



TAN SRI DATO' DR. ABU BAKAR BIN SULEIMAN
CHAIRMAN

Dear Shareholders,

Global spending on prescription medicine is said to increase by USD205 - USD235 billion in the five years to 2017, reaching over USD1 trillion, according to research by IMS Institute of Healthcare Informatics. Innovation is also seen as the ultimate engine of growth for the global provision of medicines and it is deemed that there will be a number of global innovative launches in the near future. In Malaysia, the combined market capitalisation of the pharmaceutical sector is now RM2.7 billion, which is more than 70 percent larger than three years ago. The market is also expected to post strong growth with the government's budget allocation of RM23.3 billion for the health sector, allocated for Budget 2015.

Under the Healthcare National Key Economic Area ("NKEA"), the pharmaceutical sector is seen as one of the key focus areas. Among others, new investments and state-of-the-art technologies and compliance with international standards have enabled Malaysian companies to be sought after as strategic outsourcing partners for Multinational Corporations ("MNCs"). Enhanced awareness on health and wellness amongst Malaysians has also contributed positively to the growth of over-the-counter ("OTC") food and health supplements.

For the year under review, we closed our financial year with a double-digit growth. This stellar performance can be attributed to increased demand from all sectors coupled by enhanced focus on innovation and market penetration. As we did in previous years, we continued to develop our Biotherapeutics portfolio. In the latter

part of the year, the Company also announced several strategic acquisition to enable us to both expand our capacity and product offerings. At the same time, we focused on Research and Development ("R&D") in collaboration with a number of Contract Research Organisations ("CROs") in India to help us consistently align ourselves with the needs of our customers and the market we operate in.

Our Safety, Health and Environment ("SHE") and Lean 6 Sigma initiatives also saw us doing better as we continuously focused on educating our workforce to ensure SHE and cost management remain at the forefront of all we do.

With this, I present to you the Annual Report and Financial Statements of the Company for the financial year ended 31 December 2014.

OUR FINANCIAL PERFORMANCE

The Group registered a strong growth for its full-year financial performance ended 31 December 2014 with a 9.0% increase in revenue to RM176.96 million compared to RM162.41 million in the previous year. Profit before tax ("PBT") for the Group jumped 15.7% to RM46.50 million compared to RM40.18 million in the corresponding period last year. The growth can be attributed to increased demand from all sectors including government hospitals and export markets. Our implementation of Lean 6 Sigma initiatives has also assisted us to keep operating cost at optimal levels and thus, increase profit and performance.

DIVIDEND PAYOUT

The Board of Directors is recommending a final dividend of 14.5 sen per ordinary share, tax exempt dividend under the single-tier tax system for the financial year ended 31 December 2014.

BUSINESS OUTLOOKS AND PROSPECTS

Global spending on medicines is forecasted to reach nearly USD1.0 trillion by 2017, an increase of about 30.0% over the 2013 level. The growth is said to be higher as the introduction of new speciality medicines and increase accessibility for patients coincides with lower impacts from patent expiries in developed market. At the same time, the global economic growth is expected to rise moderately to 3.0% in 2015, and averaging about 3.3% through 2017. In Malaysia, however, our economy is expected to expand at between 4.5% to 5.5%, when compared to 5.9% growth last year, amidst a more challenging external environment.

We are confident that despite the adversities against our economic backdrop, the demand in the pharmaceutical industry is expected to remain stable and there will be emphasis on proper medicinal care and greater demand for wellness products in Malaysia. At the same time, the cost of medicine is expected to

be marginally affected by the implementation of the Goods and Services Tax ("GST") in Malaysia effective 1 April 2015. Despite all of these, we will strive to ensure growth and development is always at the forefront of our business and we continue to contribute towards the advancement of the industry and market in Malaysia.

Following our acquisition of six pharmaceutical units from our parent company, Chemical Company of Malaysia Berhad, which is expected to be completed in Q3 2015, we are confident that 2015 will see us enhancing our product offerings and scale via combined production facilities. These acquisitions, which were in the works for several years, would give us greater manufacturing capacity and flexibility to cater to the growing demand for generic medicines, allowing us to bid for larger contracts.

The Company also added a new product, *Duopidogrel* (Clopidogrel) for the treatment of vascular thrombosis to its portfolio of prescriptive drugs in 2014. Besides this, we will also enhance our focus on the Halal segment, leveraging on the growing awareness of the benefits of consuming Halal products. We will build our brand positioning and continue our efforts to become a leader in the Halal industry, both locally and internationally.

At the same time, we also continue our efforts with our parent company to work on our various Corporate Responsibility programmes to bring positive changes in the communities that we operate in. This year, 10 of our employees headed over to Kelantan as volunteers to assist with the distribution of donated items to the flood victims. The donated items such as food essentials and preloved clothes were contributed by our own employees to help alleviate the plight of the flood victims.

ACKNOWLEDGEMENT

I take this opportunity to thank all of our stakeholders for playing an important role in the growth of our Company. On behalf of the Board of Directors, I would like to thank our former Board member, Encik Amirul Feisal bin Wan Zahir who resigned from the Board in October 2014, for his invaluable contributions. A special note of thanks and appreciation to our dedicated team of managers and employees who have put in a lot of time and effort over the years to grow our Company.

I also extend my gratitude to my fellow Directors for their wisdom and guidance to help the Company steer to greater heights. My thanks to all of our shareholders, customers, business associates and partners who serve as the backbone of our Company and have always given us their support. We look forward to many more years of building rewarding relationships with all of you. I wish you a fulfilling year ahead.

TAN SRI DATO' DR. ABU BAKAR BIN SULEIMAN
Chairman