



DUOPHARMA BIOTECH BERHAD

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|----------------------|--------------------------------------|----------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 9/30/2020 | 9/30/2019 | 9/30/2020 | 9/30/2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 133,772 | 142,855 | 435,816 | 438,707 |
| Cost of Sales | (80,230) | (84,321) | (259,784) | (258,833) |
| Gross Profit | 53,542 | 58,534 | 176,032 | 179,874 |
| Other operating income | 91 | 37 | 453 | 305 |
| Distribution costs | (20,851) | (20,539) | (64,515) | (61,496) |
| Administration expenses | (14,434) | (16,277) | (49,110) | (53,997) |
| Other operating expenses | 1,639 | (1,243) | (2,181) | (1,171) |
| Profit from operations | 19,987 | 20,512 | 60,679 | 63,515 |
| Finance income | 302 | 373 | 1,082 | 713 |
| Finance costs | (1,721) | (1,117) | (6,075) | (7,358) |
| Profit before taxation | 18,568 | 19,768 | 55,686 | 56,870 |
| Taxation | (4,441) | (4,909) | (13,269) | (13,630) |
| Profit after tax for the period | 14,127 | 14,859 | 42,417 | 43,240 |
| Other comprehensive income | | | | |
| Fair value of available-for-sale financial assets | 3,656 | (5,327) | 14,078 | (10,831) |
| Foreign currency translation differences for foreign operations | (73) | (298) | (968) | (336) |
| Total other comprehensive income for the period | 17,710 | 9,234 | 55,527 | 32,073 |
| Profit attributable to: | | | | |
| Shareholders of the Company | 14,127 | 14,859 | 42,417 | 43,240 |
| Minority interest | - | - | - | - |
| | 14,127 | 14,859 | 42,417 | 43,240 |
| Total comprehensive income attributable to: | | | | |
| Shareholders of the Company | 17,710 | 9,234 | 55,527 | 32,073 |
| Minority interest | - | - | - | - |
| | 17,710 | 9,234 | 55,527 | 32,073 |
| Earnings per share (sen) | | | | |
| Basic (based on weighted average) | 2.03 | 2.20 | 6.16 | 6.49 |
| Diluted (based on weighted average) | 2.03 | 2.20 | 6.16 | 6.49 |

- The Condensed Consolidated Income Statement 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.



DUOPHARMA BIOTECH BERHAD

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

| | AS AT 9/30/2020 RM'000 | AS AT 31/12/2019 RM'000 |
|---------------------------------------|------------------------------|-------------------------------|
| ASSETS | | |
| Property, Plant and Equipment | 432,013 | 412,248 |
| Investment property | 1,200 | 1,200 |
| Intangible assets | 29,361 | 28,113 |
| Other investments | 79,612 | 51,839 |
| Deferred Tax Assets | 10,388 | 9,196 |
| Total non-current assets | <u>552,574</u> | <u>502,596</u> |
| Inventories | 152,870 | 144,003 |
| Current Tax Assets | 9,455 | 6,595 |
| Trade & Other Receivables | 152,393 | 145,938 |
| Cash & Cash Equivalents | 129,965 | 120,669 |
| Total current assets | <u>444,683</u> | <u>417,205</u> |
| Total Assets | <u><u>997,257</u></u> | <u><u>919,801</u></u> |
| EQUITY | | |
| Share Capital | 404,922 | 374,404 |
| Reserves | (14,490) | (27,600) |
| Retained earnings | 203,989 | 182,946 |
| Total Equity | <u>594,421</u> | <u>529,750</u> |
| LIABILITIES | | |
| Borrowings | 208,410 | 139,738 |
| Trade & Other Payables | 385 | 818 |
| Deferred Tax Liability | 11,076 | 10,053 |
| Total non-current liabilities | <u>219,871</u> | <u>150,609</u> |
| Borrowings | 55,486 | 124,663 |
| Trade & Other Payables | 125,854 | 114,127 |
| Taxation | 1,625 | 652 |
| Total current liabilities | <u>182,965</u> | <u>239,442</u> |
| Total Liabilities | <u><u>402,836</u></u> | <u><u>390,051</u></u> |
| Total Equity & Liabilities | <u><u>997,257</u></u> | <u><u>919,801</u></u> |
| Net assets per share (RM) | 0.84 | 0.77 |

(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 30 SEPTEMBER 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 | - | (968) | - | - | (968) |
| Net change in fair value of equity instrument designated at FVOCI | - | - | 30,453 | - | 30,453 |
| Transfer upon the disposal of equity investment designated at FVOCI | - | - | (16,375) | 16,375 | - |
| Profit for the year | - | - | - | 42,417 | 42,417 |
| Profit and total comprehensive income for the period | - | (968) | 14,078 | 58,792 | 71,902 |
| Issuance of 21,643,754 new shares pursuant to Dividend Reinvestment Plan | 30,518 | | | | 30,518 |
| 2019 Final Dividend (5 sen) | | | | (34,219) | (34,219) |
| 2020 Interim Dividend (0.5 sen) | | | | (3,530) | (3,530) |
| At 30 September 2020 | 404,922 | (695) | (13,795) | 203,989 | 594,421 |



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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 SEPTEMBER 2020**

| | 30 Sept 2020 RM '000 | 30 Sept 2019 RM '000 |
|--|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 55,686 | 56,870 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 20,625 | 17,719 |
| Amortisation of intangible asset | 135 | 135 |
| Interest income | (1,082) | (713) |
| Stock write off and / or impairment of inventories | 9,183 | 5,831 |
| Finance costs | 6,075 | 7,358 |
| Impairment loss on trade receivables | (854) | 547 |
| Net unrealised foreign exchange (gain)/loss | 2,344 | 1,079 |
| <i>Operating profit before changes in working capital</i> | <u>92,112</u> | <u>88,826</u> |
| Change in inventories | (18,050) | (24,880) |
| Change in receivables, deposits and prepayments | (5,601) | (51,431) |
| Change in payables and accruals | 11,294 | 22,859 |
| <i>Cash generated from operations</i> | <u>79,755</u> | <u>35,374</u> |
| Finance costs paid | (6,075) | (7,358) |
| Interest income | 1,082 | 713 |
| Income tax paid | (15,325) | (12,602) |
| Net cash generated from operating activities | <u>59,437</u> | <u>16,127</u> |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (40,390) | (35,895) |
| Acquisition of intangible assets | (1,383) | (1,192) |
| Proceeds from Disposal of Investment | 24,598 | - |
| Acquisition of Investment | (21,918) | - |
| Net cash used in investing activities | <u>(39,093)</u> | <u>(37,087)</u> |
| Cash flows from financing activities | | |
| Drawdown of borrowings | 146,799 | 43,111 |
| Repayment of borrowings | (149,648) | (23,342) |
| Dividends paid to shareholders of the Company | (7,231) | (4,604) |
| Net cash used in financing activities | <u>(10,080)</u> | <u>15,165</u> |
| Net increase in cash and cash equivalents | 10,264 | (5,795) |
| Exchange differences on translation of financial statement of foreign operations | (968) | (336) |
| Cash and cash equivalents at 1 January | 120,669 | 98,254 |
| Cash and cash equivalents as at 30 September | <u><u>129,965</u></u> | <u><u>92,123</u></u> |

(I) Cash and cash equivalents comprise:

| | RM '000 | RM '000 |
|--|----------------|---------------|
| Cash and bank balances | 103,758 | 65,944 |
| Deposits placed with licensed financial institutions | 26,207 | 26,179 |
| | <u>129,965</u> | <u>92,123</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 30 Sept 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

During the current financial quarter, 21,643,754 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 13 August 2020.

A7 Dividend Paid

i) The Group paid a final dividend of 5 sen per share (2019: 4 sen) equivalent to RM 34.22 million (2019: RM 26.48 million) in respect of financial year ended 31 December 2019 during the current quarter.

Out of the total cash distribution, a total of RM 30.52 mil was converted into 21,643,754 new ordinary shares of the Company at the conversion price of RM 1.41 per ordinary share under the Dividend Reinvestment Plan.

ii) The Group paid an interim dividend of 0.5 sen per share (2019 : 1 sen) equivalent to RM 3.53 million (2019: RM 6.80 million) in respect of financial year ending 31 December 2020 during the current quarter.

A8 Segment Information

| | Quarter Ended | | Year To Date | |
|------------------------------|---------------|--------------|--------------|--------------|
| | 9/30/2020 | | 9/30/2020 | |
| | RM ' 000 | | RM ' 000 | |
| Sales by operating sector :- | Sales | Gross Profit | Sales | Gross Profit |
| Local | 122,044 | 49,636 | 403,149 | 165,408 |
| Export | 11,728 | 3,906 | 32,667 | 10,624 |
| | 133,772 | 53,542 | 435,816 | 176,032 |

A9 Post Balance Sheet Events

There are no material events after the period ended up to 12 November 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 30 September 2020.

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 (poh) 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 (30/9/20) RM'000 | Year To Date (30/9/19) RM'000 | Variance | |
|-------------------------|-------------------------------------|-------------------------------------|----------|--------|
| | | | RM'000 | % |
| Revenue | 435,816 | 438,707 | (2,891) | (0.66) |
| Profit before tax (PBT) | 55,686 | 56,870 | (1,184) | (2.08) |
| Profit after tax (PAT) | 42,417 | 43,240 | (823) | (1.90) |

The Group recorded a revenue and PBT of RM435.82 million and RM55.69 million respectively for current period ended 30 September 2020 as compared to RM438.71 million and RM56.87 million for the corresponding period last year. The Group's revenue decreased marginally as compared to last year corresponding period mainly due to lower demand from private ethical sector, tempered by higher demand from the consumer healthcare sector. The Group's PBT has also decreased marginally as compared to last year corresponding period, in tandem with the decrease in revenue.

B2 Comparison with the Preceding Quarter's Results

| | Qtr 3 2020 (30/9/20) RM'000 | Qtr 2 2020 (30/6/20) RM'000 | Variance | |
|-------------------------|-----------------------------------|-----------------------------------|----------|--------|
| | | | RM'000 | % |
| Revenue | 133,772 | 143,331 | (9,559) | (6.67) |
| Profit before tax (PBT) | 18,568 | 19,391 | (823) | (4.24) |
| Profit after tax (PAT) | 14,127 | 14,729 | (602) | (4.09) |

The Group has recorded a lower revenue of RM 133.77 million for the current quarter ended 30 September 2020 as compared to RM 143.33 million for the preceding financial quarter. Decrease in Group's revenue was mainly due to lower demand from private healthcare sector due to challenging environment faced by private clinics and hospitals. The Group's PBT decreased by 4.24% to RM 18.57 million in the current quarter as compared to RM 19.39 million in the preceding financial quarter, mainly due to lower revenue in the current quarter.

B3 Prospects for the Remainder of Current Financial Year

Based on the Malaysian Institute of Economic Research (MIER) third-quarter outlook report, the annual Gross Domestic Product (GDP) is expected to contract by 5.5% in 2020 from a growth of 4.3% in 2019.

The pandemic has caused huge uncertainties in the business 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 weakened 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:

- 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;
- 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 Covid-19 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 30/9/20 RM'000 | Current Year To Date 30/9/20 RM'000 |
|---------------------------------------|--|--|
| Based on results for the quarter/year | (4,475) | (13,438) |
| Transfer to deferred tax | 34 | 169 |
| | <u>(4,441)</u> | <u>(13,269)</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 issuance of new Duopharma Biotech Shares pursuant to the Dividend Reinvestment Plan was approved by shareholders during the Annual General Meeting on 17 June 2020.

The Company had issued and allotted 21,643,754 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 13 August 2020.

B8 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

| | As at 30 Sept 2020 RM'000 | As at 31 Dec 2019 RM'000 |
|-------------------------|------------------------------|-----------------------------|
| Current - unsecured | 55,486 | 124,663 |
| Non-current - unsecured | 208,410 | 139,738 |
| Total | 263,896 | 264,401 |

B9 Material litigation

There was no material litigation up to 12 November 2020.

B10 Dividend

The Directors do not recommend any interim dividend for the current quarter ended 30 September 2020. (2019: Nil)

B11 Earnings per Share

| | Current year quarter 30/6/20 | Current year to date 30/6/20 |
|---|---------------------------------------|---------------------------------------|
| a) Basic EPS | | |
| Net profit (RM'000) | 14,127 | 42,417 |
| Weighted average number of ordinary shares in issue ('000) | | |
| - Balance b/f | 684,383 | 684,383 |
| - Weighted average number of shares arising from Effect of Dividend Reinvestment Plan | 11,528 | 3,871 |
| | 695,911 | 688,254 |
| Basic EPS (sen) | 2.03 | 6.16 |
| b) Dilutive EPS | | |
| Adjusted weighted average number of ordinary shares in issue ('000) | | |
| - In issue during the period | 695,911 | 688,254 |
| | 695,911 | 688,254 |
| Dilutive EPS (sen) | 2.03 | 6.16 |

B12 Profit Before Tax

| | Current year quarter 30/9/20 RM '000 | Current year to date 30/9/20 RM '000 |
|---|---|---|
| Operating profit is arrived at after charging / (crediting): | | |
| Depreciation of property, plant and equipment | 6,989 | 20,625 |
| Finance costs | 1,721 | 6,075 |
| Stock write off and/or impairment of inventories | 7,107 | 9,183 |
| Net foreign exchange loss / (gain) | (1,350) | 2,487 |
| Impairment loss on trade receivables | (1,049) | (854) |
| Interest income | 302 | 1,082 |

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 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 12 November 2020.

By Order of the Board

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