



**CCM DUOPHARMA BIOTECH BERHAD**  
**(formerly known as Duopharma Biotech Bhd) (524271-W)**

(Incorporated in Malaysia)

**Quarterly Report On Results For The Period Ended 30 June 2006**  
**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) 134<sup>2004</sup>, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (MASB)

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2006 annual financial statements. Details of these changes in accounting policies are set out in Note A2 below.

The preparation of an interim financial report in conformity with FRS 134<sup>2004</sup>, *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 on a year to date basis. Actual results may differ from those estimates.

The financial information relating to the financial year ended 31 December 2005 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2005 are available from the Company's registered office.

**A2 Changes in accounting policies**

The MASB has issued a number of new and revised Financial Reporting Standards (FRSs, which term collectively includes the MASB's Issues Committee's Interpretations) that are effective for accounting periods beginning on or after 1 January 2006.

In 2006, the MASB issued two revised FRSs (i.e. FRS 117, *Leases* and FRS 124, *Related Party Disclosures*). These FRSs are effective for annual periods beginning on or after 1 October 2006.

The Board of Directors has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2006. The FRSs that will be effective in the annual financial statements for the year ending 31 December 2006 may be affected by the issue of additional interpretation(s) of other changes announced by the MASB subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2006 which have been reflected in this interim financial report.

- a) In accordance with FRS 3 (*Business Combination*), the Group no longer amortises negative goodwill and has derecognised the said goodwill with effect from 1 January 2006. The impact of the change has been reflected accordingly in the financial statements.
- b) In accordance with FRS 5 (*Non-current Assets Held for Sale and Discontinued Operations*), the Group has reclassified the Investment in Associate to Non-current Asset Held for Sale in line with the Group's intention to dispose of its non-core business investment. Negotiation with a potential buyer to conclude the deal is in the advanced stage. The said transaction, if it materialises, is not expected to have a material impact on the financial statements of the Group.

**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, except for the changes in accounting policies as disclosed in Note A2 above.

**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 period to date other than the followings: -

- a) Issuance of 69,500 new ordinary shares of RM0.50 each at issue price of RM2.32 pursuant to the Employees' Share Option Scheme (ESOS) as follows:-

Month	No. of shares issued	Cash proceeds (RM '000)
Feb-06	12,000	27,840
May-06	55,500	128,760
Jun-06	2,000	4,640
<b>Total</b>	<b>69,500</b>	<b>161,240</b>

**A8 Dividend Paid**

During the current quarter, a final dividend of approximately RM17.485 million (17.5 sen per share less tax of 28%) in respect of financial year ended 31 December 2005 has been paid on 8 June 2006. The final dividend was approved by shareholders at the Annual General Meeting held on 18 May 2006.

**A9 Segment Information**

There is no segmental reporting as the Group's activities are principally in pharmaceutical industry; and its operations are carried out solely 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 16 August 2006 (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 2006.

**A12 Changes in the Composition of the Group**

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

**A13 Contingent Liabilities**

Contingent liabilities as at 16 August 2006 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report) is as follows:-

	<u>RM' 000</u>
Guarantees for banking facilities granted to its subsidiary	<u>22,680</u>

**A14 Related Parties Transactions**

Significant related parties transactions of the Group for the period ended 30 June 2006 are as follows:-

	<u>RM ' 000</u>
a) With Duopharma Trading (S) Pte Ltd, a company in which Madam Ang Bee Lian and Mr. Chia Ting Poh @ Cheah Ting Poh, the former Directors, have interest: -Sales of goods	<u>1,350</u>
b) With CCM Chemicals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad (intermediate holding company) has a direct interest of 80.0% -Purchase of goods	<u>214</u>

## ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

### B1 Review of Performance

The Group recorded a revenue and profit before tax (PBT) of RM27.49 million and RM10.46 million respectively for current quarter ended 30 June 2006 as compared to RM26.49 million and RM9.36 million for the corresponding quarter last year. The growth of 11.75% in PBT is mainly attributable to the Group's continuous effort to enhance products mix that potentially generates higher returns.

### B2 Comparison with the Preceding Quarter's Results

	Qtr 2 (30/06/06)	Qtr 1 (31/03/06)	Variance	
	RM'000	RM'000	RM'000	%
Revenue	27,493	27,414	79	0.29
Profit before tax	10,456	10,461	(5)	(0.05)
Profit after tax	7,747	7,624	123	1.61

The Group recorded revenue and profit after tax (PAT) of RM27.49 million and RM7.75 million respectively for the current financial quarter as compared to RM27.41 million and RM7.62 million respectively for the preceding financial quarter. The Group has performed consistently as compared to the previous quarter.

### B3 Prospects for the Remainder of Current Financial Year

The Board expects the Group to achieve satisfactory results for the remaining period of current financial year under normal business environment.

### 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	Current Year
	Quarter	To Date
	30/06/06	30/06/06
	RM'000	RM'000
Based on results for the quarter/year	2,657	5,429
Transfer to/(from) deferred tax	52	117
	<u>2,709</u>	<u>5,546</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to the utilisation of reinvestment allowances in a subsidiary.

### B6 Unquoted Investments and Properties

During the current financial quarter, the Government has acquired a portion of the following vacant industrial land situated in Mukim and District of Klang for development purposes. As the compensation awarded is less than the book value of said land, the Group has incurred a total loss of RM6,460 which has been incorporated into the financial statements. The Board of Directors is of the opinion that it is not cost effective to appeal against the compensation awarded.

Lot No.	Area of Lot	Area to be acquired	Loss on compulsory acquisition (RM)
2555	1.214 hectares	0.0372 hectare	3217
2556	1.214 hectares	0.0375 hectare	3243

### 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 16 August 2006 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

**B12 Dividend**

For the current financial period ended 30 June 2006, the Board of Directors is recommending an interim dividend of 14.0% (7.0 sen) per share less 28% income tax, based on the paid up capital of approximately 139.5 million shares at par value of RM0.50 each (2005 : Nil) in line with the increase in profit after tax. The book closure in respect of the interim dividend is on 13 September 2006 and the dividend will be paid on 22 September 2006.

**B13 Earnings per Share**

	Current year quarter 30/06/06	Current year to date 30/06/06
<b>a) Basic EPS</b>		
Net profit (RM'000)	<u>7,747</u>	<u>15,371</u>
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	139,363	139,358
-Weighted average number of shares arising from options exercised during the period	30	24
	<u>139,393</u>	<u>139,382</u>
Basic EPS (sen)	<u>5.56</u>	<u>11.03</u>
<b>b) Dilutive EPS</b>		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	139,393	139,382
-Dilutive impact of unexercised share options	37	38
	<u>139,430</u>	<u>139,420</u>
Dilutive EPS (sen)	<u>5.56</u>	<u>11.02</u>

**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 23 August 2006.

By Order of the Board

Saw Bee Lean  
Secretary  
Kuala Lumpur  
23 August 2006