



CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

Quarterly Report On Results For The Period Ended 31 March 2013
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 the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, 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 2012.

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 2012.

On 1 January 2013, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2013:

MFRSs/ Interpretations

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (2011)
- MFRS 127, Separate Financial Statements (2011)
- MFRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11, Joint Arrangements: Transition Guidance
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

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

No dividend was paid during the current quarter. (2012:nil)

A8 Segment Information

	Quarter Ended		Year To Date	
	31/3/2013		31/3/2013	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	34,384	14,198	34,384	14,198
Export	3,453	1,213	3,453	1,213
	<u>37,837</u>	<u>15,411</u>	<u>37,837</u>	<u>15,411</u>

A9 Post Balance Sheet Events

There are no material events after the period end up to 20 May 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 period ended 31 March 2013.

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 March 2013 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>313</u>
b) With CCM Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Sales of goods	<u>574</u>
c) With UPHA Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Sales of goods	<u>2,009</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

	Year To Date (31/3/13) RM'000	Year To Date (31/3/12) RM'000	Variance	
			RM'000	%
Revenue	37,837	36,057	1,780	4.94
Profit before tax (PBT)	8,956	8,869	87	0.98
Profit after tax (PAT)	6,699	6,708	(9)	(0.13)

The Group recorded a revenue and profit before tax (PBT) of RM37.84 million and RM8.96 million respectively for current quarter ended 31 March 2013 as compared to RM36.06 million and RM8.87 million for the corresponding quarter last year. The Group's revenue has improved as compared to last year corresponding quarter mainly due to increase demand to Government Hospitals via tender business and export market. However, PBT did not increase in tandem with increase in revenue due to lower margin garnered from export sales during the quarter.

B2 Comparison with the Preceding Quarter's Results

	Qtr 1 2013 (31/3/13) RM'000	Qtr 4 2012 (31/12/12) RM'000	Variance	
			RM'000	%
Revenue	37,837	35,378	2,459	6.95
Profit before tax (PBT)	8,956	9,000	(44)	(0.49)
Profit after tax (PAT)	6,699	5,743	956	16.65

The Group recorded a revenue and profit before tax (PBT) of RM37.84 million and RM8.96 million respectively for current quarter ended 31 March 2013 as compared to RM35.38 million and RM9.0 million for the preceding financial quarter. The increase in revenue was mainly due to increased demand in Government Hospitals via tender business. However, PBT has dropped marginally due to lower margin garnered from export sales as compared to preceding quarter.

B3 Prospects for the Remainder of Current Financial Year

Demand in the pharmaceutical industry is expected to remain relatively stable albeit increased uncertainty in global economy. The defensive nature of the industry augurs well for the Group although 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 31/3/13 RM'000	Current Year To Date 31/3/13 RM'000
Based on results for the quarter/year	(2,001)	(2,001)
Transfer to deferred tax	(256)	(256)
	<u>(2,257)</u>	<u>(2,257)</u>

The Group's effective tax rate is approximate to the statutory tax rate.

B6 Unquoted Investments and Properties

There is no disposal of unquoted investment and/or properties during the current financial quarter.

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 March 2013 RM'000	As at 31 December 2012 RM'000
Current - unsecured	5,000	5,000
Non-current - unsecured	-	-
Total	<u>5,000</u>	<u>5,000</u>

B9 Material litigation

There was no material litigation up to 20 May 2012 .

B10 Dividend

The Directors do not recommend any interim dividend for the current quarter ended 31 March 2013. (2012: Nil)

B11 Earnings per Share

	Current year quarter 31/3/13	Current year to date 31/3/13
a) Basic EPS		
Net profit (RM'000)	<u>6,699</u>	<u>6,699</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>4.83</u>	<u>4.83</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>4.83</u>	<u>4.83</u>

B12 Disclosure of Realised and Unrealised

	Current year to date 31-Mar-13 RM '000	Preceding year corresponding period 31-Mar-12 RM '000
Total retained profits:		
- Realised	121,211	115,586
- Unrealised	1,438	1,013
	122,649	116,599
Less: Consolidation adjustments	(27,327)	(27,327)
Total retained profit	95,322	89,272

B13 Profit Before Tax

	Current year quarter 31/3/13 RM '000	Current year to date 31/3/13 RM '000
Operating profit is arrived at after charging:		
Depreciation of property, plant and equipment	1,880	1,880
Interest expense	48	48
Write-off of inventories	81	81
Net foreign exchange loss	<u>4</u>	<u>4</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 March 2013.

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 27 May 2013.

By Order of the Board

Noor Azwah binti Samsudin
Secretary
Kuala Lumpur
27 May 2013