

Financial Calendar

| | |
|--------------------------------------|----------|
| Financial year end | 31/12/08 |
| Annual General Meeting | 26/05/09 |
| Dividend | |
| Interim Dividend | |
| Payment date | 28/10/08 |
| Proposed Final Dividend | |
| Entitlement date | 12/06/09 |
| Payment date | 26/06/09 |
| Announcement of 2008 Trading Results | |
| Three months (1st Quarter) | 21/05/08 |
| Six months (2nd Quarter) | 26/08/08 |
| Nine months (3rd Quarter) | 19/11/08 |
| Full year (4th Quarter) | 24/02/09 |

Financial Highlights as at 31 December

Consolidated Balance Sheet

| | 2008 (RM'000) | 2007 (RM'000) |
|---------------------|------------------|------------------|
| Fixed assets | 55,369 | 59,575 |
| Current assets | 95,011 | 67,760 |
| Total assets | 150,380 | 127,335 |
| Current liabilities | 16,041 | 9,376 |

Financed by:

| | | |
|----------------------------|---------|---------|
| Share capital | 69,739 | 69,730 |
| Treasury shares | (1,578) | (1,578) |
| Non-distributable reserves | 14,169 | 14,136 |
| Retained profits | 48,222 | 31,925 |

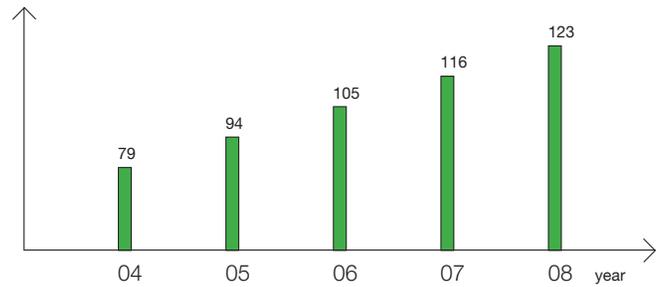
Shareholders' funds 130,552 114,213

Deferred tax liabilities 3,787 3,746

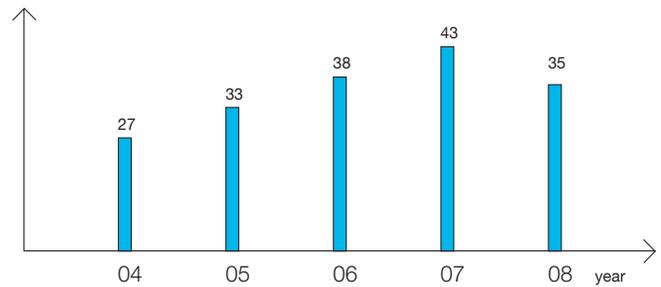
Consolidated Income Statement

| | 2008 | 2007 |
|-------------------------------------|----------|----------|
| Turnover | 122,872 | 115,551 |
| Profit before taxation | 35,340 | 42,541 |
| Taxation | (7,937) | (10,498) |
| Profit after taxation | 27,403 | 32,043 |
| Profit attributable to shareholders | 27,403 | 32,043 |
| Dividends | (11,106) | (63,326) |
| Transfer (from)/to retained profits | 16,297 | (31,283) |

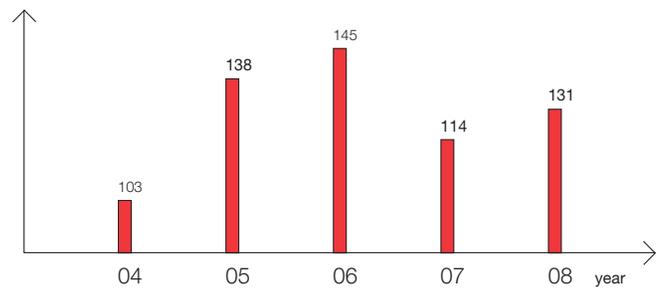
Turnover (RM million)



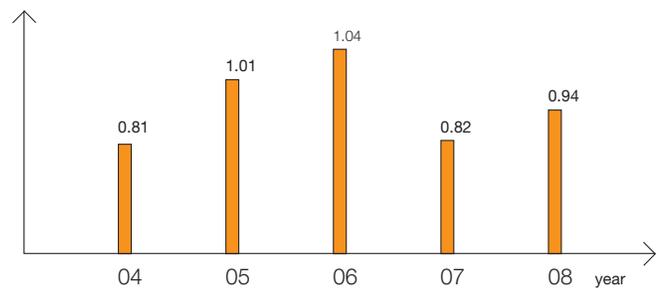
Profit before tax (RM million)



Shareholder's funds (RM million)



Net assets per share (RM)



Earnings per share (Sen)

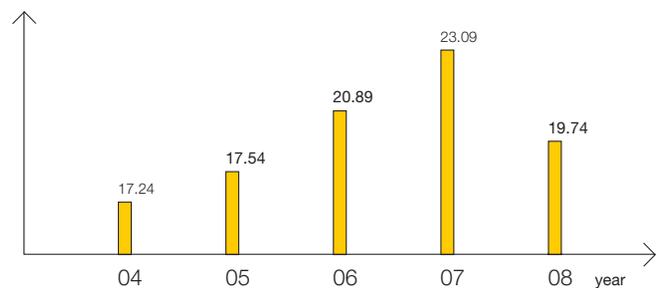


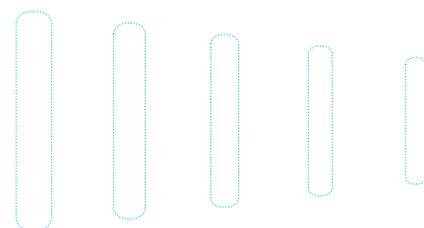
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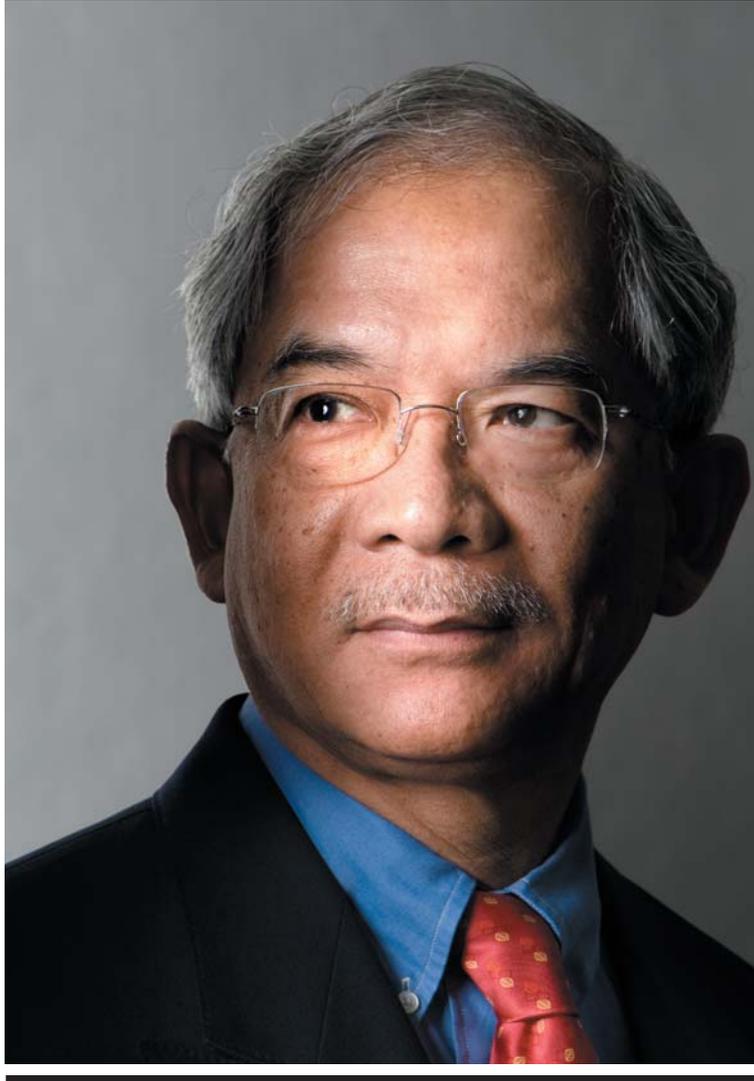
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**Salam
Sejahtera**

Central to our business philosophy is to provide value, accessibility and affordability of pharmaceutical products to improve the quality of life of our customers.

Tan Sri Dato' Dr. Abu Bakar bin Suleiman
Chairman





Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present to you the annual report and financial statements of CCM Duopharma Biotech Berhad (CCMD or the Company) for the financial year ended 31 December 2008.

During the year under review, CCMD witnessed a turbulent external environment which contributed to increased level of uncertainty for most industries. Even though we performed commendably in the earlier part of the year, the volatility of the global economy affected our growth considerably from the second half of the year onwards. However, the synergistic benefits we receive since coming under the CCM banner helped us to move forward with the goals we set for ourselves.

I am, therefore, pleased to report that we managed to demonstrate our resilience in the face of a weaker business and operating environment. We are still the leader in the domestic pharmaceutical industry and an emerging player in the regional market. With an approximate market share of 11%, we remain the most profitable local manufacturer of generic pharmaceutical products in Malaysia and continue to pave the way for our brands in the ASEAN region in 2008.

With Challenges Come Opportunities

The global economic slump in late 2008 driven by the economic slowdown in the United States took its toll on Japan, Europe and the emerging economies of China and India. Asia's "Little Dragons" such as South Korea, Taiwan, Hong Kong and Singapore saw their economic growth dropping to undesirable levels. The prospects of an uncertain future coupled with the fluctuating prices of crude oil and other commodities left the year in disarray in many parts of the world.

As a result, global economic growth was reported at 4.8% in 2008 compared to 5.2% in 2007. Fortunately, Malaysia's strong fundamentals protected the country and helped mitigate inflationary pressures from these external uncertainties. The country continued its steady growth momentum despite a slight reduction in export growth. The domestic and regional markets which have become more affluent with a more diversified economic base are looking into themselves to adapt to the challenging global forces.

In 2008, private consumption, firm labour market conditions and direct foreign investment continued to improve the business environment in Malaysia. To better compete with the emerging manufacturing giants like China and India, we learned that the easy and predictable prosperity of export-led growth and cheap labour costs will not and cannot last forever. We will have to create new industries, move up the value-add chain and create robust service sectors in our economies.

During the year under review, Malaysia saw an increase in the numbers of global pharmaceutical manufacturers that sought to outsource or in-license their operations. Big multi-national companies have begun to outsource clinical work to contract research organisations (CROs) and also locate the clinical trials in the most cost-competitive locations such as Malaysia where there is an abundant pool of educated and affluent population.

With the increasing trends shifting towards generic consumption as well as biotech and specialist driven therapy, the opportunities override the challenges for the pharmaceutical industry in Malaysia. Both the public and private sectors are important players in Malaysia's healthcare delivery system. This, in return, enables the country to expand its presence in the Asia Pacific healthcare industry.

Our Performance

Despite the changing scenario in the global and regional economies, we recorded another profitable year in 2008. The Company registered an increase of 6.3% in revenue from RM115.6 million in 2007 to RM122.9 million in the year under review. We managed to introduce new products and set our footprint in the regional markets, resulting in an increase in revenue.

Even though the Company's performance was laudable considering the turbulent economy occurring during the year, its profit before tax fell to RM35.3 million from RM42.5 million in the same corresponding period in the previous year. The drop in profit before tax was attributable to an increase in the prices of raw materials which occurred in the year as a result of the fuel price hike. Like most industries, we were affected by the skyrocketing fuel price which pushed up prices of raw materials from Active Pharmaceutical Ingredients (APIs) to packaging materials.

Another major factor for the decline in our profitability was the one-off stock write-offs we had to undertake mainly due to regulatory requirements which the Company had to absorb. We immediately took various cost saving measures to mitigate the impact of these raw material price increases. As fuel prices stabilised, we already began seeing some reduction in price for certain categories of raw materials towards the end of the year under review.

Positive Prospects

The Malaysian pharmaceutical market is estimated to be worth around USD3.1 billion in 2008, with leading domestic companies expecting 10% growth in 2009. Factors driving this growth include healthcare modernization, the development of the biotechnology sector and the rising prevalence of chronic diseases as a consequence of improving affluence and unhealthy living habits.

Positive Prospects (cont.)

In the Asian market, Malaysia's healthcare spending rate was rated 5th behind the Philippines, India, South Korea and China. Even though Malaysia is relatively small in population compared to these countries, the healthcare spending of Malaysians is high and it reflects the trend of Malaysians toward a healthy lifestyle. Hence, even in such challenging times, there are opportunities for pharmaceutical companies to increase their manufacturing in order to meet the increasing demands for healthcare products.

For over a decade, the Malaysian pharmaceutical market has been growing at around 8% to 10% annually. The expiry of patents of highly demanded pharmaceutical products allow further development of lower cost and generic versions of conventionally higher priced drugs. With healthcare high on the list of government priorities in the country, the prospects for the pharmaceutical industry remain favourable.

The government has played a huge role in providing initiatives to the industry. Grants and financing schemes have been allocated to support R&D initiatives, pharmaceuticals inspection co-operation scheme (PICS), the Industrial Master Plan 3 (IMP3 2006-2020) and Malaysia's Intellectual Property laws have all gone some way towards encouraging growth in the industry. The markets which should benefit from these initiatives include specialist driven therapy, dietary supplements and herbal or traditional medicines markets.

Our Appreciation

It has always been our main aim and purpose to maximise value for our shareholders. We are mindful of the support and loyalty shown by our shareholders and consistently look for ways to create value for them.

Therefore, the Board is recommending a final tax exempt dividend of 14% per share or 7 sen per share, bringing the total dividend for the financial year under report to 30% or 15 sen per share including an interim dividend of 16% or 8 sen. In total, the Company will issue a dividend payout of RM20.9 million for the year.

Acknowledgement

On behalf of the Board of Directors, I would like to thank our shareholders, customers, business associates and partners for their continued trust and support in ensuring 2008 was another commendable albeit challenging year for the Group. I would like to extend our sincerest gratitude to the Malaysian government, particularly the Ministry of Health and other related government bodies. Our success is largely due to their continued trust and support in our mission and products.

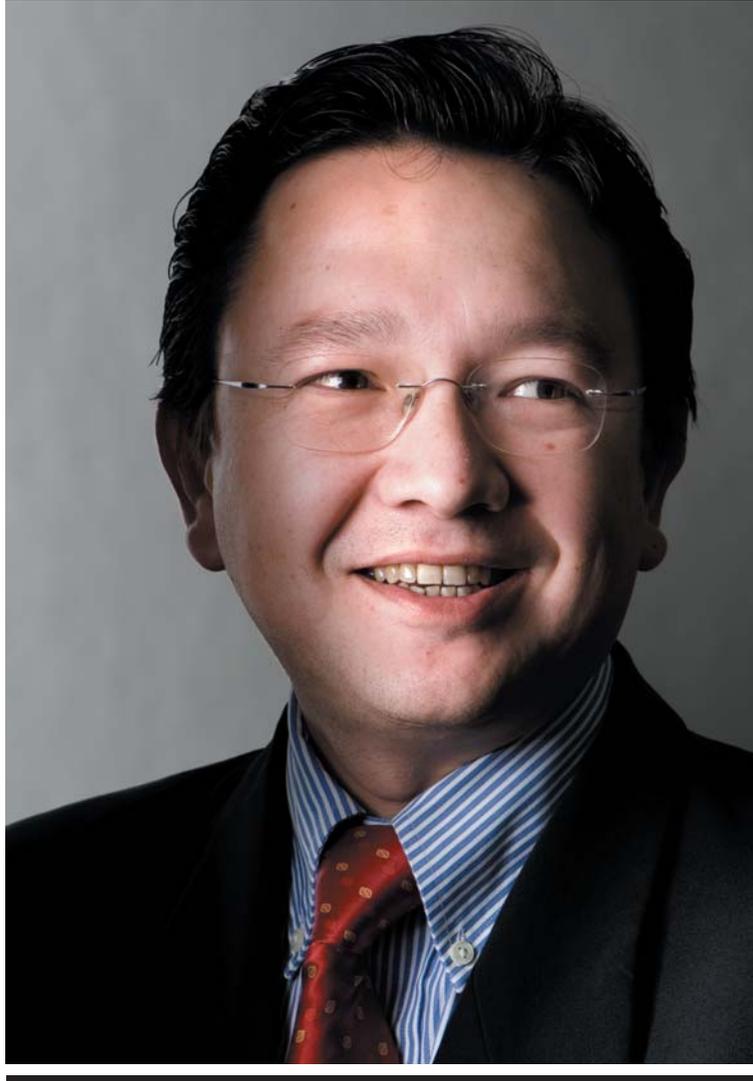
In pursuit of productivity and returns, I must express our utmost gratitude to our management and employees for their dedicated

loyalty, dedication and commitment. I thank my fellow Directors for their invaluable contribution, both in terms of insights and expertise, which they shared with me throughout the year under review.

Tan Sri Dato' Dr. Abu Bakar bin Suleiman
Chairman

To maintain our competitiveness,
we took various costs saving
measures to maximise synergies
in all areas of our operations.

Leonard Ariff bin Abdul Shatar
Chief Executive Officer



Chief Executive Officer's Operation Review

The year under review was the time to reaffirm our spirit as a young subsidiary of Chemical Company of Malaysia (CCM) Berhad. The year was marked by a series of events which kept us busy and challenged as we continued with our business strategies since coming under the corporate umbrella of the CCM Group. We managed to perform steadily and to embark on new technologies and marketing efforts for the development of CCM Duopharma Biotech Berhad (the Company).

In reaffirming our association with CCM Group, we understand that prosperity and growth is never given. It must be earned. Our journey to enhance the quality of life of every Malaysians has included all our customers in the regional and international markets as well. We continually aim to bring innovative, quality products at competitive prices and strategically position the Company to be a player and leader in the pharmaceutical industry both in Malaysia and the ASEAN region.

The Company's growth has never been one of shortcuts or settling for less. The Company has taken the path of listening and responding to the markets; taking strategic initiatives and measures; and reaching new milestones in our operational results and capabilities. The pharmaceutical business is a rather stable one where demand will not be adversely affected so long as there are generic products which offer the best value for money. As a generic pharmaceutical manufacturer, this fact augurs well with our corporate mission and objectives, and ensures a positive outlook for the Company.

Factors such as innovator best-selling products coming off-patent and thinning pipelines of cash-rich multinational pharmaceutical corporations is shifting the industry's attention to Asia Pacific, the fastest growing region in the world. Investments and strategic tie-ups with local players will be more prevalent in the coming years. We intend to create more opportunities and expand our involvement in the industry. In 2008, CCM established a regional office in the Philippines; adding to the regional offices we already have in Indonesia, Singapore, Thailand and Vietnam.

We will continuously monitor opportunities and deliver products that will give the highest value to our customers. The CCM brand which has been in the industry for more than 40 years has earned a strong presence in the local and regional markets. During the period under review, we continued with our business strategies by continuously improving our systems and processes; embarking on new technologies and marketing strategies; and building knowledge and expertise through our people.

The history of CCMD is very much founded on the entrepreneurial spirit of its founders. We are keen to preserve this foundation which allows the Company speed, agility and nimbleness to respond to customers' needs and wants. 2008 saw the Company being grouped under the newly-formed Pharmaceuticals Division of CCM Group together with its two major operating pharmaceuticals companies, CCM Pharmaceuticals Sdn Bhd and Innovax Sdn Bhd.

The synergy proved to be an effective cost measure and an efficient operational move. Under a single leadership structure, various initiatives and programmes were implemented during the year under review.

We intend to invest RM74.7 million for a three year plant expansion from 2008 to 2010. The expansion will provide additional capacity to cater to the growing business demand. By 2010, the plant will be able to produce 20 million vials of small injectables and liquids without disrupting the existing manufacturing facility.

However, in March 2009, we deferred RM20 million in expenditure of the approved CAPEX of RM74.7 million for 2008-2010 by rescheduling the construction of the new office block and the execution of Phase 3 of the haemodialysis and irrigation capacity expansion initiative.

In the meantime, we will proceed to upgrade and remove one part of the small volume injectables (SVI) plant and equip it for an inert vaccines fill and finish facility at the cost of RM7.0 million. We will also proceed with the construction of a new warehouse complete with other ancillaries at a cost of RM25 million which is in line with the expanded business.

Corporate Social Responsibility

For the second time, the OTC/Herbal Department of CCMD visited Penjagaan Warga Tua Seri Tanjung in Kuang, Selangor and delivered Donna Forte 500mg, CHC Calcium and Vitamin C supplementary supplies to improve the well being of its senior citizens and residents. The team took the chance to gauge the effectiveness of our products since the first delivery we did during the previous year. The outcome has been positive and encouraging to us.

During the year, we contributed RM60,000 to the Persatuan Farmasi Malaysia. The contribution went towards helping it to acquire its own building at 1 Puchong Business Park which costs RM2.8 million.

CCMD's social contribution went beyond its shores when it came to the aid of the victims of Cyclone Nargis in Myanmar. On 18 June 2008, we donated 200 bags of rice as an emergency relief to those victims in Phone Taw Byae Village at Ngu Pu Taw Township, Irawaddy Division. This area was the most badly affected area hit by the cyclone which hit Myanmar on 2 May 2008. With our donation, each family household in that village was given 50 pounds of rice. We also donated 1,000 exercise books to schoolchildren in Than Te Village, Dedaye Township located at the Delta Region.

Human Resource Development

Throughout the year, employees of the Company participated with the CCM Group in its human resource development programmes. We managed to streamline the various HR areas such as pooling of the top talents into a Divisional structure.

Human Resource Development (cont.)

We held our annual mid-year sales conference to update on the sales and marketing efforts and achievements as we discussed plans and strategies for improving our sales performance. Similarly, we also held our first OTC/Herbal Meeting to discuss the sales and marketing strategies and activities while setting our overall sales target for year 2008.

Research and Development

The Company is able to tap the resources and expertise of the CCM Group's RM10 million high-tech R&D centre in Glenmarie in order to facilitate us in the development of new and innovative products. The Centre is currently studying and experimenting local herbs that have therapeutic qualities and can be marketed both domestically and internationally.

We also intend to leverage on the country's move towards being a global Halal hub by increasing our output and range of products in the years ahead. We intend to double sales globally in the next five years as we raise the awareness of Halal supplements which are beyond food and beverages only.

In 2008, six of our products have been approved by National Pharmaceutical Control Bureau of the Ministry of Health which included one prescription, one OTC and four herbal-based products. These products were for the treatment of sore throat, osteoarthritis, cough and cold. With a more coordinated approach in terms of new product development together with effective management and utilization of available resources, we are confident to expand our product line in the near future.

Regulatory Compliance

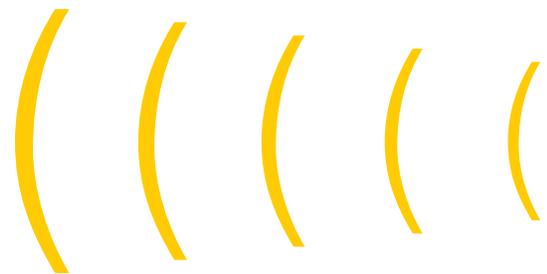
The annual National Pharmaceutical Control Bureau audit was conducted at CCMD to evaluate the effectiveness of the Quality Management System with reference to the Good Manufacturing Practices (GMP) requirement for the pharmaceutical industry. The European Pharmaceutical Co-operation Scheme (PICS) guideline and Good Store Practices (GSP) are used as standards during the two days' audit which was conducted by the Ministry of Health, Malaysia. We achieved a satisfactory result for the site in Klang. We have taken the necessary steps in upgrading parts of the facility in 2008 with the balance scheduled in 2009.

We are actively looking to venture into newer and higher value added products and competencies currently not available in Malaysia in order to secure the future of the Company.

Leonard Ariff Bin Abdul Shatar
Chief Executive Officer

It's so yummy.
My favourite is
the orange flavour.
Mummy says it will
make me healthy
and strong.

Melvin Kong





(((

Corporate Information

Board of Directors

- Tan Sri Dato' Dr. Abu Bakar bin Suleiman **(Chairman/ Non-Independent Non-Executive Director)**
- Dato' Dr. Mohamad Hashim bin Ahmad Tajudin **(Non-Independent Non-Executive Director)**
- Datuk Alias bin Ali **(Non-Independent Non-Executive Director)**
- Datuk Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam **(Independent Non-Executive Director)**
- Haji Ghazali bin Awang **(Independent Non-Executive Director)**
- Dr. Mohd Nasir bin Hassan **(Independent Non-Executive Director)**

Chief Executive Officer

- Leonard Ariff bin Abdul Shatar

Company Secretaries

- Noor Azwah binti Samsudin (LS0006071)
- Rosnah binti Mahat (LS0006735)

Registered Office

- 13th Floor, Menara PNB 201-A, Jalan Tun Razak 50400 Kuala Lumpur tel +603 2612 3888 fax +603 2612 3999

Business Address

- Lot 2599, Jalan Seruling 59 Kawasan 3, Taman Klang Jaya 41200 Klang Selangor Darul Ehsan tel +603 3323 2759 fax +603 3323 3923 www.duopharma.com.my duofarma@tm.net.my

Auditors

- Messrs. KPMG Chartered Accountants KPMG Tower 8 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan

Stock Exchange Listing

- Main Board of Bursa Malaysia Securities Berhad

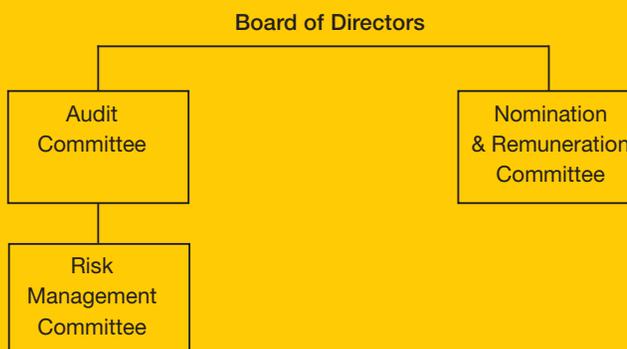
Principal Bankers

- OCBC Bank (Malaysia) Berhad No.19, Jalan Stesen 41000 Klang Selangor Darul Ehsan
- CIMB Bank Berhad G9, Ground Floor Plaza Metro, Jalan Meru 41050 Klang Selangor Darul Ehsan

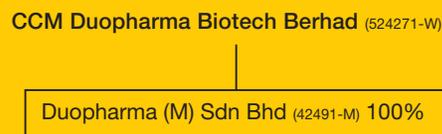
Share Registrar

- Tenaga Koperat Sdn Bhd Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur tel +603 2264 3883 fax +603 2282 1886

Board Structure



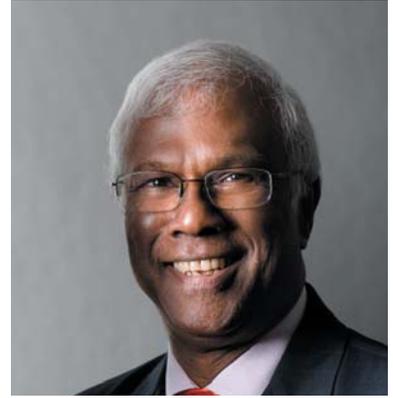
Corporate Structure



Board of Directors



Tan Sri Dato' Dr. Abu Bakar bin Suleiman



Datuk Dr. M. Jegathesan

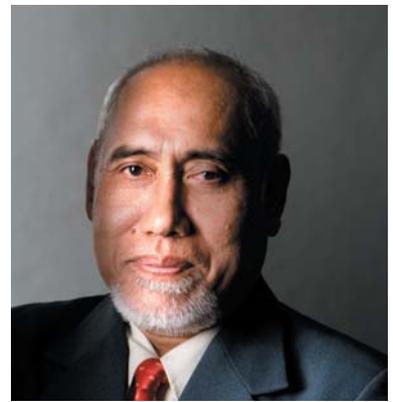


Dato' Dr. Mohamad Hashim bin Ahmad Tajudin



Dr. Mohd Nasir bin Hassan

Datuk Alias bin Ali



Haji Ghazali bin Awang

Board of Directors

Tan Sri Dato' Dr. Abu Bakar bin Suleiman / 65, Malaysian
Chairman

Qualifications

- Bachelor of Medicine and Bachelor of Surgery, Monash University, Australia
- Master of Medicine, University of Singapore
- Fellow, Royal Australian College of Physicians
- Fellow, Royal College of Physicians, London
- Fellow, Royal College of Physicians, Edinburgh
- Fellow, Royal College of Physicians, Glasgow
- Fellow, Royal College of Physicians, Ireland
- Fellow, Academy of Medicine, Malaysia
- Fellow, Academy of Medicine, Singapore
- Fellow, Academy of Science, Malaysia
- Honorary Fellow, American College of Physicians

Membership of Associations

- President, Malaysian Health Informatics Association
- President, National Kidney Foundation
- Chairman, Consultative Panel on Healthcare, National Productivity Corporation
- Chairman, Ministry of Health Committee on Living Unrelated Donor Transplantation
- Chairman, Malaysian-Morocco Trade Chamber

Position on the Board

- Non-Independent Non-Executive Chairman

Date Appointed to the Board

- 25 May 2002

Working Experience and Occupation

- Tan Sri began his career as a Medical Officer with the Ministry of Health (MOH) in 1969. He subsequently completed his training in Internal Medicine and became a Consultant Physician with the Department of Nephrology, Kuala Lumpur Hospital. He has held various top-level positions in the medical field, including being Head of the Department of Nephrology, Kuala Lumpur Hospital, where he worked for 11 years. In 1987, he was appointed the MOH's Director of Medical Services and in 1989, the Deputy Director-General of Health. He went on to become the Director-General of Health, a position he held from 1991 to 2001. He attended the Advanced Management Program at Harvard Business School, USA, in 1991. Upon his official retirement, he was appointed President of the International Medical University.

Membership of Board Committees

- Chairman, Nomination & Remuneration Committee

Directorships of Other Public Companies

- KPJ Healthcare Berhad
- Medical Defence Malaysia Berhad
- Chemical Company of Malaysia Berhad

Securities Holdings in the Company and its Subsidiaries

- 286,400 ordinary shares directly
- 11,000 ordinary shares indirectly

Family Relationship with Any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years Other Than Traffic Offences

- None
-

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin

/ 54, Malaysian

Qualifications

- Bachelor of Science in Agriculture, Universiti Putra Malaysia
- Master of Science in Agriculture (Soil Chemistry and Fertility), Universiti Putra Malaysia
- PhD in Soil Fertility (Soil Chemistry and Plant Nutrition) and Management, Universiti Putra Malaysia
- Advanced Management Program, INSEAD, France
- Harvard Premier Business Management Programme

Membership of Associations

- Committee Member, Cluster Working Group, Biotechnology & Bio-industry
- Chairman, Sub-Cluster Working Group Industrial Biotechnology
- Vice Chairman, Sub-Cluster Working Group Healthcare Biotechnology
- Member, Cluster Working Group Agribusiness
- Board of Director, MARDI
- Chairman, Planters Editorial Committee for the Incorporated Society of Planters
- Council Member, Federation of Malaysian Manufacturers
- Chairman, Branding and Intellectual Property Committee, Federation of Malaysian Manufacturers
- Board Member, Universiti Putra Malaysia
- Council Member, Outward Bound School Trust
- Member, University Industry Advisory Panel, Universiti Malaysia Kelantan

Position on the Board

- Non-Independent Non-Executive Director

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin (cont.)**Date Appointed to the Board**

- 18 Nov 2005

Working Experience and Occupation

- Dato' Dr. Mohamad Hashim is the Group Managing Director of Chemical Company of Malaysia Berhad (CCM). Prior to his current appointment in CCM, Dato' Dr. Mohamad Hashim was a Senior Director in the Oils & Fats Division of Golden Hope Plantations Berhad. He held various positions during his 26 years career in Golden Hope. These included being a Director in the Research and Development from 1998 to 2003 and the Executive Director of Golden Hope Research Sdn Bhd and Golden Hope Agrotech Consultancy Sdn Bhd. He was also the Adjunct Professor of the Agricultural Faculty, Universiti Putra Malaysia.

Membership of Board Committees

- None

Directorships of Other Public Companies

- Chemical Company of Malaysia Berhad

Securities Holdings in the Company and its Subsidiaries

- 15,000 ordinary shares directly

Family Relationship with Any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years Other Than Traffic Offences

- None

Datuk Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam / 65, Malaysian**Qualifications**

- Bachelor of Medicine and Bachelor of Surgery, University of Singapore
- Diploma in Tropical Medicine and Hygiene, Mahidol University, Thailand
- Diploma in Clinical Pathology, University of London
- Fellow, Royal College of Pathologists, United Kingdom
- Fellow of the College of American Pathologists, America
- Fellow, Royal College of Pathologist of Australia
- Fellow Academy of Medicine, Malaysia
- Senior Fellow (Academician) Academy of Sciences, Malaysia

Membership of Associations

- Founder President, Malaysian Association of Doping Control in Sports
- Honorary Medical Advisor, Commonwealth Games Federation
- Chairman, Medical and Anti Doping Commission, Olympic Council of Asia
- Chairman, Medical Committee of the Asian Athletic Association
- Chairman, Medical Committee of the Olympic Council of Malaysia
- Deputy President, Olympic Council of Malaysia

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 30 March 2006

Working Experience and Occupation

- Datuk Dr. Jegathesan began his career serving in numerous government departments in the Ministry of Health, culminating in the position of Deputy Director General (Research and Technical Support) from 1994 till 1998. After a full term career in the Ministry of Health, Datuk Dr. Jegathesan served as Medical Advisor to the UNDP affiliated Council for Health Research for Development in Geneva from 1998 to 2000, thereafter as CEO of Sistem Hospital Awasan Taraf till 2003. He currently holds positions as Adjunct Professor, Faculty of Medicine and Health Sciences, Universiti Putra Malaysia Consultant Microbiologist, Gribbles Pathology Laboratory Services, Consultant Microbiologist, Sunway Hospital and MAHSA College and is invited to be temporary Advisor to the World Health Organisation from time to time.
- Datuk Dr. Jegathesan's other crowning achievements were when he was a participant in the Asian Games in Jakarta in 1962, where he was the first Malaysian to win a gold medal at an Asian Games, repeating the feat at the next Games in 1966 and was dubbed the "fastest man in Asia." He was also Malaysia's first Sportsman of the Year in 1966.

Membership of Board Committees

- Member, Nomination & Remuneration Committee
- Member, Audit Committee

Directorships of Other Public Companies

- None

Securities Holdings in the Company and its Subsidiaries

- 34,120 ordinary shares directly

Family Relationship with Any Director and/or Major Shareholder

- None

Datuk Dr. Jegathesan a/1 N. M. Vasagam @ Manikavasagam (cont.)**Conflict of Interest with the Company**

- None

List of Convictions for Offences Within the Past 10 years Other Than Traffic Offences

- None

Datuk Alias bin Ali / 61, Malaysian**Qualifications**

- Bachelor of Economic (Hons.), Universiti Malaya
- Master in Business Management (MBM), Asian Institute of Management (Manila)
- Diploma in Islamic Studies, Universiti Kebangsaan Malaysia
- Diploma in Homeopathic Medicine, Homeopathic Medical Association of Malaysia

Membership of Associations

- Member, Malaysian Institute of Management
- Member, World Futures Society

Position on the Board

- Non-Independent Non-Executive Director

Date Appointed to the Board

- 14 March 2006

Working Experience and Occupation

- Datuk Alias began his career serving in government departments and Ministries since 1970. He was appointed the Industrial Development Director of the Ministry of Trade & Industry in 1987. In 1990, he was appointed the Cabinet Under-Secretary in the Prime Minister's Department and Deputy Secretary-General (Cabinet) in 1995. He was the Secretary-General of the Ministry of Health from 2000 till 2004.

Membership of Board Committees

- Member, Audit Committee

Directorships of Other Public Companies

- Air Asia Berhad
- Fima Corporation Berhad
- Melati Ehsan Holdings Berhad

Securities Holdings in the Company and its Subsidiaries

- None

Family Relationship with Any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years Other Than Traffic Offences

- None

Haji Ghazali bin Awang / 62, Malaysian**Qualifications**

- Bachelor of Commerce, University of Newcastle (N.S.W.), Australia
- Chartered Accountant, Institute of Chartered Accountants, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Diploma in Islamic Studies, International Islamic University

Membership of Associations

- Member, Malaysian Institute of Accountants (MIA)

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 14 March 2006

Working Experience and Occupation

- Haji Ghazali began his career as an Accountant in Wilson Bishop Bowes & Craig in Australia in 1972. Upon returning to Malaysia, he assumed several positions in the Government services, Permodalan Nasional Berhad and Shell Companies in Malaysia. In 1994, he assumed the position of Executive Director/Group Director, Finance & Corporate Services, Kumpulan Guthrie Bhd until he retired in 2003.

Membership of Board Committees

- Chairman, Audit Committee
- Member, Nomination & Remuneration Committee

Directorships of Other Public Companies

- HeiTech Padu Berhad
- BIMB Unit Trust Management Berhad
- Bank Simpanan Nasional
- Prudential BSN Takaful Berhad

Securities Holdings in the Company and its Subsidiaries

- 45,000 ordinary shares directly

Family Relationship with Any Director and/or Major Shareholder

- None

Haji Ghazali bin Awang (cont.)

Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years

Other Than Traffic Offences

- None

Dr. Mohd Nasir bin Hassan / 48, Malaysian

Qualifications

- Bachelor of Medicine and Bachelor of Surgery (MBBS), Universiti Malaya
- Member, Royal College of Physicians (Edinburgh)
- Underwent clinical training in Paediatric Cardiology at the University of Liverpool, England

Membership of Associations

- None

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 31 October 2003

Working Experience and Occupation

- Dr. Mohd Nasir began his career as a Medical Officer with the Ministry of Health (MOH) and was appointed as Paediatric Specialist in MOH in 1992 before joining the National Heart Institute in 1994 as Paediatric Cardiology Specialist until 1996. Dr. Mohd Nasir is currently attached to Ampang Puteri Specialist Hospital as Resident Consultant Paediatrician.

Membership of Board Committees

- Member, Audit Committee

Directorships of Other Public Companies

- None

Securities Holdings in the Company and its Subsidiaries

- None

Family Relationship with Any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years

Other Than Traffic Offences

- None

Senior Management

Leonard Ariff bin Abdul Shatar / 44, Malaysian

Chief Executive Officer

Qualifications

- LLB, Monash University, Melbourne, Australia
- Bachelor of Economics, Monash University, Melbourne, Australia

Membership of Associations

- Member, Malaysian Institute of Management
- Co Vice President, Malaysia Organisation of Pharmaceutical Industries (MOPI)

Position on the Board

- None

Date Appointed to the Company

- 1 January 2008

Working Experience and Occupation

- Encik Leonard Ariff was appointed the Chief Executive Officer of CCM Duopharma Biotech Berhad on 1 January 2008. Since 1988, he has worked in various capacities in the legal profession before joining the CCM Group in 1990 where his main responsibilities were in business development at CCM Chemicals Sdn Bhd. In 2000, he assumed the position of Managing Director of Usaha Pharma [M] Sdn Bhd [formerly known as Prima Health Pharmacy [Retail] Sdn Bhd], CCM's pharmaceutical retail arm. He then became General Manager of ICI Paints Malaysia Sdn Bhd in 2003 and subsequently its Managing Director before taking on his current appointment. He also holds directorship on the Board of several companies within the CCM Group.

Membership of Board Committees

- None

Directorships of other Public Companies

- None

Securities Holdings in the Company and its Subsidiaries

- None

Family Relationship with any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years

Other Than Traffic Offences

- None

Senior Management



Leonard Ariff bin Abdul Shatar

Ibrahim bin Zainudin



Chek Wu Kong

Dr. Abdul Manaf bin Mohamad Radzi

Ibrahim bin Zainudin / 51, Malaysian
General Manager, Operations

Qualifications

- Bachelor of Science (Hons) Applied Biology, Liverpool, UK (Major in Microbiology & Biochemistry)

Membership of Associations

- None

Working Experience and Occupation

- En. Ibrahim commenced his career in Glaxo Malaysia (now GSK) in 1983, gaining experience in production, quality control, quality assurance and materials planning of pharmaceuticals manufacturing. He then joined Baxter Malaysia (now Unomedical) in 1992, in the areas of regulatory affairs, quality assurance, R&D, human resource and operations of medical devices manufacturing. En. Ibrahim later moved to Pharmaniaga Manufacturing Bhd in 2001 as the plant's Director & Senior General Manager responsible for the overall operations of pharmaceuticals manufacturing and later Head of International Manufacturing Development. In January 2008, he joined CCM Duopharma in his present capacity as General Manager, Operations, overseeing supply chain management, purchasing, manufacturing, engineering, safety and risk management.

Chek Wu Kong / 43, Malaysian
General Manager, Finance & IT

Qualifications

- Bachelor of Accounting (Hons), Universiti Malaya
- Malaysian Institute of Certified Public Accountants (MICPA)

Membership of Associations

- Member, Malaysian Institute of Accountants
- Member, Malaysian Institute of Certified Public Accountants

Working Experience and Occupation

- Mr. Chek commenced his career in an international firm of public accountants in 1990, gaining experience in taxation, auditing and accounting. He joined Komarkcorp Berhad in 1994 as Accountant and was responsible for corporate restructuring, group accounting and finance. He was later promoted to Group Finance Manager in 1995 and thereafter to Group Financial Controller in 1996 before starting his own business in January 2000. He joined CCM Duopharma in August 2000 as Financial Controller and was promoted to current position in 2008.

Dr. Abdul Manaf bin Mohamad Radzi / 53, Malaysian
General Manager, Exports

Qualifications

- Doctor of Philosophy (Ph.D.) in Chemistry (Major in Physical Chemistry and Minor in Inorganic Chemistry), University of Tennessee, Knoxville, USA
- Master of Business Administration (MBA) – ITM-Ohio University programme

Membership of Associations

- None

Working Experience and Occupation

- Dr. Manaf is currently the General Manager in charge of the export business. He also heads CCM Pharmaceuticals (S) Pte. Ltd. He has attended the INSEAD Asian International Executive Programme conducted in Singapore. He has a vast experience in various fields and has held positions in academia, research and development, information technology, trading and manufacturing and has worked with start-up companies, public listed companies and multi-national companies. He also holds directorships on the board of several companies within the CCM Group.

I believe in the efficacy
of herbal products.
It is proven to have the
curative and preventive
elements to control blood
sugar levels.

Abdul Sanik Johari





Statement on Corporate Governance

The Code

The Malaysian Code on Corporate Governance (the 'Code') sets out the principles and best practices on structures and processes used to direct and manage the business and affairs of the Group towards enhancing corporate accountability with the objective of realizing long-term shareholder value, whilst taking into account the interest of other stakeholders.

The Board of Directors is committed to ensure that good corporate governance is being practised throughout the Group, as it is a fundamental part of discharging its responsibilities to enhance shareholders' value and financial performance of the Group.

The following statement sets out how the Company has applied the principles and best practices of corporate governance as contained in the Malaysian Code of Corporate Governance throughout the financial year from 1 January 2008 to 31 December 2008.

The Board of Directors

The Board, as at 31 December 2008 consists of six (6) directors of whom three (3) are independent. The composition of the Board was maintained so that not less than one-third (1/3) were independent directors at all times. This balance enables the Board to provide clear and effective leadership to the Group and to bring informed and independent judgement to many aspects of the Company's strategies so as to ensure that the highest standards of conduct and integrity are maintained.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise to enable the Board to lead and control the Group effectively. A brief description on the background of the Directors is presented in the Board of Directors' Profile section of this Annual Report.

There is a clear division of responsibility between the Chairman and the Chief Executive Officer to ensure a balance of power and authority. The Chairman is primarily responsible for ensuring Board effectiveness and conduct whilst the Chief Executive Officer oversees the day-to-day running of the businesses including implementation of the policies and strategies adopted by the Board and clarifying matters relating to the Group's business to the Board.

The Board has met four (4) times during the financial year under review. It is envisaged that the Board will convene additional meetings as and when necessary. All Board members bring an independent judgement to bear on issues of strategy, performance, resources, and standard of conduct.

The Board reviews and approves the short term budgets and long term strategies, in line with the overall strategy of its major shareholders. In addition, all acquisitions, disposals and major capital expenditure are approved by the Board. At appropriate times, the Board also considers the principal risks affecting the business of the Group and the measures that could be taken to mitigate such risks.

The Board, in discharging its fiduciary duties, is assisted by two (2) Board Committees namely the Audit Committee and the Nomination and Remuneration Committee, each entrusted with specific tasks.

These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

All Committees have written terms of reference, which have been approved by the Board, and the Board receives report of their proceedings and deliberations. The Chairman of the various committees will report to the Board on the outcome of the Committee meetings and such reports will be incorporated in the minutes of the Board Meeting.

Meetings and Supply of Information

Board Meetings are scheduled a year ahead in order to enable full attendance at Board meetings. During the financial year under review, the Board deliberated upon and considered a variety of matters including the Group's financial results, strategic plan and business plan. During the year, four (4) board meetings were held. Details of the Directors' meeting attendances during the financial year are as follows:

| Name of Directors and Status | Number of Meetings Attended |
|--|-----------------------------|
| Tan Sri Dato' Dr. Abu Bakar Bin Suleiman Chairman, Non-Independent Non-Executive Director | 4/4 |
| Dato' Dr. Mohamad Hashim Bin Ahmad Tajudin Non Independent Non-Executive Director (Redesignated as Non-Executive Director wef 15/02/08) | 4/4 |
| Dr. Mohd. Nasir Bin Hassan Independent Non-Executive Director | 4/4 |
| Datuk Alias Bin Ali Non-Independent Non-Executive Director | 4/4 |
| Haji Ghazali Bin Awang Independent Non-Executive Director | 4/4 |

Meetings and Supply of Information (cont.)

| Name of Directors and Status | Number of Meetings Attended |
|------------------------------|-----------------------------|
|------------------------------|-----------------------------|

| | |
|---|-----|
| Datuk Dr. Jegathesan a/I N. M. Vasagam @ Manikavasagam | 3/4 |
|---|-----|

Independent Non-Executive Director

Scheduled Board meetings are structured with a pre-set agenda. Prior to the Board meetings, all Directors are provided with the board papers in a timely fashion with information in a form and of a quality appropriate to enable it to discharge its duties. Minutes of proceedings and resolutions passed at each Board and Board Committees Meetings are kept in the statutory register at the registered office of the Company. All directors, whether as a Board or in their individual capacity have full access to information within the Group and to obtain independent professional advice in furtherance of their duties at the Group's expense, if required. In addition, all Directors have access to the advice and service of the Company Secretaries.

The Directors are also constantly updated on the latest development in the legislations as well as on statutory and regulatory requirements pertaining to their duties and responsibilities. They are also notified of any disclosure/ announcements made to Bursa Malaysia and where required, senior members of the Management are invited to attend and make presentations at each Board meeting.

Audit Committee

Audit Committee reviews issues of accounting policy and presentation of external financial reporting, monitors the work of the internal audit function and ensures that an objective and professional relationship is maintained with the external auditors. The Audit Committee works closely with both the internal and external auditors who, in turn, have access to the Chairman of the Audit Committee.

The Composition and terms of reference of the Audit Committee are set out in the Audit Committee Report.

Nomination & Remuneration Committee

The Nomination Committee and Remuneration Committee, both established on 15 July 2002 were merged as a single committee by the Board on 30 March 2006. The Nomination & Remuneration Committee consists of Non-Executive Directors. The composition and the terms of reference of the Nomination & Remuneration Committee are set out in the Nomination & Remuneration Committee Report.

Appointment and Re-election of Directors

Appointment

There is a formal and transparent procedure for the appointment of new member to the Board as well as re-election of Directors to the Board at the Annual General Meeting, with the Board Nomination & Remuneration Committee making recommendations to the Board. Following the appointment of new Directors to the Board, an induction programme including visits to the Group's businesses and meetings with senior management as appropriate will be arranged to familiarise themselves with the operations of the Group.

Re-election

The Company's Articles of Association provide that at least one-third (1/3) of the Board are subject to retirement by rotation at each Annual General Meeting provided always that each Director shall retire at least once in every three years.

The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. This provides an opportunity for shareholders to renew their mandate. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in the Group of each Director standing for election are furnished in a separate statement accompanying the Notice of Annual General Meeting.

Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analyst Malaysia (RIIAM) as prescribed by Bursa Malaysia Listing Requirement.

The Directors also continually attend education programmes and seminars to further enhance their skill, and knowledge and to keep abreast with developments and in the market place. As part of the Directors' development programme, the Group participates in the CCM Group's own comprehensive and formal training programmes tailored to the needs of the Board. For the financial year ended 31 December 2008, two in-house training programmes entitled "Directors' Duties and Responsibilities in Respect to the Recent Amendments to the Companies Act, 1965" and "Asia Pacific Emerging Pharma Markets" were conducted and facilitated by industry experts. In addition to the in-house seminars, Directors are also encouraged to attend talks, training programmes and seminars to update themselves on new developments in the business environment.

Directors' Training (cont.)

The Board has assessed and considered the training programmes attended by them and deemed that the trainings were appropriate and sufficient.

Directors' Remuneration

The objective of the Group's policy on Directors' remuneration is to ensure that the Group attracts and retains Directors of the calibre needed to run the Company successfully. In the case of Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. The Nomination & Remuneration Committee will make recommendations to the Board on all elements of the Chief Executive Officer and Executive Directors' remuneration, where relevant. In the case of Non-Executive Directors, the level of remuneration where relevant, reflects the level of responsibilities and the market practice to which the remuneration are pegged. The shareholders at the annual general meeting approve the aggregate annual directors' fees for non-executive directors while the Board decides the determination of the fees for each non-executive directors.

Details of Directors' remuneration paid by the Company for the financial year ended 31 December 2008 are as follows:

| | |
|------------------------------------|----------------|
| Non-Executive Directors | (RM'000) |
| Salaries, Bonus & Other Emoluments | — |
| Fees | 218 |
| Benefits-in-kind | 28 |
| Total | 245,600 |

The number of Directors of the Company whose remuneration fall within the respective bands are as follows:-

| | |
|------------------------|---------------------|
| Range of Remuneration | Number of Directors |
| Below RM50,000 | 5 |
| RM50,001 to RM100,000 | 1 |
| RM600,000 to RM650,000 | — |

Investor Relations and Shareholders Communication

The Board recognises the importance of maintaining effective communication, ensuring timely and accurate disclosure of information to the shareholders and investors of the Group. Besides the information communicated through the annual report, various announcements on significant events are made throughout the year and quarterly financial results are announced via Bursa Malaysia Securities Berhad's website (www.bursamalaysia.com) to ensure shareholders are appraised with up-to-date overview of the Group's performance and operations.

General Meetings

The Annual General Meetings ("AGM") is the principal forum for dialogue and interaction with shareholders of the Group. Notice of the general meetings and annual report are sent out to the shareholders at least 21 days before the date of the meeting. At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session or to seek clarification on the Company's performance and business climate. All members of the Board as well as the external auditors of the Group are available to respond to shareholders' queries raised at the meeting.

Extraordinary General Meetings ("EGM") are held as and when required. In addition, a press conference is normally held after the general meetings, at which members of the press are encouraged to ask the Chairman and Chief Executive Officer questions on a range of topics relevant to the Group.

Investor Relations

Continuous briefing for members of the media, fund managers, institutional investors and investment analyst are held to provide updates on key events and latest developments of the Group. The Group's corporate website, www.duopharma.com.my, provide an avenue for dissemination of up-to-date information such as corporate information, financial information, press releases, share price history and other relevant news on the Group.

Annual Report

The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on the business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.

The Company's Annual Report can be obtained by accessing the Group's website at www.duopharma.com.my.

Announcement of Quarterly Results for the Financial Year Ended 31 December 2008

The Directors view the timely announcement of the quarterly financial results as vital to the dissemination of information to the shareholders and investors community. The Group has consistently announced its quarterly results before the Bursa Malaysia's deadlines as indicated below:

| | |
|--|----------------------|
| Announcement of Quarterly Results 2008 | Date of Announcement |
| 1st Quarter | 21/05/08 |
| 2nd Quarter | 26/08/08 |
| 3rd Quarter | 19/11/08 |
| 4th Quarter | 24/02/09 |

Continuing Disclosure of Material Information

The Group has consistently adopted and applied the principles of best practices in Corporate Disclosure Policy and Procedures as laid down by Bursa Malaysia.

The following material information and the material development thereof have been released to shareholders via Bursa Malaysia on a timely basis:

- i. News release on the investment of RM75 million for a Three Year Plant Expansion from 2008 to 2010 as part of the Company's Growth Strategies;
- ii. Disposal of Vacant Freehold Industrial Land of Lot No.2555 and Lot No.2556, Mukim and District of Klang, State of Selangor Darul Ehsan to Himpun Menang Sdn Bhd for a total consideration of RM8,131,149.90.
- iii. News release to defer the RM20 million in Capex and to push ahead with the First Human Vaccine Fill and Finish Facility in Malaysia.

Accountability and Audit

Financial Reporting

The Board is aware of its responsibilities to shareholders and the requirement to present a balanced and comprehensive assessment of the Group's financial position and prospects. In this regard, the Directors are responsible for the preparation of financial statements that give a true and fair view of the state of affairs of the Group at the end of the financial year. The Statement of Directors' responsibility for preparing the financial statements is set out on page 044 of this Annual Report

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965 and approved Accounting Standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Group and for taking reasonable steps for prevention and detection of fraud and other irregularities.

Internal Control

The Statement on Internal Control on page 037 of the Annual report describes the structure and process of risk management in the Group.

Risk Management

The report on Risk Management on page 034 of the Annual Report describes the structure and process of risk management in the Group.

Audit Committee

The details are shown in the accompanying report of the Audit Committee on pages 029 to 031.

Internal Audit

The Group's internal audit function is performed in-house by the CCM Group Internal Audit Department that reports direct to the Audit Committee.

The Audit Committee reviews and approves the audit plan, which identifies the scope of work for the year.

Whistle-blowing Policy

As part of best practices in good corporate governance, the Group has adopted CCM Group's "Whistle-Blowing" policy.

This policy is to encourage employees to report any major concerns over any wrongdoing within the Group relating to unlawful conducts, financial malpractices or dangers to the public or the environment. In this respect, the policy makes it clear that any such concern can be raised without fear of victimization, recrimination, discrimination or disadvantage to the employee reporting the concern. It provides a formal channel to encourage and enable employees to report serious concerns so that such concerns can be properly addressed.

Statement on Internal Control

The Directors are fully aware of the responsibilities to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Directors' responsibilities for the Group's system of internal controls cover not only financial aspects of the business but also operational and compliance control as well as risk management matters.

The function of the Internal Audit Department on the systems of internal control is to assist the Audit Committee and the Board of Directors as follows:

- Perform regular review on compliance of operational procedures using risk based audit approach;
- Conduct investigations on specific areas or issues as directed by the Audit Committee and the Management;
- Facilitate and evaluate the risk management processes.

The Statement on Internal Control which is presented on page 037 of the Annual Report is to provide an overview of the state of internal controls within the Company.

Relationship with the Auditors

The Group has established and maintained a professional and transparent relationship with the Group's external auditors, Messrs KPMG in seeking professional advice and ensuring compliance

Relationship with the Auditors (cont.)

with the accounting standards in Malaysia as well as meeting the auditors professional requirements. The external auditors, Messrs KPMG has continued to report to the shareholders of the Group on its opinion which are included as part of the Group's financial reports with respect to their audit on each year's statutory financial statements. The auditors also highlight to the Audit Committee and the Board on matters that require the Board's attention. Two (2) meetings were held between the External Auditors and the Audit Committee without the presence of the management during the financial year under review.

Directors' Responsibilities in Relation to the Preparation of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the results and cash flows of the Group for the financial period.

In preparing the financial statements, the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are prudent and reasonable;
- Ensured that applicable accounting standards have been followed; and
- Prepared the financial statements on a going-concern basis.

The Directors have prepared the annual financial statements in compliance with the Companies Act, 1965.

Compliance Statement

The Group has complied throughout the financial year with all the best practice of corporate governance set out in Part 2 of the Code, except Best Practice AAVII (Nomination of a Senior Independent Non-Executive Director). Given the current composition of the Board which reflects a strong independent element and the separation of the roles of the Chairman and the Chief Executive Officer, the Board does not consider it necessary at this juncture to nominate a Senior Independent Non-Executive Director.

Other Information

1. Non-audit Fees

During the financial year ended 31 December 2008, the non-audit fees paid to the external auditors or a firm or a company affiliated to the Auditor's firm amounted to approximately RM11,900.00.

2. Material Contracts

Save as disclosed below, there were no material contracts entered into by the Group involving Directors or major shareholders' interest, either subsisting at the end of the financial year ended 31 December 2008 or entered into since the end of the previous financial year other than contracts entered into in the ordinary course of business, details as follows:

- i. The Sale and Purchase Agreement between Duopharma (M) Sdn Bhd and Himpun Menang Sdn Bhd for the disposal of vacant freehold industrial land of Lot No. 2555 and Lot No.2556, Mukim and District of Klang, State of Selangor Darul Ehsan to Himpun Menang Sdn Bhd, for a total cash consideration of RM8,131,149.90 dated 17 September 2008.

3. Revaluation Policy

The Group adopted a policy to revalue its landed properties every five years and at shorter intervals whenever the fair value of the re-valued assets is expected to differ materially from their carrying amount.

4. Share Buy-back

There was no share buy-back effected during the financial period ended 31 December 2008.

5. Employees' Share Option Scheme ("ESOS")

The ESOS of the Company was approved by the shareholders on 25 June 2004.

On 26 January 2005, the Company granted options to eligible employees of the Group to subscribe for a total of 7,938,000 ordinary shares of RM0.50 each in the Group at an option price of RM2.32 per share. To date, a total of 7,479,500 options have been exercised.

The Audit Committee has verified that the options granted were made in accordance with the By-laws of the ESOS.

6. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Group during the financial period ended 31 December 2008.

7. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") programme

During the financial period ended 31 December 2008, the Company did not sponsor any ADR or GDR programme.

8. Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Group and its subsidiaries, directors or management, by the relevant authorities.

9. Profit Guarantees

There were no profit guarantees during the financial period ended 31 December 2008 by the Group.

10. Contract Relating to Loans

There were no contracts relating to loans by the Group involving Directors' and major shareholders' interests.

11. Recurrent Related Party Transaction of Revenue or Trading Nature

At an Annual General Meeting ("AGM") held on 21 May 2008, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The said general mandate took effect from 21 May 2008 until the conclusion of the forthcoming Annual General Meeting of the Group. The disclosure of the recurrent related party transactions conducted during the financial period ended 31 December 2008 is set out on page 067 and 068 of the Annual Report.

The Group intends to seek a renewal of the said general mandate and a proposed extension of the scope of the shareholders mandate to apply to recurrent related party transactions of a revenue or trading nature with new related parties at the forthcoming Annual General Meeting of the Group. The details of the new mandate to be sought are furnished in the Circular to Shareholders dated 4 May 2009

Report of the Audit Committee

Composition of Audit Committee and Meetings

The Audit Committee comprises of four (4) members, all of whom are Non-Executive Directors.

A total of four (4) meetings were held during the year. The status of directorship and attendance record of each of the members during the year are as follows:

| Name of Directors and Status | Number of Meetings Attended |
|---|-----------------------------|
| Haji Ghazali bin Awang Chairman, Independent Non-Executive Director | 3/4 |
| Dr. Mohd Nasir bin Hassan Independent Non-Executive Director | 4/4 |

| Name of Directors and Status | Number of Meetings Attended |
|---|-----------------------------|
| Datuk Alias bin Ali Non-Independent Non-Executive Director | 4/4 |
| Datuk Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam Independent Non-Executive Director | 4/4 |

Terms of Reference

In fulfilling its duties and objectives, the Audit Committee is guided by the Terms of Reference as follows:

Membership

- The Audit Committee shall be appointed by the Board of Directors and shall all consist of Non-Executive Directors, a majority of whom are independent.
- The Chairman of the Audit Committee shall be approved by the Board and shall be an Independent Non-Executive Director.
- At least one member of the Committee:
 - must be a member of the Malaysian Institute of Accountants (MIA); or
 - if not a member of MIA:
 - he must have at least three years of working experience; and
 - he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - fulfils such other requirements as prescribed or approved by the Exchange.

Meetings

- Meetings shall be held no less than four (4) times a year.
- The quorum shall be two (2) members, who must be Independent Directors.
- The General Manager, Financial & IT and the Group Chief Internal Auditor shall normally be invited to attend the meeting.
- Any other Board members, the Chief Executive Officer and any other representatives as deemed necessary shall be invited to attend the meeting.

Meetings (cont.)

- The Committee shall meet with the external auditors, internal auditors or both, in the absence of other directors and employees of the listed issuer at least twice a year.
- The Secretary to the Committee shall be the Company Secretary.

Authority

The Audit Committee is authorised by the Board:

- i. To seek any information relevant to its activities from employees of the Company;
- ii. To procure the necessary resources required to carry out its duties and to obtain independent professional advice it considers necessary;
- iii. To have full and unlimited access to any information and documents pertaining to the Company.

Responsibilities

The responsibilities of the audit committee are as follows:

- i. To consider and recommend to the Board on the nomination, appointment and termination of external auditors, as well as the audit fee;
- ii. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- iii. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- iv. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management where necessary);
- v. To review the external auditor's management letter and management's response;
- vi. To review the internal audit and risk management reports and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit and risk management function;

- vii. To do the following, in relation to the internal audit function:
 - a. Review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - b. Review the internal audit plan and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - c. Review any appraisal or assessment of the performance of members of the internal audit function;
 - d. Approve any appointment or termination of senior staff members of the internal audit function;
 - e. Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reasons for resigning.
- viii. To consider any related-party transactions that may arise within the Group;
- ix. To consider the major findings of internal investigations and management's responses; and
- x. To consider other topics as defined by the Board.

Activities during the year

The following activities were conducted by the audit committee during the financial year:

- i. Reviewed and approved the Company's internal audit and risk management plan for the year;
- ii. Reviewed the status report of internal audit and risk management activities for the year to ensure that all the planned activities for the Company were properly carried out;
- iii. Reviewed the summary of the internal audit and risk assessment reports prepared by Group Internal Audit and monitor the status of corrective actions taken by the Management to ensure all audit and risk management issues and concerns are adequately resolved on timely basis;
- iv. Reviewed the Company's Risk Profile and the management process for identifying, evaluating and managing the significant risks faced by the Company;
- v. Reviewed the management letters, reports and fees of the external auditors;

Activities during the year (cont.)

- vi. Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fees;
- vii. Reviewed the quarterly and annual reports of the Company prior to the submission to the Board for consideration and approval;
- viii. Reviewed the related party transactions entered into by the Company and the disclosure of such transactions in the annual report and circular on recurrent related party transactions.

Statement on Internal Audit Function

The Company has an in-house internal audit function which is performed at the Group level. The Group Internal Audit has undertaken regular and systematic risk based assessments of the internal control of the Company so as to provide reasonable assurance that such systems are adequate and continues to operate effectively in managing the key risks of the Company.

The total expenditure incurred by the Group Internal Audit for the financial year, which amongst others includes departmental expenditures such as office running expenses, training expenses, travelling expenses, staff remuneration etc. is estimated at RM1.4 million.

The Group Internal Audit has conducted various operational audits as well as follow up audit exercises for the Company in accordance with the Audit Committee approved Audit Plan for 2008. Among the areas covered were the operations of Quality Assurance, Engineering, Sales Order Processing, Quality Control, Sales & Marketing, Warehouse and Distribution, Procurement, Good Manufacturing Practices, Human Resources and Recurrent Related Party Transactions.

Report of the Nomination & Remuneration Committee

The Board is pleased to issue the following report on the Nomination & Remuneration Committee and its activities during the financial year ended 31 December 2008.

Terms of Reference

The terms of reference of the Committee are as follows:

- i. To recommend to the Board, candidates for all directorships. In making the recommendations, the Committee should also consider candidates proposed by the Chief Executive Officer, and within the bounds of practicability, by any other senior executive, director or shareholder;
- ii. To recommend to the Board, directors to fill the seats on Board Committees;
- iii. To review and assess annually the required mix of skills, and experience of the Board, including the core competencies which Non-Executive Directors should bring to the Board to ensure that there is an appropriate balance of skills, experience and expertise among the Board members;
- iv. To assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;
- v. To evaluate the candidates' ability to discharge such responsibilities/functions as expected from Non-Executive Directors, in case of candidates for position of Independent Non-Executive Directors;
- vi. To establish a remuneration framework for Directors and make recommendations to the Board of Directors on all elements of remuneration, terms of employment, reward structure and fringe benefits for Directors so that it is in line with market and industry practice and are reflective of the contribution of each individual Director;
- vii. To recommend to the Board the remuneration of the Chief Executive Officer or Executive Directors, where relevant, in all its forms;
- viii. To make recommendations to the Board with regard to appointment of new Directors or Directors who are retiring by rotation and should be put forward for re-election.
- ix. To assist the Board in carrying out annual review on the balance and size of non-executive participation in the Board as well as establishing procedures and processes for the annual assessment of the effectiveness of the Board as a whole and the contributions of each Director and Board Committee member;
- x. To provide adequate training and orientation to new Directors as well as continuous training to current directors with respect to business, structure and management of the Group as well as the expectations of the Board;
- xi. To ensure an appropriate framework and plan for Board and management succession in the Company;
- xii. To review and approve/ratify the annual global increment and bonus package for non-unionized employees in the Company;
- xiii. To review and recommend to the Board on any new Employees' Share Options Scheme of the Company and/or amendments to the existing scheme.

The joints in my body used to ache so much until I couldn't do much physical activity. Now, I can move around and take control of my life once more.

Hawiyah binti Kasim





Members and Meetings

The present members of the Nomination and Remuneration Committee comprise:

| Name of Directors and Status | Number of Meetings Attended |
|---|-----------------------------|
| Tan Sri Dato' Dr. Abu Bakar Bin Suleiman Chairman, Non-Independent Non-Executive Director | 4/4 |
| Datuk Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam Independent Non-Executive Director | 2/4 |
| Haji Ghazali Bin Awang Independent Non-Executive Director | 4/4 |

Activities during the year

During the year, the Committee:

- i. conducted the Board's Effectiveness Assessment and recommended improvement plans for the same;
- ii. reviewed the Directors' remuneration for the Company and recommended the same for Board's consideration and shareholders' approval at the Annual General Meeting of the Company;
- iii. reviewed and approved the annual global increment and bonus package for employees of the Company;
- iv. ensured that all Directors received appropriate continuous training programmes in order to keep abreast with developments in the financial industry and changes in the relevant statutory requirements;
- v. reviewed and monitored the succession planning in the Company.

Risk Management

Risk is inherent in all businesses and the effective management of risk is a core competence within the Company. CCM Duopharma Biotech Berhad relies on the risk management structure of the Group to proactively and efficiently manage the Company's major and key risks. A formal Enterprise-wide Risk Management (EWRM) framework was established and forms an integral part of the Company's corporate governance structure and a key management tool. The Risk Management Facilitation Team provides the main support to the Risk Management Committee ("the Committee"), chaired by the Chief Executive Officer and comprises Senior Management staff of the Company.

The Company adopts a systematic, structured and disciplined approach to risk management through an integrated EWRM Programme. A good EWRM framework advocates a holistic, robust, integrated, focused and process-oriented approach and is implemented to assist the Company to manage all key businesses and opportunities with the intent of optimizing and creating stakeholders' values for the Company.

The underlying principal of EWRM is for the risk functions to operate as an independent control working in partnership with the business units to provide competitive advantage to the Company. This is also to establish a common risk management language that includes common measures around likelihood, impact and common risk categories.

The risks facing the Company in its businesses and operations can result from internal and external factors, hence the context within which the Company manages the risks and key focus of accountability are as shown below:



The Company recognises the broad spectrum of risks which it faces along with the opportunities which it seeks in its businesses and operations. It is hence the Company's objective to maintain an effective risk management programme to assess and mitigate these risks and thereby facilitate the Company in meeting all its business objectives, most specifically:

- To enhance the Company's high standards of corporate governance;
- To safeguard shareholders' investment;
- To safeguard the Company's assets;

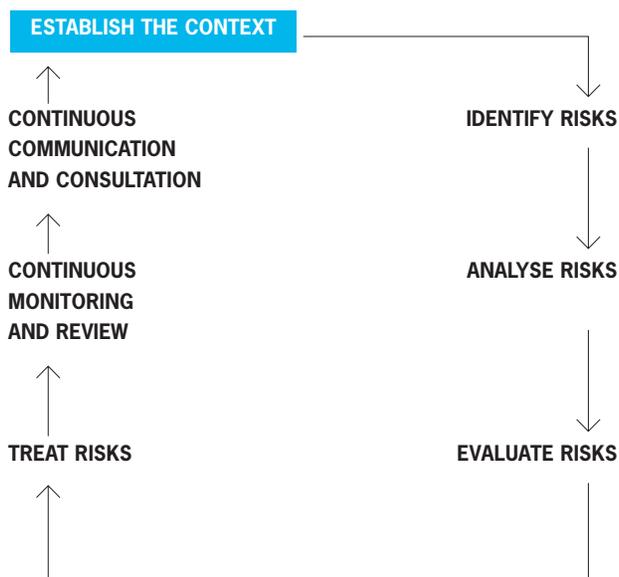
Risk Management (cont.)

- To develop the Company's employees and promote their well-being; and
- To facilitate the Company's long-term growth under all business conditions.

The Company's Annual Risk Management Programme is approved by the Audit Committee. The Risk Management Facilitation Team facilitates the conduct of risk management activities outlined in the Programme which include updating of risk profiles; risk assessment associated with project management and risk analysis of business or operational initiatives/issues emerging in the Company.

Risk Management Process

The Company's risk management processes involve establishing the context of risk in relation to the Company and thereon risk identification, analysis, evaluation and treatment. Throughout this process, there is continuous monitoring and review; and communication and consultation. The process is illustrated below:



The Company's risk management process is described further in the "Statement on Internal Control" on page 037 of this Annual Report.

Risk Analysis and Mitigation

The identified risks are analysed according to their likelihood of occurrence and significance of their consequences. Based on the risk analyses and subsequent evaluation for treatment priority, the appropriate risk mitigation strategies are devised to treat the risks accordingly. The following illustrates risk profiles in general and describes generally the respective risk mitigation strategies of the Group.

Risk A

The risk must be managed by senior management with a detailed action plan or significant senior management attention is required. Extensive management of the risk is essential with focus on both reducing the likelihood of the risk and mitigating its consequence. Guidance from Board of Directors may be required where appropriate.

Risk B

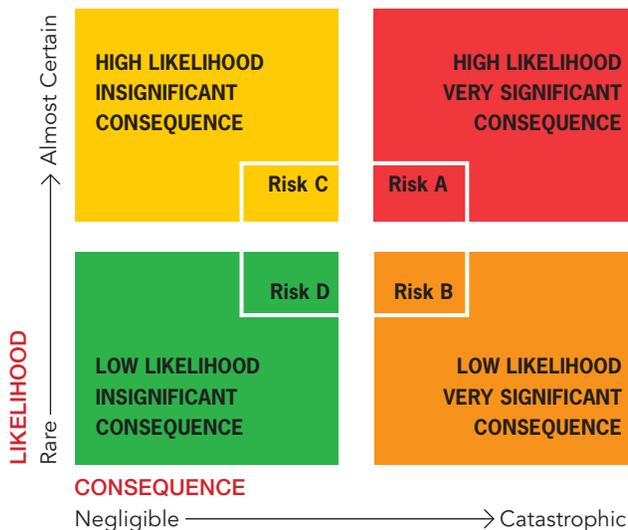
Considerable management attention is required including specifying management responsibility. Given the significant consequences of the risk, preventive control measures must be maintained effectively with regular assessment thereof in order to maintain the likelihood of the risk occurring at a low level. Ideally, contingency measures should also be maintained to mitigate the consequence of the risk should it eventuate.

Risk C

While the consequence of the risk is insignificant, its high likelihood of occurrence should be reduced. Management should monitor the risk; identify its root causes; and design and implement corrective measures to reduce its likelihood of occurrence.

Risk D

The risk may be managed by routine procedures or may be worth accepting with monitoring by Management. The risk may also not need specific application of resources in which case the risk is accepted by Management.



Oversight and Reporting Structure

The Risk Management Committee (RMC) has been convening every quarter in 2008 and prior years. As part of enhancement measures to the Company's corporate governance practices, newly endorsed terms of reference of the Risk Management Committee allows the Committee to convene on a half-yearly basis. The Risk Management Committee is complemented by a lower level EWRM Committee which meets every quarter effective 2009.

This EWRM Committee comprises mostly of technical head of departments and convenes to discuss both operational and strategic issues. The relevant strategic issues, if any, are to be escalated to the RMC half-yearly meetings and Audit Committee meetings. More rigorous avenues for identification and deliberation of risks by the management would help to strengthen the risk management culture and processes in the Company.

Statement on Internal Control

The Board is responsible for the CCM Duopharma Biotech Berhad and its subsidiary's ("the Group") system of internal control and for reviewing its adequacy and integrity. The system of internal control includes financial, operational and compliance controls and risk management.

The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that as an integral part of the system of internal control, there is an on-going risk management process for identifying, evaluating and managing the significant risks faced by the Group. The Management operates with this process during the year under review and the process is subjected to regular review by the Board. The Group has a Risk Management Committee which is chaired by the Chief Executive Officer and comprises the Senior Management of the Group, to provide oversight and added impetus to the risk management process.

Management from each business or operations area apply a risk/control self-assessment approach to identify the risks relating to their area, the likelihood of these risks occurring, the consequences if they do occur, and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The overall process is facilitated by the Risk Management Facilitation Team who is dedicated to the role.

The Risk Management Facilitation Team maintains regular communication and consultation with management and also facilitates risk analysis of business or operational initiatives/issues emerging in the Group, conducts periodic follow-up of the updating of risk profiles and the implementation of risk treatment measures by management and conducts risk management training workshops during the year ended 31 December 2008.

The key risks which are identified through the risk management process are reported to the Risk Management Committee and also Audit Committee of the Board. This enables the Audit Committee to focus on the key risks inherent in the Group business and operations and the system of internal control necessary to manage such risks.

The Group Internal Audit independently reviews the adequacy and integrity of the system of internal control in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; and follow-up audits are conducted by Group Internal Audit to assess the status of implementation thereof by management. In carrying out its work,

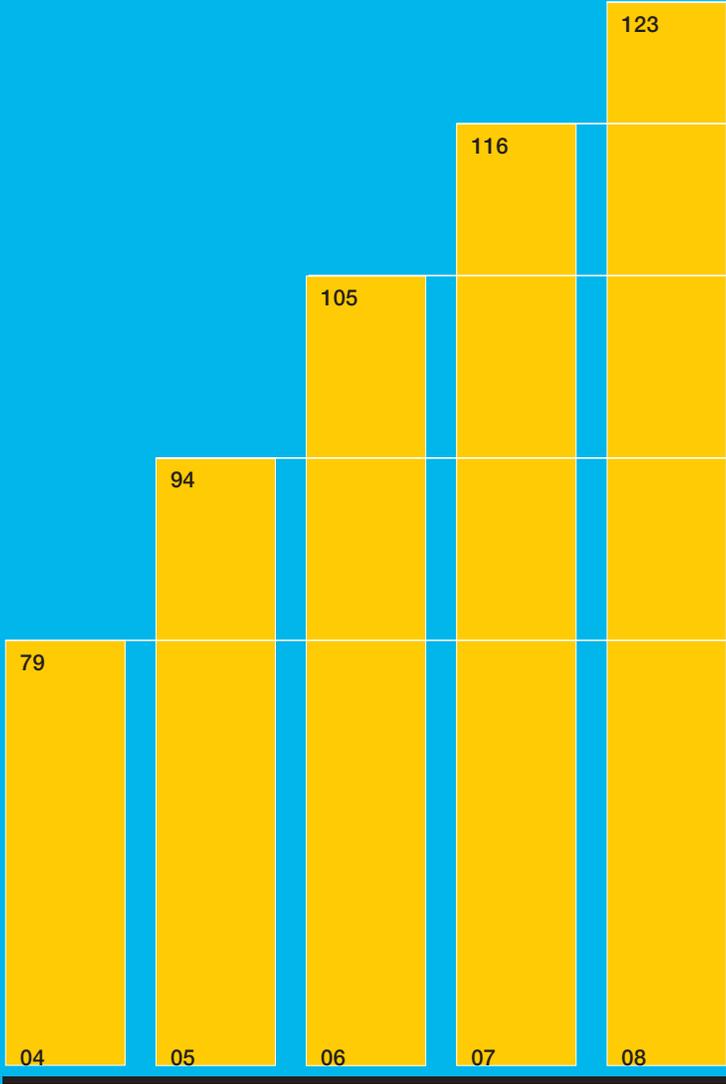
the Group Internal Audit focuses on areas of priority which are incorporated in the annual audit plan approved each year by the Audit Committee.

There were no material weaknesses in the system of internal control that would require separate disclosure in this Annual Report.

We're confident that despite changing economic cycles, we would remain profitable. In 2008, we had an opportunity to prove it.

Turnover and Profitability

Turnover (RM million)



year

Directors' Report for the year ended 31 December 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

Principal Activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiary are as stated in note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

| (RM'000) | Group | Company |
|---------------------|--------|---------|
| Profit for the year | 27,403 | 11,676 |

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of the previous financial year, the Company declared and paid an interim ordinary dividend of 8 sen less tax paid totalling RM11,106,000 in respect of the financial year ended 31 December 2008 on 28 October 2008.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2008 is 7 sen tax exempt totalling RM9,764,000.

Directors of the Company

Directors who served since the date of the last report are:

- Tan Sri Dato' Dr. Abu Bakar bin Suleiman
- Dato' Dr. Mohamad Hashim bin Ahmad Tajudin
- Datuk Alias bin Ali
- Datuk Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam
- Haji Ghazali bin Awang
- Dr. Mohd Nasir bin Hassan

Directors' Interests

The interests and deemed interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiary) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares of RM0.50 each | | | |
|--|--|--------|------|------------------|
| | At 1/1/2008 | Bought | Sold | At 31/12/2008 |
| Tan Sri Dato' Dr. Abu Bakar bin Suleiman | | | | |
| Interest in the Company: | | | | |
| • own | 286,400 | - | - | 286,400 |
| • others* | 11,000 | - | - | 11,000 |
| Dato' Dr. Mohamad Hashim bin Ahmad Tajudin | | | | |
| Interest in the Company: | | | | |
| • own | 5,000 | 10,000 | - | 15,000 |
| Datuk Dr. Jegathesan a/I N. M. Vasagam @ Manikavasagam | | | | |
| Interest in the Company: | | | | |
| • own | 34,120 | - | - | 34,120 |
| Haji Ghazali bin Awang | | | | |
| Interest in the Company: | | | | |
| • own | 45,000 | - | - | 45,000 |

* Zufar Suleiman Abu Bakar is the child of Tan Sri Dato' Dr. Abu Bakar bin Suleiman. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Zufar Suleiman Abu Bakar in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Tan Sri Dato' Dr. Abu Bakar bin Suleiman also.

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the subsidiary) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of Shares and Debentures

There were no other changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS") of the Company.

At an extraordinary general meeting held on 25 June 2004, the Company's shareholders approved the establishment of an ESOS for the eligible employees and Directors of the Group to subscribe for new ordinary shares of RM0.50 each in the Company up to 15% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.

The salient features of the ESOS are as follows:

- i. Eligible employees are those who have attained the age of eighteen years and have been confirmed in writing as employees of the Group for at least one year prior to the date of offer.
- ii. The option is personal to the grantee and is non-assignable.
- iii. The option price shall be determined by the weighted average of the market quotation of the Company's ordinary shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five trading days prior to the date of offer with a discount of not more than 10% or at the par value of the ordinary shares of the Company, whichever is higher.
- iv. The options granted may be exercised at any time within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing.
- v. The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiple of 100 shares.

The options offered to take up unissued ordinary shares of RM0.50 each and the exercise price is as follows:

Number of options over ordinary shares of RM0.50 each

| | |
|-----------------------|-----------|
| Date of offer | 26.1.2005 |
| Exercise price | RM2.32 |
| Balance at 1/1/2008 | 131,000 |
| Exercised | 18,000 |
| Forfeited | 13,500 |
| Balance at 31/12/2008 | 99,500 |

In respect of the offer of ESOS on 26 January 2005, the Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the name of option holders who have been granted options of less than 110,000 options. None of the option holders was granted 110,000 options and above as at 31 December 2008.

Other Statutory Information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i. all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii. all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i. that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii. that would render the value attributed to the current assets in the financial statements of the Group and the Company misleading, or
- iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv. not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i. any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii. any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year. No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than those disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Haji Ghazali bin Awang

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin

Kuala Lumpur

26 March 2009

Statement by Directors Pursuant to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 046 to 068 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Haji Ghazali bin Awang

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin

Kuala Lumpur

26 March 2009

Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965

I, Chek Wu Kong, the officer primarily responsible for the financial management of CCM Duopharma Biotech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 046 to 068 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the State of Wilayah Persekutuan on 26 March 2009

Chek Wu Kong

Before me:

26 March 2009



Independent Auditors' Report to the members of CCM Duopharma Biotech Berhad

Report on the Financial Statements

We have audited the financial statements of CCM Duopharma Biotech Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 046 to 068.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b. We are satisfied that the accounts of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c. Our audit reports on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff

Approval Number: 2583/08/10(J)
Chartered Accountant

Petaling Jaya

26 March 2009

Balance Sheets at 31 December 2008

| (RM'000) | Note | Group | | Company | |
|--|------|---------|---------|---------|---------|
| | | 2008 | 2007 | 2008 | 2007 |
| Assets | | | | | |
| Property, plant and equipment | 3 | 55,369 | 53,488 | - | - |
| Investment properties | 4 | - | 6,087 | - | - |
| Investment in a subsidiary | 5 | - | - | 40,187 | 40,187 |
| Total non-current assets | | 55,369 | 59,575 | 40,187 | 40,187 |
| Receivables, deposits and prepayments | 6 | 33,854 | 33,827 | 63,279 | 59,407 |
| Inventories | 7 | 33,581 | 24,547 | - | - |
| Current tax assets | | 1,021 | - | 61 | - |
| Assets classified as held for sale | 8 | 8,131 | - | - | - |
| Cash and cash equivalents | 9 | 18,424 | 9,386 | 422 | 3,824 |
| Total current assets | | 95,011 | 67,760 | 63,762 | 63,231 |
| Total assets | | 150,380 | 127,335 | 103,949 | 103,418 |
| Equity | | | | | |
| Share capital | | 69,739 | 69,730 | 69,739 | 69,730 |
| Reserves | | 12,591 | 12,558 | 12,142 | 12,109 |
| Retained profits | | 48,222 | 31,925 | 21,773 | 21,203 |
| Total equity attributable to shareholders | 10 | 130,552 | 114,213 | 103,654 | 103,042 |
| Liabilities | | | | | |
| Deferred tax liabilities | 11 | 3,787 | 3,746 | - | - |
| Total non-current liabilities | | 3,787 | 3,746 | - | - |
| Payables and accruals | 12 | 16,041 | 9,208 | 295 | 311 |
| Current tax liabilities | | - | 168 | - | 65 |
| Total current liabilities | | 16,041 | 9,376 | 295 | 376 |
| Total liabilities | | 19,828 | 13,122 | 295 | 376 |
| Total equity and liabilities | | 150,380 | 127,335 | 103,949 | 103,418 |

The notes on pages 050 to 068 are an integral part of these financial statements.

Income Statements for the year ended 31 December 2008

| (RM'000) | Note | Group | | Company | |
|---|------|----------|------------------|---------|------------------|
| | | 2008 | 2007 restated | 2008 | 2007 restated |
| Revenue | 13 | 122,872 | 115,551 | 11,900 | 93,500 |
| Cost of sales | | (62,242) | (52,200) | - | - |
| Gross profit | | 60,630 | 63,351 | 11,900 | 93,500 |
| Other income | | 2,223 | 526 | - | - |
| Distribution and marketing expenses | | (14,221) | (12,645) | - | - |
| Administrative expenses | | (9,696) | (8,481) | (402) | (416) |
| Other expenses | | (3,998) | (1,801) | - | - |
| Results from operating activities | | 34,938 | 40,950 | 11,498 | 93,084 |
| Interest income | | 402 | 1,591 | 8 | 170 |
| Profit before tax | 14 | 35,340 | 42,541 | 11,506 | 93,254 |
| Tax expense | 16 | (7,937) | (10,498) | 170 | (25,295) |
| Profit for the year attributable to shareholders | | 27,403 | 32,043 | 11,676 | 67,959 |
| Basic earnings per ordinary share (sen) | 17 | 19.74 | 23.09 | | |
| Diluted earnings per ordinary share (sen) | 17 | 19.74 | 23.09 | | |

The notes on pages 050 to 068 are an integral part of these financial statements.



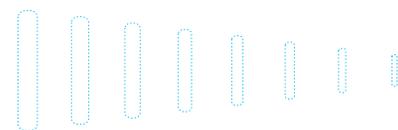
Consolidated Statement of Changes in Equity for the year ended 31 December 2008

| (RM'000) | Note | Attributable to shareholders of the Company | | | | | Total |
|--|------|---|---------------|---------------------|-----------------|------------------|----------|
| | | Share capital | Share premium | Revaluation reserve | Treasury shares | Retained profits | |
| | | ← Non-distributable | | Distributable → | | | |
| At 1 January 2007 | | 69,716 | 13,635 | 449 | (1,578) | 63,208 | 145,430 |
| Total recognised income for the year | | | | | | | |
| · Profit for the year | | - | - | - | - | 32,043 | 32,043 |
| ESOS exercised | 10 | 14 | 52 | - | - | - | 66 |
| Dividends to shareholders | 18 | - | - | - | - | (63,326) | (63,326) |
| At 31 December 2007/ 1 January 2008 | | 69,730 | 13,687 | 449 | (1,578) | 31,925 | 114,213 |
| Total recognised income for the year | | | | | | | |
| · Profit for the year | | - | - | - | - | 27,403 | 27,403 |
| ESOS exercised | 10 | 9 | 33 | - | - | - | 42 |
| Dividends to shareholders | 18 | - | - | - | - | (11,106) | (11,106) |
| At 31 December 2008 | | 69,739 | 13,720 | 449 | (1,578) | 48,222 | 130,552 |

Statement of Changes in Equity for the year ended 31 December 2008

| (RM'000) | Note | ← Non-distributable | | | Distributable | | Total |
|--|------|---------------------|---------------|-----------------|------------------|----------|-------|
| | | Share capital | Share premium | Treasury shares | Retained profits | | |
| At 1 January 2007 | | 69,716 | 13,635 | (1,578) | 16,570 | 98,343 | |
| Total recognised income for the year | | | | | | | |
| · Profit for the year | | - | - | - | 67,959 | 67,959 | |
| ESOS exercised | 10 | 14 | 52 | - | - | 66 | |
| Dividends to shareholders | 18 | - | - | - | (63,326) | (63,326) | |
| At 31 December 2007/ 1 January 2008 | | 69,730 | 13,687 | (1,578) | 21,203 | 103,042 | |
| Total recognised income for the year | | | | | | | |
| · Profit for the year | | - | - | - | 11,676 | 11,676 | |
| ESOS exercised | 10 | 9 | 33 | - | - | 42 | |
| Dividends to shareholders | 18 | - | - | - | (11,106) | (11,106) | |
| At 31 December 2008 | | 69,739 | 13,720 | (1,578) | 21,773 | 103,654 | |

The notes on pages 050 to 068 are an integral part of these financial statements.



Cash Flow Statements for the year ended 31 December 2008

| (RM'000) | Note | Group | | Company | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2008 | 2007 | 2008 | 2007 |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 35,340 | 42,541 | 11,506 | 93,254 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | | 4,750 | 4,600 | - | - |
| Dividends income | | - | - | (11,900) | (93,500) |
| Gain on disposal of property, plant and equipment | | (57) | (27) | - | - |
| Change in fair value of investment properties | | (1,859) | - | - | - |
| Interest income | | (402) | (1,591) | (8) | (170) |
| Operating profit/(loss) before changes in working capital | | 37,772 | 45,523 | (402) | (416) |
| Changes in working capital: | | | | | |
| Inventories | | (9,034) | (3,776) | - | - |
| Payables and accruals | | 6,833 | (1,487) | (16) | (3) |
| Receivables, deposits and prepayments | | (27) | (7,083) | (3,872) | (11,569) |
| Cash generated from/(used in) operations | | 35,544 | 33,177 | (4,290) | (11,988) |
| Tax paid | | (9,139) | (8,080) | (10) | (30) |
| Tax refund | | 54 | - | 54 | - |
| Net cash from/(used in) operating activities | | 26,459 | 25,097 | (4,246) | (12,018) |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | | (6,886) | (8,504) | - | - |
| Dividends received | | - | - | 11,900 | 68,255 |
| Interest received | | 402 | 1,591 | 8 | 170 |
| Proceeds from disposal of plant and equipment | | 127 | 99 | - | - |
| Net cash (used in)/from investing activities | | (6,357) | (6,814) | 11,908 | 68,425 |
| Cash flows from financing activities | | | | | |
| Dividends paid to shareholders of the Company | | (11,106) | (63,326) | (11,106) | (63,326) |
| Proceeds from the exercise of ESOS | | 42 | 66 | 42 | 66 |
| Net cash used in financing activities | | (11,064) | (63,260) | (11,064) | (63,260) |
| Net increase/(decrease) in cash and cash equivalents | | 9,038 | (44,977) | (3,402) | (6,853) |
| Cash and cash equivalents at 1 January | i. | 9,386 | 54,363 | 3,824 | 10,677 |
| Cash and cash equivalents at 31 December | i. | 18,424 | 9,386 | 422 | 3,824 |

i. Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

| (RM'000) | Note | Group | | Company | |
|------------------------------|------|---------------|--------------|------------|--------------|
| | | 2008 | 2007 | 2008 | 2007 |
| Cash and bank balances | 9 | 6,074 | 7,975 | 72 | 3,824 |
| Deposits with licensed banks | 9 | 12,350 | 1,411 | 350 | - |
| | | 18,424 | 9,386 | 422 | 3,824 |

The notes on pages 050 to 068 are an integral part of these financial statements.

Notes to the Financial Statements

CCM Duopharma Biotech Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

13th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

Principal place of business

Lot 2599, Jalan Seruling 59
Kawasan 3, Taman Klang Jaya
41200 Klang
Selangor Darul Ehsan
Malaysia

The consolidated financial statements as at and for the year ended 31 December 2008 comprise the Company and its subsidiary (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2008 do not include other entities.

The Company is principally engaged in investment holding while the subsidiary is primarily involved in carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

The immediate and intermediate holding companies during the financial year were CCM Marketing Sdn. Bhd. and Chemical Company of Malaysia Berhad respectively. The ultimate holding company during the financial year was Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 26 March 2009.

1. Basis of Preparation

a. Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

| FRSs/Interpretations | Effective date |
|---|----------------|
| FRS 4, Insurance Contracts | 1 January 2010 |
| FRS 7, Financial Instruments: Disclosures | 1 January 2010 |
| FRS 8, Operating Segments | 1 July 2009 |
| FRS 139, Financial Instruments: Recognition and Measurement | 1 January 2010 |
| IC Interpretation 9, Reassessment of Embedded Derivates | 1 January 2010 |
| IC Interpretation 10, Interim Financial Reporting and Impairment | 1 January 2010 |

The Company plans to apply the abovementioned FRSs or Interpretations from the annual period beginning 1 January 2010.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. FRS 4 is not applicable to the Group and the Company. Hence, no further disclosure is warranted. Other than the implication as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8, Operating Segment

FRS 8 will become effective for financial statements for the year ending 31 December 2010. Currently, segmental information is not provided as the Group is primarily engaged in the pharmaceutical industry and its operations are carried out primarily in Malaysia. Under FRS 8, the Group will present segment information in respect of its operating segments.

b. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following assets as explained in their respective accounting policy notes:

- Property, plant and equipment
- Investment property
- Non-current assets held for sale

c. Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

d. Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

a. Basis of Consolidation

i. Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale.

ii. Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b. Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

c. Property, Plant and Equipment

i. Recognition and Measurement

Items of property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any impairment losses.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amount.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

Recognition and Measurement (cont.)

Cost includes expenditure that are directly attributable to the acquisition of the asset, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying asset, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gain and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

ii. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

iii. Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not

depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|--|--------------|
| • buildings | 50 years |
| • plant and machineries | 5 - 10 years |
| • office equipment, furniture and fittings | 5 - 20 years |
| • motor vehicles | 4 - 10 years |
| • renovations | 10 years |

The depreciation amount is determined after deducting the residual value. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

d. Intangible Assets

Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statements as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any impairment losses.

e. Investment Properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment property are measured initially at cost and subsequently at fair value with any change therein recognised in the income statements.

Investment Properties (cont.)

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained profits, the transfer is not made through the income statements.

The Directors of the Company value the Group's investment property portfolio every year. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, will be used whenever there is indication of significant changes in fair values of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

g. Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

h. Non-current Assets Held for Sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Gains are not recognised in excess of any cumulative impairment loss.

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

j. Impairment of Assets

The carrying amounts of assets except for inventories, investment properties that are measured at fair value and financial assets (other than investment in subsidiary) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus

Impairment of Assets (cont.)

for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

k. Equity Instruments

All equity instruments are stated at cost on initial recognition and are not remeasured subsequently.

i. Issue Expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

ii. Repurchases of Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales

consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

l. Employee Benefits

i. Short Term Employee Benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

ii. Share-based Payment Transactions

The share option programme allows Group employees to acquire shares of the Company. In the previous years, share options granted to employees is not recognised as an employee cost. Following the adoption of FRS 2, Share-based Payment, the grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The change in accounting policy is applied retrospectively only for those shares options granted after 31 December 2004 and have not vested as of 1 January 2008 as provided in the transitional provision of FRS 2. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

m. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

n. **Contingent Liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

o. **Payables**

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

p. **Revenue**

i. **Goods Sold**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii. **Dividend Income**

Dividend income is recognised when the right to receive payment is established.

q. **Interest Income**

Interest income is recognised as it accrues, using the effective interest method.

r. **Tax Expense**

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

s. **Earnings per Share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

t. **Segment Reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segmental information is not provided as the Group is primarily engaged in the pharmaceutical industry and its operations are carried out primarily in Malaysia.

3. Property, Plant and Equipment

| (RM'000) | Freehold land | Buildings | Plant and machineries | Office equipment, furniture and fittings |
|------------------------------------|------------------|-----------|-----------------------------|---|
| Group | | | | |
| Cost / Valuation | | | | |
| At 1 January 2007 | 6,624 | 22,323 | 40,953 | 2,909 |
| Additions | 3,702 | 71 | 4,416 | 167 |
| Transfer | - | - | 1,138 | - |
| Disposals | - | - | - | - |
| At 31 December 2007/1 January 2008 | 10,326 | 22,394 | 46,507 | 3,076 |
| Additions | 480 | 592 | 2,234 | 146 |
| Transfer to investment properties | - | - | - | - |
| Disposals | - | - | - | (21) |
| At 31 December 2008 | 10,806 | 22,986 | 48,741 | 3,201 |
| Depreciation | | | | |
| At 1 January 2007 | - | 587 | 23,200 | 1,421 |
| Depreciation for the year | - | 476 | 3,590 | 370 |
| Disposals | - | - | - | - |
| At 31 December 2007/1 January 2008 | - | 1,063 | 26,790 | 1,791 |
| Depreciation for the year | - | 480 | 3,777 | 368 |
| Disposals | - | - | - | (6) |
| At 31 December 2008 | - | 1,543 | 30,567 | 2,153 |
| Carrying amounts | | | | |
| At 1 January 2007 | 6,624 | 21,736 | 17,753 | 1,488 |
| At 31 December 2007/1 January 2008 | 10,326 | 21,331 | 19,717 | 1,285 |
| At 31 December 2008 | 10,806 | 21,443 | 18,174 | 1,048 |

| Motor vehicles | Renovations | Capital work-in- progress | Total |
|-------------------|-------------|---------------------------------|--------|
| 1,353 | 258 | 1,328 | 75,748 |
| - | - | 148 | 8,504 |
| - | - | (1,138) | - |
| (249) | - | - | (249) |
| 1,104 | 258 | 338 | 84,003 |
| 411 | 80 | 2,943 | 6,886 |
| - | - | (185) | (185) |
| (397) | - | - | (418) |
| 1,118 | 338 | 3,096 | 90,286 |
| 632 | 252 | - | 26,092 |
| 159 | 5 | - | 4,600 |
| (177) | - | - | (177) |
| 614 | 257 | - | 30,515 |
| 121 | 4 | - | 4,750 |
| (342) | - | - | (348) |
| 393 | 261 | - | 34,917 |
| 721 | 6 | 1,328 | 49,656 |
| 490 | 1 | 338 | 53,488 |
| 725 | 77 | 3,096 | 55,369 |

3. Property, Plant and Equipment (cont.)

The Group's freehold land and buildings were revalued in November 2005 by independent professional qualified valuers using an open market value method.

Had the freehold land and buildings been carried under the cost model, their carrying amounts would have been RM10,536,000 (2007 - RM10,056,000) and RM20,812,000 (2007 - RM21,278,000) respectively.

4. Investment Properties

| (RM'000) | Group | |
|---|---------|-------|
| | 2008 | 2007 |
| Freehold land | | |
| At 1 January | 6,087 | 6,087 |
| Building under construction transfer from property, plant and equipment | 185 | - |
| Change in fair value | 1,859 | - |
| Transfer to assets held for sale | (8,131) | - |
| | - | 6,087 |

5. Investment in a Subsidiary

| (RM'000) | Company | |
|-------------------------|---------|--------|
| | 2008 | 2007 |
| Unquoted share, at cost | 40,187 | 40,187 |

Details of the subsidiary are as follows:

| Name of subsidiary | Country of incorporation | Principal activities | Effective ownership interest % | |
|--------------------------------|--------------------------|---|--------------------------------|------|
| | | | 2008 | 2007 |
| Duopharma (M) Sendirian Berhad | Malaysia | Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines | 100 | 100 |

6. Receivables, Deposits and Prepayments

| (RM'000) | Group | | Company | |
|------------------------------------|--------|--------|---------|------|
| | 2008 | 2007 | 2008 | 2007 |
| Trade | | | | |
| Trade receivables | 31,705 | 32,912 | - | - |
| Less: Allowance for doubtful debts | (500) | (631) | - | - |

Receivables, Deposits and Prepayments (cont.)

| (RM'000) | Group | | Company | |
|-------------------------------------|--------|--------|---------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| Amount due from related corporation | 31,205 | 32,281 | - | - |
| | 1,647 | 1,057 | - | - |
| | 32,852 | 33,338 | - | - |
| Non-trade | | | | |
| Amount due from a subsidiary | - | - | 63,279 | 59,407 |
| Amount due from related corporation | 34 | - | - | - |
| Other receivables | 951 | 420 | - | - |
| Deposits | 17 | 69 | - | - |
| | 1,002 | 489 | 63,279 | 59,407 |
| | 33,854 | 33,827 | 63,279 | 59,407 |

Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currency of the Company is as follow:

| (RM'000) | Group | |
|-------------------------|-------|------|
| | 2008 | 2007 |
| Foreign currency | | |
| USD | 1,685 | 593 |

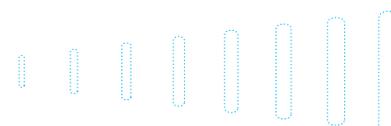
The trade receivable due from related corporation is subject to the normal trade terms.

The non-trade receivables due from a subsidiary and related corporations are unsecured, interest free and repayable on demand.

7. Inventories

| (RM'000) | Group | |
|-------------------------------|--------|--------|
| | 2008 | 2007 |
| Raw materials and consumables | 15,302 | 9,820 |
| Work-in-progress | 952 | 1,575 |
| Packing materials | 2,615 | 2,133 |
| Finished goods | 14,712 | 11,019 |
| | 33,581 | 24,547 |

In 2008, inventories amounting to RM3,598,000 (2007 - RM1,338,000) were written off. The write-off is included in cost of sales.



8. Assets Held for Sale

| (RM'000) | Group | |
|----------------|-------|------|
| | 2008 | 2007 |
| Freehold lands | 8,131 | - |

9. Cash and Cash Equivalents

| (RM'000) | Group | | Company | |
|------------------------------|--------|-------|---------|-------|
| | 2008 | 2007 | 2008 | 2007 |
| Deposits with licensed banks | 12,350 | 1,411 | 350 | - |
| Cash and bank balances | 6,074 | 7,975 | 72 | 3,824 |
| | 18,424 | 9,386 | 422 | 3,824 |

10. Share Capital and Reserves

| (RM'000) | Group | | Company | |
|----------------------------------|---------|---------|---------|---------|
| | 2008 | 2007 | 2008 | 2007 |
| Share capital | 69,739 | 69,730 | 69,739 | 69,730 |
| Non-distributable reserves | | | | |
| Share premium | 13,720 | 13,687 | 13,720 | 13,687 |
| Revaluation reserve | 449 | 449 | - | - |
| Treasury shares | (1,578) | (1,578) | (1,578) | (1,578) |
| Retained profits (distributable) | 48,222 | 31,925 | 21,773 | 21,203 |
| | 130,552 | 114,213 | 103,654 | 103,042 |

SHARE CAPITAL

| Amount | Group and Company | | Amount | Number of shares |
|----------------|-------------------|------------------|----------------|------------------|
| | Number of shares | Number of shares | | |
| 2008 RM'000 | 2008 '000 | 2007 '000 | 2007 RM'000 | 2007 '000 |

Ordinary shares of RM0.50 each

| | | | | |
|--|---------|---------|---------|---------|
| Authorised | 100,000 | 200,000 | 100,000 | 200,000 |
| Issued and fully paid: | | | | |
| On issue at 1 January | 69,730 | 139,461 | 69,716 | 139,432 |
| Issue of shares under the Employee Share Option Scheme | 9 | 18 | 14 | 29 |
| On issue at 31 December | 69,739 | 139,479 | 69,730 | 139,461 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company (see below), all rights are suspended until those shares are reissued.

Revaluation Reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

Treasury Shares

The shareholders of the Company, by a special resolution passed at the extraordinary general meeting held on 25 June 2004, approved the Company's plan to purchase its own shares and the authority was reviewed at the Fourth Annual General Meeting of the Company held on 29 June 2005. The renewal of authority for purchase of its own shares lapsed at the conclusion of the Fifth Annual General Meeting held on 18 May 2006 and no further renewal was sought.

There was no purchase of its issued share capital during the year. The number of outstanding shares as at 31 December 2008 after deducting treasury shares held is 138,821,000 (2007: 138,803,000).

Retained Profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 31 December 2008 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

Employees' Share Option Scheme ("ESOS")

On 25 June 2004, the Group established a share option scheme that entitles eligible employees and Directors of the Group to purchase shares in the Company. On 26 January 2005, the Company granted vested options to eligible employees and Directors at an exercise price of RM2.32 per ordinary share of RM0.50 each.

As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied to the options granted since it was granted and vested prior to 1 January 2006.

The terms and conditions of the grants are as follows:

| Grant date | Number of options '000 | Vesting conditions | Contractual life of options |
|-----------------|---------------------------|---|-----------------------------|
| 26 January 2005 | 7,938 | At least 1 year service on the Date of Offer on 26 January 2005 | 5 years |

The number of share options is as follows:

| | 2008 | 2007 |
|--|----------|----------|
| Outstanding at 1 January | 131,000 | 170,000 |
| Forfeited during the year | (13,500) | (10,500) |
| Exercised during the year | (18,000) | (28,500) |
| Outstanding and exercisable at 31 December | 99,500 | 131,000 |

The options outstanding at 31 December 2008 have a remaining contractual life of approximately one year.

During the year, 18,000 share options were exercised (2007 - 28,500). The weighted average share price for the year was RM2.34 (2007 - RM2.63).

11. Deferred Tax Liabilities

Movement in taxable/(deductible) temporary differences during the year

| (RM'000) | Property, plant and equipment | Allowance for doubtful debts | Others | Total |
|------------------------------------|-------------------------------------|------------------------------------|--------|-------|
| Group | | | | |
| At 1 January 2007 | 3,307 | (203) | (266) | 2,838 |
| Recognised in income statements | 802 | 45 | 61 | 908 |
| At 31 December 2007/1 January 2008 | 4,109 | (158) | (205) | 3,746 |
| Recognised in income statements | (33) | 33 | 41 | 41 |
| At 31 December 2008 | 4,076 | (125) | (164) | 3,787 |

12. Payables and Accruals

| (RM'000) | Group | | Company | |
|--|--------|-------|---------|------|
| | 2008 | 2007 | 2008 | 2007 |
| Trade | | | | |
| Trade payables | 2,004 | 1,993 | - | - |
| Amount due to immediate holding company | 47 | - | - | - |
| Amount due to related corporations | 3,943 | 2,036 | - | - |
| | 5,994 | 4,029 | - | - |
| Non-trade | | | | |
| Amount due to intermediate holding company | 1,314 | 335 | - | - |
| Other payables | 2,930 | 140 | 109 | 125 |
| Accrued expenses | 5,147 | 4,504 | 186 | 186 |
| Others | 656 | 200 | - | - |
| | 10,047 | 5,179 | 295 | 311 |
| | 16,041 | 9,208 | 295 | 311 |

The trade payables due to immediate holding company and related corporations are subject to normal trade terms.

The non-trade payable due to intermediate holding company is unsecured, interest free and repayable on demand.

13. Revenue

| (RM'000) | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| Sale of goods | 122,872 | 115,551 | - | - |
| Dividend income from unquoted subsidiary | - | - | 11,900 | 93,500 |
| | 122,872 | 115,551 | 11,900 | 93,500 |

14. Profit Before Tax

| (RM'000) | Group | | Company | |
|--|--------|--------|---------|------|
| | 2008 | 2007 | 2008 | 2007 |
| Operating profit is arrived at after charging: | | | | |
| Auditors' remuneration | | | | |
| · audit | 71 | 59 | 16 | 15 |
| · non-audit services | 9 | 10 | 9 | 10 |
| Allowance for doubtful debts | 100 | - | - | - |
| Depreciation on property, plant and equipment | 4,750 | 4,600 | - | - |
| Intermediate holding company management fees | 2,500 | 2,500 | - | - |
| Inventories written off | 3,598 | 1,338 | - | - |
| Net foreign exchange loss | 340 | 137 | - | - |
| Personnel expenses (including key management personnel): | | | | |
| · Contributions to Employees Provident Fund | 1,710 | 1,815 | - | - |
| · Wages, salaries and others | 16,408 | 15,868 | - | - |
| Rental of premises | 225 | 73 | - | - |
| Research and development expensed as incurred | 2,171 | 1,318 | - | - |
| and after crediting: | | | | |
| Allowance for doubtful debts written back | 230 | 150 | - | - |
| Gain on disposal of property, plant and equipment | 58 | 27 | - | - |
| Change in fair value of investment properties | 1,859 | - | - | - |

15. Key Management Personnel Compensation

The key management personnel compensation is as follows:

| (RM'000) | Group | | Company | |
|---|-------|-------|---------|------|
| | 2008 | 2007 | 2008 | 2007 |
| Directors | | | | |
| · Fees | 218 | 218 | 218 | 218 |
| · Gratuity | - | 36 | - | - |
| · Remuneration | - | 650 | - | - |
| · Other short term employee benefits (including estimated monetary value of benefits-in-kind) | 28 | 24 | 28 | - |
| Other key management personnel | | | | |
| · Remuneration | 756 | 830 | - | - |
| Total short-term employee benefits | 1,002 | 1,758 | 246 | 218 |

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The Group pays management fee to the intermediate holding company in relation to services of certain key management personnel of the Group as disclosed in Note 21.

16. Tax Expense

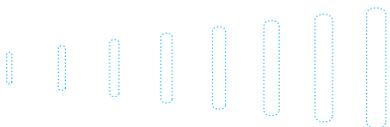
Recognised in the Income Statement

| (RM'000) | Group | | Company | |
|---|-------|--------|---------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| Tax expense | 7,937 | 10,498 | (170) | 25,295 |
| Major components of tax expense include: | | | | |
| Current tax expense | | | | |
| Malaysian | | | | |
| · current year | 7,884 | 9,590 | 10 | 25,295 |
| · prior year | 12 | - | (180) | - |
| Total current tax | 7,896 | 9,590 | (170) | 25,295 |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | 141 | 717 | - | - |
| (Over)/Underprovision in prior year | (100) | 191 | - | - |
| Total deferred tax | 41 | 908 | - | - |
| Total tax expense | 7,937 | 10,498 | (170) | 25,295 |

Reconciliation of Effective Tax Expense

| | | | | |
|---|--------|--------|---------|--------|
| Profit for the year | 27,403 | 32,043 | 11,676 | 67,959 |
| Total tax expense | 7,937 | 10,498 | (170) | 25,295 |
| Profit excluding tax | 35,340 | 42,541 | 11,506 | 93,254 |
| Tax at Malaysian tax rate of 26% (2007 - 27%) | 9,188 | 11,486 | 2,991 | 25,179 |
| Effect of change in tax rate* | (6) | (203) | - | - |
| Non-deductible expenses | 143 | 159 | 42 | 38 |
| Income not taxable | (483) | - | - | - |
| Tax exempt income | - | - | (3,094) | - |
| Tax incentives | (519) | (312) | - | - |
| Utilisation of reinvestment allowance | (377) | (911) | - | - |
| Other items | 79 | 88 | 71 | 78 |
| (Over)/Under provided in prior years | (88) | 191 | (180) | - |
| | 7,937 | 10,498 | (170) | 25,295 |

* The corporate tax rate are at 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.



17. Earnings per Ordinary Share

Basic Earnings per Ordinary Share

The calculation of basic earnings per ordinary share at 31 December 2008 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

| (RM'000) | Group | |
|---|--------|--------|
| | 2008 | 2007 |
| Profit for the year attributable to ordinary shareholders | 27,403 | 32,043 |

Weighted average number of ordinary shares

| ('000) | Group | |
|---|---------|---------|
| | 2008 | 2007 |
| Issued ordinary shares at 1 January | 139,461 | 139,432 |
| Effect of treasury shares held | (658) | (658) |
| Effect of exercise of share option under ESOS | 16 | 8 |
| Weighted average number of ordinary shares at 31 December | 138,819 | 138,782 |

| (SEN) | Group | |
|-----------------------------------|-------|-------|
| | 2008 | 2007 |
| Basic earnings per ordinary share | 19.74 | 23.09 |

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2008 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

| (RM'000) | Group | |
|---|--------|--------|
| | 2008 | 2007 |
| Profit for the year attributable to ordinary shareholders | 27,403 | 32,043 |

Weighted average number of ordinary shares (diluted)

| ('000) | Group | |
|---|---------|---------|
| | 2008 | 2007 |
| Weighted average number of ordinary shares at 31 December | 138,819 | 138,782 |
| Effect of share options under ESOS on issue | 1 | 18 |
| Weighted average number of ordinary shares (diluted) at 31 December | 138,820 | 138,800 |

| (SEN) | Group | |
|-------------------------------------|-------|-------|
| | 2008 | 2007 |
| Diluted earnings per ordinary share | 19.74 | 23.09 |

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

18. Dividends

Dividends recognised in the current year by the Company are:

| | Sen per share (Net of tax) | Total amount RM'000 | Date of payment |
|-----------------------|----------------------------------|---------------------------|--------------------|
| 2008 | | | |
| Interim 2008 ordinary | 8.00 | 11,106 | 28 October 2008 |
| 2007 | | | |
| Interim 2007 ordinary | 24.82 | 34,451 | 24 December 2007 |
| Interim 2007 ordinary | 10.22 | 14,186 | 18 October 2007 |
| Final 2006 ordinary | 10.58 | 14,689 | 8 June 2007 |
| | | 63,326 | |

19. Financial Instruments

Exposure to credit, interest rate, foreign currency and liquidity risks arises in the normal course of the Group's business.

Credit Risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers who require credit facility. When the credit limit and/or credit period is exceeded, further transaction may not be allowed until the credit limit or credit period is regularised to appropriate levels. The Group does not require collateral.

At balance sheet date of the financial year 2008, a significant concentration of credit risk arises in respect of debts owing from 2 (2007 - 2) major customers amounting to RM10,186,000 (2007 - RM11,590,000). The management closely monitor the Group's credit risk exposure to these major customers and are confident in recovering these amounts. The maximum exposure to credit risk for the Group is represented by the carrying amounts of the financial assets.

Interest Rate Risk

The Group places cash balances with reputable banks to generate interest income for the Group. The Group manages its interest risk by placing such balances on varying maturities and interest rate terms.

Effective Interest Rates and Repricing Analysis

In respect of interest-earning financial assets, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

| | ← 2008 → | | | ← 2007 → | | |
|------------------------------|--|-----------------|----------------------------------|--|-----------------|----------------------------------|
| | Average effective interest rate % | Total RM'000 | Less than 1 year RM'000 | Average effective interest rate % | Total RM'000 | Less than 1 year RM'000 |
| Group | | | | | | |
| Deposits with licensed banks | 3.40 | 12,350 | 12,350 | 3.00 | 1,411 | 1,411 |
| Company | | | | | | |
| Deposits with licensed banks | 3.00 | 350 | 350 | - | - | - |

Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions that are denominated in a currency other than Ringgit Malaysia. Exposures to foreign currency risk is monitored on an ongoing basis. The Group does not hedge its foreign currency risk.

Liquidity Risk

The Group monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair Values

The carrying amounts of cash and cash equivalents, receivables and payables, approximate fair values due to the relatively short term nature of these financial instruments.

20. Capital and Other Commitments

| (RM'000) | Group | |
|--|--------|--------|
| | 2008 | 2007 |
| Plant and machineries Authorised but not contracted for | 74,660 | 47,000 |
| Contracted but not provided for | 792 | - |

21. Related Parties

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiary (see note 5), holding companies, related corporations, Directors and key management personnel.

Significant Transactions with Key Management Personnel

Key management personnel compensation is disclosed in Note 15.

Other significant related party transactions

(other than disclosed elsewhere in the financial statements)

| (RM'000) | Transaction value year ended 31 December | | Balance outstanding as at 31 December | |
|--|--|---------|---|---------|
| | 2008 | 2007 | 2008 | 2007 |
| Group | | | | |
| Sale of goods with immediate holding company | 247 | 357 | (47) | - |
| Sale of goods with related corporations | 2,839 | 2,152 | 1,647 | 1,057 |
| Purchases with related corporations | (2,485) | (4,672) | (2,856) | (1,742) |
| Management fees paid to intermediate holding company | (4,162) | (2,500) | (1,314) | (335) |
| Research and development expenditure paid to related corporation | (2,048) | (1,313) | (1,087) | (294) |

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

Included in the management fee paid to the intermediate holding company is payment for services of certain key management personnel of the Company amounting to RM905,000 (2007:nil)

22. Significant Event

On 17 September 2008, the Group has entered into a Sale & Purchase Agreement for the sale of two pieces of vacant land at a total consideration of RM8.13 million to a third party. The Group had received full settlement for the said sale on 19 January 2009.

23. Comparative Figures

The following comparative figures have been reclassified.

| (RM'000) | As restated | As previously stated |
|-------------------------------------|----------------|----------------------------|
| Group | | |
| Distribution and marketing expenses | (12,645) | (9,108) |
| Administrative expenses | (8,481) | (11,397) |
| Other expenses | (1,801) | (2,422) |

Analysis of Shareholdings as at 31 March 2009

| | |
|-------------------------------------|----------------------------------|
| Authorised Share Capital | : RM100,000,000.00 |
| Issued and Fully Paid Share Capital | : RM69,739,750.00 |
| Class of Shares | : Ordinary Shares of RM0.50 each |
| Voting Rights | : One vote per Ordinary Share |

Shareholdings Distribution

| Size of Holdings | No. of Shareholders/ Depositors | % of Shareholders/ Depositors | No. of Shares/ Securities Held | % of Issued Capital |
|---------------------|---------------------------------|-------------------------------|--------------------------------|---------------------|
| 1-99 | 86 | 4.19 | 3,377 | 0.00 |
| 100 – 1,000 | 463 | 22.60 | 396,492 | 0.29 |
| 1,001 – 10,000 | 1,201 | 58.61 | 5,121,079 | 3.67 |
| 10,001 – 100,000 | 260 | 12.70 | 7,784,720 | 5.58 |
| 100,001 – 6,973,974 | 38 | 1.85 | 25,283,240 | 18.13 |
| 6,973,975 and above | 1 | 0.05 | 100,890,592 | 72.33 |
| Total | 2,049 | 100.00 | 139,479,500 | 100.00 |

Directors' Shareholding as per Register of Directors as at 31 March 2009

| Name | Direct | % | No. of Shares Held Indirect | % |
|--|---------|------|-----------------------------|------|
| Tan Sri Dato' Dr. Abu Bakar bin Suleiman | 286,400 | 0.21 | 11,000 | 0.01 |
| Dato' Dr. Mohamad Hashim bin Ahmad Tajudin | 15,000 | 0.01 | - | - |
| Dr. Mohd Nasir bin Hassan | - | - | - | - |
| Datuk Alias bin Ali | - | - | - | - |
| Haji Ghazali bin Awang | 45,000 | 0.03 | - | - |
| Datuk Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam | 34,120 | 0.02 | - | - |

Substantial Shareholders as per Register of Substantial Shareholders as at 31 March 2009

| Name | Direct | % | No. of Shares Held Indirect | % |
|-----------------------|-------------|-------|-----------------------------|---|
| CCM Marketing Sdn Bhd | 102,332,892 | 73.37 | - | - |

Analysis of Shareholdings List of Top 30 shareholders/depositors as at 31 March 2009

| No. | Name | Normal holdings | Holdings % |
|-----|---|-----------------|------------|
| 1. | CCM Marketing Sdn Bhd | 100,890,592 | 72.33 |
| 2. | Employees Provident Fund Board | 5,835,800 | 4.18 |
| 3. | Amanah Raya Nominees (Tempatan) Sdn Bhd — <i>Skim Amanah Saham Bumiputera</i> | 4,545,300 | 3.26 |
| 4. | TM Asia Life Malaysia Bhd. — <i>As Beneficial Owner (PF)</i> | 2,000,000 | 1.43 |
| 5. | CCM Marketing Sdn Bhd | 1,442,300 | 1.03 |
| 6. | Mayban Nominees (Tempatan) Sdn Bhd — <i>Mayban Life Assurance Berhad (Par Fund)</i> | 1,000,000 | 0.72 |
| 7. | Jerneh Insurance Bhd | 870,000 | 0.62 |
| 8. | HSBC Nominees (Tempatan) Sdn Bhd — <i>HSBC (M) Trustee Bhd For MAAKL Al-Faid (4389)</i> | 809,200 | 0.58 |
| 9. | Mayban Nominees (Tempatan) Sdn Bhd — <i>Mayban Life Assurance Berhad (Non-par Fund)</i> | 750,000 | 0.54 |
| 10. | Duopharma Biotech Bhd — <i>Share Buy Back Account</i> | 658,000 | 0.47 |
| 11. | HSBC Nominees (Tempatan) Sdn Bhd — <i>HSBC (M) Trustee Bhd For MAAKL Al-Fauzan (5170)</i> | 570,000 | 0.41 |
| 12. | Kumpulan Wang Simpanan Pekerja | 500,000 | 0.36 |
| 13. | Lembaga Tabung Angkatan Tentera | 500,000 | 0.36 |
| 14. | Mayban Nominees (Tempatan) Sdn Bhd — <i>Etiqa Takaful Berhad (Family Fund)</i> | 473,500 | 0.34 |
| 15. | Jerneh Insurance Bhd — <i>Shareholders' Funds Account</i> | 472,000 | 0.34 |
| 16. | Mayban Nominees (Tempatan) Sdn Bhd — <i>Etiqa Takaful Berhad (General Fund)</i> | 400,900 | 0.29 |
| 17. | MCIS Zurich Insurance Berhad | 324,340 | 0.23 |
| 18. | Universal Trustee (Malaysia) Berhad — <i>Alliance Optimal Income Fund</i> | 321,200 | 0.23 |
| 19. | Mayban Nominees (Tempatan) Sdn Bhd — <i>Malaysian Trustees Berhad For AMB Smallcap Trust Fund (240165)</i> | 300,100 | 0.22 |
| 20. | Abu Bakar Bin Suleiman | 286,400 | 0.21 |



Analysis of Shareholdings List of Top 30 shareholders/depositors as at 31 March 2009 (cont.)

| No. | Name | Normal holdings | Holdings % |
|-----|---|-----------------|------------|
| 21. | Aun Huat & Brothers Sdn Bhd | 251,800 | 0.18 |
| 22. | HSBC Nominees (Tempatan) Sdn Bhd — HSBC (M) Trustee Bhd For MAAKL Dividend Fund (5311-401) | 250,000 | 0.18 |
| 23. | Liew Wai Kiat | 237,600 | 0.17 |
| 24. | Ruby Technique Sdn Bhd | 226,000 | 0.16 |
| 25. | Lim Weng Ho | 221,600 | 0.16 |
| 26. | Mayban Nominees (Tempatan) Sdn Bhd — Mayban General Assurance Berhad (Insuwrance Fund) | 200,000 | 0.14 |
| 27. | Mayban Nominees (Tempatan) Sdn Bhd — Mayban Life Assurance Berhad (Shareholders Fd) | 200,000 | 0.14 |
| 28. | Gan Tuan Boon | 190,000 | 0.14 |
| 29. | CIMB Trustee Berhad — Amanah Saham Darul Iman | 164,600 | 0.12 |
| 30. | Mayban Nominees (Tempatan) Sdn Bhd — Etiqa Takaful Berhad (Annuity Fund) | 155,600 | 0.11 |

List of Properties

| Postal address/Location of the property | Description/ Existing use (Built-up area) | Land area (acre/sq m) | Tenure/ Approx. age of building | Open market valuation by independent valuer'/as per Sales & Purchase Agreement (RM) | Date of valuation/ Methods of valuation | Net Book Value as at 31/12/08 (RM) |
|--|---|---|--|--|--|---|
| GM 1391 Lot No. 2599 Mukim and District of Klang, State of Selangor Darul Ehsan/ Lot No.2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, Selangor Darul Ehsan | a. Industrial land built upon with a double storey office block cum factory building, a single storey pump house cum boiler house, 3 parking sheds, a guardhouse, a refilled chamber and a water tank (gross built up area: approximately 94,000 sq ft) | 2.88 acres | Freehold 15 years old | 24,000,000 | 22/11/05 Comparison Method | 23,529,582 |
| | b. Four storey factory office building (gross built up area: approximately 93,000 sq ft) | | Freehold 6 years old | | | |
| H.S. (D) 52204 and 52205 PT Nos. 9570 and 9571, Mukim and District of Klang, State of Selangor Darul Ehsan/ Nos. 29 and 27, Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan | Two units of 1½ storey semi-detached factories. (Built up: 3,588 sq ft each) | 476.50 sq m each | Freehold 23 years old | 980,000 | 22/11/05 Comparison Method | 954,044 |
| H.S. (D) 14330 Lot No. 9575 Mukim and District of Klang, State of Selangor Darul Ehsan/ No. 19 Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan | 1½ storey semi-detached factory (Built up: 3,120 sq ft) | 431.44 sq m | Freehold 23 years old | 460,000 | 22/11/05 Comparison Method | 448,630 |
| H.S. (M) 27455 and 27454 PT Nos. 48576 and 48575, Mukim and District of Klang, State of Selangor Darul Ehsan/ No. 51 & 53, Jalan Rebana 3, off Jalan Seruling 59, Taman Klang Jaya, 41200 Klang Selangor Darul Ehsan | Two units of double storey terrace light industrial buildings (Built-up: 4,108 sq ft and 5,588 sq ft respectively) | 191 sq.m And 260 sq m respectively | Freehold 11 years old | 840,000 | 22/11/05 Comparison Method | 805,103 |

List of Properties (cont.)

| Postal address/Location of the property | Description/ Existing use (Built-up area) | Land area (acre/sq m) | Tenure/ Approx. age of building | Open market valuation by independent valuer'/as per Sales & Purchase Agreement (RM) | Date of valuation/ Methods of valuation | Net Book Value as at 31/12/08 (RM) |
|---|---|--------------------------|--|--|--|---|
| GM 994 Lot No. 2555, Mukim and District of Klang, State of Selangor Darul Ehsan ² | Vacant industrial land | 2.91 acres | Freehold | 4,065,575 (Sales & Purchase Agreement) | 17/09/08 | 4,065,575 |
| GM 1649 Lot No. 2556, Mukim and District of Klang, State of Selangor Darul Ehsan ² | Vacant industrial land | 2.91 acres | Freehold | 4,065,575 (Sales & Purchase Agreement) | 17/09/08 | 4,065,575 |
| GM 549 Lot No. 2707, Mukim and District of Klang, State of Selangor Darul Ehsan | Vacant agricultural land | 4.38 acres | Freehold | 2,330,000 | 22/11/05 Comparison Method | 2,330,000 |
| GM 2239 Lot No. 2600 Mukim and District of Klang, State of Selangor Darul Ehsan ³ | Building/warehouse construction in progress | 2.88 acres | Freehold | NA | Acquired on 02/07/07 | 4,181,553 |

Note

1. Duopharma (M) Sdn Bhd is the registered and beneficial owner of all the above properties. The valuation was carried out by an independent firm of professional valuer, M. Nawawi & Co. Sdn Bhd on 22 Nov 2005.
2. Lot 2555 and 2556 were reclassified as Asset Held for Sale as the Group has entered into a Sale & Purchase Agreement on 17 September 2008 for the sale of these two pieces of land.
3. Lot No. 2600 was purchased on 2 July 2007 for business expansion purposes.

Notice of Annual General Meeting

Notice is hereby given that the Eighth Annual General Meeting of the Company will be held at Crystal Crown Hotel, No. 217, Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on 26 May 2009 at 2.30 p.m. for the following purposes:

Agenda

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.
Ordinary Resolution 1
2. To approve a Final Tax Exempt Dividend of 7.0 sen per ordinary share for the financial year ended 31 December 2008.
Ordinary Resolution 2
3. To re-elect the following Directors retiring under Article 93 of the Articles of Association of the Company:
 - a. Datuk Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam
Ordinary Resolution 3
 - b. Dr. Mohd Nasir bin Hassan
Ordinary Resolution 4
4. To approve the payment of Directors' fees for the financial year ended 31 December 2008.
Ordinary Resolution 5
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
Ordinary Resolution 6
6. To transact any other business of which due notice shall have been received.

As Special Business

To consider and, if thought fit, to pass the following Resolutions:

7. Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")
Ordinary Resolution 7

That subject to the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and/or its subsidiary shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature with the related party as specified in Sections 2.2.1 and 2.2.4 of the Circular to Shareholders dated 4 May 2009 which are necessary for the Company and/or its subsidiary's day-to-day operations subject further to the following:

- i. the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, and the transactions are undertaken on arm's length basis and are not to the detriment of the minority shareholders;
- ii. the approval is subject to annual renewal and shall continue to be in force until:
 - a. the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposal is approved, at which time it will lapse, unless further renewed by a resolution passed at the next AGM;
 - b. the expiration of the period within the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143[1] of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143[2] of the Companies Act, 1965); or
 - c. revoked or varied by resolution passed by the shareholders in a general meeting of the Company, whichever is the earlier; and
- iii. the disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year.

And that the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

Notice of Books Closure

NOTICE IS HEREBY GIVEN that subject to the approval of the Shareholders at the forthcoming AGM, the proposed Final Tax-Exempt Dividend of 7.0 sen per ordinary share in respect of the Company's financial year ended 31 December 2008 will be paid on 26 June 2009 to shareholders whose names appear in the Record of Depositors on 12 June 2009.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 June 2009 in respect of ordinary transfer; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Noor Azwah binti Samsudin (LS 0006071)

Rosnah binti Mahat (LS 0006735)

Company Secretaries

Kuala Lumpur

4 May 2009

The details of the two (2) Directors seeking re-election are set out in their respective profiles which appear in the Directors' Profiles on pages 017 and 019 of this Annual Report.

The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 069 of this Annual Report.

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registrars of the Company at Tenaga Koperat Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting.

Explanatory notes on special business

- i. Ordinary Resolution 7 – Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The explanatory notes on Resolution 7 is set out in the Circular to Shareholders dated 4 May 2009.

Statement Accompanying the Notice of the Eighth Annual General Meeting of CCM Duopharma Biotech Berhad

Pursuant to Paragraph 8.28 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad.



Provide
Enhance
Support
Uphold
Respond
Explore
Develop
Lead
Listen

We constantly do

We hear you



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Proxy Form

CCM Duopharma Biotech Berhad (524271-W) (Incorporated in Malaysia)

I/We

(Full name in capital letters)

of

(Full address)

being *a shareholder/shareholders of CCM DUOPHARMA BIOTECH BERHAD (“the Company”) hereby appoint:

(Full name in capital letters)

of

(Full address)

as my/our proxy to vote for me/us at the Eighth Annual General Meeting of the Company to be held at Crystal Crown Hotel, No.217, Persiaran Raja Muda Musa, 42000 Klang, Selangor Darul Ehsan on Tuesday, 26th May 2009 at 2.30 p.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below

| | | For | Against |
|----|--|--------------------------|--------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| | Ordinary Resolution 1 | | |
| 2. | To approve a Final Tax Exempt Dividend of 7.0 sen for the financial year ended 31 December 2008. | <input type="checkbox"/> | <input type="checkbox"/> |
| | Ordinary Resolution 2 | | |
| 3. | Re-election of Directors Under Article 93 : | | |
| | i. Datuk Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam | <input type="checkbox"/> | <input type="checkbox"/> |
| | Ordinary Resolution 3 | | |
| | ii. Dr. Mohd Nasir bin Hassan | <input type="checkbox"/> | <input type="checkbox"/> |
| | Ordinary Resolution 4 | | |
| 4. | To approve the directors’ fees for financial year ended 31 December 2008. | <input type="checkbox"/> | <input type="checkbox"/> |
| | Ordinary Resolution 5 | | |
| 5. | To re-appoint Messrs KPMG as Auditors. | <input type="checkbox"/> | <input type="checkbox"/> |
| | Ordinary Resolution 6 | | |
| 6. | Special Business | | |
| | i. Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”). | <input type="checkbox"/> | <input type="checkbox"/> |
| | Ordinary Resolution 7 | | |

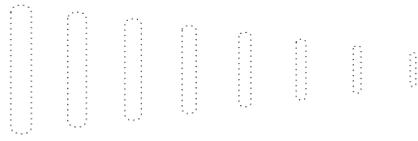
Notes

- A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registrars of the Company at Tenaga Koperat Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting.

Signature/Seal

No. of shares

Signed this _____ day of _____ 2009.



fold

The Registrar

CCM Duopharma Biotech Berhad (524271-W)

Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

affix
postage
stamp

fold

