



CCM DUOPHARMA BIOTECH BERHAD (524271-W)
(Incorporated in Malaysia)

Quarterly Report On Results For The Year Ended 31 December 2012
NOTES TO INTERIM FINANCIAL REPORT

A1 Accounting Policies and Method of Computation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

The Group's condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ('MFRS 1') has been applied.

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2011.

Property, plant and equipment

In the previous years, the Group has availed itself to the transitional provision when MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Land and buildings were revalued in December 2010 and no later valuation has been recorded for these property, plant and equipment. Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM7,395,459 at 1 January 2011 and 31 December 2011 was reclassified to retained earnings

The impact arising from the changes are summarized as follows:

In thousands of RM

	FRS	Reclassifications	MFRS
As at 1 January 2011			
Equity			
Revaluation reserve	7,395	(7,395)	-
Retained earning	68,593	7,395	75,988
As at 31 December 2011			
Equity			
Revaluation reserve	7,395	(7,395)	-
Retained earning	75,169	7,395	82,564

A2 Audit Report

The audited report of the Company's preceding annual financial statements was not qualified.

A3 Seasonal or Cyclical Factors

The business operations of the Group during financial quarter under review were not materially affected by any seasonal or cyclical factors.

A4 Exceptional/Extraordinary Items

There were no exceptional/extraordinary items for the financial year under review.

A5 Changes in Estimates

There was no material change in estimates of amounts reported in the prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A6 Debts and Equity Securities

There are no issuance, cancellations, repurchases, resale and repayments of debts and equity securities for the financial year under review.

A7 Dividend Paid

The Group paid an interim Tax Exempt dividend of 7% (3.5 sen) per share (2011: 7% (3.5 sen)) amounting to RM 4.86 million (2011: RM 4.86 million) in respect of financial year ended 31 December 2012 during the current quarter.

A8 Segment Information

	Quarter Ended		Year To Date	
	12/31/2012		12/31/2012	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	31,829	15,488	124,464	58,503
Export	3,549	1,419	10,846	4,446
	35,378	16,907	135,310	62,949

A9 Post Balance Sheet Events

There are no material events after the period end up to 18 Feb 2013 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report) that have not been reflected in the financial statements for the financial year ended 31 Dec 2012.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

A11 Related Parties Transactions

Significant related parties transactions of the Group for the year ended 31 Dec 2012 are as follows:-

	<u>RM ' 000</u>
a) With CCM Pharmaceuticals (S) Pte Ltd, a wholly owned subsidiary of CCM International Sdn Bhd which in turn is a wholly-owned subsidiary of CCM Marketing Sdn Bhd.	
-Sales of goods	<u>1,655</u>
b) With CCM Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	<u>(497)</u>
-Sales of goods	<u>5,102</u>
c) With UPHA Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	<u>(840)</u>
-Sales of goods	<u>5,977</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

	Year To Date (31/12/12) RM'000	Year To Date (31/12/11) RM'000	Variance	
			RM'000	%
Revenue	135,310	138,132	(2,822)	(2.04)
Profit before tax (PBT)	35,298	34,728	570	1.64
Profit after tax (PAT)	26,015	26,705	(690)	(2.58)

The Group recorded a revenue and profit before tax (PBT) of RM135.31 million and RM35.30 million respectively for year ended 31 Dec 2012 as compared to RM138.13 million and RM34.73 million for the corresponding period last year. The revenue decreased marginally mainly due to lower demand from private sector. However PBT has increased, albeit marginally, due to gain from disposal of warehouses and recognition in changes of fair value in investment property amounting to RM0.6 million and RM0.7 million respectively during the financial year.

B2 Comparison with the Preceding Quarter's Results

	Qtr 4 2012 (31/12/12) RM'000	Qtr 3 2012 (30/9/12) RM'000	Variance	
			RM'000	%
Revenue	35,378	29,521	5,857	19.84
Profit before tax (PBT)	9,000	8,392	608	7.24
Profit after tax (PAT)	5,998	6,442	(444)	(6.89)

The Group recorded a revenue and profit before tax (PBT) of RM35.38 million and RM9.0 million respectively for current quarter ended 31 Dec 2012 as compared to RM29.52 million and RM8.39 million for the preceding financial quarter. The increase in revenue was mainly due to higher sales to private sector and also government hospitals during the quarter. PBT has not increased proportionately mainly due to costs incurred in implementing new Enterprise Resources Planning System.

B3 Prospect for the Next Financial Year

Demand in the pharmaceutical industry is expected to remain relatively stable albeit with increased uncertainty in the global economy. The defensive nature of the industry augurs well for the Group although offtake of demand may fluctuate especially for supply to government hospitals via tender business.

Barring any unforeseen circumstances, the Group is expected to remain profitable.

B4 Profit Forecast

No commentary is made on any variance between actual profit from forecast profit as it does not apply to the Group.

B5 Taxation

Details of taxation are as follows :-

	Current Year Quarter 31/12/12 RM'000	Current Year To Date 31/12/11 RM'000
Based on results for the quarter/year	(2,733)	(9,207)
Transfer to deferred tax	(269)	(76)
	<u>(3,002)</u>	<u>(9,283)</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to additional taxes paid in respect of prior years assessment during the financial year ended 31 December 2012

B6 Unquoted Investments and Properties

The Group has disposed off to third parties assets held for sale as follows:

Sales & purchase agreement dated	Type of properties	Disposal price (RM)	Net Book Value (RM)	Gain On Disposal (RM)
1/12/2012	Two units of 1½ storey semi-detached factories.	1,422,000	1,187,227	234,773
1/4/2012	One unit of 1½ storey semi-detached factories.	919,000	553,613	365,387

The consideration for the disposal has been received in full

B7 Status of corporate proposals.

There were no new corporate proposal announced as at the date of the report.

B8 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

	As at 31 Dec 2012 RM'000	As at 31 Dec 2011 RM'000
Current - unsecured	5,000	8,334
Non-current - unsecured	-	2,082
Total	5,000	10,416

B9 Material litigation

There was no material litigation up to 18 Feb 2013 .

B10 Dividend

- a) For the current financial year ended 31 December 2012, the Board of Directors recommends a final dividend of 21% (10.5 sen) per share tax exempt dividend (2011: a final tax exempt dividend of 19.4% (9.71 sen) per share and also dividend of 3.1% (1.55 sen) per share less 25% income tax). The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (AGM) of the Company. The date of the AGM and book closure in respect of the final dividend will be announced in due course.
- b) The total dividend for the current financial year is 38% (14 sen) per share consists of a final dividend as stated in (a) above and an interim tax exempt dividend of 7% (3.5sen) amounting to approximately RM4.86 million as compared to 2011 dividend as follows:-
- i) Interim tax exempt dividend of 7% (3.5 sen) per share amounting to approximately RM4.86 million in respect of financial year ended 31 December 2011 was paid on 9 November 2012.
- ii) A final tax exempt dividend of 19.4% (9.7 sen) per share and also dividend of 3.1% (1.55 sen) per share less 25% income tax amounting to approximately RM15.09 million in respect of financial year ended 31 December 2011 was paid on 29 June 2012.

B11 Earnings per Share

	Current year quarter 31/12/12	Current year to date 31/12/12
a) Basic EPS		
Net profit (RM'000)	5,998	26,015
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	138,822	138,822
-Weighted average number of shares arising from options exercised during the period	-	-
	138,822	138,822
Basic EPS (sen)	4.32	18.74
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	138,822	138,822
-Dilutive impact of unexercised share options	-	-
	138,822	138,822
Dilutive EPS (sen)	4.32	18.74

B12 Disclosure of Realised and Unrealised

	Current year to date 31-Dec-12 RM '000	Preceding corresponding year 31-Dec-11 RM '000
Total retained profits:		
- Realised	122,415	109,310
- Unrealised	931	581
	123,346	109,891
Less: Consolidation adjustments	(34,723)	(34,723)
Total retained profit	88,623	75,168

B13 Profit Before Tax

	Current year quarter 31/12/12 RM '000	Current year to date 31/12/12 RM '000
Operating profit is arrived at after charging:		
Depreciation of property, plant and equipment	1,878	6,974
Interest expense	63	371
Write-off of inventories	372	948
Net foreign exchange loss	<u>30</u>	<u>491</u>

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and current period ended 31 Dec 2012.

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2013

By Order of the Board

Noor Azwah binti Samsudin
Secretary
Kuala Lumpur
25 February 2013