



CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/12/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2016 RM'000	CURRENT YEAR TO DATE 31/12/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2016 RM'000
Revenue	112,253	74,033	467,987	312,940
Cost of Sales	(70,455)	(37,964)	(281,100)	(168,808)
Gross Profit	41,798	36,069	186,887	144,132
Other operating income	337	534	522	818
Distribution costs	(17,402)	(15,948)	(77,930)	(64,887)
Administration expenses	(9,827)	(11,634)	(50,743)	(44,409)
Other operating expenses	(1,556)	(2,173)	(4,229)	(2,859)
Profit from operations	13,350	6,848	54,507	32,795
Finance income	1,033	892	2,714	4,234
Finance costs	(1,558)	(1,441)	(5,425)	(5,550)
Profit before taxation	12,825	6,299	51,796	31,479
Taxation	(1,057)	2,532	(9,696)	(4,653)
Profit after tax for the period	11,768	8,831	42,100	26,826
Other comprehensive income				
Foreign currency translation differences for foreign operations	102	(403)	392	289
Total other comprehensive income for the period	11,870	8,428	42,492	27,115
Profit attributable to:				
Shareholders of the Company	11,870	8,428	42,492	27,115
Minority interest	-	-	-	-
	11,870	8,428	42,492	27,115
Total comprehensive income attributable to:				
Shareholders of the Company	11,870	8,428	42,492	27,115
Minority interest	-	-	-	-
	11,870	8,428	42,492	27,115
Earnings per share (sen)				
Basic (based on weighted average)	4.22	3.41	15.09	9.62
Diluted (based on weighted average)	4.22	3.41	15.09	9.62

- The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.



CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DEC 2017

	AS AT 31/12/2017 RM'000	AS AT 31/12/2016 RM'000
ASSETS		
Property, Plant and Equipment	320,934	276,241
Investment properties	1,320	-
Intangible assets	16,500	12,727
Deferred Tax Assets	9,748	6,313
Total non-current assets	<u>348,502</u>	<u>295,281</u>
Inventories	141,412	139,101
Trade & Other Receivables	126,020	94,378
Amount Due From Related Company	3,569	6,653
Current Tax Assets	9,007	10,236
Cash & Cash Equivalents	96,020	114,814
	<u>376,028</u>	<u>365,182</u>
Asset Held For Sale	-	1,000
Total current assets	376,028	366,182
Total Assets	<u><u>724,530</u></u>	<u><u>661,463</u></u>
EQUITY		
Share Capital	333,642	139,478
Reserves	-	193,772
Retained earnings	145,234	121,266
Total Equity	<u>478,876</u>	<u>454,516</u>
LIABILITIES		
Deferred Tax Liability	12,765	11,993
Borrowings	81,768	91,798
Total non-current liabilities	<u>94,533</u>	<u>103,791</u>
Trade & Other Payables	83,522	58,775
Amount due to related company	21,928	22,883
Borrowings	45,671	21,498
Total current liabilities	<u>151,121</u>	<u>103,156</u>
Total Liabilities	<u><u>245,654</u></u>	<u><u>206,947</u></u>
Total Equity & Liabilities	<u><u>724,530</u></u>	<u><u>661,463</u></u>
Net assets per share (RM)	1.72	1.63



CCM DUOPHARMA BIOTECH BERHAD (524271-W)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

Group	Non-distributable		Reserves		Distributable		Total
	Share Capital RM '000	Share Premium RM '000	Translation Reserve RM '000		Retained Profit RM '000		
At 1 January 2017	139,478	194,205	(433)		121,266		454,516
Foreign exchange translation differences			392				392
Profit for the year					42,100		42,100
Total other comprehensive income for the period							
2016 final dividend (4 sen per share)		194,205	(41)		163,386		497,008
2017 interim dividend (2.5 sen)					(11,158)		(11,158)
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 1)	194,205	(194,205)			(6,974)		(6,974)
At 31 December 2017	333,683	0	(41)		145,234		478,876

Note 1: In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit. Included in share capital is share premium amounting to RM194,205 that is available to be utilised in accordance with Section 618(3) of Companies Act, 2016 on or before 30 January 2019 (24 months from commencement of section 74).

Group	Non-distributable		Reserves		Distributable		Total
	Share Capital	Share Premium	Translation Reserve		Retained Profit		



CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2016	139,478	194,205	(722)	116,757	449,718	
Foreign currency translation differences for foreign operations	-	-	289	-	289	
Profit for the year	-	-	-	25,826	26,826	
Total comprehensive income for the period	139,478	194,205	(433)	143,583	476,833	
2015 final dividend (5.5 sen per share tax exempt)				(15,343)	(15,343)	
2016 interim dividend (2.5 sen per share tax exempt under single tier system)				(6,974)	(6,974)	
At 31 December 2016	139,478	194,205	(433)	121,266	454,516	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)



CCM DUOPHARMA BIOTECH BERHAD (524271-W)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	31 Dec 2017	31 Dec 2016
	RM '000	RM '000
Cash flows from operating activities		
Profit before taxation	51,796	31,479
Adjustments for:		
Depreciation of property, plant and equipment	23,747	22,500
Interest income	(2,714)	(4,234)
Finance costs	5,425	5,550
Write off of intangible asset	1,600	-
Write off of property, plant and equipment	-	1,315
<i>Operating profit before changes in working capital</i>	79,854	56,610
Change in inventories	(2,311)	(35,634)
Change in receivables, deposits and prepayments	(28,558)	4,887
Change in payables and accruals	23,792	25,573
<i>Cash generated from operations</i>	72,777	51,436
Finance costs paid	(5,425)	(5,550)
Interest income	2,714	4,234
Income tax paid	(11,161)	(12,695)
Tax refund	31	50
Net cash generated from operating activities	58,936	37,475
Cash flows from investing activities		
Acquisition of property, plant and equipment	(68,760)	(34,259)
Acquisition of intangible assets	(5,373)	(424)
Net cash used in investing activities	(74,133)	(34,683)
Cash flows from financing activities		
Drawdown of borrowings	24,143	11,498
Repayment of borrowings	(10,000)	(20,958)
Dividends paid to shareholders of the Company	(18,132)	(22,317)
Net cash used in financing activities	(3,989)	(31,777)
Exchange differences on translation of financial statements of foreign operations	392	289
Net decrease in cash and cash equivalents	(19,186)	(28,985)
Cash and cash equivalents at 1 January	114,814	143,510
Cash and cash equivalents as at 31 Dec	96,020	114,814
	-	-
(l) Cash and cash equivalents comprise:		
	<u>RM '000</u>	<u>RM '000</u>
Cash and bank balances	47,160	33,404
Deposits placed with licensed financial institutions	48,860	81,410
	96,020	114,814

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)



CCM DUOPHARMA BIOTECH BERHAD (524271-W)
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Quarterly Report On Results For The Year Ended 31 December 2017
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 2016.

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2017 onwards :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- Amendments to MFRS 9, Prepayment Features with Negative Compensation
- Amendments to MFRS 128, Long-term Interest in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above mentioned MFRSs is not expected to have any significant impact of the financial statements of the Group and of the Company except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The adoption of the mentioned accounting standards and interpretations (including the consequential amendments, if any) is expected to have impact up to RM15mil on the financial statements of the Group 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 year 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 year under review.

A5 Changes in Estimates

During the current financial year, the Group conducted operational review of the following:-

a) Machinery useful life in Oral Solid Dosage (OSD) plant (K1) in Klang.

- As part of our manufacturing strategy, the Group has commenced construction of a new state of the art OSD plant (to be named K3) to replace the aging K1 facility. Construction of K3 is expected to take around 3 years to complete. Certain machinery has been identified to be transferred to K3, upon its completion with newly enhanced GMP features. In view of the above firm plan, the remaining unutilized machinery in K1 will have a finite useful life of approximately 3 years, and hence necessitates the need to accelerate depreciating current net book value with effect from 01/07/2017.

- The effect of accelerated depreciation, recognized in cost of sales, in current and future financial years is as follows:-

	FY 2017	FY 2018	FY2019
Increase in depreciation	3,192	2,776	2,531

A6 Debts and Equity Securities

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial year.

A7 Dividend Paid

The Group paid an interim dividend of 2.5 sen per share (2016: 2.5 sen) amounting to RM 6.97 million (2015: RM 6.97 million) in respect of financial year ended 31 December 2017 during the current quarter.

A8 Segment Information

	Quarter Ended		Year To Date	
	31/12/2017		31/12/2017	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	101,539	38,260	420,379	170,805
Export	10,714	3,538	47,608	16,082
	112,253	41,798	467,987	186,887

A9 Post Balance Sheet Events

Subsequent to Balance Sheet date, the Board has approved corporate proposals as disclosed in Note B7 below.

A10 Changes in the Composition of the Group

On 2 August 2017, followed by subsequent amendments and clarifications on 4 August 2017 and 11 August 2017, Chemical Company of Malaysia Berhad (CCMB) through its adviser, Maybank Investment Bank Berhad had announced that the CCMB has proposed multiple corporate exercises (referred as Proposals) including proposed distribution of the entire CCMB's shareholding in CCM Duopharma Biotech Berhad ("CCMD") to the shareholders of the CCMB.

On 25 September 2017, CCMB had announce that upon the fulfillment of all the conditions precedent of the Debt Settlement Agreement dated 11 August 2017 including the receipt of the approval of the SC exempting CCMB from the obligation to undertake the Mandatory Offer 1 vide its letter dated 29 August 2017, the transfer of 204,665,784 CCMD Shares from CCM Marketing Sdn Bhd (CCMM) to CCMB arising from the Debt Settlement Agreement pursuant to the Internal Reorganisation exercise has been completed on 25 September 2017. Thus, CCMB held direct interest in CCMD, which was previously owned by CCMM.

On 28 December 2017, CCMB had announced that the Distribution has been completed following the crediting of the Distribution Shares into the accounts of the Entitled Shareholders of CCMB on 28 December 2017. Following the completion of the Distribution, CCMD has ceased to be a subsidiary of the CCMB Group.

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**B1 Review of Performance**

	Year To Date (31/12/17) RM'000	Year To Date (31/12/16) RM'000	Variance	
			RM'000	%
Revenue	467,987	312,940	155,047	49.55
Profit before tax (PBT)	51,796	31,479	20,317	64.54
Profit after tax (PAT)	42,100	26,826	15,274	56.94

The Group recorded a revenue and PBT of RM467.99 million and RM51.80 million respectively for current year ended 31 Dec 2017 as compared to RM312.94 million and RM31.48 million for the corresponding period last year. The Group's revenue and PBT have improved as compared to previous financial year mainly due to increase demand from public health sector via tenders and supply of traded speciality products.

B2 Comparison with the Preceding Quarter's Results

	Qtr 4 2017 (31/12/17) RM'000	Qtr 3 2017 (30/9/17) RM'000	Variance	
			RM'000	%
Revenue	112,253	115,379	(3,126)	(2.71)
Profit before tax (PBT)	12,825	14,207	(1,382)	(9.73)
Profit after tax (PAT)	11,768	11,127	641	5.76

The Group recorded a revenue and PBT of RM112.25 million and RM12.83 million respectively for current quarter ended 31 Dec 2017 as compared to RM115.38 million and RM14.21 million for the preceding financial quarter. The Group's revenue decreased mainly due to lower demand from public health sector. PBT decreased mainly due to additional factory maintenance cost incurred during the quarter.

B3 Prospects for the Next Financial Year

Malaysia GDP is expected to grow by 5% in 2018. In tandem with the growth, CCMD is expected to see healthy demand from all business segments. Boosted further by introduction of new products into the market. In addition to GDP growth, Government has announced in 2018 National Budget the allocation of RM 4.1 billion on the supply of drugs and consumables to all government hospital and facilities. These give a bright outlook for the pharmaceutical industry in 2018 which CCMD is optimistic that it will be able to tap into these opportunities by enhancing our participation in public sector business.

The Group will also continue its focus in the specialty products as one of its strategies moving forward to create a pool of niche products. Recent strengthening of Ringgit Malaysia augurs well with us as it will result in lower cost of imported raw material and packaging material.

In view of the above and barring any unforeseen circumstances, CCMD Group is expected to achieve favourable results in FY 2018.

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 31/12/17 RM'000	Current Year To Date 31/12/17 RM'000
Based on results for the quarter/year	(2,061)	(12,090)
Transfer to deferred tax	1,004	2,394
	<u>(1,057)</u>	<u>(9,696)</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to utilisation of brought forward Reinvestment Allowance and tax incentive claimed during the financial year.

B6 Unquoted Investments and Properties

There was no disposal of unquoted investment and/or properties during the current financial year.

B7 Status of corporate proposals.

a) As at 31 Dec 2017, the status of the utilisation of proceeds pursuant to the rights issue exercise of the Company which was completed on 22 July 2015 are as follows:

Details of utilisation	Proceeds utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Repayment of bank borrowing	140,000	133,695	6,305
Expansion of factory	106,963	41,366	65,597
Estimated expenses	4,100	4,100	-
Total	251,063	179,161	71,902

b) On 27 February 2018, the Board of Directors of the Company has approved the following corporate proposals.

- i. Proposed Bonus Issue of up to 371,945,333 new Bonus Shares on the basis of four (4) Bonus Share for every three (3) existing CCMD Shares held at an entitlement date to be determined and announced later.
- ii. Proposed Dividend Reinvestment Plan which will provide shareholders of CCMD with the option to elect to reinvest their cash dividends in new CCMD Shares (depending on the electable portion to be determined by the Board on a later date).
- iii. Proposed internal restructuring involving the transfer of the following:
 - Entire shareholding in CCM Biopharma Sdn Bhd (CCMBSB) and Negeri Pharmacy Sdn Bhd (NPSB) from CCM Pharmaceuticals Sdn Bhd (CCMP) to CCMD;
 - Entire shareholding in Upha Pharmaceuticals Manufacturing (M) Sdn Bhd (UPMSB) from Duopharma (M) Sdn Bhd (DMSB) to CCMD; and
 - Partial settlement of intercompany loan owing by UPMSB to CCMD by way of capitalising such amount as an increase in the paid up capital of UPMSB.
 CCMP and DMSB are wholly-owned subsidiaries of CCMD. On completion of the exercise, CCMBSB, NPSB, and UPMSB will become direct wholly-owned subsidiaries of CCMD.

For further details of the proposals, please refer to separate announcements by the Company.

B8 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

	As at 31 Dec 2017 RM'000	As at 31 Dec 2016 RM'000
Current - unsecured	45,671	21,498
Non-current - unsecured	81,768	91,798
Total	127,439	113,296

B9 Material litigation

There was no material litigation up to 20 Feb 2018.

B10 Dividend

- a) For the current financial year ended 31 December 2017, the Board of Directors recommends a final dividend of 6 sen per share (2016: a final dividend of 4 sen per share). The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (AGM) of the Company.

The Board of Directors have also announced that the Company is proposing to undertake the Proposed Dividend Reinvestment Plan (DRP), whereby the shareholders will be given the option to elect to reinvest the whole or part of the dividend into new ordinary shares of CCMD.

Please refer to Note B7 for further information.

- b) The total dividend for the current financial year is 8.5 sen per share consists of a final dividend as stated in (a) above and an interim dividend of 2.5 sen amounting to approximately RM6.97 million as compared to 2016 dividend as follows:-
- i) Interim dividend of 2.5 sen per share amounting to approximately RM6.97 million in respect of financial year ended 31 December 2016 was paid on 11 November 2016
- ii) A final dividend of 4 sen per share amounting to approximately RM11.16 million in respect of financial year ended 31 December 2016 was paid on 23 June 2017.

B11 Earnings per Share

	Current year quarter 31/12/17	Current year to date 31/12/17
a) Basic EPS		
Net profit (RM'000)	11,768	42,100
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	278,959	278,959
-Weighted average number of shares arising from options exercised during the period	-	-
	278,959	278,959
Basic EPS (sen)	4.22	15.09
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	278,959	278,959
-Dilutive impact of unexercised share options	-	-
	278,959	278,959
Dilutive EPS (sen)	4.22	15.09

B12 Profit Before Tax

	Current year quarter 31/12/17 RM '000	Current year to date 31/12/17 RM '000
Operating profit is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	4,875	23,747
Finance costs	1,558	5,425
stock write off and/or impairment of inventories	847	4,529
Impairment loss on intangible assets	-	1,600
Net foreign exchange loss	53	502
And after crediting:		
Interest income	1,033	2,714
Net foreign exchange gain	(120)	735

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and current period ended 31 Dec 2017.

B13 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 27 Feb 2018.

By Order of the Board

Ibrahim Hussin Salleh
Secretary
Kuala Lumpur
27 Feb 2018