



DUOPHARMA BIOTECH BERHAD

(formerly known as CCM Duopharma Biotech Berhad) (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 6/30/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 6/30/2018 RM'000	CURRENT YEAR TO DATE 6/30/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 6/30/2018 RM'000
Revenue	145,466	123,991	295,852	257,250
Cost of Sales	(82,985)	(71,717)	(174,512)	(152,335)
Gross Profit	62,481	52,274	121,340	104,915
Other operating income	79	103	268	170
Distribution costs	(19,167)	(17,778)	(40,957)	(37,673)
Administration expenses	(20,134)	(19,247)	(37,720)	(37,493)
Other operating expenses	(1,576)	(1,080)	72	(1,379)
Profit from operations	21,683	14,272	43,003	28,540
Finance income	180	257	340	702
Finance costs	(3,547)	(1,614)	(6,241)	(3,072)
Profit before taxation	18,316	12,915	37,102	26,170
Taxation	(4,400)	(2,576)	(8,721)	(5,184)
Profit after tax for the period	13,916	10,339	28,381	20,986
Other comprehensive income				
Fair value of available-for-sale financial assets	(7,887)	(14,844)	(5,504)	(14,844)
Foreign currency translation differences for foreign operations	(372)	133	(38)	268
Total other comprehensive income for the period	5,657	(4,372)	22,839	6,410
Profit attributable to:				
Shareholders of the Company	13,916	10,339	28,381	20,986
Minority interest	-	-	-	-
	13,916	10,339	28,381	20,986
Total comprehensive income attributable to:				
Shareholders of the Company	5,657	(4,372)	22,839	6,410
Minority interest	-	-	-	-
	5,657	(4,372)	22,839	6,410
Earnings per share (sen)				
Basic (based on weighted average)	2.07	1.59	4.26	3.22
Diluted (based on weighted average)	2.07	1.59	4.26	3.22

- The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	AS AT 30/6/2019 RM'000	AS AT 31/12/2018 RM'000
ASSETS		
Property, Plant and Equipment	401,928	386,182
Investment property	1,200	1,200
Intangible assets	20,359	19,403
Other investments	46,559	52,063
Deferred Tax Assets	9,140	10,200
Total non-current assets	<u>479,186</u>	<u>469,048</u>
Inventories	152,261	139,607
Current Tax Assets	5,033	3,396
Trade & Other Receivables	178,076	126,073
Cash & Cash Equivalents	96,170	98,254
Total current assets	<u>431,540</u>	<u>367,330</u>
Total Assets	<u>910,726</u>	<u>836,378</u>
EQUITY		
Share Capital	347,188	347,188
Reserves	(32,764)	(27,222)
Retained earnings	189,308	161,075
Total Equity	<u>503,732</u>	<u>481,041</u>
LIABILITIES		
Borrowings	130,474	121,650
Deferred Tax Liability	11,024	11,242
Total non-current liabilities	<u>141,498</u>	<u>132,892</u>
Borrowings	130,571	121,842
Trade & Other Payables	134,560	100,282
Taxation	365	321
Total current liabilities	<u>265,496</u>	<u>222,445</u>
Total Liabilities	<u>406,994</u>	<u>355,337</u>
Total Equity & Liabilities	<u>910,726</u>	<u>836,378</u>
	-	-
Net assets per share (RM)	0.76	0.73

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 JUNE 2019**

Group	<----- Non-distributable ----->			Distributable	
	Share Capital RM '000	Translation Reserve RM '000	Fair value Reserve RM '000	Retained Profit RM '000	Total RM '000
At 1 January 2019	347,188	427	(27,649)	161,075	481,041
Adjustment on initial application of MFRS 16, net of tax	-	-	-	(148)	(148)
At 1 January 2019, restated	347,188	427	(27,649)	160,927	480,893
Foreign currency translation differences for foreign operations	-	(38)	-	-	(38)
Net change in fair value of equity instrument designated at FVOCI	-	-	(5,504)	-	(5,504)
Profit for the year	-	-	-	28,381	28,381
Profit and total comprehensive income for the period	347,188	389	(33,153)	189,308	503,732
At 30 June 2019	347,188	389	(33,153)	189,308	503,732



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019**

Group	<----- Non-distributable ----->			Distributable	
	Share Capital RM '000	Translation Reserve RM '000	Fair value Reserve RM '000	Retained Profit RM '000	Total RM '000
At 1 January 2018	333,684	585	-	145,596	479,865
Adjustment on initial application of MFRS 15, net of tax	-	-	-	(4,439)	(4,439)
Adjustment on initial application of MFRS 9, net of tax	-	-	-	(1,057)	(1,057)
At 1 January 2018, restated	333,684	585		140,100	474,369
Foreign currency translation differences for foreign operations	-	(158)	-	-	(158)
Net change in fair value of equity instrument designated at FVOCI	-	-	(27,649)	-	(27,649)
Profit for the year	-	-	-	47,641	47,641
Profit and total comprehensive income for the period		(158)	(27,649)	47,641	19,834
<i>Contributions by and distributions to owners of the Company</i>					
- Issuance of shares pursuant to Dividend Reinvestment Plan	13,504	-	-	-	13,504
- Dividends to owners of the Company	-	-	-	(26,666)	(26,666)
At 31 December 2018	347,188	427	(27,649)	161,075	481,041

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019**



DUOPHARMA BIOTECH BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2019**

	30 June 2019 RM '000	30 June 2018 RM '000
Cash flows from operating activities		
Profit before taxation	37,102	26,170
Adjustments for:		
Depreciation of property, plant and equipment	11,699	11,531
Amortisation of intangible asset	90	-
Interest income	(340)	(702)
Stock write off and / or impairment of inventories	2,396	9,268
Finance costs	6,241	3,072
Net unrealised foreign exchange (gain)/loss	138	-
<i>Operating profit before changes in working capital</i>	<u>57,326</u>	<u>49,339</u>
Change in inventories	(15,050)	(10,560)
Change in receivables, deposits and prepayments	(52,003)	(56,523)
Change in payables and accruals	33,986	17,072
<i>Cash generated from operations</i>	<u>24,259</u>	<u>(672)</u>
Finance costs paid	(6,241)	(3,072)
Interest income	340	702
Income tax paid	(9,180)	(1,991)
Net cash generated from operating activities	<u>9,178</u>	<u>(5,033)</u>
Cash flows from investing activities		
Acquisition of other investment	-	(59,157)
Acquisition of property, plant and equipment	(27,593)	(28,371)
Acquisition of intangible assets	(1,046)	(1,252)
Net cash used in investing activities	<u>(28,639)</u>	<u>(88,780)</u>
Cash flows from financing activities		
Drawdown of borrowings	40,757	84,745
Repayment of borrowings	(23,342)	(10,000)
Net cash used in financing activities	<u>17,415</u>	<u>74,745</u>
Net increase in cash and cash equivalents	(2,046)	(19,068)
Exchange differences on translation of financial statement of foreign operations	(38)	268
Cash and cash equivalents at 1 January	98,254	96,021
Cash and cash equivalents as at 30 June	<u>96,170</u>	<u>77,221</u>

(l) Cash and cash equivalents comprise:

	RM '000	RM '000
Cash and bank balances	80,112	44,691
Deposits placed with licensed financial institutions	16,058	32,530
	<u>96,170</u>	<u>77,221</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)



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Quarterly Report On Results For The Period Ended 30 June 2019
NOTES TO INTERIM FINANCIAL REPORT

A1 Accounting Policies and Method of Computation

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

These interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the explanatory notes attached to the interim financial statements.

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2019 :

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

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- MFRS 3 Business Combinations

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

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 pronouncements did not have any material impact to the consolidated financial statements of the Group.

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 change in estimates that have a material effect in the current quarter results.

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 period.

A7 Dividend Paid

No dividend was paid during the current quarter. (2018:nil)

A8 Segment Information

	Quarter Ended		Year To Date	
	6/30/2019		6/30/2019	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	133,244	57,791	274,011	113,149
Export	12,222	4,690	21,841	8,191
	145,466	62,481	295,852	121,340

A9 Post Balance Sheet Events

Subsequent to balance sheet date, the Company had issued and allotted 18,225,450 new shares pursuant to the Dividend Reinvestment Plan. The aforesaid new Duopharma Biotech Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 29 July 2019.

A10 Changes in the Composition of the Group

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

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

	Year To Date (30/6/19) RM'000	Year To Date (30/6/18) RM'000	Variance	
			RM'000	%
Revenue	295,852	257,250	38,602	15.01
Profit before tax (PBT)	37,102	26,170	10,932	41.77
Profit after tax (PAT)	28,381	20,986	7,395	35.24

The Group recorded a revenue and PBT of RM295.85 million and RM37.10 million respectively for current period ended 30 June 2019 as compared to RM257.25 million and RM26.17 million for the corresponding period last year. The Group's revenue improved as compared to last year corresponding period mainly due to higher demand from private and public health sector. The Group's PBT improved significantly as compared to last year corresponding period mainly due to higher sales and also lower provision of inventories in first six months of 2019.

B2 Comparison with the Preceding Quarter's Results

	Qtr 2 2019 (30/6/19) RM'000	Qtr 1 2019 (31/3/19) RM'000	Variance	
			RM'000	%
Revenue	145,466	150,386	(4,920)	(3.27)
Profit before tax (PBT)	18,316	18,786	(470)	(2.50)
Profit after tax (PAT)	13,916	14,465	(549)	(3.80)

The Group has recorded a revenue and PBT of RM 145.47 million and RM 18.32 million for the current period ended 30 June 2019 as compared to RM 150.39 million and RM 18.79 million respectively for the preceding financial quarter. The Group's revenue and PBT decreased marginally due to slower business activities during festive season.

B3 Prospects for the Remainder of Current Financial Year

The global growth based on Ministry of Finance's Economic Outlook 2019 is projected to decline to 3.5% in 2019, as a result of challenging financial conditions, escalating trade threats and risks of a shift towards protectionism as well as geopolitical tension.

However, despite the economic challenges internationally and domestically, Malaysia's economy is projected to grow 4.9% in 2019. The recent budget 2019 has seen an increase allocation for health services to RM 29 billion. It includes RM 10.8 billion to restore clinics and hospitals as well as purchase of medicine and medical equipment. These opportunities bodes well for the Company.

The Group will also continue its foray into the specialty products as one of its strategies moving forward to create a pool of niche products. The Company has recently received registration approval and launched Erysaa, an Erythropoietin ("EPO") product. EPO is the protein present in the human body that adjusts the red blood cell ("RBC") generation in accordance with the oxygen requirement of the human body. Recombinant version of EPO is used as the therapeutic agent of all anemia patients, acute anemia in kidney dialysis patients, anemia due to anti-cancer chemotherapy and patients requiring blood transfusion.

Recent strengthening of United States Dollar (USD) globally poses challenges to Duopharma Biotech as it affects our production and other operational costs. It is expected to put pressure on manufacturing margin and hence our profit thereof.

Barring any unforeseen circumstances, Duopharma Biotech Group is expected to achieve satisfactory results in FY 2019.

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 30/6/19 RM'000	Current Year To Date 30/6/19 RM'000
Based on results for the quarter/year	(3,609)	(7,587)
Transfer to deferred tax	(791)	(1,134)
	<u>(4,400)</u>	<u>(8,721)</u>

The Group's tax expense is recognised in each financial quarter based on the best estimate of the expected annual income tax rate for the full financial year.

B6 Unquoted Investments and Properties

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

B7 Status of corporate proposals.

- a) On 10 December 2018, the Board of Directors made an announcement on Bursa Securities that the Company intends to seek the approval of its shareholders for the proposed change of Company's name from "CCM Duopharma Biotech Berhad" to "Duopharma Biotech Berhad during the Meeting of Members which was held on 20 February 2019.

The proposed change of Company's name has been approved by shareholders during the Meeting of Members on 20 February 2019.

The Company has on 25 February 2019, received the Notice of Change of Company Name issued by the Companies Commission of Malaysia.

- b) On 18 February 2019, the Board of Directors had approved that the Dividend Reinvestment Plan will apply to the Final Single-Tier Dividend.

The issuance of new Duopharma Biotech Shares pursuant to the Dividend Reinvestment Plan was approved by shareholders during the Annual General Meeting on 31 May 2019.

The Company had issued and allotted 18,225,450 new shares pursuant to the Dividend Reinvestment Plan. The aforesaid new Duopharma Biotech Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 29 July 2019.

B8 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

	As at 30 June 2019 RM'000	As at 31 Dec 2018 RM'000
Current - unsecured	130,571	121,842
Non-current - unsecured	130,474	121,650
Total	261,045	243,492

B9 Material litigation

There was no material litigation up to 30 August 2019.

B10 Dividend

For the current financial period ended 30 June 2019, the Board of Directors has declared a single tier interim dividend of 1.0 sen per share based on paid up capital of 680,106,506 shares amounting to approximately RM 6.80 million (2018 : single tier interim dividend of 1.5 sen per share based on paid up capital of 661,881,056 shares amounting to RM 9.93 million) to allow for more cash in order to fund existing business expansion and also working capital purpose. The book closure and the payment date in respect of the interim dividend will be determined at a later date.

The Board has resolved that the Dividend Reinvestment Plan approved by the shareholders would apply to this dividend.

B11 Earnings per Share

	Current year quarter 30/6/19	Current year to date 30/6/19
a) Basic EPS		
Net profit (RM'000)	13,916	28,381
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	661,881	661,881
	661,881	661,881
Basic EPS (sen)	2.10	4.29
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	661,881	661,881
	661,881	661,881
Dilutive EPS (sen)	2.10	4.29

B12 Profit Before Tax

	Current year quarter 30/6/19 RM '000	Current year to date 30/6/19 RM '000
Operating profit is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	6,112	11,699
Finance costs	3,547	6,241
Stock write off and/or impairment of inventories	1,184	2,396
Net foreign exchange loss / (gain)	1,538	427
Interest income	180	340

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 2019.

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 30 August 2019.

By Order of the Board

Ibrahim Hussin Salleh
Secretary
License No.: LS 0009121
SSM Practising Certificate No.: 201908001032
Kuala Lumpur
30 August 2019