



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 YEAR ENDED 31 DECEMBER 2019**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	137,755	115,634	576,462	498,722
Cost of Sales	(85,562)	(65,741)	(344,395)	(294,242)
Gross Profit	52,193	49,893	232,067	204,480
Other operating income	937	860	1,242	1,083
Distribution costs	(24,322)	(20,460)	(85,818)	(75,655)
Administration expenses	(15,125)	(11,103)	(69,122)	(62,172)
Other operating expenses	447	39	(724)	(2,452)
Profit from operations	14,130	19,229	77,645	65,284
Finance income	750	1,076	1,463	2,111
Finance costs	(941)	(2,647)	(8,299)	(7,729)
Profit before taxation	13,939	17,658	70,809	59,666
Taxation	(1,906)	(3,289)	(15,536)	(12,025)
Profit after tax for the period	12,033	14,369	55,273	47,641
Other comprehensive income				
Fair value of available-for-sale financial assets	10,607	(18,205)	(224)	(27,649)
Foreign currency translation differences for foreign operations	182	225	(154)	(158)
Total other comprehensive income for the period	22,822	(3,611)	54,895	19,834
Profit attributable to:				
Shareholders of the Company	12,033	14,369	55,273	47,641
Minority interest	-	-	-	-
	12,033	14,369	55,273	47,641
Total comprehensive income attributable to:				
Shareholders of the Company	22,822	(3,611)	54,895	19,834
Minority interest	-	-	-	-
	22,822	(3,611)	54,895	19,834
Earnings per share (sen)				
Basic (based on weighted average)	1.76	2.17	8.25	7.26
Diluted (based on weighted average)	1.76	2.17	8.25	7.26

- 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 31 DECEMBER 2019**

	AS AT 31/12/2019 RM'000	AS AT 31/12/2018 RM'000
ASSETS		
Property, Plant and Equipment	412,249	386,182
Investment property	1,200	1,200
Intangible assets	28,113	19,403
Other investments	51,839	52,063
Deferred Tax Assets	9,196	10,200
Total non-current assets	<u>502,597</u>	<u>469,048</u>
Inventories	144,097	139,607
Current Tax Assets	6,605	3,396
Trade & Other Receivables	146,010	126,073
Cash & Cash Equivalents	120,669	98,254
Total current assets	<u>417,381</u>	<u>367,330</u>
Total Assets	<u>919,978</u>	<u>836,378</u>
EQUITY		
Share Capital	374,404	347,188
Reserves	(27,600)	(27,222)
Retained earnings	182,946	161,075
Total Equity	<u>529,750</u>	<u>481,041</u>
LIABILITIES		
Borrowings	139,740	121,650
Deferred Tax Liability	10,053	11,242
Total non-current liabilities	<u>149,793</u>	<u>132,892</u>
Borrowings	124,661	121,842
Trade & Other Payables	115,112	100,282
Taxation	662	321
Total current liabilities	<u>240,435</u>	<u>222,445</u>
Total Liabilities	<u>390,228</u>	<u>355,337</u>
Total Equity & Liabilities	<u>919,978</u>	<u>836,378</u>
	-	-
Net assets per share (RM)	0.77	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 YEAR ENDED 31 DECEMBER 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	-	-	-	(126)	(126)
At 1 January 2019, restated	347,188	427	(27,649)	160,949	480,915
Foreign currency translation differences for foreign operations	-	(154)	-	-	(154)
Net change in fair value of equity instrument designated at FVOCI	-	-	(224)	-	(224)
Profit for the year	-	-	-	55,273	55,273
Profit and total comprehensive income for the period	347,188	273	(27,873)	216,222	535,810
Issuance of 18,225,450 new shares pursuant to Dividend Reinvestment Plan	21,871				21,871
Issuance of 4,276,658 new shares pursuant to Dividend Reinvestment Plan	5,345				5,345
2018 Final Dividend (4 sen)				(26,475)	(26,475)
2019 Interim Dividend (1 sen)				(6,801)	(6,801)
At 31 December 2019	374,404	273	(27,873)	182,946	529,750



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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)
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 CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	31 December 2019 RM '000	31 December 2018 RM '000
Cash flows from operating activities		
Profit before taxation	70,809	59,666
Adjustments for:		
Depreciation of property, plant and equipment	25,149	24,545
Amortisation of intangible asset	182	181
Interest income	(1,463)	(2,111)
Stock write off and / or impairment of inventories	7,624	13,029
Finance costs	8,299	7,729
Net impairment loss / (gain) on trade receivables	(492)	845
(Reversal of)/provision for warranty	-	(693)
Net unrealised foreign exchange (gain)/loss	(941)	2,185
<i>Operating profit before changes in working capital</i>	<u>109,167</u>	<u>105,376</u>
Change in inventories	(12,114)	(16,333)
Change in receivables, deposits and prepayments	(19,445)	(13,880)
Change in payables and accruals	14,830	12,104
<i>Cash generated from operations</i>	<u>92,438</u>	<u>87,267</u>
Finance costs paid	(8,299)	(7,729)
Interest income	1,463	2,111
Income tax paid	(19,759)	(7,391)
Tax refund	1,170	184
Net cash generated from operating activities	<u>67,013</u>	<u>74,442</u>
Cash flows from investing activities		
Acquisition of other investment	-	(79,712)
Acquisition of property, plant and equipment	(51,342)	(89,402)
Acquisition of intangible assets	(8,892)	(3,349)
Net cash used in investing activities	<u>(60,234)</u>	<u>(172,463)</u>
Cash flows from financing activities		
Drawdown of borrowings	45,192	126,045
Repayment of borrowings	(23,342)	(13,162)
Dividends paid to shareholders of the Company	(6,060)	(12,471)
Net cash used in financing activities	<u>15,790</u>	<u>100,412</u>
Net increase in cash and cash equivalents	22,569	2,391
Exchange differences on translation of financial statement of foreign operations	(154)	(158)
Cash and cash equivalents at 1 January	98,254	96,021
Cash and cash equivalents as at 31 December	<u>120,669</u>	<u>98,254</u>
(l) Cash and cash equivalents comprise:		
	<u>RM '000</u>	<u>RM '000</u>
Cash and bank balances	77,798	75,350
Deposits placed with licensed financial institutions	42,871	22,904
	<u>120,669</u>	<u>98,254</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 Year Ended 31 December 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 Group's sales typically peak in the first three quarters of the calendar year with higher demand in the public health sector and will gradually taper off in the final quarter of the calendar year.

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, 4,276,658 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 15 November 2019.

A7 Dividend Paid

The Group paid an interim dividend of 1 sen per share (2018: 1.5 sen) equivalent to RM 6.8 million (2018: RM 9.93 million) in respect of financial year ended 31 December 2019 during the current quarter.

Out of the total cash distribution, a total of RM 5.3mil was converted into 4,276,658 new ordinary shares of the Company at the conversion price of RM 1.25 per ordinary share under the Dividend Reinvestment Plan

A8 Segment Information

Sales by operating sector :-	Quarter Ended		Year To Date	
	12/31/2019		12/31/2019	
	RM ' 000		RM ' 000	
	Sales	Gross Profit	Sales	Gross Profit
Local	125,938	47,570	530,553	214,405
Export	11,817	4,623	45,909	17,662
	137,755	52,193	576,462	232,067

A9 Post Balance Sheet Events

There are no material events after the period ended up to 13 February 2020 (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 31 December 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 (31/12/19) RM'000	Year To Date (31/12/18) RM'000	Variance	
			RM'000	%
Revenue	576,462	498,722	77,740	15.59
Profit before tax (PBT)	70,809	59,666	11,143	18.68
Profit after tax (PAT)	55,273	47,641	7,632	16.02

The Group recorded a revenue and PBT of RM576.46 million and RM70.81 million respectively for current period ended 31 December 2019 as compared to RM498.72 million and RM59.67 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 FY 2019.

B2 Comparison with the Preceding Quarter's Results

	Qtr 4 2019 (31/12/19) RM'000	Qtr 3 2019 (30/9/19) RM'000	Variance	
			RM'000	%
Revenue	137,755	142,855	(5,100)	(3.57)
Profit before tax (PBT)	13,939	19,768	(5,829)	(29.49)
Profit after tax (PAT)	12,033	14,859	(2,826)	(19.02)

The Group has recorded a lower revenue and PBT of RM 137.76 million and RM 13.94 million for the current quarter ended 31 December 2019 as compared to RM 142.86 million and RM 19.77 million respectively for the preceding financial quarter. Decrease in Group's revenue was mainly due to trending lower sales towards year end in public health sector. Decrease in revenue and higher operational costs have reduced PBT from RM 19.77mil to RM 13.94mil.

B3 Prospects for the next Financial Year

Based on Ministry of Finance's Economic Outlook 2020, the global growth is forecasted to improve to 3.5% in 2020 from 3.2% in 2019. Growth in 2020 is expected to be supported by stronger GDP performance in emerging market and developing countries. Despite the prolonged trade dispute between major economies, geopolitical tensions as well as volatility in the global financial and commodity markets, the Malaysian economic outlook is expected to remain resilient with domestic demand anchoring growth. The GDP is expected to improve to 4.8% in 2020 from 4.3% in 2019.

However, the ongoing Covid-19 (Novel Corona Virus) outbreak may result in disruption in global supply chain and may create uncertainties in the market which may dampen the global economic outlook.

The recent budget 2020 has seen an increase of 6.6% in allocation for healthcare sector to RM 30.6 billion, the highest allocation in history. In addition, the Company has recently been notified that the Contract Period of the Supply Agreements for the supply of pharmaceutical and/or non-pharmaceutical products to hospitals, clinics and others under the Government of Malaysia have been extended for twenty five (25) months, commencing 1 December 2019 until 31 December 2021.

The extension augurs well for the Group as it stabilises significant portion of the Group's revenue for the said period and enables the Group to mobilise our resources to intensify its foray into the speciality products as one of its strategies moving forward to create a pool of niche products.

Barring any unforeseen circumstances, Duopharma Biotech Group is expected to achieve satisfactory results in FY 2020.

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 31/12/19 RM'000	Current Year To Date 31/12/19 RM'000
Based on results for the quarter/year	(1,695)	(15,721)
Transfer to deferred tax	(211)	185
	<u>(1,906)</u>	<u>(15,536)</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to 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 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 31 December 2019 RM'000	As at 31 December 2018 RM'000
Current - unsecured	124,661	121,842
Non-current - unsecured	139,740	121,650
Total	264,401	243,492

B9 Material litigation

There was no material litigation up to 13 February 2020.

B10 Dividend

- a) For the current financial year ended 31 December 2019, the Board of Directors recommends a final dividend of 5.0 sen (2018 : a final dividend of 4 sen per share) equivalent to RM 34.22 million (2018 : RM 26.48 million). The final dividend is subjected to shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company. The book closure and the payment date in respect of the final dividend will be determined at a later date.

The Board has resolved that the DRP approved by the shareholders would apply to this dividend, if the dividend is approved by the shareholders together with the issuance of new Duopharma Biotech Shares pursuant to the DRP.

- b) The total dividend for the current financial year ended 31 December 2019 is 6.0 sen per share consists of a final dividend as stated in (a) above and an interim dividend of 1 sen per share equivalent to approximately RM 6.8 million paid on 14 November 2019. Out of the total cash distribution, a total of RM 5.3mil was converted into 4,276,658 new ordinary shares of the Company at the conversion price of RM 1.25 per ordinary share under the Dividend Reinvestment Plan, as compared to 2018 dividend as follows:-

i) Interim dividend of 1.5 sen per share amounting to approximately RM 9.93 million in respect of financial year ended 31 December 2018 was paid on 23 November 2018.

ii) A final dividend of 4 sen per share (2018: 6 sen) equivalent to RM 26.48 million (2017: RM 16.74 million) in respect of financial year ended 31 December 2018 was paid on 26 July 2019.

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.

B11 Earnings per Share

	Current year quarter 31/12/19	Current year to date 31/12/19
a) Basic EPS		
Net profit (RM'000)	12,033	55,273
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	680,107	661,881
-Weighted average number of shares arising from Effect of Dividend Reinvestment Plan	2,185	8,340
	682,292	670,221
Basic EPS (sen)	1.76	8.25
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	682,292	670,221
	682,292	670,221
Dilutive EPS (sen)	1.76	8.25

B12 Profit Before Tax

	Current year quarter 31/12/19 RM '000	Current year to date 31/12/19 RM '000
Operating profit is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	7,430	25,149
Finance costs	941	8,299
Stock write off and/or impairment of inventories	1,793	7,624
Net foreign exchange loss / (gain)	(1,884)	152
Interest income	750	1,463

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 December 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 13 February 2020.

By Order of the Board

Ibrahim Hussin Salleh
Secretary
License No.: LS 0009121
SSM Practising Certificate No.: 201908001032
Kuala Lumpur
13 February 2020