



DUOPHARMA

DUOPHARMA BIOTECH BERHAD

Registration No: 200001021664 (524271-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/3/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2022 RM'000	CURRENT YEAR TO DATE 31/3/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2022 RM'000
Revenue	200,475	185,941	200,475	185,941
Cost of Sales	(117,939)	(110,018)	(117,939)	(110,018)
Gross Profit	82,536	75,923	82,536	75,923
Other operating income	36	54	36	54
Distribution costs	(29,869)	(27,896)	(29,869)	(27,896)
Administration expenses	(22,325)	(19,988)	(22,325)	(19,988)
Other operating expenses	(9)	(158)	(9)	(158)
Profit from operations	30,369	27,935	30,369	27,935
Finance income	445	301	445	301
Finance costs	(2,522)	(1,590)	(2,522)	(1,590)
Profit before taxation	28,292	26,646	28,292	26,646
Taxation	(5,659)	(6,355)	(5,659)	(6,355)
Profit after tax for the period	22,633	20,291	22,633	20,291
Other comprehensive income				
Fair value of available-for-sale financial assets	(8,818)	(9,019)	(8,818)	(9,019)
Foreign currency translation differences for foreign operations	(196)	195	(196)	195
Total other comprehensive income for the period	13,619	11,467	13,619	11,467
Profit attributable to:				
Shareholders of the Company	22,633	20,291	22,633	20,291
Minority interest	-	-	-	-
	22,633	20,291	22,633	20,291
Total comprehensive income attributable to:				
Shareholders of the Company	13,619	11,467	13,619	11,467
Minority interest	-	-	-	-
	13,619	11,467	13,619	11,467
Earnings per share (sen)				
Basic (based on weighted average)	2.38	2.19	2.38	2.19
Diluted (based on weighted average)	2.38	2.19	2.38	2.19

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 MARCH 2023**

	AS AT 31/3/2023 RM'000	AS AT 31/12/2022 RM'000
ASSETS		
Property, Plant and Equipment	581,813	579,919
Investment property	1,050	1,050
Intangible assets	47,977	43,980
Other investments	33,333	42,151
Deferred Tax Assets	12,490	13,332
Total non-current assets	<u>676,663</u>	<u>680,432</u>
Inventories	244,762	235,179
Current Tax Assets	4,635	3,206
Trade & Other Receivables	188,134	145,465
Cash & Cash Equivalents	127,880	157,637
Total current assets	<u>565,411</u>	<u>541,487</u>
Total Assets	<u>1,242,074</u>	<u>1,221,919</u>
EQUITY		
Share Capital	419,367	419,367
Reserves	(61,529)	(52,515)
Retained earnings	311,003	288,370
Total Equity	<u>668,841</u>	<u>655,222</u>
LIABILITIES		
Borrowings	283,996	294,601
Trade & Other Payables	1,993	1,921
Deferred Tax Liability	9,487	5,584
Total non-current liabilities	<u>295,476</u>	<u>302,106</u>
Borrowings	149,793	134,141
Trade & Other Payables	127,484	129,283
Current Tax Liabilities	480	1,167
Total current liabilities	<u>277,757</u>	<u>264,591</u>
Total Liabilities	<u>573,233</u>	<u>566,697</u>
Total Equity & Liabilities	<u>1,242,074</u>	<u>1,221,919</u>
	-	-
Net assets per share (RM)	0.70	0.69

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 PERIOD ENDED 31 MARCH 2023**

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 2023	419,367	811	(53,326)	288,370	655,222
Foreign currency translation differences for foreign operations	-	(196)	-	-	(196)
Net change in fair value of equity instrument designated at FVOCI	-	-	(8,818)	-	(8,818)
Profit for the period	-	-	-	22,633	22,633
Profit and total comprehensive income for the period	-	(196)	(8,818)	22,633	13,619
At 31 March 2023	419,367	615	(62,144)	311,003	668,841



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

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 2022	405,856	117	(21,941)	239,972	624,004
Foreign currency translation differences for foreign operations		694	-	-	694
Net change in fair value of equity instrument designated at FVOCI		-	(31,385)	-	(31,385)
Profit for the year		-	-	70,112	70,112
Profit and total comprehensive income for the year	-	694	(31,385)	70,112	39,421
Issuance of 10,474,002 new shares pursuant to Dividend Reinvestment Plan	13,511	-	-	-	13,511
2021 Second Interim Dividend (1.8 sen)	-	-	-	(16,952)	(16,952)
2022 First Interim Dividend (0.5 sen)	-	-	-	(4,762)	(4,762)
At 31 December 2022	419,367	811	(53,326)	288,370	655,222

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 PERIOD ENDED 31 MARCH 2022

	31 March 2023 RM '000	31 March 2022 RM '000
Cash flows from operating activities		
Profit before taxation	28,292	26,646
Adjustments for:		
Depreciation of property, plant and equipment	8,829	7,732
Amortisation of intangible asset	751	618
Finance income from		
- Cash and cash equivalents	(445)	(301)
Impairment of inventories	3,732	8,858
Finance costs	2,522	1,590
Net impairment loss on trade receivables	1,502	328
Net unrealised foreign exchange loss	106	101
<i>Operating profit before changes in working capital</i>	<u>45,289</u>	<u>45,572</u>
Change in inventories	(13,315)	10,181
Change in receivables, deposits and prepayments	(44,171)	(36,476)
Change in payables and accruals	(1,505)	7,484
<i>Cash generated from operations</i>	<u>(13,702)</u>	<u>26,761</u>
Finance costs paid	(4,134)	(2,643)
Net Income tax paid	(3,028)	(3,915)
Net cash (used in)/ from operating activities	<u>(20,864)</u>	<u>20,203</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,274)	(23,713)
Acquisition of intangible assets	(1,587)	(156)
Interest received from		
- Cash and cash equivalents	445	301
Net cash used in investing activities	<u>(13,416)</u>	<u>(23,568)</u>
Cash flows from financing activities		
Drawdown of borrowings	21,739	26,489
Repayment of borrowings	(16,793)	(8,563)
Payment of lease liabilities	(227)	(188)
Net cash from financing activities	<u>4,719</u>	<u>17,738</u>
Net (decrease)/increase in cash and cash equivalents	(29,561)	14,373
Exchange differences on translation of financial statement of foreign operations	(196)	195
Cash and cash equivalents at 1 January	157,637	137,980
Cash and cash equivalents as at 31 March	<u><u>127,880</u></u>	<u><u>152,548</u></u>

(I) Cash and cash equivalents comprise:

	RM '000	RM '000
Deposits placed with licensed banks	2,861	17,847
Cash and bank balances	103,918	69,988
Highly liquid investment with financial institutions	21,101	64,713
	<u><u>127,880</u></u>	<u><u>152,548</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.)



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Quarterly Report On Results For The Period Ended 31 March 2023

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 2022 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 2023 :

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and 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. (2022: Nil)

A8 Segment Information

	Quarter Ended		Year To Date	
	31/3/2023		31/3/2023	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	188,733	78,996	188,733	78,996
Export	11,742	3,540	11,742	3,540
	200,475	82,536	200,475	82,536

A9 Post Balance Sheet Events

There are no material events after the period ended up to 15 May 2023 (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 March 2023.

A10 Changes in the Composition of the Group

On 10 April 2023, Duopharma Biotech Berhad ("Duopharma Biotech" or "the Company") has established PT Duopharma Healthcare Indonesia ("PT DHI") as a wholly-owned subsidiary of the Company in the Republic of Indonesia. Confirmation of the approval of the establishment of PT DHI by the Ministry of Law and Human Rights of the Republic of Indonesia was received by the Company on 11 April 2023.

PT DHI is a limited liability company, with a current authorised and issued capital of Rp 10,001,000,000 comprising 10,001 shares. Duopharma Consumer Healthcare Sdn Bhd (a wholly-owned subsidiary of Duopharma Biotech) holds 99% of shares while the remaining 1% is held directly by Duopharma Biotech.

Save as disclosed above, there were no other material 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 (31/3/23) RM'000	Year To Date (31/3/22) RM'000	Variance	
			RM'000	%
Revenue	200,475	185,941	14,534	7.82
Profit before tax (PBT)	28,292	26,646	1,646	6.18
Profit after tax (PAT)	22,633	20,291	2,342	11.54

The Group recorded a revenue and PBT of RM200.48 million and RM28.29 million respectively for current period ended 31 March 2023 as compared to RM185.94 million and RM26.65 million in last year. The Group's revenue has improved as compared to same period in prior year mainly due to higher sales to the prescription pharmaceutical market. The Group's PBT has increased compared to the same period in the prior year, primarily driven by higher sales. However, this growth was tempered by the impact of increased finance costs as a result of the rising Overnight Policy Rate (OPR), the upward adjustment in electricity tariff, and elevated labor cost pursuant to the amendments to the Employment Act 1955.

B2 Comparison with the Preceding Quarter's Results

	Qtr 1 2023 (31/3/23) RM'000	Qtr 4 2022 (31/12/22) RM'000	Variance	
			RM'000	%
Revenue	200,475	151,960	48,515	31.93
Profit before tax (PBT)	28,292	15,347	12,945	84.35
Profit after tax (PAT)	22,633	17,161	5,472	31.89

In the first quarter of 2023, the Group achieved a record revenue of RM200.48 million, marking a significant increase from RM151.96 million in the preceding quarter. The surge in revenue was mainly due to trending lower sales in public health sector towards year end in the preceding financial quarter. Higher revenue in the current quarter has led to higher PBT as compared to prior corresponding quarter.

B3 Prospects for the Remainder of Current Financial Year

According to the International Monetary Fund ("IMF")'s press release in March 2023, the Malaysian economy experienced a robust recovery in 2022, fueled by pent-up domestic demand and a resilient export performance following the reopening of the economy. However, external headwinds are expected to lead to a moderate growth rate of around 4.5% in 2023.

The Bank Negara Malaysia ("BNM") has also stated in its recently released Economic and Monetary Review 2022 report that the global economic environment in 2023 is expected to be challenging and uncertain, with major economies experiencing slower growth and tighter monetary policies. Meanwhile, global trade activity is projected to remain subdued. Nevertheless, despite these obstacles, the Malaysian economy is expected to grow between 4.0% and 5.0% in 2023, buoyed by strong domestic demand. Labor market improvements, ongoing implementation of multi-year investment projects, and increased tourism activity are expected to bolster private consumption and investment growth.

The recently announced revised Budget 2023 is highly encouraging, as it includes a substantial 12.0% increase from the previous year's allocation for healthcare, amounting to RM36.3 billion. This record-high allocation signals the right direction towards the much-needed reforms in the healthcare system, which is expected to drive greater demand for medicines, benefiting pharmaceutical players in the market. 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) The Contract Period for the supply of pharmaceutical and/or non-pharmaceutical products to hospitals, clinics and others under the Government of Malaysia for APPL 2017-2019 vide the Supply Agreements between Pharmaniaga Logistics Sdn Bhd and Duopharma (M) Sendirian Berhad ("DMSB") (a wholly-owned subsidiary of Duopharma Biotech Berhad) that was due to expire on 31 December 2022 had been further extended until 30 June 2023.

c) Based on the Finance Act 2021 gazetted on 31 December 2021, the special reinvestment allowance incentive that is under the PENJANA stimulus package has been extended until the year of assessment 2024. Accordingly, the Group may enjoy potential savings of around RM10 million upon completion of the qualifying assets including K3 by 2024.

Albeit the positive developments in the healthcare industry, the fluctuation of United States Dollar (USD) globally, increased finance costs as a result of the rising OPR, rising electricity tariff, and elevated labor cost pursuant to the amendments to the Employment Act 1955, pose challenges to Duopharma Biotech as they affect our production and other operational costs. These factors are expected to put pressure on manufacturing margin and hence our profit thereof.

Barring unforeseen market changes and developments, the Group aims to deliver a satisfactory performance in 2023.

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 31/3/23 RM'000	Current Year To Date 31/3/23 RM'000
Based on results for the quarter/year	(914)	(914)
Transfer (from)/to deferred tax	(4,745)	(4,745)
	<u>(5,659)</u>	<u>(5,659)</u>

The Group's effective tax rate is estimated to be lower than statutory tax rate after taking into consideration the potential tax allowances and incentives to be claimed during the 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 23 February 2023, the Board of Directors had resolved that the Dividend Reinvestment Plan ("DRP") approved by the shareholders at the Company's Extraordinary General Meeting held on 31 May 2018 would apply to the Second Interim Dividend of 1.8 sen per share amounting to approximately RM17.14 million. The issue price of the new ordinary shares in the Company issued pursuant to the DRP was fixed at RM 1.35 per new Duopharma Biotech Berhad share. The issue price was at a discount of approximately 9.87% to the 5-day ex-dividend volume weighted average market price (VWAMP) of RM 1.4978.

A total of 9,702,761 new shares have been issued and allocated pursuant to the Dividend Reinvestment Plan. The aforesaid new Duopharma Biotech Shares were listed and quoted on the Main Market of Bursa Malaysia Securities with effect from 10 May 2023.

B8 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
Current - unsecured	149,793	134,141
Non-current - unsecured	283,996	294,601
Total	<u>433,789</u>	<u>428,742</u>

B9 Material litigation

There was no material litigation up to 15 May 2023 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

B10 Dividend

The Directors do not recommend any interim dividend for the current quarter ended 31 March 2023. (2022: Nil)

B11 Earnings per Share

	Current year quarter 31/3/23	Current year to date 31/3/23
a) Basic EPS		
Net profit (RM'000)	22,633	22,633
Weighted average number of ordinary shares in issue ('000)		
-Balance b/f	952,239	952,239
	952,239	952,239
Basic EPS (sen)	2.38	2.38
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	952,239	952,239
	952,239	952,239
Dilutive EPS (sen)	2.38	2.38

B12 Profit Before Tax

	Current year quarter 31/3/23 RM '000	Current year to date 31/3/23 RM '000
Operating profit is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	8,829	8,829
Finance costs	2,522	2,522
Impairment of inventories	3,732	3,732
Net foreign exchange gain	(60)	(60)
Interest income	445	445

Other than the above, there were no other impairment of assets nor gain or loss on derivatives for the current quarter and current period ended 31 March 2023.

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 May 2023.

By Order of the Board

Ibrahim Hussin Salleh
Secretary
License No.: LS 0009121
SSM Practising Certificate No.: 201908001032
Kuala Lumpur
22-May-23