

DUOPHARMA BIOTECH BHD (Company No: 524271-W)

Quarterly Report on Consolidated Results for the Second Quarter Ended 30/06/2002.

The figures have not been audited.

CONSOLIDATED INCOME STATEMENT

			INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			Current year quarter 30/06/2002 RM'000	Preceding year corresponding quarter 30/06/2001 RM'000	Current year to date 30/06/2002 RM'000	Preceding year corresponding period 30/06/2001 RM'000
1.	(a)	Revenue	16,682	-	31,331	-
	(b)	Investment income	-	-	-	-
	(c)	Other income	52	-	148	-
2.	(a)	Profit before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	6,047	-	11,188	-
	(b)	Finance cost	(254)	-	(455)	-
	(c)	Depreciation and amortisation	(589)	-	(1,135)	-
	(d)	Exceptional items	-	-	-	-
	(e)	Profit before income tax, minority interests and extraordinary items	5,204	-	9,598	-
	(f)	Share of profits and losses of associated companies	-	-	-	-
	(g)	Profit before income tax, minority interests and extraordinary items	5,204	-	9,598	-
	(h)	Income tax	(1,500)	-	(2,400)	-
	(i)	(i) Profit after income tax before deducting minority interests	3,704	-	7,198	-
		(ii) Less minority interests	-	-	-	-
	(j)	Pre-acquisition profit, if applicable	(1,315)	-	(4,809)	-
	(k)	Net profit from ordinary activities attributable to members of the company	2,389	-	2,389	-
	(l)	(i) Extraordinary items	-	-	-	-
		(ii) Less minority interests	-	-	-	-
		(iii) Extraordinary items attributable to the members of the company	-	-	-	-
	(m)	Net profit attributable to members of the company	2,389	-	2,389	-
3.		Earnings per share based on 2 (m) above after deducting any provision for preference dividends, if any:-				
	(a)	Basic (based on 42,500,000 ordinary shares) (sen)	5.62	-	5.62	-
	(b)	Fully diluted (based on 42,500,000 ordinary shares) (sen)				

Note:

- 1 : No comparative figures for preceding year corresponding quarter/period are available as this is the first six months results being reported.

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CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 30/06/2002 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2001 RM'000
1. Property, Plant and Equipment	33,013	-
2. Investment Property	-	-
3. Investment in Associated Companies	-	-
4. Long Term Investments	-	-
5. Goodwill on Consolidation	-	-
6. Intangible Assets	-	-
7. Other Long Term Assets	-	-
	<u>33,013</u>	<u>-</u>
8. Current Assets		
- Investment	-	-
- Inventories	11,444	-
- Trade receivables	18,547	-
- Other receivables, deposits and prepayments	6,199	-
- Fixed deposits with licensed banks	11,131	-
- Cash and bank balances	162	-
	<u>47,483</u>	<u>-</u>
9. Current Liabilities		
- Trade payables	35	-
- Other payables and accruals	1,676	-
- Amount owing to directors	450	-
- Hire purchase obligations	-	-
- Lease obligations	-	-
- Short term borrowings	12,961	-
- Taxation	1,558	-
- Proposed dividend	-	-
	<u>16,680</u>	<u>-</u>
10. Net Current Assets	<u>30,803</u>	<u>-</u>
	<u>63,816</u>	<u>-</u>
11. Shareholders' Funds		
Share capital	42,500	-
Reserves		
- Share premium	8,791	-
- Reserve on consolidation	4,809	-
- Retained profits	2,323	-
	<u>58,423</u>	<u>-</u>
12. Minority Interests	-	-
13. Long Term Borrowings	4,873	-
14. Hire Purchase Obligations	-	-
15. Lease Obligations	-	-
16. Deferred Taxation	520	-
	<u>63,816</u>	<u>-</u>
17. Net Tangible Assets Per Share (RM)	<u>1.37</u>	<u>-</u>

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NOTES TO THE QUARTERLY RESULTS

1. Accounting policies

The unaudited quarterly report has been prepared using the same accounting policies and methods of computation as those used in the preparation of the most recent annual financial statements. There were no changes to these policies and/or methods adopted for the current financial year to date.

2. Exceptional item

There was no exceptional item for the current quarter and the financial year-to-date.

3. Extraordinary item

There was no extraordinary item for the current quarter and the financial year-to-date.

4. Taxation

Taxation comprises the following:

Particulars	Current year quarter 30/06/2002 RM'000	Current year to date 30/06/2002 RM'000
Based on results for the quarter/year	1,500	2,400
Transfer to deferred taxation	-	-
Tax expense	<u>1,500</u>	<u>2,400</u>

The effective tax expense rate of the Group was lower than the statutory tax rate mainly due to availability of reinvestment allowances claimed under Schedule 7A of the Income Tax Act, 1967.

5. Sale of unquoted investments and/or properties

There were no profits or losses on sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

6. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date.

7. Changes in the composition of the Group

Save as disclosed in Note 8 below, there was no change in the composition of the Group for the current quarter and financial year-to-date.

8. Status of corporate proposals

A) In conjunction with the admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of Duopharma Biotech Bhd (“DBB”) on the Second Board of the Kuala Lumpur Stock Exchange, the following flotation scheme was undertaken:-

(a) Acquisition of DMSB

On 25 October 2000, DBB entered into a Conditional Sale and Purchase Agreement (as amended and supplemented by a First Supplemental Agreement dated 7 June 2001 and a Second Supplemental Agreement dated 3 May 2002 with the shareholders of DMSB for the acquisition by DBB of the entire equity interest in DMSB comprising 1,700,000 ordinary shares of RM1.00 each for a total purchase consideration of RM40,187,469 satisfied by the issuance of 31,396,460 new ordinary shares of RM1.00 each in DBB to the vendors, at an issue price of approximately RM1.28 per ordinary share. The shares issued rank pari passu with all respects with the existing ordinary shares in DBB.

The purchase consideration of RM40,187,469 was arrived at on a willing buyer-willing seller basis, based on the audited NTA of DMSB as at 31 December 2001, as follows:

	RM
Share capital	1,700,000
Retained profits	33,239,484
Revaluation surplus	5,273,377
Shareholders' funds	<u>40,212,861</u>
Less: Research and development cost	(25,392)
Audited NTA as at 31.12.2001	<u>40,187,469</u>

The 1,700,000 ordinary shares of RM1.00 each in DMSB were acquired free from all encumbrances, claims, charges, liens, mortgages, pledges and equities with all rights, benefits and entitlements now and thereafter attaching thereto.

The acquisition of DMSB was completed on 8 May 2002.

(b) Rights Issue

Subsequent to the Acquisition of DMSB, DBB carried out a Rights Issue of 11,103,538 new ordinary shares of RM1.00 each in DBB to the shareholders of DBB on the basis of approximately 100 new ordinary shares of RM1.00 each in DBB for every 283 existing ordinary shares of RM1.00 each held in DBB, at an issue price of RM1.00 per Rights Issue Share, after the Acquisition of DMSB but prior to the issuance of this Prospectus.

The Rights Issue Shares allotted and issued pursuant to the Rights Issue rank pari passu in all respects with the existing ordinary shares of RM1.00 each in DBB.

The Rights Issue was completed on 28 May 2002.

Upon completion of the Rights Issue, the issued and paid-up share capital of DBB increased from RM31,396,462 comprising 31,396,462 ordinary shares of RM1.00 each to RM42,500,000 comprising 42,500,000 ordinary shares of RM1.00 each.

(c) Offer For Sale

Subsequent to the Rights Issue, the Offeror offered 5,050,000 ordinary shares of RM1.00 each in DBB or 10.10% of the enlarged issued and fully paid-up share capital of DBB at an offer price of RM2.10 per Offer Share to the Bumiputera investor approved by MITI and eligible Directors of the DBB Group.

(d) Public Issue

To complete the Restructuring Scheme and in conjunction with the listing of and quotation for the ordinary shares of RM1.00 each in DBB on the Second Board of the KLSE, the Company is implementing a Public Issue of 7,500,000 new ordinary shares of RM1.00 each in DBB or 15.00% of the enlarged issued and paid-up share capital at an issue price of RM2.10 per Public Issue Share.

The 7,500,000 Public Issue Shares will be allocated in the following manner:

- i) 2,500,000 Public Issue Shares representing 5.00% of the enlarged issued and paid-up share capital of DBB to eligible employees and/or other persons (such as suppliers, distributors, dealers or customers) of the DBB Group;
- ii) 3,500,000 of the Public Issue Shares representing 7.00% of the enlarged issued and paid-up share capital of DBB to Malaysian institutional investors and Malaysian/foreign private investors placed by the Placement Agent; and
- ii) 1,500,000 of the Public Issue Shares representing 3.00% of the enlarged issued and paid-up share capital of DBB to the Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

As at 15 July 2002, the Public Issue has been successfully completed and the issued and paid-up share capital of DBB has been enlarged to RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each in DBB.

(e) Listing and Quotation

Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of DBB of RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each on the Second Board of KLSE.

- B)** As at the date of this report, proceeds from rights issue has not been utilised and are placed as fixed deposits at licensed financial institutions.

9. Issuance and repayment of debt and equity securities

Save as disclosed in Note 8 above, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

10. Group borrowings and debt securities

Group Borrowings	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bank overdraft	1,236	612	1,848
Bankers' acceptance	7,626	-	7,626
Term loans	3,487	-	3,487
	<hr/>	<hr/>	<hr/>
	12,349	612	12,961
Hire purchase obligations	-	-	-
Lease obligations	-	-	-
	<hr/>	<hr/>	<hr/>
Sub-total	12,349	612	12,961
Long term borrowings			
Term loans	4,873	-	4,873
Hire purchase obligations	-	-	-
Lease obligations	-	-	-
	<hr/>	<hr/>	<hr/>
Sub-total	4,873	-	4,873
	<hr/>	<hr/>	<hr/>
Total Borrowings	17,222	612	17,834

The above Group borrowings are denominated in Ringgit Malaysia.

11. Contingent liabilities

The Group does not have any contingent liabilities as at 12 July 2002 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

12. Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 12 July 2002 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

13. Material pending litigation

There were no material litigations pending since 30 June 2002 up to 12 July 2002 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

14. Segmental reporting

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

15. Comparison with the preceding quarter's result

This is not applicable as this is the first quarterly report issued. The Group was only in place on 8 May 2002.

16. Review of performance of the Company and its principal subsidiary for the current quarter and financial year-to-date

The Group recorded a profit before taxation of RM5.2 million for the quarter ended 30 June 2002 and RM9.6 million for the six months ended 30 June 2002 on the back of revenue of RM16.7 million and RM31.3 million respectively.

17. Subsequent event

There were no material subsequent event since 30 June 2002 until 12 July 2002 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report) other than the public issue of DBB ordinary shares as mentioned in Note 8 above.

18. Seasonality and cyclicity of operations

The Group's operations are not significantly affected by seasonal and cyclical factors.

19. Current year prospect

Barring any unforeseen circumstances, the Directors anticipate that the performance of the Group for the financial year ending 31 December 2002 will remain satisfactory.

20. Variance on forecast profit and/or profit guarantee

At this stage, this is not applicable.

21. Dividend

No dividend is recommended for the current quarter.