



**DUOPHARMA BIOTECH BERHAD**  
(formerly known as CCM Duopharma Biotech Berhad)

**Registration No: 200001021664 (524271-W)**

(Incorporated in Malaysia)

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 9/30/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 9/30/2018 RM'000	CURRENT YEAR TO DATE 9/30/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 9/30/2018 RM'000
Revenue	142,855	125,838	438,707	383,088
Cost of Sales	(84,321)	(76,166)	(258,833)	(228,501)
<b>Gross Profit</b>	<b>58,534</b>	<b>49,672</b>	<b>179,874</b>	<b>154,587</b>
Other operating income	37	53	305	223
Distribution costs	(20,539)	(17,522)	(61,496)	(55,195)
Administration expenses	(16,277)	(13,576)	(53,997)	(51,069)
Other operating expenses	(1,243)	(1,112)	(1,171)	(2,491)
<b>Profit from operations</b>	<b>20,512</b>	<b>17,515</b>	<b>63,515</b>	<b>46,055</b>
Finance income	373	333	713	1,035
Finance costs	(1,117)	(2,010)	(7,358)	(5,082)
<b>Profit before taxation</b>	<b>19,768</b>	<b>15,838</b>	<b>56,870</b>	<b>42,008</b>
Taxation	(4,909)	(3,552)	(13,630)	(8,736)
<b>Profit after tax for the period</b>	<b>14,859</b>	<b>12,286</b>	<b>43,240</b>	<b>33,272</b>
<b>Other comprehensive income</b>				
Fair value of available-for-sale financial assets	(5,327)	5,400	(10,831)	(9,444)
Foreign currency translation differences for foreign operations	(298)	(651)	(336)	(383)
<b>Total other comprehensive income for the period</b>	<b>9,234</b>	<b>17,035</b>	<b>32,073</b>	<b>23,445</b>
<b>Profit attributable to:</b>				
Shareholders of the Company	14,859	12,286	43,240	33,272
Minority interest	-	-	-	-
	<b>14,859</b>	<b>12,286</b>	<b>43,240</b>	<b>33,272</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	9,234	17,035	32,073	23,445
Minority interest	-	-	-	-
	<b>9,234</b>	<b>17,035</b>	<b>32,073</b>	<b>23,445</b>
Earnings per share (sen)				
Basic (based on weighted average)	<b>2.20</b>	<b>1.86</b>	<b>6.49</b>	<b>5.09</b>
Diluted (based on weighted average)	<b>2.20</b>	<b>1.86</b>	<b>6.49</b>	<b>5.09</b>

- 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 SEPTEMBER 2019**

	AS AT 30/9/2019 RM'000	AS AT 31/12/2018 RM'000
<b>ASSETS</b>		
Property, Plant and Equipment	404,264	386,182
Investment property	1,200	1,200
Intangible assets	20,460	19,403
Other investments	41,232	52,063
Deferred Tax Assets	10,583	10,200
<b>Total non-current assets</b>	<u>477,739</u>	<u>469,048</u>
Inventories	158,656	139,607
Current Tax Assets	2,067	3,396
Trade & Other Receivables	176,957	126,073
Cash & Cash Equivalents	92,123	98,254
<b>Total current assets</b>	<u>429,803</u>	<u>367,330</u>
<b>Total Assets</b>	<u><b>907,542</b></u>	<u><b>836,378</b></u>
<b>EQUITY</b>		
Share Capital	369,059	347,188
Reserves	(38,389)	(27,222)
Retained earnings	177,746	161,075
<b>Total Equity</b>	<u>508,416</u>	<u>481,041</u>
<b>LIABILITIES</b>		
Borrowings	139,739	121,650
Deferred Tax Liability	11,229	11,242
<b>Total non-current liabilities</b>	<u>150,968</u>	<u>132,892</u>
Borrowings	124,601	121,842
Trade & Other Payables	123,141	100,282
Taxation	416	321
<b>Total current liabilities</b>	<u>248,158</u>	<u>222,445</u>
<b>Total Liabilities</b>	<u><b>399,126</b></u>	<u><b>355,337</b></u>
<b>Total Equity &amp; Liabilities</b>	<u><b>907,542</b></u>	<u><b>836,378</b></u>
<b>Net assets per share (RM)</b>	<b>0.75</b>	<b>0.73</b>

(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 SEPTEMBER 2019**

Group	←----- Non-distributable ----->			Distributable	Total RM '000
	Share Capital RM '000	Translation Reserve RM '000	Fair value Reserve RM '000	Retained Profit 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	-	-	-	(94)	(94)
At 1 January 2019, restated	347,188	427	(27,649)	160,981	480,947
Foreign currency translation differences for foreign operations	-	(336)	-	-	(336)
Net change in fair value of equity instrument designated at FVOCI	-	-	(10,831)	-	(10,831)
Profit for the year	-	-	-	43,240	43,240
Profit and total comprehensive income for the period	347,188	91	(38,480)	204,221	513,020
Issuance of 18,225,450 new shares pursuant to Dividend Reinvestment Plan	21,871				21,871
2018 Final Dividend ( 4 sen )				(26,475)	(26,475)
At 30 September 2019	369,059	91	(38,480)	177,746	508,416



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

Group	<----- Non-distributable ----->		-----> Distributable		Total RM '000
	Share Capital RM '000	Translation Reserve RM '000	Fair value Reserve RM '000	Retained Profit 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)
<b>At 1 January 2018, restated</b>	<b>333,684</b>	<b>585</b>		<b>140,100</b>	<b>474,369</b>
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 CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	30 September 2019 RM '000	30 Sept 2018 RM '000
<b>Cash flows from operating activities</b>		
Profit before taxation	56,870	42,008
Adjustments for:		
Depreciation of property, plant and equipment	17,719	17,094
Amortisation of intangible asset	135	135
Interest income	(713)	(1,035)
Stock write off and / or impairment of inventories	5,831	9,686
Finance costs	7,358	5,082
Net unrealised foreign exchange (gain)/loss	1,079	1,608
<i>Operating profit before changes in working capital</i>	<u>88,279</u>	<u>74,578</u>
Change in inventories	(24,880)	(12,881)
Change in receivables, deposits and prepayments	(50,884)	(45,422)
Change in payables and accruals	22,859	14,720
<i>Cash generated from operations</i>	<u>35,374</u>	<u>30,995</u>
Finance costs paid	(7,358)	(5,082)
Interest income	713	1,035
Income tax paid	(12,602)	(1,596)
Net cash generated from operating activities	<u>16,127</u>	<u>25,352</u>
<b>Cash flows from investing activities</b>		
Acquisition of other investment	-	(59,157)
Acquisition of property, plant and equipment	(35,895)	(56,212)
Acquisition of intangible assets	(1,192)	(1,951)
Net cash used in investing activities	<u>(37,087)</u>	<u>(117,320)</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	43,111	106,037
Repayment of borrowings	(23,342)	(12,400)
Dividends paid to shareholders of the Company	(4,604)	(3,234)
Net cash used in financing activities	<u>15,165</u>	<u>90,403</u>
Net increase in cash and cash equivalents	(5,795)	(1,565)
Exchange differences on translation of financial statement of foreign operations	(336)	(383)
Cash and cash equivalents at 1 January	98,254	96,021
Cash and cash equivalents as at 30 Sept	<u>92,123</u>	<u>94,073</u>

(l) Cash and cash equivalents comprise:

	RM '000	RM '000
Cash and bank balances	65,944	48,561
Deposits placed with licensed financial institutions	26,179	45,512
	<u>92,123</u>	<u>94,073</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 September 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**

During the current financial quarter, 18,225,450 new ordinary shares of Duopharma Biotech were issued in relation to the Dividend Reinvestment Plan (DRP) exercise undertaken by the Company. The said shares were listed and quoted on the Main Market of Bursa Malaysia Securities Bhd on 29 July 2019.

**A7 Dividend Paid**

The Group paid a final dividend of 4 sen per share (2018: 6 sen) equivalent to RM 26.48 million (2018: RM 16.74 million) in respect of financial year ended 31 December 2018 during the current quarter.

Out of the total cash distribution, a total of RM 21.87 mil was converted into 18,225,450 new ordinary shares of the Company at the conversion price of RM 1.20 per ordinary share under the Dividend Reinvestment Plan.

**A8 Segment Information**

	Quarter Ended		Year To Date	
	9/30/2019		9/30/2019	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	130,604	53,686	404,615	166,835
Export	12,251	4,848	34,092	13,039
	142,855	58,534	438,707	179,874

**A9 Post Balance Sheet Events**

Subsequent to balance sheet date, the Company had issued and allotted 4,276,658 new shares pursuant to the Dividend Reinvestment Plan that was applied to the interim dividend of 1.0 sen per share declared in respect of the quarter ended 30 June 2019. The aforesaid new Duopharma Biotech Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 15 November 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 (30/9/19) RM'000	Year To Date (30/9/18) RM'000	Variance	
			RM'000	%
Revenue	438,707	383,088	55,619	14.52
Profit before tax (PBT)	56,870	42,008	14,862	35.38
Profit after tax (PAT)	43,240	33,272	9,968	29.96

The Group recorded a revenue and PBT of RM438.71 million and RM56.87 million respectively for current period ended 30 September 2019 as compared to RM383.09 million and RM42.01 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 nine months of 2019.

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

	Qtr 3 2019 (30/9/19) RM'000	Qtr 2 2019 (30/6/19) RM'000	Variance	
			RM'000	%
Revenue	142,855	145,466	(2,611)	(1.79)
Profit before tax (PBT)	19,768	18,316	1,452	7.93
Profit after tax (PAT)	14,859	13,916	943	6.78

The Group has recorded a revenue and PBT of RM 142.86 million and RM 19.77 million for the current quarter ended 30 September 2019 as compared to RM 145.47 million and RM 18.32 million respectively for the preceding financial quarter. The Group's revenue decreased marginally during the quarter. However, PBT has increased due to lower operational expenses during the quarter.

### 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 obtained 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 30/9/19 RM'000	Current Year To Date 30/9/19 RM'000
Based on results for the quarter/year	(6,439)	(14,026)
Transfer to deferred tax	1,530	396
	<u>(4,909)</u>	<u>(13,630)</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.

- c) On 30 August 2019, the Board of Directors had approved that the Dividend Reinvestment Plan will apply to the Interim Single-Tier Dividend of 1.0 sen per share.

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 4,276,658 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 15 November 2019.

**B8 Borrowings and Debt Securities**

Details of Group's borrowings are as follows :-

	As at 30 September 2019 RM'000	As at 31 Dec 2018 RM'000
Current - unsecured	124,601	121,842
Non-current - unsecured	139,739	121,650
Total	264,340	243,492

**B9 Material litigation**

There was no material litigation up to 29 November 2019.

**B10 Dividend**

The Directors do not recommend any interim dividend for the current quarter ended 30 September 2019. (2018: Nil)

**B11 Earnings per Share**

	Current year quarter 30/9/19	Current year to date 30/9/19
<b>a) Basic EPS</b>		
Net profit (RM'000)	14,859	43,240
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	661,881	661,881
-Weighted average number of shares arising from Effect of Dividend Reinvestment Plan	12,678	4,273
	674,559	666,154
Basic EPS (sen)	2.20	6.49
<b>b) Dilutive EPS</b>		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	674,559	666,154
	674,559	666,154
Dilutive EPS (sen)	2.20	6.49



**B12 Profit Before Tax**

	Current year quarter 30/9/19 RM '000	Current year to date 30/9/19 RM '000
<b>Operating profit is arrived at after charging / (crediting):</b>		
Depreciation of property, plant and equipment	6,020	17,719
Finance costs	1,117	7,358
Stock write off and/or impairment of inventories	3,435	5,831
Net foreign exchange loss / (gain)	1,609	2,036
Interest income	373	713

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 September 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 29 November 2019.

By Order of the Board

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