

CCM Duopharma Biotech Berhad ("CCMD") recorded an improved performance for the financial year ended 31 December 2014 with a 9.0% increase in revenue to RM176.96 million compared to RM162.41 million in the previous year. Profit before tax ("PBT") for the Group jumped 15.7% to RM46.50 million compared to RM40.18 million in the corresponding period last year.

Throughout the year, we focused on increasing our market penetration and for this reason, our continuous growth can be attributed to the increased demand from all sectors, including government hospitals and the export markets. Our performance has also been reinforced by our Operational Efficiency programmes in place such as the Lean Six Sigma projects which aims to maintain cost competitiveness and help employees diversify their way of thinking.

We have also set our sights to become Malaysia's largest pharmaceutical manufacturer following our purchase of six pharmaceutical units from our parent company, Chemical Company of Malaysia Berhad ("CCMS"). The deal, valued at RM245.1 million, will see CCMD taking over CCM's pharmaceutical arm which includes, CCM Pharmaceuticals Sdn. Bhd, CCM Pharma Sdn. Bhd, Innovax Sdn. Bhd., Upha Pharmaceutical Manufacturing (M) Sdn. Bhd., CCM International (Philippines) Inc. and CCM Pharmaceuticals (S) Pte. Ltd. We are confident that this acquisition will allow us to be more flexible in our operations to enhance our product offering and scale via the combined production facilities.

CCMD is also set to reap benefit from the launch of the recombinant human insulin in Malaysia, i.e. *INSUGEN*, by one of the acquired units. *INSUGEN* is developed by Biocon, India and is now exclusively distributed and marketed by our Company. This is the first biosimilar insulin to be introduced in the country and will enable greater access to quality biopharmaceuticals for a larger diabetic patient pool. The acquisition will enable us to centralise the development of our Biotherapeutics range.

The Company also intensified its focus on biologicals and biotherapies. In February last year, a new collaboration was formed with a South Korean company, PanGen Biotech Inc., who have developed, manufactured and is currently conducting a full scale Phase III Clinical Trial for Erythropoietin ("EPO") biosimilar treatment for anaemia and end-stage renal failure patients. We are the first local Malaysian pharmaceutical company to carry out a biosimilar EPO clinical trial in Malaysia and also a pioneer in leading this effort. The area of Biotherapeutics, dominated by global pharmaceutical players is expected to expand at a compounded average growth rate of 12% in Asia to an estimated RM8.0 billion in the South East Asia region by 2020.

We are also focused on the ASEAN export market backed by the knowledge that our products are developed to have a wider market footprint. We aspire to expand our offerings to international shores and continue our exports to over 20 countries with primary focus on Indonesia, Vietnam, Singapore, Brunei and the Philippines. Besides this, we are also targeting various therapeutic groups which are not well represented within the ASEAN community.

### HALAL

For the year under review, we continued to leverage on our pioneering in the Halal segment as we strive to continue as a leader in this sector. The Company collaborated with IKIM.fm for the Kompas Kesihatan and JAKIM Media RTM1 on Halal Pharmaceutical programmes to create awareness as well as educate the public on the importance of Halal pharmaceuticals. The Company also participated in the Halal Industry Development Corporation ("HDC") Working Group, promoting Halal pharmaceuticals as one of the key drivers towards the aspiration for the Malaysia Global Halal Hub. We also participated in the 1st OIC Vaccine Manufacturers Group to ensure adequate supply of vaccine to the Organisation of Islamic Cooperation ("OIC") nations.

### ACKNOWLEDGEMENT

I thank each and every person who has been directly or indirectly involved in the development of our Company. I am certain that with your continuous support, we will be on the right track towards success. My deepest gratitude also goes out to all members of the Board who have given their invaluable guidance to both myself and the Senior Management team throughout the year. Moving forward, 2015 will certainly see us exploring new frontiers and growing from strength to strength as we work to capture greater market share, both locally and regionally. On behalf of the Management team of CCMD, I thank all our staff, associates, partners, vendors, customers and stakeholders who have remained with us through the years. We look forward to your support in the coming years.

Thank you.

**LEONARD ARIFF BIN ABDUL SHATAR**

*Chief Executive Officer*