CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

Quarterly Report On Results For The Period Ended 30 June 2013

NOTES TO INTERIM FINANCIAL REPORT

A1 Accounting Policies and Method of Computation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting.

The interim financial report has been prepared in accordance with the same accounting policies in the consolidated financial statement as at and for the year ended 31 December 2012.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2012.

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

MFRSs/ Interpretations

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

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

A2 Audit Report

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

A3 Seasonal or Cyclical Factors

The business operations of the Group during financial quarter under review were not materially affected by any seasonal or cyclical factors.

A4 Exceptional/Extraordinary Items

There were no exceptional/extraordinary items for the financial period under review.

A5 Changes in Estimates

There was no material change in estimates of amounts reported in the prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A6 Debts and Equity Securities

There are no issuance, cancellations, repurchases, resale and repayments of debts and equity securities for the financial period under review.

A7 Dividend Paid

No dividend was paid during the current quarter.

During the corresponding quarter last year the Group has paid final dividend of 29% (14.5 sen) per share less 25% income tax amounting RM 15.10 million in respect of financial year ended 31 December 2011.

A8 Segment Information

	Quarter Ended		Year To Date	
	30/6/2013		30/6/2013	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	34,492	16,178	68,877	30,377
Export	3,496	1,107	6,949	2,320
	37,988	17,285	75,826	32,697

A9 Post Balance Sheet Events

There are no material events after the period end up to 21 August 2013 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report) that have not been reflected in the financial statements for the financial period ended 30 June 2013.

A10 Changes in the Composition of the Group

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

A11 Related Parties Transactions

Significant related parties transactions of the Group for the year ended 30 June 2013 are as follows:-

	RM ' 000
a) With CCM Pharmaceuticals (S) Pte Ltd, a wholly owned subsidiary of CCM International Sdn Bhd which in turn is a wholly-owned subsidiary of CCM Marketing Sdn Bhd.	
-Sales of goods	727
b) With CCM Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	673
-Sales of goods	1,552
c) With UPHA Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	4,908
-Sales of goods	2,010

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

	Year To Date (30/6/13) RM'000	Year To Date (30/6/12) RM'000	Variance	
			RM'000	%
Revenue	75,826	70,412	5,414	7.69
Profit before tax (PBT)	21,963	17,906	4,057	22.66
Profit after tax (PAT)	17,388	13,575	3,813	28.09

The Group recorded a revenue and profit before tax (PBT) of RM75.83 million and RM21.96 million respectively for current period ended 30 June 2013 as compared to RM70.41 million and RM17.91 million for the corresponding period last year. The Group's revenue has improved as compared to last year corresponding period mainly due to increase demand to Government Hospitals via tender business and export market. However, increase in PBT was at higher proportion than increase in revenue due to incorporation of changes in fair value of investment property amounting to RM3.7 million in 2nd quarter of 2013.

B2 Comparison with the Preceding Quarter's Results

	Qtr 2 2013 (30/6/13) RM'000	Qtr 1 2013 (31/3/13) RM'000	Variance	
			RM'000	%
Revenue	37,988	37,837	151	0.40
Profit before tax (PBT)	13,007	8,956	4,051	45.23
Profit after tax (PAT)	10,689	6,699	3,990	59.56

The Group recorded a revenue and profit before tax (PBT) of RM37.99 million and RM12.26 million respectively for current quarter ended 30 June 2013 as compared to RM37.84 million and RM8.96 million for the preceding financial quarter. The Group performed consistently as compare to preceding financial quarter. However, increase in PBT was at higher proportion than increase in revenue due to incorporation of changes in fair value of investment property amounting to RM3.7 million in 2nd quarter of 2013.

B3 Prospects for the Remainder of Current Financial Year

Demand in the pharmaceutical industry is expected to remain relatively stable albeit increased uncertainty in global economy and foreign currency exchange rates. The defensive nature of the industry augurs well for the Group although demand may fluctuate especially for supply to government hospitals via tender business.

Barring any unforseen circumstances, the Group is expected to remain profitable.

B4 Profit Forecast

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

B5 Taxation

Details of taxation are as follows :-

	Current Year Quarter 30/6/13 RM'000	Current Year To Date 30/6/13 RM'000
Based on results for the quarter/year	(3,016)	(5,017)
Transfer to deferred tax	698	442
	(2,318)	(4,575)

The Group's effective tax rate is lower than the statutory tax rate due to incorporation of changes in fair value of investment property amounting to RM3.7 million

B6 Unquoted Investments and Properties

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

B7 Status of corporate proposals.

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

B8 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

	As at 30 June 2013 RM'000	As at 30 June 2012 RM'000
Current - unsecured	-	6,248
Non-current - unsecured	-	-
Total	-	6,248

B9 Material litigation

There was no material litigation up to 21 August 2013 .

B10 Dividend

For the current financial period ended 30 June 2013, the Board of Directors is recommending an interim single tier dividend of 8% (4 sen) per share based on paid up capital of approximately 139.4 million share at par value of RM 0.50 each amounting to approximately RM 5.58million {2012 : 7% (3.5 sen)}. The entitlement date in respect of the interim single tier dividend is on 17 Oct 2013 and the payment date is on 8 Nov 2013.

B11 Earnings per Share

	Current year quarter 30/6/13	Current year to date 30/6/13
a) Basic EPS		
Net profit (RM'000)	10,689	17,388
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	138,822	138,822
-Weighted average number of shares arising from options exercised during the period	-	-
	138,822	138,822
Basic EPS (sen)	7.70	12.53
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	138,822	138,822
-Dilutive impact of unexercised share options	-	-
	138,822	138,822
Dilutive EPS (sen)	7.70	12.53

B12 Disclosure of Realised and Unrealised

	Current year to date 30-Jun-13 RM '000	Preceding year corresponding period 30-Jun-12 RM '000
Total retained profits:		
- Realised	131,965	118,078
- Unrealised	1,373	1,013
	133,338	119,091
Less: Consolidation adjustments	(27,327)	(27,327)
Total retained profit	106,011	91,764

B13 Profit Before Tax

	Current year quarter 30/6/13 RM '000	Current year to date 30/6/13 RM '000
Operating profit is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	1,903	3,783
Interest expense	46	94
Write-off of inventories	763	844
Change in fair value of investment properties	(3,768)	(3,768)
Net foreign exchange loss	9	13

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and current period ended 30 June 2013.

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 Aug 2013

By Order of the Board

Noor Azwah binti Samsudin
Secretary
Kuala Lumpur
28 Aug 2013