



CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

Quarterly Report On Results For The Year Ended 31 Dec 2011

NOTES TO INTERIM FINANCIAL REPORT

A1 Accounting Policies and Method of Computation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and FRS 134, *Interim Financial Reporting*.

The interim financial report has been prepared in accordance with the same accounting policies in the consolidated financial statement as at and for the year ended 31 December 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2010 except for the mandatory adoption of the following new and revised Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("IC Int.") effective for the financial period beginning 1 January 2011:

FRSs/Interpretations

FRS 3 : Business Combinations (revised)
Amendments to FRS 2 : Share-based Payment
Amendments to FRS 2 : Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127 : Consolidated and Separate Financial Statements
Amendments to FRS 138 : Intangible Assets
Amendments to IC Int. 9 : Reassessment of Embedded Derivatives
Amendments to IC Int. 13 : Customer Loyalty Programmes
IC Int. 17 : Distributions of Non-cash Assets to Owners
IC Int. 4 : Determining Whether an Arrangement contains a lease
Amendments to FRS 132 : Classification of Rights Issues
Amendments to FRS 1 : limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 7 : Improving Disclosure about Financial Instruments
Amendments to FRSs : Improvements to FRSs (2010)

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 period 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 period under review.

A7 Dividend Paid

The Group paid an interim Tax Exempt dividend of 7% (3.5 sen) per share (2010: 9% (4.5 sen)) amounting to RM 4.86 million (2010: RM 6.25 million) in respect of financial year ended 31 December 2011 during the current quarter.

A8 Segment Information

	Year To Date			
	12/31/2011		12/31/2010	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	127,320	59,657	119,392	55,424
Export	10,812	3,628	12,045	4,073
	<u>138,132</u>	<u>63,285</u>	<u>131,437</u>	<u>59,497</u>

A9 Property, Plant and Equipment

The valuation of property, plant and equipment used in the condensed financial statements have been brought forward without amendment from the previous annual financial statements.

A10 Post Balance Sheet Events

There are no material events after the period end up to 13 Feb 2012 (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 period ended 31 Dec 2011.

A11 Changes in the Composition of the Group

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

A12 Related Parties Transactions

Significant related parties transactions of the Group for the year ended 31 Dec 2011 are as follows:-

	RM ' 000
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>2,519</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>(2,036)</u>
-Sales of goods	<u>3,572</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>(2,451)</u>
-Sales of goods	<u>9,914</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

The Group recorded a revenue of RM138.13million in the current year as compared to RM 131.44million last year. The increase by 5% is due to improve sales to the private sector particularly clinics and hospitals. Local sales have outstripped export due to uncertainty in the Middle East market and gross profit percentage is relatively stable for both segments. Group PBT declined to RM34.73million in the current period from RM35.41million last year. This decline is due to increase in depreciation relating to the new warehouse, charging out of financing cost on the new warehouse which was previously capitalised, increase consultancy cost in reviewing future business strategies and unfavourable foreign exchange differences.

B2 Comparison with the Preceding Quarter's Results

	Qtr 4 2011 (31/12/11) RM'000	Qtr 3 2011 (30/9/11) RM'000	Variance	
			RM'000	%
Revenue	33,036	36,767	(3,731)	(10.15)
Profit before tax (PBT)	7,836	9,726	(1,890)	(19.43)
Profit after tax (PAT)	6,329	7,521	(1,192)	(15.85)

Group revenue for the current quarter of RM33.03million declined by 10% against preceding financial quarter of RM36.77million due to weakening demand from the Government Hospitals. Similarly PBT also declined from RM9.7million to RM7.8million or 19.4% due to increase in distribution cost, new expenses on the implementation of a new Enterprise Resource Planning System and unfavourable foreign exchange differences.

B3 Prospects for the Next Financial Year

Demand for pharmaceutical industry is expected to remain relatively stable although the global economy is expected to remain uncertain. The defensive nature of the industry augurs well for the Group although offtake may fluctuate especially for supply to Government Hospitals. 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 31/12/11 RM'000	Current Year To Date 31/12/11 RM'000
Based on results for the quarter/year	(394)	(6,261)
Transfer to deferred tax	(1,113)	(1,762)
	<u>(1,507)</u>	<u>(8,023)</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to the utilisation of reinvestment allowances during the financial year ended 31 December 2011

B6 Unquoted Investments and Properties

There is no disposal of unquoted investment and/or properties during the current financial quarter. Subsequent to Year End, 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	1,280,000	142,000
1/4/2012	One unit of 1½ storey semi-detached factories.	919,000	600,000	319,000

B7 Quoted Investments

There was no purchase or disposal of quoted securities during the current financial quarter.

B8 Status of corporate proposals.

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

B9 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

	As at 31 Dec 2011 RM'000	As at 31 Dec RM'000
Current - unsecured	8,334	8,334
Non-current - unsecured	2,081	10,416
Total	<u>10,415</u>	<u>18,750</u>

B10 Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments after the period end up to 13 Feb 2012 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report)

B11 Material litigation

There was no material litigation up to 13 Feb 2012 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

B12 Dividend

- a) For the current financial year ended 31 December 2011, the Board of Directors recommends a final dividend of 29% (14.5 sen) per share less 25% income tax (2010: a final tax exempt dividend of 22% (11 sen) per share). 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 36% (18 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 2010 dividend as follows:-
- i) Interim tax exempt dividend of 9% (4.5 sen) per share amounting to approximately RM6.25 million in respect of financial year ended 31 December 2010 was paid on 28 October 2010.
- ii) A final tax exempt dividend of 22% (11 sen) per share amounting to approximately RM15.27 million in respect of financial year ended 31 December 2010 was paid on 27 June 2011.

B13 Earnings per Share

	Current year quarter 31/12/11	Current year to date 31/12/11
a) Basic EPS		
Net profit (RM'000)	<u>6,329</u>	<u>26,705</u>
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	-	-
	<u>138,822</u>	<u>138,822</u>
Basic EPS (sen)	<u>4.56</u>	<u>19.24</u>
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	-	-
	<u>138,822</u>	<u>138,822</u>
Dilutive EPS (sen)	<u>4.56</u>	<u>19.24</u>

B14 Disclosure of Realised and Unrealised

	Current year to date 31-Dec-11 RM '000	Preceding year corresponding period 31-Dec-10 RM '000
Total retained profits:		
- Realised	116,705	108,636
- Unrealised	(6,814)	(5,321)
	109,891	103,315
Less: Consolidation adjustments	(34,723)	(34,723)
Total retained profit	75,168	68,592

B15 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 22 February 2012.

By Order of the Board

Noor Azwah binti Samsudin
Secretary
Kuala Lumpur
22 February 2012