



CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

Quarterly Report On Results For The Year Ended 31 Dec 2010

NOTES TO INTERIM FINANCIAL REPORT

A1 Accounting Policies and Method of Computation

The quarterly financial report is unaudited and has been prepared in accordance with FRS 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standard Board and part A of Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2009

The accounting policies and method of computation adopted are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2009.

The following FRSs that are relevant to the Group's operations and effective for the financial period beginning on or after January 2010 are as follows:

| FRSs/Interpretations | Effective date |
|---|----------------|
| FRS 7: Financial Instrument: Disclosure | 1-Jan-10 |
| FRS 101 (revised): Presentation of Financial Statements | 1-Jan-10 |
| FRS 127: Consolidated and Separate Financial Statements: Cost of an investment in a subsidiary, Jointly | 1-Jan-10 |
| FRS 139: Financial Instrument: Recognition and Measurement | 1-Jan-10 |
| Amendment to FRS 8: Operating Segment | 1-Jan-10 |
| Amendment to FRS 107: Cash Flow statements | 1-Jan-10 |
| Amendment to FRS 108: Accounting Policies, Changes in accounting Estimates and Errors. | 1-Jan-10 |
| Amendment to FRS 110: Event After Balance Sheet Date | 1-Jan-10 |
| Amendment to FRS 116: Property, Plant and Equipment | 1-Jan-10 |
| Amendment to FRS 117: Leases | 1-Jan-10 |
| Amendment to FRS 118: Revenue | 1-Jan-10 |
| Amendment to FRS 119: Employee Benefits | 1-Jan-10 |
| Amendment to FRS 131: Interest in Joint Venture | 1-Jan-10 |
| Amendment to FRS 132: Financial Instrument: Presentation | 1-Jan-10 |
| Amendment to FRS 134: Interim Financial Reporting | 1-Jan-10 |
| Amendment to FRS 136: Impairment of Assets | 1-Jan-10 |
| Amendment to FRS 138: Intangible Assets | 1-Jan-10 |
| IC Interpretation 10: Interim Financial Reporting and Impairment | 1-Jan-10 |
| IC Interpretation 11: FRS 2-Group and Treasury Share transaction | 1-Jan-10 |

The adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group except for the adoptions of the following standards:

a) FRS 101 (revised), Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of

comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The effects of the change in presentation are as follows:

- The gains and losses that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interest.
- The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

b) FRS 139: Financial Instrument: Recognition and Measurement

The new Standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. There were no significant changes to the interim financial report .

The application of the above new policies has the following effects:

| | Retained earnings RM'000 |
|---|-----------------------------|
| At 1 January 2010, as previously stated | 60,408 |
| Adjustments arising from adoption of FRS 139: | |
| - Impairment of trade and other receivables, net of tax | (9) |
| At 1 January 2010, as restated | 60,399 |

c) Amendment to FRS 8: Operating Segment

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Under FRS 8, the Group will present segment information in respect of its operating segments as follows: private market, Government hospitals and export.

The adoption of the other new and revised FRSs, IC Interpretations and Amendments has no effect to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.

The following FRSs were issued but not yet effective and have not been applied by the Company:

| | |
|--|----------|
| FRS 3 (revised): Business Combination | 1-Jul-10 |
| FRS 127 (revised): Consolidated and Separate Financial Statements | 1-Jul-10 |
| Amendment to FRS 5: Non Current Assets held for Sale and Discontinued Operations | 1-Jul-10 |

The Group will adopt these relevant Standards beginning on 1 January 2011. Adoption of these new Standards in the next financial year will result in changes to some existing accounting policies that could affect the results and the measurement of assets and liabilities.

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 current quarter to date

A7 Dividend Paid

The Group paid an interim Tax Exempt dividend of 9% (4.5 sen) per share (2009: 12% (6 sen)) amounting to RM 6.25 million (2009: RM 8.33 million) in respect of financial year ended 31 December 2010 during the current quarter.

A8 Segment Information

| | Quarter Ended / Year To Date | | | |
|------------------------------|------------------------------|--------------|------------|--------------|
| | 12/31/2010 | | 12/31/2010 | |
| | RM ' 000 | | RM ' 000 | |
| Sales by operating sector :- | Sales | Gross Profit | Sales | Gross Profit |
| Local | 27,834 | 14,490 | 119,392 | 55,424 |
| Export | 4,361 | 1,586 | 12,045 | 4,073 |
| | 32,195 | 16,076 | 131,437 | 59,497 |

A9 Property, Plant and Equipment

Land and buildings are stated at Directors' valuation based on professional valuations made by registered valuer of Mohd Nor & Partners (PJ) Sdn Bhd, conducted on the open market basis in November 2010.

A10 Post Balance Sheet Events

There are no material events after the period end up to 16 February 2011 (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 December 2010.

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 2010 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 | 2,598 |
| 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 | 648 |
| c) With UPHA Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0% | |
| -Purchase & Sales of goods | 2,255 |

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

The Group recorded a revenue and profit before tax (PBT) of RM32.20 million and RM8.61 million respectively for current quarter ended 31 Dec 2010 as compared to RM29.85 million and RM8.61 million for the corresponding quarter last year. The Group's revenue have improved as compared to last year corresponding quarter mainly due to increase sales to local private market.

B2 Comparison with the Preceding Quarter's Results

| | Qtr 4 2010 (31/12/10) RM'000 | Qtr 3 2010 (30/9/10) RM'000 | Variance | |
|-------------------|------------------------------------|-----------------------------------|----------|---------|
| | | | RM'000 | % |
| Revenue | 32,195 | 34,464 | (2,269) | (6.58) |
| Profit before tax | 8,607 | 10,221 | (1,614) | (15.79) |
| Profit after tax | 8,614 | 7,619 | 995 | 13.06 |

The Group recorded a revenue and profit before tax (PBT) of RM32.20 million and RM8.61 million respectively for current quarter ended 31 Dec 2010 as compared to RM34.46 million and RM10.22 million for the preceding financial quarter. The decrease in revenue and PBT is mainly due to lower demand from Government Hospitals.

B3 Prospects for the Next Financial Year

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 31/12/10 RM'000 | Current Year To Date 31/12/10 RM'000 |
|---------------------------------------|---|---|
| Based on results for the quarter/year | 608 | 7,384 |
| Transfer to/(from) deferred tax | (601) | (645) |
| | <u>7</u> | <u>6,739</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 2010

B6 Unquoted Investments and Properties

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

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 :-

| | Current Year To Date Unsecured Loan RM'000 |
|-------------|---|
| Current | 8,334 |
| Non-current | 10,416 |
| Total | 18,750 |

B10 Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments as at the date of issue of this quarterly report.

B11 Material litigation

There was no material litigation up to 16 February 2011 (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 2010, the Board of Directors recommends a final tax exempt dividend of 22% (11 sen) per share (2009: a final tax exempt dividend of 10% (5.0 sen) per share and also dividend of 14% (7.0 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 31% (15.5 sen) per share consists of a final dividend as stated in (a) above and an interim tax exempt dividend of 9% (4.5sen) amounting to approximately RM6.25 million as compared to 2009 dividend as follows:-

- i) Interim tax exempt dividend of 12% (6 sen) per share amounting to approximately RM8.32 million in respect of financial year ended 31 December 2009 was paid on 23 October 2009.
- ii) A final tax exempt dividend of 10% (5.0 sen) per share and also dividend of 14% (7.0 sen) per share less 25% income tax amounting to approximately RM14.23 million in respect of financial year ended 31 December 2009 was paid on 25 June 2010.

B13 Earnings per Share

| | Current year quarter 31/12/10 | Current year to date 31/12/10 |
|---|--|--|
| a) Basic EPS | | |
| Net profit (RM'000) | 8,614 | 28,669 |
| 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) | <u>6.21</u> | <u>20.65</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>6.21</u> | <u>20.65</u> |

B14 Disclosure of Realised and Unrealised

| | Current year to date 31-Dec-10 RM '000 |
|---------------------------------|---|
| Total retained profits: | |
| - Realised | 108,963 |
| - Unrealised | (5,321) |
| | 103,642 |
| Less: Consolidation adjustments | (34,723) |
| Total retained profit | 68,919 |

In compliance with the Bursa Securities LR, no disclosure of comparative figures in relation to the immediate preceding quarter is necessary; this being the interim financial report effecting this new disclosure requirement.

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 23 February 2011

By Order of the Board

Noor Azwah binti Samsudin
Rosnah binti Mahat
Secretaries
Kuala Lumpur
23 February 2011