



## DUFU TECHNOLOGY CORP. BERHAD

200201013949 (Company No. 581612 A)  
(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

#### CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (3rd Q)		Cumulative Quarter (9 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	75,953	67,632	212,312	170,298
Cost of sales	(49,813)	(42,564)	(145,329)	(113,486)
<b>Gross profit</b>	26,140	25,068	66,983	56,812
Other operating income	(1,795)	1,505	5,006	4,796
General and administrative expenses	(7,565)	(9,243)	(23,640)	(23,776)
<b>Profit from operations</b>	<b>16,780</b>	<b>17,330</b>	<b>48,349</b>	<b>37,832</b>
Finance costs	(149)	(307)	(544)	(690)
Share of results of associate, net of tax	198	(189)	652	(1,005)
<b>Profit before tax</b>	<b>16,829</b>	<b>16,834</b>	<b>48,457</b>	<b>36,137</b>
Income tax expense	(4,023)	(2,125)	(11,798)	(7,017)
<b>Profit net of tax</b>	<b>12,806</b>	<b>14,709</b>	<b>36,659</b>	<b>29,120</b>
<b>Profit attributable to:</b>				
Owners of the parent	12,856	14,779	36,899	29,414
Non-controlling interests	(50)	(70)	(240)	(294)
	<b>12,806</b>	<b>14,709</b>	<b>36,659</b>	<b>29,120</b>
Basic earnings per share (sen)	2.5	5.8	7.2	11.8
Diluted earnings per share (sen)	2.5	5.8	7.2	11.8

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

The accompanying notes are an integral part of this statement.



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## INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (3rd Q)		Cumulative Quarter (9 months)	
	Current Period	Preceding Period	Current Period	Preceding Period
	Quarter	Corresponding	To Date	Corresponding
	Quarter	Quarter	Period	Period
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	12,806	14,709	36,659	29,120
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	1,595	946	2,521	(817)
<b>Total comprehensive income for the period</b>	<b>14,401</b>	<b>15,655</b>	<b>39,180</b>	<b>28,303</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	14,451	15,725	39,420	28,597
Non-controlling interests	(50)	(70)	(240)	(294)
	<b>14,401</b>	<b>15,655</b>	<b>39,180</b>	<b>28,303</b>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

The accompanying notes are an integral part of this statement.



## DUFU TECHNOLOGY CORP. BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

#### NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (3rd Q)		Cumulative Quarter (9 months)	
	Current Period	Preceding Period	Current Period	Preceding Period
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	149	307	544	690
(b) Interest income	(81)	(185)	(397)	(514)
(c) Depreciation and amortisation	2,641	3,063	7,838	8,189
(d) (Reversal of) or expected credit losses for receivables	-	-	-	-
(e) Provision for and write off of inventories	-	-	-	-
(f) (Gain) or loss on disposal of quoted or unquoted investments or properties	(50)	211	(50)	192
(g) Property, plant and equipment written off	(3)	64	-	64
(h) Realised foreign exchange (gain)/ loss	1,936	(622)	(99)	(336)
(i) Unrealised foreign exchange (gain)/ loss	1,646	101	(351)	(873)
(j) Reversal of inventories written down	-	-	-	-

*The Notes to Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.*

*The accompanying notes are an integral part of this statement.*

**DUFU TECHNOLOGY CORP. BERHAD**200201013949 (Company No. 581612 A)  
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 30 Sep 2020	(Audited) As at 31 Dec 2019
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	43,169	38,378
RIGHT-OF-USE ASSETS	27,570	29,891
INVESTMENT PROPERTIES	8,129	8,541
INVESTMENT IN ASSOCIATE	4,251	3,600
INVESTMENT IN CLUB MEMBERSHIP, AT COST	59	67
DEFERRED TAX ASSETS	1,185	1,176
	<u>84,363</u>	<u>81,653</u>
<b>CURRENT ASSETS</b>		
Inventories	61,054	59,786
Trade and other receivables	87,141	83,534
Current tax assets	45	26
Other investments	182	180
Cash and bank balances	60,015	43,500
	<u>208,437</u>	<u>187,026</u>
<b>TOTAL ASSETS</b>	<u>292,800</u>	<u>268,679</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
SHARE CAPITAL	96,747	87,735
TREASURY SHARES	(3,452)	(3,452)
RESERVES	146,951	130,085
	<u>240,246</u>	<u>214,368</u>
NON- CONTROLLING INTERESTS	-	429
<b>EQUITY FUNDS</b>	<u>240,246</u>	<u>214,797</u>
<b>NON-CURRENT LIABILITIES</b>		
LOANS AND BORROWINGS	10,781	11,901
DEFERRED TAX LIABILITIES	-	1
	<u>10,781</u>	<u>11,902</u>
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	3,510	5,619
Trade and other payables	30,247	32,582
Contract liability	547	547
Current tax liabilities	7,469	3,232
	<u>41,773</u>	<u>41,980</u>
<b>TOTAL LIABILITIES</b>	<u>52,554</u>	<u>53,882</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>292,800</u>	<u>268,679</u>
Net Assets per ordinary share (RM)	<u>0.46</u>	<u>0.84</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 December 2019.

The accompanying notes are an integral part of this statement.



**DUFU TECHNOLOGY CORP. BERHAD**

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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(The figures have not been audited)

Nine Months Ended 30 September 2020

	← Attributable to owners of the Company →					Non-controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Other Reserves	Share Option Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>At 1 January 2020</b>	87,735	(3,452)	(22,207)	2,427	149,865	214,368	429	214,797
<b>Total comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	36,899	36,899	(240)	36,659
Other comprehensive income for the period	-	-	2,521	-	-	2,521	-	2,521
	-	-	2,521	-	36,899	39,420	(240)	39,180
<b>Transactions with owners:</b>								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(21,893)	(21,893)	-	(21,893)
Issue of shares pursuant to ESOS	5,931	-	-	-	-	5,931	-	5,931
Transfer from Share Options Reserve	3,081	-	-	(3,081)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	2,544	-	2,544	-	2,544
Acquisition of shares from non-controlling interests	-	-	-	-	(124)	(124)	(189)	(313)
Total transactions with owners:	9,012	-	-	(537)	(22,017)	(13,542)	(189)	(13,731)
<b>At 30 September 2020</b>	<b>96,747</b>	<b>(3,452)</b>	<b>(19,686)</b>	<b>1,890</b>	<b>164,747</b>	<b>240,246</b>	<b>-</b>	<b>240,246</b>

Nine Months Ended 30 September 2019

	← Attributable to owners of the Company →					Non-controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Other Reserves	Share Option Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>At 1 January 2019</b>	87,735	(9,563)	(21,117)	-	116,579	173,634	846	174,480
<b>Total comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	29,414	29,414	(294)	29,120
Other comprehensive income for the period	-	-	(817)	-	-	(817)	-	(817)
	-	-	(817)	-	29,414	28,597	(294)	28,303
<b>Transactions with owners:</b>								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Dividends	-	6,110	-	-	(11,236)	(5,126)	-	(5,126)
Share Options granted under ESOS	-	-	-	1,213	-	1,213	-	1,213
Total transactions with owners:	-	6,110	-	1,213	(11,236)	(3,913)	-	(3,913)
<b>At 30 September 2019</b>	<b>87,735</b>	<b>(3,453)</b>	<b>(21,934)</b>	<b>1,213</b>	<b>134,757</b>	<b>198,318</b>	<b>552</b>	<b>198,870</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 December 2019.

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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(The figures have not been audited)

	<b>9 months ended 30 Sep 2020</b>	<b>9 months ended 30 Sep 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	48,457	36,137
Adjustments for:		
Amortisation of club membership	9	9
Depreciation	7,829	8,180
Interest income	(397)	(514)
Interest expense	544	690
Loss/(Gain) on disposal of property, plant and equipment	(50)	192
Plant and equipment written off	-	64
Share of results of associate	(652)	1,005
Share option granted under ESOS	2,544	1,213
Unrealised loss/ (gain) on foreign exchange	(351)	(873)
Total adjustments	9,476	9,966
<b>Operating cash flows before changes in working capital</b>	<b>57,933</b>	<b>46,103</b>
Changes in working capital		
Net change in current assets	(4,527)	(21,467)
Net change in current liabilities	(2,335)	4,916
Total changes in working capital	(6,862)	(16,551)
<b>Cash flows from operations</b>	<b>51,071</b>	<b>29,552</b>
Tax paid	(7,580)	(8,614)
<b>Net cash flow generated from operating activities</b>	<b>43,491</b>	<b>20,938</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9,660)	(20,725)
Interest received	397	514
Proceeds from disposal of plant and equipment	93	136
Acquisition of shares from non-controlling interests	(312)	-
Net change on other investments	(3)	(3)
<b>Net cash used in investing activities</b>	<b>(9,485)</b>	<b>(20,078)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(1,135)	(1,368)
Proceeds from finance lease liabilities	-	1,518
Repayment of finance lease liabilities	(326)	(809)
Dividends paid to shareholders	(21,893)	(5,126)
Proceeds from issuance of shares	5,931	-
Net change in other bank borrowings	(1,767)	4,313
Interest paid	(544)	(690)
Net drawdown of term loans and borrowings	-	6,000
<b>Net cash (used in)/ generated from financing activities</b>	<b>(19,734)</b>	<b>3,838</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>14,272</b>	<b>4,698</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>43,500</b>	<b>41,338</b>
<b>Effects of exchange rate changes</b>	<b>2,243</b>	<b>412</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>60,015</b>	<b>46,448</b>
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	52,696	39,393
Deposits with licensed banks:		
Fixed deposit	7,319	7,055
	<b>60,015</b>	<b>46,448</b>
	-	-

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Report for the year ended 31 December 2019.

The accompanying notes are an integral part of this statement.



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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

**2. Significant accounting policies**

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2019 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 January 2020:

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 3 Business Combinations – *Definition of a Business*

Amendments to MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments and MFRS 139: Financial Instruments: Recognition and Measurement – *Interest Rate Benchmark Reform*

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group.



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**INTERIM FINANCIAL REPORT  
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**NOTES TO THE INTERIM FINANCIAL REPORT**

The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

	Description	Effective for annual periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 128	Investments in Associates and Joint Ventures	Deferred
MFRS 17	Insurance Contracts	1 January 2023
MFRS 3	Reference to the Conceptual Framework	1 January 2022
MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
	Annual Improvements to MFRS Standards 2018-2020	1 January 2022
	Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

**3. Significant Accounting Estimates And Judgements**

**(a) Critical Judgements Made in Applying Accounting Policies**

There are no critical judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognized in the financial statements.

**(b) Key Sources of Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.





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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**(i) Depreciation of plant and equipment**

The cost of Computer Numerical Control (“CNC”) machining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within ten years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**4. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2019 was not subject to any audit qualification.

**5. Seasonal or cyclical factors**

The Group's business operations were not materially affected by any major seasonal or cyclical factors.

**6. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial period.

**7. Changes in estimates**

There were no material changes in estimates of amount reported in prior interim period or financial period that have a material effect in the current year.



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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**8. Debt and equity securities**

There was no issuance or repayment of debt and equity securities, share buy-backs and share cancellations for the current financial period except for the following:

As at quarter ended 30 September 2020, a total of 266,323,367 and 5,416,000 new ordinary shares were issued pursuant to the bonus issue and exercise of the Company's Employees Share Options Scheme ("ESOS") respectively. Details of the issued and paid up capital of the Company as at 30 September 2020 are as follows:

	<b>No. of shares</b>	<b>RM'000</b>
<b>As at 1 January 2020</b>	263,205,367	87,735
(a) Ordinary Shares issued pursuant to the bonus issue	266,323,367	-
(b) Ordinary Shares issued pursuant to the ESOS		
(i) Cash receipts from exercise of ESOS	5,416,000	5,931
(ii) Transfer from Share Options Reserve	-	3,081
<b>As at 30 September 2020</b>	<b>534,944,734*</b>	<b>96,747</b>

\*Inclusive of 13,792,488 Ordinary Shares held as treasury shares.

**9. Dividend paid**

A single tier first interim dividend of 1.25 sen in respect of the financial year ending 31 December 2020 has been declared on 4 August 2020 and was paid on 25 September 2020.

**10. Valuation of property, plant and equipment**

There was no valuation of property, plant and equipment in the current quarter under review and financial year-to-date.

**11. Significant and subsequent events to the balance sheet date**

There were no significant material and subsequent events at the end of the financial period ended 30 September 2020 that have not been reflected in the interim financial statements as at the date of this report.



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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**12. Changes in the composition of the Group**

There were no significant changes in the composition of the Group for the current financial period to date except as follows: -

- a) Acquisition of remaining equity interest from non-controlling interest - Dufu Metal Sdn Bhd (“DMSB”)

On 3 September 2020, Dufu Technology Corp. Berhad acquired the remaining 25% equity interest in DMSB for a consideration of RM0.31 million satisfied by cash. The carrying amount of net assets of DMSB in the Group's financial statements on the date of acquisition was RM0.75 million. The Group adjusted the differences which arose from the increase in stake with a reduction in retained earnings of RM0.12 million and non-controlling interest of RM0.19 million.

- b) Investment in an Associate - Superior Plating Technology (Thailand) Co., Ltd (“SPT”)

On 20 April 2020, the Company's ownership interest in SPT was reduced from 19.6% to 17.2% of which the Group's share of results has been fully accounted for in the current financial period ended 30 September 2020. Following the dilution of ownership interest, SPT remains an associate of the Group.

**13. Changes in corporate guarantees, contingent liabilities or contingent assets**

As at 30 September 2020, the Group has no material contingent liabilities save for corporate guarantee of RM79 million issued by the Company in respect of banking facilities granted to the subsidiary companies.

**14. Related party transactions**

The Board are of the opinion that there is no related party transaction which would have a material impact on the financial position and the business of the Group for the current financial year.

**15. Segment reporting**

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to single operating segment, namely precision machining of industrial products and manufacturing of high-quality computer disk-drive related components.

The segmental information of the Group is presented by geographical segments. The geographical segments are based on the location of the assets and these are:

- (i) Malaysia
- (ii) Singapore
- (iii) China



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**NOTES TO THE INTERIM FINANCIAL REPORT**

Segment information for the year ended 30 September 2020 are as follows:

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	191,639	180,010	38,128	(197,465)	212,312
EBDITA *	43,485	4,002	9,113	(413)	56,187
Depreciation	(5,975)	(70)	(1,793)	-	(7,838)
Profit from operation	37,510	3,932	7,320	(413)	48,349
Finance costs	(537)	(7)	-	-	(544)
Share of results of associate	652	-	-	-	652
PBT **	37,625	3,925	7,320	(413)	48,457

**As at 30 September 2020**

Total assets	295,607	97,099	68,552	(168,458)	292,800
Total liabilities	49,980	69,865	7,451	(74,742)	52,554

Segment information for the year ended 30 September 2019 are as follows:

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	151,204	129,665	42,141	(152,712)	170,298
EBDITA *	44,647	2,744	10,963	(12,333)	46,021
Depreciation	(6,169)	(86)	(1,934)	-	(8,189)
Profit from operation	38,478	2,658	9,029	(12,333)	37,832
Finance costs	(683)	(7)	-	-	(690)
Share of results of associate	(1,005)	-	-	-	(1,005)
PBT **	36,790	2,651	9,029	(12,333)	36,137

**As at 30 September 2019**

Total assets	277,086	79,663	57,761	(163,658)	250,852
Total liabilities	58,156	56,466	8,966	(71,606)	51,982

\* EBDITA – Earnings/(Loss) Before Depreciation, Interest expenses, Tax and Amortisation

\*\* PBT - Profit/(Loss) Before Tax



**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING  
REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A**

**16. Review of performance**

i) Comparison between current year quarter with corresponding quarter:

Current Year Quarter – 30 September 2020

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	66,659	64,919	12,579	(68,204)	75,953
EBDITA *	15,441	1,929	2,189	(138)	19,421
Depreciation	(1,951)	(24)	(666)	-	(2,641)
Profit					
from operation	13,490	1,905	1,523	(138)	16,780
Finance costs	(147)	(2)	-	-	(149)
Share of results of associate	198	-	-	-	198
PBT **	13,541	1,903	1,523	(138)	16,829

Preceding Year Quarter – 30 September 2019

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	63,406	53,787	15,751	(65,312)	67,632
EBDITA *	21,593	2,904	5,062	(9,166)	20,393
Depreciation	(2,394)	(29)	(640)	-	(3,063)
Profit					
from operation	19,199	2,875	4,422	(9,166)	17,330
Finance costs	(305)	(2)	-	-	(307)
Share of results of associate	(189)	-	-	-	(189)
PBT **	18,705	2,873	4,422	(9,166)	16,834

\* EBDITA – Earnings/(Loss) Before Depreciation, Interest expenses, Tax and Amortisation

\*\* PBT - Profit/(Loss) Before Tax

**Group**

Group revenue for the quarter ended 30 September 2020 was RM75.9 million compared with RM67.6 million for the quarter ended 30 September 2019, an increase of 12.3%. The increase in revenue was mainly due to the increase in volume loading by customers related to Hard Disk



**DUFU TECHNOLOGY CORP. BERHAD**  
200201013949 (Company No. 581612-A)  
(Incorporated in Malaysia)

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Drives (“HDD”) components. Despite the increase in revenue, the Group’s Profit Before Taxation for the quarter ended 30 September 2020 remains at RM16.8 million namely due to the unfavorable foreign exchange losses in the current quarter compared to foreign exchange gain recorded in the previous corresponding quarter.

ii) Comparison between current period with corresponding period:

Current Period – 30 September 2020

	<b>Malaysia RM’000</b>	<b>Singapore RM’000</b>	<b>China RM’000</b>	<b>Eliminations RM’000</b>	<b>Total RM’000</b>
Revenue	191,639	180,010	38,128	(197,465)	212,312
EBDITA *	43,485	4,002	9,113	(413)	56,187
Depreciation	(5,975)	(70)	(1,793)	-	(7,838)
Profit					
from operation	37,510	3,932	7,320	(413)	48,349
Finance costs	(537)	(7)	-	-	(544)
Share of results of associate	652	-	-	-	652
PBT **	37,625	3,925	7,320	(413)	48,457

Preceding Period - 30 September 2019

	<b>Malaysia RM’000</b>	<b>Singapore RM’000</b>	<b>China RM’000</b>	<b>Eliminations RM’000</b>	<b>Total RM’000</b>
Revenue	151,204	129,665	42,141	(152,712)	170,298
EBDITA *	44,647	2,744	10,963	(12,333)	46,021
Depreciation	(6,169)	(86)	(1,934)	-	(8,189)
Profit					
from operation	38,478	2,658	9,029	(12,333)	37,832
Finance costs	(683)	(7)	-	-	(690)
Share of results of associate	(1,005)	-	-	-	(1,005)
PBT **	36,790	2,651	9,029	(12,333)	36,137

\* EBDITA - Earnings Before Depreciation, Interest expenses, Tax and Amortisation

\*\* PBT - Profit/(Loss) Before Tax



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**Group**

The Group's revenue for the period ended 30 September 2020 was RM212.3 million compared with RM170.3 million for the period ended 30 September 2019, an increase of 24.7%. The increase in revenue was mainly due to the increase in demand related to Hard Disk Drives ("HDD") components. The Group's profit before taxation for the period ended 30 September 2020 increased to RM48.5 million from RM36.1 million registered in the previous financial period ended 30 September 2019. The increase in profit before taxation was mainly due to the increase in revenue and share of results of associate's profit of RM0.65 million compared to losses of RM1.01 million in the previous year corresponding period.

**17. Comparison with immediate preceding quarter's results**

	Individual quarter ended		Variance	
	30.09.2020	30.06.2020		
	RM'000	RM'000	RM'000	%
Revenue	75,953	73,410	2,543	3.46
Profit before tax	16,829	12,937	3,892	30.08

Revenue for the quarter ended 30 September 2020 increased by RM2.5 million or 3.5% while profit before taxation increased by RM3.9 million or 30.1% for the current quarter as compared to the preceding quarter. The increase in profit before taxation was mainly due to the increase in revenue. In addition, the results in the preceding financial quarter was affected by the operational impact due to the Covid-19 outbreak as mentioned in the Group's previous financial report quarterly announcement.

**18. Prospects**

The most severe and uncertain factor affecting the Group would be the unprecedented coronavirus disease (Covid-19) pandemic which is felt worldwide causing disruption to global supply chains, manpower, businesses and society. The Organisation for Economic Cooperation and Development (OECD) has warned that the global economy will contract this year and a possible recession in sight where manufacturing output has fell and retail sales has collapsed.

Initially our plant in Guangzhou, China was affected by the compulsory shutdown by the Government of China in January 2020. It has since recovered. Thereafter, our plants in Malaysia were shut down on 18 March 2020 due to the Movement Control Order (MCO) implemented by the Government as a preventive measure towards Covid-19 pandemic.

Subsequently, Dufu Industries Sdn Bhd (DISB) and Dufusion Sdn Bhd (DFSB) received approval from Ministry of International Trade (MITI) to operate at 50% of their man power



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capacity on 3 & 17 April 2020 respectively. DISB and DFSB resumed their business operations amidst at lower capacity on 6 & 20 April 2020 respectively namely to meet their customers' existing and new orders.

During the MCO period, albeit with minimal work force, the Group's Malaysian-based production remain swiftly in operation and productivity was capped to its maximum. The Group continues to abide to MITI's directives to ensure regular sanitization of premises and employees are strictly required to adhere to the standard operating procedures to mitigate the risk of contamination of its plants from Covid-19 disease.

The Group's operations in Malaysia has returned to normalcy since early May 2020. Nevertheless, the eventual impact to the Group's operations will largely be dependent on the scale and length of the pandemic which will ultimately be determined by how the virus spreads and evolves and how fast the Governments worldwide reopen their respective countries, of which this is almost impossible to predict at this juncture given that we have seen a surge in number of cases across the globe. The prolonged outbreak is likely to hit most of the countries' gross domestic product ("GDP") worldwide.

Nevertheless, sales are expected to remain strong coming into final quarter of financial year ending 31 December 2020 ("FY2020"). We expect the Group to achieve a record revenue for FY2020 which will likely enable the Group to achieve satisfactory results despite the above obstacles and uncertainties.

**19. Variance of actual profit from profit forecast**

Not applicable.

**20. Taxation**

	<b>Current Quarter 3 months ended 30 Sep 2020 RM'000</b>	<b>Year-to-date 9 months ended 30 Sep 2020 RM'000</b>
Income tax		
Current year	4,023	11,798
Prior year	-	-
	<hr/>	<hr/>
	4,023	11,798
Deferred tax		
Current year	-	(1,473)
Prior year	-	1,473
	<hr/>	<hr/>
	4,023	11,798





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**21. Status on corporate proposals**

There were no significant corporate proposals for the current financial period to date except as follow:-

- a) On 20 January 2020, the Company announced to undertake a proposed bonus issue of up to 267,618,367 new ordinary shares on the basis of 1 Bonus Share for every 1 existing Dufu Share held. The Proposed Bonus Issue was approved By Bursa Securities on 18 March 2020 and an Extraordinary Meeting (“EGM”) was held on 19 June 2020 of which the shareholders had voted to approve the Proposed Bonus Issue. The lodgment date for the Proposed Bonus Issue was on 4 August 2020.

**22. Group borrowings**

The Group’s borrowings as at the end of the reporting quarter are as follows:

	<b>Short-term (Unsecured) RM’000</b>	<b>Short-term (Secured) RM’000</b>	<b>Long-term (Secured) RM’000</b>	<b>Total borrowing (Secured) RM’000</b>
Finance lease liabilities	-	387	769	1,156
Term loans	-	1,002	10,012	11,014
Bankers’ acceptances	-	-	-	-
Revolving term loan	2,121	-	-	2,121
Total	<u>2,121</u>	<u>1,389</u>	<u>10,781</u>	<u>14,291</u>

The Group borrowings are dominated in the following currencies:

	<b>RM’000</b>
Ringgit Malaysia	12,170
US Dollar	2,121
Total borrowings	<u>14,291</u>

**23. Derivatives financial instruments**

There were no outstanding derivatives financial instruments entered into by the Group as at the date of this quarterly report.

**24. Material litigation**

There was no pending material litigation as at the date of this quarterly report.



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**25. Dividend**

A single tier first interim dividend of 1.25 sen based on the enlarged share capital of 534.9 million number of shares in respect of the financial year ending 31 December 2020 has been declared on 4 August 2020 and was paid on 25 September 2020. In the corresponding period, a single tier interim dividend of 2.0 sen based on the share capital of 263.2 million in respect of the financial year ended 31 December 2019 was paid on 25 September 2019.

A single tier final dividend of 6 sen for the year ended 31 December 2019 was paid to shareholders on 15 July 2020. In the corresponding period, a single tier final dividend for the year ended 31 December 2018 by way of dividend-in-specie on the basis of one (1) distribution of share held as treasury shares for every twenty (20) existing shares held in the Company was credited to shareholders accounts on 12 June 2019.

**26. Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the quarter/period by the weighted average number of ordinary shares during the financial quarter/period.

	<b>3 Months Quarter Ended</b>		<b>9 Months Period Ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net profit attributable to shareholders (RM'000)	12,856	14,779	36,899	29,414
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	519,239	256,309	514,795	249,529
Basic earnings per share (sen)	2.5	5.8	7.2	11.8
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	519,597	256,309	515,153	249,529
Diluted earnings per share (sen)	2.5	5.8	7.2	11.8

**DATED THIS 2<sup>nd</sup> DAY OF NOVEMBER, 2020**