



DUOPHARMA

DUOPHARMA BIOTECH BERHAD

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2024**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/6/2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2023 RM'000	CURRENT YEAR TO DATE 30/6/2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2023 RM'000
Revenue	218,324	167,516	411,292	367,991
Cost of Sales	(143,385)	(101,645)	(262,083)	(219,584)
Gross Profit	74,939	65,871	149,209	148,407
Other operating income	38	30	114	66
Distribution costs	(26,758)	(23,438)	(55,736)	(53,307)
Administration expenses	(20,837)	(21,056)	(40,198)	(43,382)
Other operating expenses	(54)	(776)	(625)	(786)
Profit from operations	27,328	20,631	52,764	50,998
Finance income	1,465	490	3,085	935
Finance costs	(6,833)	(4,606)	(13,788)	(7,128)
Profit before taxation	21,960	16,515	42,061	44,805
Taxation	(5,271)	(3,974)	(10,095)	(9,633)
Profit after tax for the period	16,689	12,541	31,966	35,172
Other comprehensive income				
Fair value of available-for-sale financial assets	(5,199)	(3,147)	(8,457)	(11,965)
Foreign currency translation differences for foreign operations	797	(289)	634	(485)
Total other comprehensive income for the period	12,287	9,105	24,143	22,722
Profit attributable to:				
Shareholders of the Company	16,689	12,541	31,966	35,172
Minority interest	-	-	-	-
	16,689	12,541	31,966	35,172
Total comprehensive income attributable to:				
Shareholders of the Company	12,287	9,105	24,143	22,722
Minority interest	-	-	-	-
	12,287	9,105	24,143	22,722
Earnings per share (sen)				
Basic (based on weighted average)	1.73	1.31	3.32	3.68
Diluted (based on weighted average)	1.73	1.31	3.32	3.68

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.)



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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	UNAUDITED AS AT 30/6/2024 RM'000	AUDITED AS AT 31/12/2023 RM'000
ASSETS		
Property, Plant and Equipment	571,953	582,365
Investment property	1,050	1,050
Intangible assets	37,738	38,802
Other investments	28,450	36,907
Deferred Tax Assets	7,324	8,946
Total non-current assets	<u>646,515</u>	<u>668,070</u>
Inventories	226,852	243,068
Current Tax Assets	21,720	16,320
Trade & Other Receivables	227,461	147,175
Cash & Cash Equivalents	221,162	270,502
Total current assets	<u>697,195</u>	<u>677,065</u>
Total Assets	<u>1,343,710</u>	<u>1,345,135</u>
EQUITY		
Share Capital	432,466	432,466
Reserves	(72,231)	(64,408)
Retained earnings	333,716	319,065
Total Equity	<u>693,951</u>	<u>687,123</u>
LIABILITIES		
Borrowings	472,791	480,902
Trade & Other Payables	1,635	1,476
Deferred Tax Liability	15,069	8,906
Total non-current liabilities	<u>489,495</u>	<u>491,284</u>
Borrowings	51,146	65,546
Trade & Other Payables	107,055	100,815
Current Tax Liabilities	2,063	367
Total current liabilities	<u>160,264</u>	<u>166,728</u>
Total Liabilities	<u>649,759</u>	<u>658,012</u>
Total Equity & Liabilities	<u>1,343,710</u>	<u>1,345,135</u>
Net assets per share (RM)	0.72	0.71

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.)



DUOPHARMA BIOTECH BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2024**

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 2024	432,466	583	(64,991)	319,065	687,123
Foreign currency translation differences for foreign operations	-	634	-	-	634
Net change in fair value of equity instrument designated at FVOCI	-	-	(8,457)	-	(8,457)
Profit for the period	-	-	-	31,966	31,966
Profit and total comprehensive income for the period	-	634	(8,457)	31,966	24,143
2023 Second Interim Dividend (1.8 sen)	-	-	-	(17,315)	(17,315)
At 30 June 2024	432,466	1,217	(73,448)	333,716	693,951

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 2023	419,367	811	(53,326)	288,370	655,222
Foreign currency translation differences for foreign operations	-	(228)	-	-	(228)
Net change in fair value of equity instrument designated at FVOCI	-	-	(11,665)	-	(11,665)
Profit for the period	-	-	-	52,645	52,645
Profit and total comprehensive income for the year	-	(228)	(11,665)	52,645	40,752
Issuance of 9,702,761 new shares pursuant to Dividend Reinvestment Plan	13,099	-	-	-	13,099
2022 Second Interim Dividend (1.8 sen)	-	-	-	(17,140)	(17,140)
2023 First Interim Dividend (0.5 sen)	-	-	-	(4,810)	(4,810)
At 31 December 2023	432,466	583	(64,991)	319,065	687,123

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.)



DUOPHARMA

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2024**

	30 JUNE 2024 RM '000	30 JUNE 2023 RM '000
Cash flows from operating activities		
Profit before taxation	42,061	44,805
Adjustments for:		
Depreciation of property, plant and equipment	20,297	17,416
Amortisation of intangible asset	2,362	1,479
Finance income from		
- Cash and cash equivalents	(3,085)	(935)
Impairment of inventories	3,401	4,386
Write off on property, plant and equipment	-	7
Finance costs	13,788	7,128
(Reversal)/Impairment loss on trade receivables	(586)	2,235
Net unrealised foreign exchange (gain)/loss	(10)	750
Gain on disposal of PPE	(22)	-
<i>Operating profit before changes in working capital</i>	<u>78,206</u>	<u>77,271</u>
Change in inventories	12,813	(23,392)
Change in receivables, deposits and prepayments	(79,689)	(34,663)
Change in payables and accruals	6,578	(6,168)
<i>Cash generated from operations</i>	<u>17,908</u>	<u>13,048</u>
Finance costs paid	(13,682)	(9,807)
Net income tax paid	(6,013)	(8,757)
Net cash used in operating activities	<u>(1,787)</u>	<u>(5,516)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(9,152)	(15,948)
Acquisition of intangible assets	(1,298)	(1,636)
Interest received from		
- Cash and cash equivalents	3,085	935
Net cash used in investing activities	<u>(7,365)</u>	<u>(16,649)</u>
Cash flows from financing activities		
Drawdown of borrowings	51,217	41,338
Repayment of borrowings	(73,834)	(36,314)
Dividends paid to shareholders of the Company	(17,315)	(4,041)
Payment of lease liabilities	(890)	(405)
Net cash (used in)/from financing activities	<u>(40,822)</u>	<u>578</u>
Net decrease in cash and cash equivalents	(49,974)	(21,587)
Exchange differences on translation of financial statement of foreign operations	634	(485)
Cash and cash equivalents at 1 January	270,502	157,637
Cash and cash equivalents as at 30 June	<u><u>221,162</u></u>	<u><u>135,565</u></u>

(I) Cash and cash equivalents comprise:

	RM '000	RM '000
Deposits placed with licensed banks	3,000	6,861
Cash and bank balances	61,987	94,361
Highly liquid investment with financial institutions	156,175	34,343
	<u><u>221,162</u></u>	<u><u>135,565</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.)



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Quarterly Report On Results For The Period Ended 30 June 2024

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 2023 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 2024 :

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 year 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 (2023: Second interim dividend of 1.8 sen per share equivalent to RM 17.14 million in respect of financial year ended 31 December 2022).

A8 Segment Information

	Quarter Ended		Year To Date	
	30/6/2024		30/6/2024	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	204,445	70,402	381,297	139,463
Export	13,879	4,537	29,995	9,746
	218,324	74,939	411,292	149,209

A9 Post Balance Sheet Events

There are no material events after the year ended up to 8 August 2024 (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 June 2024.

A10 Changes in the Composition of the Group

There was no changes in the composition of the Group for the period under review.

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

	Year To Date (30/6/24) RM'000	Year To Date (30/6/23) RM'000	Variance	
			RM'000	%
Revenue	411,292	367,991	43,301	11.8
Profit before tax (PBT)	42,061	44,805	(2,744)	(6.1)
Profit after tax (PAT)	31,966	35,172	(3,206)	(9.1)

For the current period ended 30 June 2024, the Group reported revenue of RM411.29 million, representing a 11.8% higher as compared to RM367.99 million in the same period last year. This double-digit growth was driven by increased sales in the prescription pharmaceutical markets, ethical specialty, and export segments, cushioned the marginal drop in sales in the consumer healthcare sector during the first six months of 2024.

However, despite higher revenue, the Group registered a marginally lower PBT for the first half of 2024. This was primarily attributable to changes in product mix, coupled with the increased operational cost associated with the full operation of the newly completed K3 facility, higher finance costs, and unfavourable exchange rates.

B2 Comparison with the Preceding Quarter's Results

	Qtr 2 2024 (30/6/24) RM'000	Qtr 1 2024 (31/3/24) RM'000	Variance	
			RM'000	%
Revenue	218,324	192,968	25,356	13.1
Profit before tax (PBT)	21,960	20,101	1,859	9.2
Profit after tax (PAT)	16,689	15,277	1,412	9.2

For quarter ended 30 June 2024, the Group achieved a record revenue of RM218.32 million, marking a 13.1% growth from RM192.97 million revenue in the preceding quarter. The surge in revenue was predominantly driven by robust performance in the prescription market, particularly the public health segment. The higher revenue for the quarter also led to an increased PBT compared to preceding quarter.

B3 Prospects for the Remainder of Current Financial Year

In the Monetary Policy Statement released on 11 July 2024, the Bank Negara Malaysia ("BNM") highlighted that the global economy is expanding, supported by resilient labor markets and ongoing recovery in global trade. Looking ahead, sustained global growth is anticipated, despite challenges from tight monetary policies and reduced fiscal support, supported by positive labor market conditions and moderating inflation.

For Malaysia, recent economic indicators highlight a robust second quarter of 2024, driven by robust domestic spending and strengthened export activities. These trends align closely with BNM's earlier projections, forecasting GDP growth between 4% and 5% for 2024, driven by continued expansion in domestic demand and recovery in external demand. Inflation is expected to trend higher in second half of 2024, amid the recent rationalisation of diesel subsidies. However, measures are in place to mitigate the impact on business costs, ensuring inflation remains manageable.

These developments underscore Malaysia's resilience in navigating global economic challenges, supported by proactive economic policies and strategic sectoral initiatives. Moreover, the record-high budget allocation of RM41.2 billion for the healthcare sector in Malaysia's 2024 Budget signifies the government's commitment to essential reforms in the healthcare system, expected to stimulate continued demand for medical supplies and benefit pharmaceutical market players. The following developments also augur well for the overall business of Duopharma Group:

a) The Government of Malaysia had accepted the tender offer from Duopharma Marketing Sdn. Bhd. ("DMktg") (a wholly-owned subsidiary of Duopharma Biotech Berhad) and Biocon Sdn. Bhd. ("Biocon") to supply Insugen-Insulin Recombinant Human Formulations (hereinafter referred to as the "Products") under the Ministry of Health's ("MOH") procurement for a period of three (3) years commencing on 29 April 2022 until 28 April 2025 with a total contract value of RM375 million (hereinafter referred to as the "Revised Letter of Award"). DMktg and Biocon have acknowledged receipt and acceptance of the Revised Letter of Award on 25 April 2022 and submitted the same to the Ministry of Health on 25 April 2022. The supply of the Products to the Government of Malaysia has already commenced. Pursuant to the Revised Letter of Award, the formal agreement for the procurement via direct negotiation for the supply of insulin medicine as a package ('Perjanjian Perolehan Secara Rundingan Terus Pembekalan Ubat Insulin Secara Pakej') between the Government of Malaysia, DMktg as the Supplier/Distributor and Biocon as the manufacturer has been executed on 30 September 2022.

b) As at the date of this report, Duopharma (M) Sendirian Berhad and Duopharma Manufacturing (Bangi) Sdn. Bhd., both the wholly-owned subsidiaries of the Company, have received and accepted seven and four Letters of Offer ("LOO"), respectively, from Pharmaniaga Logistics Sdn. Bhd. (hereinafter referred to as the "Customer") for the supply of pharmaceutical and/or non-pharmaceutical products as set out in the respective LOOs (hereinafter referred to as "Products") to the offices and facilities operated and controlled by the Government of Malaysia, through the Customer (hereinafter referred to as the "Contract(s)").

All the Contract(s) shall remain valid and binding until 31 December 2026 or such other date as directed by the Government of Malaysia. The total number of Products in aggregate to be supplied under all the aforementioned Contract(s) is 86 and the total estimated value in aggregate of all the aforementioned Contract(s) is approximately RM578,093,475.72 for the duration of the Contract(s).

The Group anticipates to continue facing persistent challenges such as high electricity tariffs, elevated interest rates, and inflationary pressures, all of which exert pressure on manufacturing margins and overall profitability. Despite these hurdles, the Group remains committed to enhancing internal efficiencies to mitigate the impact of rising operational and finance costs. Furthermore, the acceptance of new supply agreements with Pharmaniaga Logistic Sdn. Bhd. positions the Group favourably for delivering satisfactory performance in 2024. With unwavering dedication to its long-term growth prospects, the Group maintains an optimistic outlook, contingent upon market stability and foreseeable developments.

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 30/6/24 RM'000	Current Year To Date 30/6/24 RM'000
Based on results for the quarter/year	(1,091)	(2,310)
Transfer (from)/to deferred tax	(4,180)	(7,785)
	<u>(5,271)</u>	<u>(10,095)</u>

The Group's tax expense is recognised in each financial quarter based on the best estimate of the expected annual effective 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 29 September 2023 and 15 December 2023, Duopharma Biotech made its Sukuk Wakalah issuance of RM364.0 million and RM29.0 million respectively, for tenures between 3 – 10 years under the Sukuk Wakalah Programme established on 24 August 2023.

As at 30 June 2024, the proceeds raised from the issuance of Sukuk Wakalah have been fully utilised as follows:

Details of utilisation	Proceeds for Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Refinanced Group's borrowings	290,862	290,862	-
Defrayed fees, expenses, costs and all other amounts payable in relation to the Sukuk Wakalah Programme	1,325	1,325	-
Financing of Group's shariah-compliant working capital	100,813	100,813	-
Total	393,000	393,000	-

There was no corporate proposals during the current financial period.

B8 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

	As at 30 June 2024 RM'000	As at 31 December 2023 RM'000
Current - unsecured	51,146	65,546
Non-current - unsecured	472,791	480,902
Total	<u>523,937</u>	<u>546,448</u>

B9 Material litigation

There was no material litigation up to 8 August 2024 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

B10 Dividend

For the current financial period ended 30 June 2024, the Board of Directors has resolved that an interim dividend of 1.0 sen per share be paid by the Company based on paid up capital of 961,942,451 shares amounting to approximately RM9.619 million (2023: an interim dividend of 0.5 sen per share equivalent to approximately RM4.810 million). The entitlement date and the payment date will be on 30 August 2024 and 12 September 2024 respectively.

The Board of Directors has also resolved that the Dividend Reinvestment Plan shall not apply to the aforesaid interim dividend.

B11 Earnings per Share

	Current year quarter 30/6/24	Current year to date 30/6/24
a) Basic EPS		
Net profit (RM'000)	16,689	31,966
Weighted average number of ordinary shares in issue ('000)		
-Balance b/f	961,942	961,942
	961,942	961,942
Basic EPS (sen)	1.73	3.32
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	961,942	961,942
	961,942	961,942
Dilutive EPS (sen)	1.73	3.32

B12 Profit Before Tax

	Current year quarter 30/6/24 RM '000	Current year to date 30/6/24 RM '000
Operating profit is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	10,143	20,297
Finance costs	6,826	13,781
Impairment of inventories	2,453	3,401
Net foreign exchange loss	(10)	511
Interest income	(1,465)	(3,085)
Gain on disposal of PPE	(20)	(22)

Other than the above, there were no other material impairment of assets nor gain or loss on derivatives for the current quarter and current period ended 30 June 2024.

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 15 August 2024.

By Order of the Board

Ibrahim Hussin Salleh
Secretary
License No.: LS 0009121
SSM Practising Certificate No.: 201908001032
Kuala Lumpur
15 August 2024