



**DUOPHARMA BIOTECH BERHAD**

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2020**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 3/31/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 3/31/2019 RM'000	CURRENT YEAR TO DATE 3/31/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 3/31/2019 RM'000
Revenue	158,713	150,386	158,713	150,386
Cost of Sales	(91,945)	(91,527)	(91,945)	(91,527)
<b>Gross Profit</b>	<b>66,768</b>	<b>58,859</b>	<b>66,768</b>	<b>58,859</b>
Other operating income	79	189	79	189
Distribution costs	(23,841)	(21,790)	(23,841)	(21,790)
Administration expenses	(19,689)	(17,586)	(19,689)	(17,586)
Other operating expenses	(4,258)	1,648	(4,258)	1,648
<b>Profit from operations</b>	<b>19,059</b>	<b>21,320</b>	<b>19,059</b>	<b>21,320</b>
Finance income	428	160	428	160
Finance costs	(1,760)	(2,694)	(1,760)	(2,694)
<b>Profit before taxation</b>	<b>17,727</b>	<b>18,786</b>	<b>17,727</b>	<b>18,786</b>
Taxation	(4,166)	(4,321)	(4,166)	(4,321)
<b>Profit after tax for the period</b>	<b>13,561</b>	<b>14,465</b>	<b>13,561</b>	<b>14,465</b>
<b>Other comprehensive income</b>				
Fair value of available-for-sale financial assets	(1,449)	2,383	(1,449)	2,383
Foreign currency translation differences for foreign operations	(820)	334	(820)	334
<b>Total other comprehensive income for the period</b>	<b>11,292</b>	<b>17,182</b>	<b>11,292</b>	<b>17,182</b>
<b>Profit attributable to:</b>				
Shareholders of the Company	13,561	14,465	13,561	14,465
Minority interest	-	-	-	-
	<b>13,561</b>	<b>14,465</b>	<b>13,561</b>	<b>14,465</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	11,292	17,182	11,292	17,182
Minority interest	-	-	-	-
	<b>11,292</b>	<b>17,182</b>	<b>11,292</b>	<b>17,182</b>
Earnings per share (sen)				
Basic (based on weighted average)	1.98	2.19	1.98	2.19
Diluted (based on weighted average)	1.98	2.19	1.98	2.19

- The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



DUOPHARMA

**DUOPHARMA BIOTECH BERHAD**

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	AS AT 31/3/2020 RM'000	AS AT 31/12/2019 RM'000
<b>ASSETS</b>		
Property, Plant and Equipment	416,060	412,248
Investment property	1,200	1,200
Intangible assets	29,999	28,113
Other investments	50,390	51,839
Deferred Tax Assets	9,627	9,196
<b>Total non-current assets</b>	<u>507,276</u>	<u>502,596</u>
Inventories	130,302	144,003
Current Tax Assets	7,487	6,595
Trade & Other Receivables	187,705	145,938
Cash & Cash Equivalents	126,726	120,669
<b>Total current assets</b>	<u>452,220</u>	<u>417,205</u>
<b>Total Assets</b>	<u><b>959,496</b></u>	<u><b>919,801</b></u>
<b>EQUITY</b>		
Share Capital	374,404	374,404
Reserves	(29,869)	(27,600)
Retained earnings	196,507	182,946
<b>Total Equity</b>	<u>541,042</u>	<u>529,750</u>
<b>LIABILITIES</b>		
Borrowings	144,139	139,738
Trade & Other Payables	605	818
Deferred Tax Liability	9,969	10,053
<b>Total non-current liabilities</b>	<u>154,713</u>	<u>150,609</u>
Borrowings	131,705	124,663
Trade & Other Payables	131,223	114,127
Taxation	813	652
<b>Total current liabilities</b>	<u>263,741</u>	<u>239,442</u>
<b>Total Liabilities</b>	<u><b>418,454</b></u>	<u><b>390,051</b></u>
<b>Total Equity &amp; Liabilities</b>	<u><b>959,496</b></u>	<u><b>919,801</b></u>
<b>Net assets per share (RM)</b>	<b>0.79</b>	<b>0.77</b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)



**DUOPHARMA BIOTECH BERHAD**

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2020**

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 2020	374,404	273	(27,873)	182,946	529,750
Foreign currency translation differences for foreign operations	-	(820)	-	-	(820)
Net change in fair value of equity instrument designated at FVOCI	-	-	(1,449)	-	(1,449)
Profit for the year	-	-	-	13,561	13,561
Profit and total comprehensive income for the period	-	(820)	(1,449)	13,561	11,292
At 31 March 2020	374,404	(547)	(29,322)	196,507	541,042



**DUOPHARMA BIOTECH BERHAD**

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2020**

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)	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		(154)	(224)	55,273	54,895
<i>Contributions by and distributions to owners of the Company</i>					
- Issuance of shares pursuant to Dividend Reinvestment Plan	27,216	-	-	-	27,216
- Dividends to owners of the Company	-	-	-	(33,276)	(33,276)
At 31 December 2019	374,404	273	(27,873)	182,946	529,750

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)



**DUOPHARMA BIOTECH BERHAD**

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2020**

	31 March 2020 RM '000	31 March 2019 RM '000
<b>Cash flows from operating activities</b>		
Profit before taxation	17,727	18,786
Adjustments for:		
Depreciation of property, plant and equipment	6,555	5,587
Amortisation of intangible asset	47	45
Interest income	(428)	(160)
Stock write off and / or impairment of inventories	669	1,212
Finance costs	1,760	2,694
Impairment loss on trade receivables	620	170
Net unrealised foreign exchange (gain)/loss	4,493	(1,510)
<i>Operating profit before changes in working capital</i>	<u>31,443</u>	<u>26,824</u>
Change in inventories	13,032	(6,049)
Change in receivables, deposits and prepayments	(42,387)	(47,324)
Change in payables and accruals	16,883	17,210
<i>Cash generated from operations</i>	<u>18,971</u>	<u>(9,339)</u>
Finance costs paid	(1,760)	(2,694)
Interest income	428	160
Income tax paid	(5,412)	(5,109)
Net cash generated from operating activities	<u>12,227</u>	<u>(16,982)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(10,367)	(11,088)
Acquisition of intangible assets	(1,933)	(557)
Net cash used in investing activities	<u>(12,300)</u>	<u>(11,645)</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	9,031	4,006
Repayment of borrowings	(2,081)	-
Net cash used in financing activities	<u>6,950</u>	<u>4,006</u>
Net increase in cash and cash equivalents	6,877	(24,621)
Exchange differences on translation of financial statement of foreign operations	(820)	334
Cash and cash equivalents at 1 January	120,669	98,254
Cash and cash equivalents as at 31 March	<u>126,726</u>	<u>73,967</u>
(l) Cash and cash equivalents comprise:		
	<u>RM '000</u>	<u>RM '000</u>
Cash and bank balances	123,665	70,989
Deposits placed with licensed financial institutions	3,061	2,978
	<u>126,726</u>	<u>73,967</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)



**DUOPHARMA BIOTECH BERHAD**

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**Quarterly Report On Results For The Period Ended 31 March 2020  
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 2019 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 2020 :

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

- MFRS 3 Business Combinations
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures –Interest Rate Benchmark Reform

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 2021**

- MFRS 17, Insurance Contracts

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

**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**

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. (2019:nil)

**A8 Segment Information**

	Quarter Ended		Year To Date	
	3/31/2020		3/31/2020	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	148,286	63,398	148,286	63,398
Export	10,427	3,370	10,427	3,370
	158,713	66,768	158,713	66,768

**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**

The Internal Restructuring for the Group was completed on 16 March 2020 which entails the transfer of the entire equity interest in Duopharma Consumer Healthcare Sdn. Bhd. (formerly known as Unique Pharmacy (Ipoh) Sdn. Bhd.) from Duopharma Marketing Sdn. Bhd. to Duopharma Biotech Berhad.

After the completion of the exercise on 16 March 2020, Duopharma Consumer Healthcare Sdn. Bhd. is now direct wholly-owned subsidiary of Duopharma Biotech Berhad.

## ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

### B1 Review of Performance

	Year To Date (31/3/20) RM'000	Year To Date (31/3/19) RM'000	Variance	
			RM'000	%
Revenue	158,713	150,386	8,327	5.54
Profit before tax (PBT)	17,727	18,786	(1,059)	(5.64)
Profit after tax (PAT)	13,561	14,465	(904)	(6.25)

The Group recorded a revenue and PBT of RM158.71 million and RM17.73 million respectively for current period ended 31 March 2020 as compared to RM150.39 million and RM18.79 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 health sector. The Group's PBT is lower than last year corresponding period mainly due to strengthening of US Dollar resulting in unrealised forex losses on our borrowings in USD in our loan portfolio.

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

	Qtr 1 2020 (31/3/20) RM'000	Qtr 4 2019 (31/12/19) RM'000	Variance	
			RM'000	%
Revenue	158,713	137,755	20,958	15.21
Profit before tax (PBT)	17,727	13,939	3,788	27.18
Profit after tax (PAT)	13,561	12,033	1,528	12.70

The Group has recorded a higher revenue and PBT of RM 158.71 million and RM 17.73 million for the current quarter ended 31 March 2020 as compared to RM 137.76 million and RM 13.94 million respectively for the preceding financial quarter. Increase in Group's revenue was mainly due to trending lower sales in public health sector towards year end in the preceding financial quarter. Increase in revenue and better GP Margin led to higher PBT from RM 13.94 million to RM 17.73 million.

### B3 Prospects for the Remainder of Current Financial Year

Based on the recent Bank Negara Malaysia (BNM) Annual Report 2019, the current highly challenging global economic outlook due mainly to the Covid-19 Pandemic will result in the Malaysian GDP to be circa -2.0% to 0.5% in 2020 from 4.3% in 2019.

The pandemic has propelled huge uncertainties in businesses environment. Consumers are more cautious in their spending. The outbreak has also resulted in disruption in global supply chain as many countries have also closed their borders which inadvertently heighten challenges to conduct business activities.

These have dampened the global economic outlook, made worse by plummeted oil price, which has put pressure on Ringgit Malaysia (RM) and is detrimental to importer like Duopharma Group. Weakening of RM will put pressure on our manufacturing margin and hence our profit thereof.

The 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 been notified in end 2019 of the followings:

- i) 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;
- ii) That the contract period of the Offtake Agreement Program for the supply of human insulin formulations have been extended for one (1) year, commencing 2 December 2019 until 1 December 2020.

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 specialty products as one of its strategies moving forward to create a pool of niche products.

Arising from the pandemic, additional allocation has been provided to the Ministry of Health as part of measures to combat the outbreak. This augurs well with the Group as approximately 50% of our sales are to public service sector. In this aspect, we are optimistic that the Healthcare sector will continue to grow in 2020.

We foresee that 2020 to be more challenging than previous years. However, barring any unforeseen circumstances, we remain cautiously optimistic of our FY 2020 financial performance.

### 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 31/3/20 RM'000	Current Year To Date 31/3/20 RM'000
Based on results for the quarter/year	(4,681)	(4,681)
Transfer to deferred tax	515	515
	<u>(4,166)</u>	<u>(4,166)</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.**

On 13 February 2020, the Board of Directors had approved that the Dividend Reinvestment Plan will apply to the Final Single-Tier Dividend.

The Company will seek the approval of its shareholders for the issuance of new Duopharma Biotech Shares pursuant to the Dividend Reinvestment Plan in the upcoming Annual General Meeting on 17 June 2020.

**B8 Borrowings and Debt Securities**

Details of Group's borrowings are as follows :-

	As at 31 March 2020 RM'000	As at 31 Dec 2019 RM'000
Current - unsecured	131,705	124,663
Non-current - unsecured	144,139	139,738
Total	275,844	264,401

**B9 Material litigation**

There was no material litigation up to 18 May 2020.

**B10 Dividend**

The Directors do not recommend any interim dividend for the current quarter ended 31 March 2020. (2019: Nil)

**B11 Earnings per Share**

	Current year quarter 31/3/20	Current year to date 31/3/20
<b>a) Basic EPS</b>		
Net profit (RM'000)	13,561	13,561
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	684,383	684,383
Basic EPS (sen)	1.98	1.98
<b>b) Dilutive EPS</b>		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	684,383	684,383
Dilutive EPS (sen)	1.98	1.98



**B12 Profit Before Tax**

	Current year quarter 31/3/20 RM '000	Current year to date 31/3/20 RM '000
<b>Operating profit is arrived at after charging / (crediting):</b>		
Depreciation of property, plant and equipment	6,555	6,555
Finance costs	1,760	1,760
Stock write off and/or impairment of inventories	669	669
Net foreign exchange loss / (gain)	4,501	4,501
Impairment loss on trade receivables	620	620
Interest income	428	428

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 March 2020.

**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 18 May 2020.

By Order of the Board

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