut greenhouse gas and therefore slow down global warming. In line with World Food Day (WFD)'s theme of 2008, World Food Security: the Challenges of Climate



Change and Bioenergy, 38 of us mounted our bicycles for the "Ride to Food", a pun to WFD's tagline of "Right to Food" to highlight the food crisis in many parts of the world, and also to re-iterate the fact that a low-carbon lifestyle can help to fight the food crisis by decreasing the demand for fossil fuel and bio-diesel, and the effects of climate change on agriculture. To underline our commitment to this initiative, we also handed over 15 bicycles to Pejabat Kesihatan Daerah Petaling for their officers to use when doing community education and health inspections for 5 sectors within Shah Alam.

CASCADING THE VALUES OF HEALTH SAFETY SECURITY AND ENVIRONMENT

Across the various divisions of your Company, we are driven by systems and procedures that inculcate strong Health, Safety, Security and Environment values. These are applied not only internally to our employees but also to our partners, vendors and even the communities we serve. On a high plane, a steering committee formulates plans and strategies to uphold and enhance these values, and this is cascaded down to all levels in a meaningful and relevant way to be embraced by all. The effectiveness is evident in our high safety standards that have resulted in negligible accident reporting.



MOVING FORWARD

Malaysia's economic outlook for 2009 is certainly much less positive than 2008, and your Company is taking a cautious stance in view of the uncertainty. Across the industry, we do not expect to record the levels of growth experienced in 2008. To reflect the expected tougher times ahead, we have been intensifying our cost containment practices and enhancing operational efficiencies while continuing to improve product quality and our levels of service.

Your Company will continue its efforts to strengthen its position as a market leader locally and widen its presence internationally. It will be a challenging task, no doubt, but the performance-driven culture that led to a successful 2008 put us in a strong footing. Exciting new products are in the pipeline with impetus provided by the establishment of new therapeutic groups. For 2009, we target to launch 14 new products as part of our effort to capture larger market share in our pursuit to be the leading generic pharmaceutical player in this region.

Due to intense competition especially in the Private and International sectors, further enhancement of the business structure, adaptability and market understanding are the key success factors. Like all generic pharmaceutical companies, Pharmaniaga must be competitive and gear towards enhancing our customer-oriented culture.

Moving ahead, we will consolidate and enrich our resources and concentrate on our core businesses. This includes encouraging skills enhancement and promoting sustainable development.

A NOTE OF APPRECIATION

First, I would like to express my deepest appreciation to my esteemed colleagues on the Board who have offered their services and assistance unreservedly throughout the year.

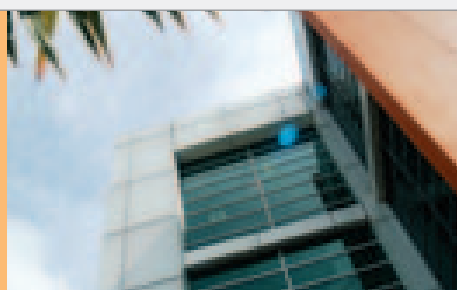
I also wish to thank the Government and regulatory authorities, our business partners, clients, bankers, suppliers and customers for their excellent support and co-operation.

My appreciation also goes out to our management team as well as all our employees for their commitment, dedication and loyal service and contribution towards the growth of Pharmaniaga.

Finally, on behalf of the Board of Directors, I would like to extend a note of heartfelt thanks and fullest appreciation to all our shareholders for your continued support, confidence and loyalty to Pharmaniaga. We will continue to strive to deliver value to all of you.

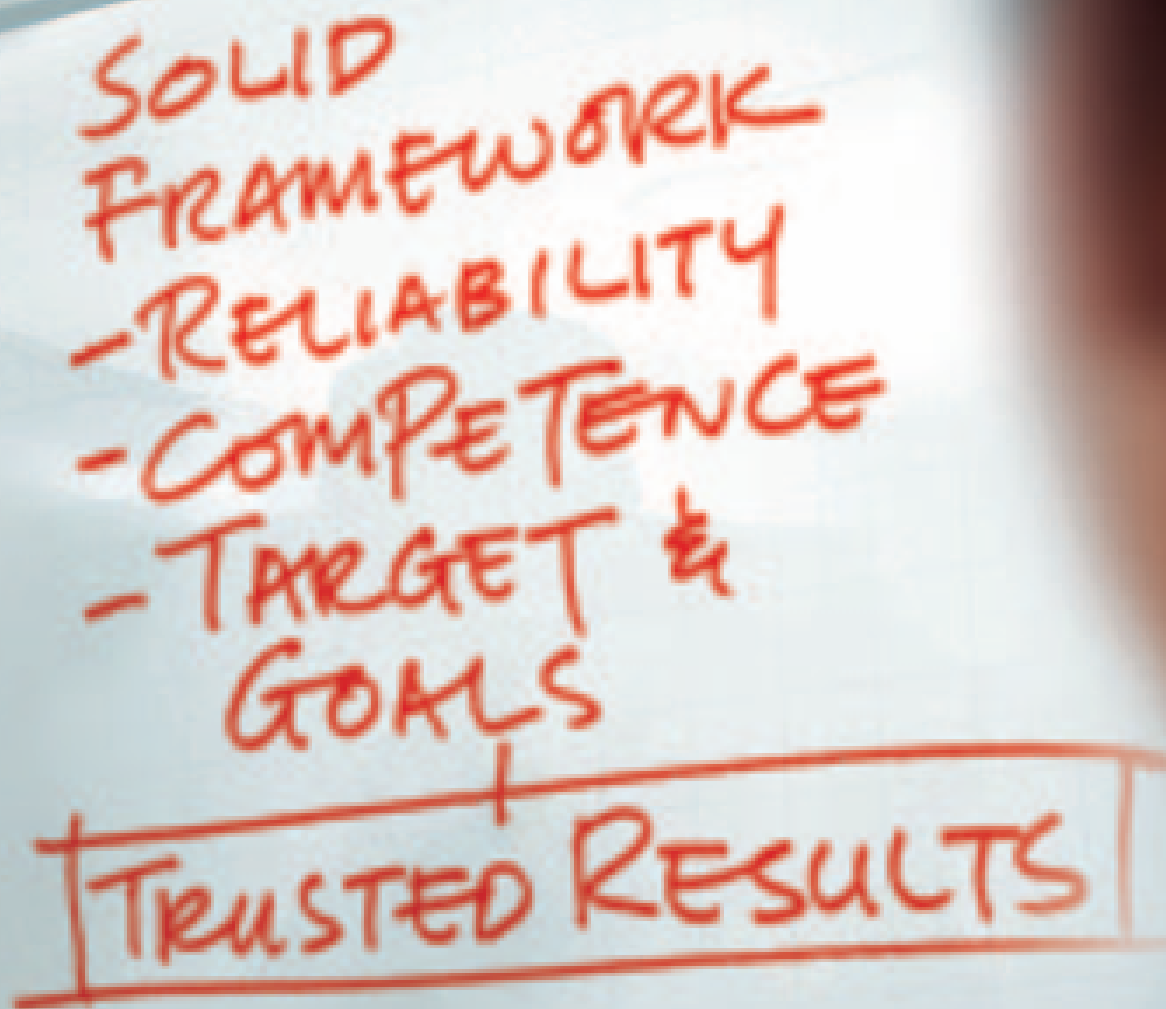


Azman Yahya
Chairman





Stephen Sze Kwong Yew
Chief Operating Officer



Delivering maximum satisfaction

To keep ahead of our competitors, Pharmaniaga continues to explore and enhance its products and services. We believe in investing in our customers, gaining valuable insights and understanding their needs - thus delivering results that satisfy.