



CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

Quarterly Report On Results For The Year Ended 31 December 2008

NOTES TO INTERIM FINANCIAL REPORT

A1 Accounting Policies and Method of Computation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of Listing Requirements of Bursa Malaysia Securities Berhad including compliance with Financial Reporting Standard (FRS) 134₂₀₀₄, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (MASB)

The preparation of an interim financial report in conformity with FRS 134₂₀₀₄, *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

A2 Changes in accounting policies

The significant accounting policies adopted by the Group in preparing the interim financial statement, are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the new / revised FRSs that are effective for accounting period beginning on or after 1 January 2008.

A3 Audit Report

The audited report of the Company's preceding annual financial statements was not qualified.

A4 Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A5 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

A6 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A7 Debts and Equity Securities

There are no issuance, cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter to date.

A8 Dividend Paid

The Group paid an Interim Tax Exempt dividend of 16% (8 sen) per share amounting to RM11.11 million in respect of financial year ended 31 December 2008 during the current quarter.

During the corresponding quarter last year: the Group has paid the following interim dividend in respect of financial year ended 31 December 2007 :-

- a) Dividend of 28% (14 sen) per share less 27% income tax amounting to approximately RM14.19 million in respect of financial year ended 31 December 2007 was paid on 18 October 2007.
- b) Dividend of 68% (34 sen) per share less 27% income tax amounting to approximately RM34.45 million in respect of financial year ended 31 December 2007 was paid on 24 December 2007.

A9 Segment Information

There is no segmental reporting as the Group's activities are principally in pharmaceutical industry; and its operations are carried out mainly in Malaysia.

A10 Property, Plant and Equipment

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

A11 Post Balance Sheet Events

There are no material events after the period end up to 17 February 2009 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report) that have not been reflected in the financial statements for the financial period ended 31 December 2008 other than those disclosed in B6.

A12 Changes in the Composition of the Group

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

A13 Related Parties Transactions

Significant related parties transactions of the Group for the period ended 31 December 2008 are as follows:-

	<u>RM ' 000</u>
a) With CCM Pharmaceuticals (S) Pte Ltd, a wholly owned subsidiary of CCM International Sdn Bhd which in turn is a wholly-owned subsidiary of CCM Marketing Sdn Bhd.	
-Sales of goods	<u>2.839</u>
b) With CCM Marketing Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Sales of goods	<u>247</u>
c) With CCM Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	<u>2.159</u>
d) With CCM Pharma Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	<u>434</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

The Group recorded a revenue and profit before tax (PBT) of RM29.48 million and RM3.61 million respectively for current quarter ended 31 December 2008 as compared to RM32.07 million and RM11.38 million for the corresponding quarter last year. The decline in revenue is mainly due to lower sales to Government hospitals. PBT has decreased as the Group absorbed the increase in raw material costs and also once off stocks write off mainly due to regulatory requirements.

B2 Comparison with the Preceding Quarter's Results

	Qtr 4 2008 (31/12/08) RM'000	Qtr 3 2008 (30/9/08) RM'000	Variance	
			RM'000	%
Revenue	29.484	32.411	(2.927)	(9.03)
Profit before tax	3.612	11.098	(7.486)	(67.45)
Profit after tax	3.517	8.593	(5.076)	(59.07)

The Group recorded revenue and profit before tax (PBT) of RM29.48 million and RM3.61 million respectively for the current financial quarter as compared to RM32.41 million and RM11.10 million respectively for the preceding financial quarter. The decline in revenue is mainly due to lower demand from private sector. PBT has decreased as the Group absorbed the increase in raw material costs and also once off stocks write off mainly due to regulatory requirements.

B3 Prospects for the next Financial Year

The global financial & economic uncertainties may have an impact in the Group's operation and profitability. Barring any unforeseen circumstances, the Group will continue to remain profitable.

B4 Profit Forecast

No commentary is made on any variance between actual profit from forecast profit as it does not apply to the Group.

B5 Taxation

Details of taxation are as follows :-

	Current Year Quarter 31/12/08 RM'000	Current Year To Date 31/12/08 RM'000
Based on results for the quarter/year	34	7.896
Transfer to/(from) deferred tax	59	41
	93	7.937

The Group's effective tax rate is lower than the statutory tax rate mainly due to the utilisation of reinvestment allowances and also certain other income recognised during the financial year ended 31 December 2008 is not subject to tax.

B6 Unquoted Investments and Properties

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.

B7 Quoted Investments

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

B8 Status of corporate proposals.

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

B9 Borrowings and Debt Securities

The Group does not have any borrowings as at the end of the current financial quarter.

B10 Off Balance Sheet Financial Instruments

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

B11 Material litigation

There was no material litigation up to 17 February 2008 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

B12 Dividend

a) For the current financial year ended 31 December 2008, the Board of Directors recommends a final dividend of 14% (7.0 sen) per share (2007: Nil). The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (AGM) of the Company. The date of the AGM and book closure in respect of the final dividend will be announced in due course.

b) The total dividend for the current financial year is 30% (15 sen) per share consists of a final dividend of 14% (7 sen) per share and an interim dividend of 16% (8sen) amounting to approximately RM20.92million as compared to 2007 dividend as follows:-

- i) Dividend of 28% (14 sen) per share less 27% income tax amounting to approximately RM14.19 million in respect of financial year ended 31 December 2007 was paid on 18 October 2007.
- ii) Dividend of 68% (34 sen) per share less 27% income tax amounting to approximately RM34.45 million in respect of financial year ended 31 December 2007 was paid on 24 December 2007.

B13 Earnings per Share

	Current year quarter 31/12/08	Current year to date 31/12/08
a) Basic EPS		
Net profit (RM'000)	3,517	27,403
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	138.803	138.803
-Weighted average number of shares arising from options exercised during the period	16	16
	138.819	138.819
Basic EPS (sen)	2,53	19,74
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	138.819	138.819
-Dilutive impact of unexercised share options	1	1
	138.820	138.820
Dilutive EPS (sen)	2,53	19,74

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 February 2009.

By Order of the Board

Noor Azwah binti Samsudin
Rosnah binti Mahat
Secretaries
Kuala Lumpur
24 February 2009