



DUOPHARMA BIOTECH BERHAD

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	134,086	137,755	569,902	576,462
Cost of Sales	(76,917)	(85,562)	(336,701)	(344,395)
Gross Profit	57,169	52,193	233,201	232,067
Other operating income	195	937	648	1,242
Distribution costs	(16,644)	(24,322)	(81,159)	(85,818)
Administration expenses	(19,725)	(15,125)	(68,835)	(69,122)
Other operating expenses	182	447	(1,999)	(724)
Profit from operations	21,177	14,130	81,856	77,645
Finance income	428	750	1,510	1,463
Finance costs	(1,134)	(941)	(7,209)	(8,299)
Profit before taxation	20,471	13,939	76,157	70,809
Taxation	(4,278)	(1,906)	(17,547)	(15,536)
Profit after tax for the period	16,193	12,033	58,610	55,273
Other comprehensive income				
Fair value of available-for-sale financial assets	32,635	10,607	46,713	(224)
Foreign currency translation differences for foreign operations	572	182	(396)	(154)
Total other comprehensive income for the period	49,400	22,822	104,927	54,895
Profit attributable to:				
Shareholders of the Company	16,193	12,033	58,610	55,273
Minority interest	-	-	-	-
	16,193	12,033	58,610	55,273
Total comprehensive income attributable to:				
Shareholders of the Company	49,400	22,822	104,927	54,895
Minority interest	-	-	-	-
	49,400	22,822	104,927	54,895
Earnings per share (sen)				
Basic (based on weighted average)	2.29	1.76	8.46	8.25
Diluted (based on weighted average)	2.29	1.76	8.46	8.25

- 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

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

	AS AT 31/12/2020 RM'000	AS AT 31/12/2019 RM'000
ASSETS		
Property, Plant and Equipment	441,789	412,248
Investment property	1,100	1,200
Intangible assets	35,066	28,113
Other investments	112,247	51,839
Deferred Tax Assets	8,537	9,196
Total non-current assets	<u>598,739</u>	<u>502,596</u>
Inventories	151,267	144,003
Current Tax Assets	8,217	6,595
Trade & Other Receivables	142,819	145,938
Cash & Cash Equivalents	158,029	120,669
Total current assets	<u>460,332</u>	<u>417,205</u>
Total Assets	<u>1,059,071</u>	<u>919,801</u>
EQUITY		
Share Capital	404,922	374,404
Reserves	18,717	(27,600)
Retained earnings	220,182	182,946
Total Equity	<u>643,821</u>	<u>529,750</u>
LIABILITIES		
Borrowings	249,292	139,738
Trade & Other Payables	659	818
Deferred Tax Liability	10,350	10,053
Total non-current liabilities	<u>260,301</u>	<u>150,609</u>
Borrowings	52,781	124,663
Trade & Other Payables	101,424	114,127
Taxation	744	652
Total current liabilities	<u>154,949</u>	<u>239,442</u>
Total Liabilities	<u>415,250</u>	<u>390,051</u>
Total Equity & Liabilities	<u>1,059,071</u>	<u>919,801</u>
Net assets per share (RM)	0.91	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.)



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 2020	374,404	273	(27,873)	182,946	529,750
Foreign currency translation differences for foreign operations	-	(396)	-	-	(396)
Net change in fair value of equity instrument designated at FVOCI	-	-	63,088	-	63,088
Transfer upon the disposal of equity investment designated at FVOCI	-	-	(16,375)	16,375	-
Profit for the year	-	-	-	58,610	58,610
Profit and total comprehensive income for the period	-	(396)	46,713	74,985	121,302
Issuance of 21,643,754 new shares pursuant to Dividend Reinvestment Plan	30,518				30,518
2019 Final Dividend (5.0 sen)				(34,219)	(34,219)
2020 Interim Dividend (0.5 sen)				(3,530)	(3,530)
At 31 December 2020	404,922	(123)	18,840	220,182	643,821



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	31 December 2020	31 December 2019
	RM '000	RM '000
Cash flows from operating activities		
Profit before taxation	76,157	70,809
Adjustments for:		
Depreciation of property, plant and equipment	27,682	26,673
Amortisation of intangible asset	1,576	181
Finance income from		
- Cash and cash equivalents	(1,510)	(1,463)
Write off on inventories	9,486	9,834
Net inventories written down	5,542	1,144
Write off on intangible assets	973	919
Write off on property, plant and equipment	-	1,965
Finance costs	7,209	8,299
Net impairment loss / (gain) on trade receivables	(820)	(412)
Net unrealised foreign exchange (gain)/loss	1,555	(406)
Fair value loss on investment property	100	-
<i>Operating profit before changes in working capital</i>	<u>127,950</u>	<u>117,543</u>
Change in inventories	(22,090)	(15,516)
Change in receivables, deposits and prepayments	3,906	(19,552)
Change in payables and accruals	(12,526)	12,272
<i>Cash generated from operations</i>	<u>97,240</u>	<u>94,747</u>
Finance costs paid	(7,694)	(9,202)
Income tax paid	(18,851)	(19,759)
Tax refund	730	1,170
Net cash generated from operating activities	<u>71,425</u>	<u>66,956</u>
Cash flows from investing activities		
Acquisition of other investment	(21,918)	-
Proceeds from disposal of investment	24,598	-
Acquisition of property, plant and equipment	(56,442)	(53,362)
Acquisition of intangible assets	(9,502)	(7,526)
Interest received from		
- Cash and cash equivalents	1,510	1,463
Net cash used in investing activities	<u>(61,754)</u>	<u>(59,425)</u>
Cash flows from financing activities		
Drawdown of borrowings	193,809	45,194
Repayment of borrowings	(157,959)	(23,342)
Dividends paid to shareholders of the Company	(7,231)	(6,060)
Payment of lease liabilities	(534)	(754)
Net cash used in financing activities	<u>28,085</u>	<u>15,038</u>
Net increase in cash and cash equivalents	37,756	22,569
Exchange differences on translation of financial statement of foreign operations	(396)	(154)
Cash and cash equivalents at 1 January	120,669	98,254
Cash and cash equivalents as at 31 December	<u>158,029</u>	<u>120,669</u>
	0	-
(I) Cash and cash equivalents comprise:		
	<u>RM '000</u>	<u>RM '000</u>
Cash and bank balances	101,969	66,614
Highly liquid investment with financial institutions	53,906	42,871
Deposits placed with licensed banks	2,154	11,184
	<u>158,029</u>	<u>120,669</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.)



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Quarterly Report On Results For The Year Ended 31 December 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. (2019:1.0 sen)

A8 Segment Information

	Quarter Ended		Year To Date	
	12/31/2020		12/31/2020	
	RM * 000		RM * 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	127,446	55,812	525,426	218,896
Export	6,640	1,357	44,476	14,305
	134,086	57,169	569,902	233,201

A9 Post Balance Sheet Events

There are no material events after the period ended up to 22 February 2021 (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 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 (31/12/20) RM'000	Year To Date (31/12/19) RM'000	Variance	
			RM'000	%
Revenue	569,902	576,462	(6,560)	(1.14)
Profit before tax (PBT)	76,157	70,809	5,348	7.55
Profit after tax (PAT)	58,610	55,273	3,337	6.04

The Group recorded a revenue and PBT of RM569.90 million and RM76.2 million respectively for current year ended 31 December 2020 as compared to RM576.46 million and RM70.81 million for the corresponding period last year. The Group's revenue declined marginally as compared to last year corresponding period mainly due to lower demand from private ethical sector and public health sector, but buffered by higher demand from the consumer healthcare sector. However, the Group's PBT improved as compared to last year corresponding period mainly due to the Group's initiatives and measures in managing operational costs.

B2 Comparison with the Preceding Quarter's Results

	Qtr 4 2020 (31/12/20) RM'000	Qtr 3 2020 (30/9/20) RM'000	Variance	
			RM'000	%
Revenue	134,086	133,772	314	0.23
Profit before tax (PBT)	20,471	18,568	1,903	10.25
Profit after tax (PAT)	16,193	14,127	2,066	14.62

The Group's revenue increased marginally to RM 134.09 million for current quarter ended 31 December 2020 as compared to RM 133.77 million in the preceding quarter. However, PBT has increased by RM 1.90 million mainly due to increase in gross profit margin.

B3 Prospects for the next Financial Year

Based on Ministry of Finance's Economic Outlook 2021, the GDP of Malaysia is expected to rebound between 6.5% and 7.5% in 2021, after an estimated 4.5% contraction in 2020, mainly resulting from the adverse impact of the COVID-19 pandemic.

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, which have dampened the global economic outlook.

The budget 2021 has seen an increase of 4.2% in allocation for healthcare sector to RM 31.9 billion, the highest allocation in the history. In addition, the following developments augur well for the business of Duopharma:

a) the Group has recently been notified that the Contract Period of the Agreement for the Supply and Delivery of Human Insulin Products under the Government of Malaysia has been extended by one (1) year effective from 2 December 2020 until 1 December 2021 with an additional contract value of RM19,625,100.

b) 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 extensions augur 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.

c) the Company has also recently entered into a Term Sheet Agreement with the Ministry of Health to supply 6.4 million doses of the Covid-19 vaccine known as "Sputnik V" developed by the Gamaleya National Research Institute of Epidemiology and Microbiology ("Gamaleya").

Furthermore, the Company has signed a Term Sheet Agreement with the Russian Direct Investment Fund ("RDIF") to secure the 6.4 million doses of "Sputnik V". RDIF is the appointed marketing agent for Gamaleya for all international markets.

The supply is subject to the execution of the definitive supply agreements between RDIF and Duopharma and between MOH and Duopharma, as well as the approval of vaccine by the Drug Control Authority, Malaysia ("DCA").

Should the definitive supply agreements be successfully executed and the vaccine approved by the DCA, the supply of vaccine is expected to contribute positively to the future earnings of Duopharma Biotech Group for the financial year ending 31 December 2021.

Barring any unforeseen circumstances, Duopharma Biotech Group is expected to achieve satisfactory results in FY 2021.

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 31/12/20 RM'000	Current Year To Date 31/12/20 RM'000
Based on results for the quarter/year	(3,153)	(16,591)
Transfer to deferred tax	(1,125)	(956)
	<u>(4,278)</u>	<u>(17,547)</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to utilisation of unabsorbed allowance and also 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.

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 31 December 2020 RM'000	As at 31 December 2019 RM'000
Current - unsecured	52,781	124,663
Non-current - unsecured	249,292	139,738
Total	<u>302,073</u>	<u>264,401</u>

B9 Material litigation

There was no material litigation up to 22 February 2021.

B10 Dividend

- a) For the current financial year ended 31 December 2020, the Board of Directors proposes a second interim dividend of 6.0 sen (2019 : a final dividend of 5.0 sen per share) equivalent to RM 42.36 million (2019 : RM 34.22 million).

The Board has resolved that the Dividend Reinvestment Plan ("DRP") approved by the shareholders would apply to this dividend. The issue price of the new ordinary shares in the Company to be issued pursuant to the DRP has been fixed at RM 3.08 per new Duopharma Biotech Berhad share. The issue price is at a discount of approximately 10% to the 5-day ex-dividend volume weighted average market price (VWAMP) of RM 3.42.

- b) The total dividend for the current financial year ended 31 December 2020 is 6.5 sen per share consists of a second interim dividend as stated in (a) above and an interim dividend of 0.5 sen per share equivalent to approximately RM 3.5 million paid on 11 September 2020 as compared to 2019 dividend as follows:-

- i) 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.

- ii) A final dividend of 5.0 sen per share equivalent to RM 34.22 million in respect of financial year ended 31 December 2019 was paid on 12 August 2020.

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.

B11 Earnings per Share

	Current year quarter 31/12/20	Current year to date 31/12/20
a) Basic EPS		
Net profit (RM'000)	<u>16,193</u>	<u>58,610</u>
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	<u>706,027</u>	<u>692,721</u>
Basic EPS (sen)	<u>2.29</u>	<u>8.46</u>
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	<u>706,027</u>	<u>692,721</u>
Dilutive EPS (sen)	<u>2.29</u>	<u>8.46</u>

B12 Profit Before Tax

	Current year quarter 31/12/20 RM '000	Current year to date 31/12/20 RM '000
Operating profit is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	7,057	27,682
Finance costs	1,134	7,209
Stock write off and/or impairment of inventories	5,845	15,028
Net foreign exchange loss / (gain)	(885)	1,602
Interest income	428	1,510

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 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 22 February 2021.

By Order of the Board

Ibrahim Hussin Salleh
Secretary
License No.: LS 0009121
SSM Practising Certificate No.: 201908001032
Kuala Lumpur
22 February 2021