



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period	Preceding Period	Current Period	Preceding Period
	Quarter	Corresponding	To Date	Corresponding
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	85,687	78,824	297,999	249,122
Cost of sales	(49,677)	(52,924)	(195,006)	(166,410)
Gross profit	36,010	25,900	102,993	82,712
Other operating income	866	1,427	5,872	6,223
General and administrative expenses	(16,296)	(9,560)	(39,936)	(33,336)
Profit from operations	20,580	17,767	68,929	55,599
Finance costs	(161)	(266)	(705)	(956)
Share of results of associate, net of tax	400	128	1,052	(877)
Profit before tax	20,819	17,629	69,276	53,766
Income tax expense	(5,907)	(2,645)	(17,705)	(9,662)
Profit net of tax	14,912	14,984	51,571	44,104
Profit attributable to:				
Owners of the parent	14,912	15,107	51,811	44,521
Non-controlling interests	-	(123)	(240)	(417)
	14,912	14,984	51,571	44,104
Basic earnings per share (sen) *	2.9	2.9	10.0	8.9
Diluted earnings per share (sen) *	2.8	2.9	9.8	8.8

* Basic and diluted earnings per share are calculated based on the weighted average of ordinary shares which has been adjusted for bonus issue retrospectively.

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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Registration No. 200201013949 (581612 A)
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INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	14,912	14,984	51,571	44,104
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	(512)	(272)	2,009	(1,089)
Total comprehensive income for the period	14,400	14,712	53,580	43,015
Total comprehensive income attributable to:				
Owners of the parent	14,400	14,835	53,820	43,432
Non-controlling interests	-	(123)	(240)	(417)
	14,400	14,712	53,580	43,015

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

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	161	266	705	956
(b) Interest income	(91)	(164)	(488)	(732)
(c) Depreciation and amortisation	1,481	2,155	9,319	10,344
(d) (Reversal of) or expected credit losses for receivables	(560)	26	(560)	26
(e) Provision for and write off of inventories	468	48	468	48
(f) (Gain) or loss on disposal of quoted or unquoted investments or properties	(8)	(190)	(58)	2
(g) Property, plant and equipment written off	3	(45)	3	19
(h) Realised foreign exchange (gain)/ loss	1,331	(718)	1,232	(1,054)
(i) Unrealised foreign exchange (gain)/ loss	3,295	1,583	2,944	710

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.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(Unaudited) As at 31 Dec 2020	(Audited) As at 31 Dec 2019
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	42,156	38,378
RIGHT-OF-USE ASSETS	28,426	29,891
INVESTMENT PROPERTIES	8,301	8,541
INVESTMENT IN ASSOCIATE	4,452	3,600
INVESTMENT IN CLUB MEMBERSHIP, AT COST	56	67
DEFERRED TAX ASSETS	510	1,176
	<u>83,901</u>	<u>81,653</u>
CURRENT ASSETS		
Inventories	53,989	59,786
Trade and other receivables	92,690	83,534
Current tax assets	313	26
Cash and bank balances	80,083	43,680
	<u>227,075</u>	<u>187,026</u>
TOTAL ASSETS	<u>310,976</u>	<u>268,679</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	97,263	87,735
TREASURY SHARES	(3,452)	(3,452)
RESERVES	162,021	130,085
	<u>255,832</u>	<u>214,368</u>
NON- CONTROLLING INTERESTS	-	429
EQUITY FUNDS	<u>255,832</u>	<u>214,797</u>
NON-CURRENT LIABILITIES		
LOANS AND BORROWINGS	9,953	11,901
DEFERRED TAX LIABILITIES	1	1
	<u>9,954</u>	<u>11,902</u>
CURRENT LIABILITIES		
Loans and borrowings	7,594	5,619
Trade and other payables	30,981	32,582
Contract liability	901	547
Current tax liabilities	5,714	3,232
	<u>45,190</u>	<u>41,980</u>
TOTAL LIABILITIES	<u>55,144</u>	<u>53,882</u>
TOTAL EQUITY AND LIABILITIES	<u>310,976</u>	<u>268,679</u>
Net Assets per ordinary share (RM)	<u>0.49</u>	<u>0.42*</u>

* Net Assets per share as at 31 December 2019 (Audited) are calculated based on the ordinary shares which has been adjusted for bonus issue retrospectively.

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

Registration No. 200201013949 (581612 A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Twelve Months Ended 31 December 2020

	← Attributable to owners of the Company →					→ Non-controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Other Reserves	Share Option Reserve	Retained Earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
At 1 January 2020	87,735	(3,452)	(22,206)	2,427	149,864	214,368	429	214,797
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	51,811	51,811	(240)	51,571
retrospective adjustments	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	2,009	-	-	2,009	-	2,009
	-	-	2,009	-	51,811	53,820	(240)	53,580
Transactions with owners:								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(21,893)	(21,893)	-	(21,893)
Issue of shares pursuant to ESOS	6,085	-	-	-	-	6,085	-	6,085
Transfer from Share Options Reserve	3,443	-	-	(3,443)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	3,576	-	3,576	-	3,576
Dilution of interests in non-controlling interests	-	-	-	-	(124)	(124)	(189)	(313)
Total transactions with owners:	9,528	-	-	133	(22,017)	(12,356)	(189)	(12,545)
At 31 December 2020	97,263	(3,452)	(20,197)	2,560	179,658	255,832	-	255,832

Twelve Months Ended 31 December 2019

	← Attributable to owners of the Company →					→ Non-controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Other Reserves	Share Option Reserve	Retained Earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
At 1 January 2019	87,735	(9,562)	(21,117)	-	116,579	173,635	846	174,481
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	44,521	44,521	(417)	44,104
Other comprehensive income for the period	-	-	(1,089)	-	-	(1,089)	-	(1,089)
	-	-	(1,089)	-	44,521	43,432	(417)	43,015
Transactions with owners:								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Dividends	-	6,110	-	-	(11,236)	(5,126)	-	(5,126)
Share Options granted under ESOS	-	-	-	2,427	-	2,427	-	2,427
Total transactions with owners:	-	6,110	-	2,427	(11,236)	(2,699)	-	(2,699)
At 31 December 2019	87,735	(3,452)	(22,206)	2,427	149,864	214,368	429	214,797

The Condensed Consolidated Statements of Changes in Equity 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.



INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	12 months ended 31 Dec 2020	12 months ended 31 Dec 2019
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	69,276	53,766
Adjustments for:		
Amortisation of club membership	12	12
Depreciation	9,307	10,332
Expected/ (Reversal of) credit loss for receivables	(560)	26
Interest income	(488)	(732)
Interest expense	705	956
Inventories written (back)/down	468	48
Loss/(Gain) on disposal of property, plant and equipment	(58)	2
Plant and equipment written off	3	19
Loss in diluted of shares in associate	118	-
Share of results of associate	(1,052)	877
Share option granted under ESOS	3,576	2,427
Unrealised loss/ (gain) on foreign exchange	2,944	710
Total adjustments	14,975	14,677
Operating cash flows before changes in working capital	84,251	68,443
Changes in working capital		
Net change in current assets	(5,351)	(30,708)
Net change in current liabilities	(1,062)	2,806
Total changes in working capital	(6,413)	(27,902)
Cash flows from operations	77,838	40,541
Tax paid	(14,915)	(11,919)
Net cash flow generated from operating activities	62,923	28,622
INVESTING ACTIVITIES		
Purchase of investment property	(315)	-
Purchase of property, plant and equipment	(10,329)	(25,774)
Interest received	488	732
Proceeds from disposal of plant and equipment	98	1,442
Net cash used in investing activities	(10,058)	(23,600)
FINANCING ACTIVITIES		
Repayment of finance lease liabilities	(470)	(989)
Dividends paid to shareholders	(21,893)	(5,126)
Change in ownership interest in subsidiary	(313)	-
Proceeds from issuance of shares	6,085	-
Changes in bank balance pledged as security	(154)	-
Interest paid	(705)	(956)
Net drawdown of short term borrowings	598	6,311
Net cash (used in)/ generated from financing activities	(16,852)	(760)
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,013	4,262
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	43,680	41,514
Effects of exchange rate changes	236	(2,096)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	79,929	43,680
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	65,108	36,626
Deposits with licensed banks:		
Fixed deposit	14,821	7,054
	79,929	43,680
Bank balance pledged as security	154	-
Cash and bank balances	80,083	43,680

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

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Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 and MFRS 108 *Definition of Material*
- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*
- Amendments to References to the Conceptual Framework in MFRS Standards

The Group has also early applied the Amendment to MFRS 16 *Covid-19-Related Rent Concessions* which is effective for annual periods beginning on or after 1 June 2020.

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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Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 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.



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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.



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 year ended 31 December 2020, a total of 266,323,367 and 5,638,000 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 31 December 2020 are as follows:

	No. of shares	RM'000
As at 1 January 2020	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	5,638,000	6,085
(ii) Transfer from Share Options Reserve	-	3,443
As at 31 December 2020	535,166,734*	97,263

*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 31 December 2020 that have not been reflected in the interim financial statements as at the date of this report.



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 31 December 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

**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****NOTES TO THE INTERIM FINANCIAL REPORT**

Segment information for the year ended 31 December 2020 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	268,888	251,105	54,006	(276,000)	297,999
EBDITA *	81,586	7,655	11,949	(22,942)	78,248
Depreciation	(6,322)	(96)	(2,901)	-	(9,319)
Profit					
from operation	75,264	7,559	9,048	(22,942)	68,929
Finance costs	(696)	(9)	-	-	(705)
Share of results of associate	1,052	-	-	-	1,052
PBT **	75,620	7,550	9,048	(22,942)	69,276

As at 31 December 2020

Total assets	337,866	104,551	67,612	(199,053)	310,976
Total liabilities	66,086	75,221	10,036	(96,199)	55,144

Segment information for the year ended 31 December 2019 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	213,820	191,453	60,035	(216,186)	249,122
EBDITA *	72,836	4,485	16,141	(27,519)	65,943
Depreciation	(7,151)	(111)	(3,082)	-	(10,344)
Profit					
from operation	65,685	4,374	13,059	(27,519)	55,599
Finance costs	(947)	(9)	-	-	(956)
Share of results of associate	(877)	-	-	-	(877)
PBT **	63,861	4,365	13,059	(27,519)	53,766

As at 31 December 2019

Total assets	302,908	85,276	62,903	(182,408)	268,679
Total liabilities	72,969	61,618	10,072	(90,777)	53,882

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

** PBT - Profit/(Loss) Before Tax

**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 – 31 December 2020

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	77,249	71,095	15,877	(78,534)	85,687
EBDITA *	38,101	3,653	2,836	(22,529)	22,061
Depreciation	(347)	(26)	(1,108)	-	(1,481)
Profit					
from operation	37,754	3,627	1,728	(22,529)	20,580
Finance costs	(159)	(2)	-	-	(161)
Share of results of associate	400	-	-	-	400
PBT **	37,995	3,625	1,728	(22,529)	20,819

Preceding Year Quarter – 31 December 2019

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	62,615	61,789	17,893	(63,473)	78,824
EBDITA *	27,942	1,742	5,424	(15,186)	19,922
Depreciation	(736)	(25)	(1,394)	-	(2,155)
Profit					
from operation	27,206	1,717	4,030	(15,186)	17,767
Finance costs	(264)	(2)	-	-	(266)
Share of results of associate	128	-	-	-	128
PBT **	27,070	1,715	4,030	(15,186)	17,629

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

** PBT - Profit/(Loss) Before Tax

Group

Group revenue for the quarter ended 31 December 2020 was RM85.7 million compared with RM78.8 million for the quarter ended 31 December 2019, an increase of 8.7%. The increase in revenue was mainly due to the increase in volume loading by customers related to Hard Disk

**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****NOTES TO THE INTERIM FINANCIAL REPORT**

Drives (“HDD”) components. The Group’s Profit Before Taxation for the quarter ended 31 December 2020 increased to RM20.8 million from RM17.6 million registered in the previous year corresponding financial quarter ended 31 December 2019. The increase in profit before taxation was mainly due to the increased in revenue, share of positive results of associate and reversal of expected credit losses for receivables.

ii) Comparison between current period with corresponding period:

Current Year – 31 December 2020

	Malaysia RM’000	Singapore RM’000	China RM’000	Eliminations RM’000	Total RM’000
Revenue	268,888	251,105	54,006	(276,000)	297,999
EBDITA *	81,586	7,655	11,949	(22,942)	78,248
Depreciation	(6,322)	(96)	(2,901)	-	(9,319)
Profit					
from operation	75,264	7,559	9,048	(22,942)	68,929
Finance costs	(696)	(9)	-	-	(705)
Share of results of associate	1,052	-	-	-	1,052
PBT **	75,620	7,550	9,048	(22,942)	69,276

Preceding Year - 31 December 2019

	Malaysia RM’000	Singapore RM’000	China RM’000	Eliminations RM’000	Total RM’000
Revenue	213,820	191,453	60,035	(216,186)	249,122
EBDITA *	72,836	4,485	16,141	(27,519)	65,943
Depreciation	(7,151)	(111)	(3,082)	-	(10,344)
Profit					
from operation	65,685	4,374	13,059	(27,519)	55,599
Finance costs	(947)	(9)	-	-	(956)
Share of results of associate	(877)	-	-	-	(877)
PBT **	63,861	4,365	13,059	(27,519)	53,766

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

** PBT - Profit/(Loss) Before Tax



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

Group

The Group's revenue for the year ended 31 December 2020 was RM298.0 million compared with RM249.1 million for the year ended 31 December 2019, an increase of 19.6%. 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 year ended 31 December 2020 increased to RM69.3 million from RM53.8 million registered in the previous financial year ended 31 December 2019. The increase in profit before taxation was mainly due to the increase in revenue, reversal of expected credit losses for receivables of RM0.6 million and share of results of associate's profit of RM1.1 million compared to losses of RM0.9 million in the previous year.

17. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	31.12.2020	30.09.2020		
	RM'000	RM'000	RM'000	%
Revenue	85,687	75,953	9,734	12.8
Profit before tax	20,819	16,829	3,990	23.7

Revenue for the quarter ended 31 December 2020 increased by RM9.7 million or 12.8% while profit before taxation increased by RM4.0 million or 23.7% for the current quarter as compared to the preceding quarter. The increase in profit before taxation was mainly due to the increase in revenue and reversal of credit losses for receivables.

18. Prospects

The Group is seeing healthy order flow from existing customers, and coupled with confirmed orders from new customers. The demand from HDD business remains robust with cloud demand leading the charge to fuel the Group's growth. We are also positive on the Group's non-HDD segment as the semiconductor and tech hardware capital spending remains strong from domestic equipment exporters.

All-in-all we are seeing strong visibility of orders in the first quarter of year 2021 which should contribute positively towards the Group's earnings. In addition, the Group continues to streamline its business structure, improve on its processes and optimize its operations. Buoyed by the abovementioned positive developments for the Group vis-a-vis the associated risks on the unpredictability and uncertainty posed by Covid-19 pandemic on the Group's business operations and supply chain disruption, we are cautiously optimistic of the Group's financial performance in the coming first quarter of 2021.



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

19. Variance of actual profit from profit forecast

Not applicable.

20. Taxation

	Current Quarter 3 months ended 31 Dec 2020 RM'000	Year-to-date 12 months ended 31 Dec 2020 RM'000
Income tax		
Current year	3,638	15,436
Prior year	1,695	1,695
	<hr/> 5,333	<hr/> 17,131
Deferred tax		
Current year	358	(1,115)
Prior year	216	1,689
	<hr/> 5,907	<hr/> 17,705

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.



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

22. Group borrowings

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

	Short-term (Unsecured) RM'000	Short-term (Secured) RM'000	Long-term (Secured) RM'000	Total borrowing (Secured) RM'000
Finance lease liabilities	-	340	672	1,012
Term loans	-	1,383	9,281	10,664
Bankers' acceptances	3,453	-	-	3,453
Revolving term loan	2,418	-	-	2,418
Total	5,871	1,723	9,953	17,547

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	11,673
US Dollar	5,874
Total borrowings	17,547

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.

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 ending 31 December 2019 was paid on 25 September 2019.



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

At the forthcoming Annual General Meeting, a single tier final dividend of 3.75 sen per ordinary share will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2020. In the corresponding year, a single tier final dividend of 6 sen for the financial year ended 31 December 2019 was paid on 15 July 2020.

The total cash and share dividend per share to date for the current financial year is 5.0 sen (2019: 4.0 sen*).

* Dividend per share is calculated based on the ordinary shares which has been adjusted for bonus issue retrospectively.

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.

	3 Months Quarter Ended		12 Months Period Ended	
	31 December 2020	2019	30 December 2020	2019
Net profit attributable to shareholders (RM'000)	14,912	15,107	51,811	44,521
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	521,374	512,618	516,768	501,784
Basic earnings per share (sen)*	2.9	2.9	10.0	8.9
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	532,686	514,778	528,079	503,944
Diluted earnings per share (sen)*	2.8	2.9	9.8	8.8

* Basic and diluted earnings per share are calculated based on the weighted average of ordinary shares which has been adjusted for bonus issue retrospectively.

DATED THIS 26th DAY OF FEBRUARY, 2021