



## DUFU TECHNOLOGY CORP. BERHAD

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

### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

#### CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	79,501	62,948	79,501	62,948
Cost of sales	(50,012)	(42,117)	(50,012)	(42,117)
<b>Gross profit</b>	29,489	20,831	29,489	20,831
Other operating income	4,499	6,681	4,499	6,681
General and administrative expenses	(8,387)	(8,888)	(8,387)	(8,888)
<b>Profit from operations</b>	<b>25,601</b>	<b>18,624</b>	<b>25,601</b>	<b>18,624</b>
Finance costs	(94)	(163)	(94)	(163)
Share of results of associate, net of tax	305	229	305	229
<b>Profit before tax</b>	<b>25,812</b>	<b>18,690</b>	<b>25,812</b>	<b>18,690</b>
Income tax expense	(6,293)	(4,652)	(6,293)	(4,652)
<b>Profit net of tax</b>	<b>19,519</b>	<b>14,038</b>	<b>19,519</b>	<b>14,038</b>
<b>Profit attributable to:</b>				
Owners of the parent	19,519	14,144	19,519	14,144
Non-controlling interests	-	(106)	-	(106)
	<b>19,519</b>	<b>14,038</b>	<b>19,519</b>	<b>14,038</b>
Basic earnings per share (sen)	3.7	2.8	3.7	2.8
Diluted earnings per share (sen)	3.7	2.7	3.7	2.7

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 2020.

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 31 MARCH 2021

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	19,519	14,038	19,519	14,038
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	2,313	3,039	2,313	3,039
<b>Total comprehensive income for the period</b>	<b>21,832</b>	<b>17,077</b>	<b>21,832</b>	<b>17,077</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	21,832	17,183	21,832	17,183
Non-controlling interests	-	(106)	-	(106)
	<b>21,832</b>	<b>17,077</b>	<b>21,832</b>	<b>17,077</b>

*The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020.*

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





## DUFU TECHNOLOGY CORP. BERHAD

200201013949 (Company No. 581612 A)  
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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	94	163	94	163
(b) Interest income	(116)	(162)	(116)	(162)
(c) Depreciation and amortisation	2,682	2,937	2,682	2,937
(d) (Reversal of) or expected credit losses for receivables	-	-	-	-
(e) Provision for and write off of inventories	-	-	-	-
(f) (Gain)/Loss on disposal of property, plant and equipment	(40)	-	(40)	-
(g) Property, plant and equipment written off	-	-	-	-
(h) Realised foreign exchange (gain)/ loss	(311)	593	(311)	593
(i) Unrealised foreign exchange (gain)/ loss	(2,407)	(5,471)	(2,407)	(5,471)

*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 2020.*

*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 31 MARCH 2021****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 31 Mar 2021	(Audited) As at 31 Dec 2020
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	54,047	55,144
RIGHT-OF-USE ASSETS	15,466	15,438
INVESTMENT PROPERTIES	8,159	8,301
INVESTMENT IN ASSOCIATE	4,757	4,452
INVESTMENT IN CLUB MEMBERSHIP, AT COST	53	56
DEFERRED TAX ASSETS	565	559
	<u>83,047</u>	<u>83,950</u>
<b>CURRENT ASSETS</b>		
Inventories	58,766	53,990
Trade and other receivables	102,657	92,690
Current tax assets	358	313
Cash and bank balances	86,759	80,083
	<u>248,540</u>	<u>227,076</u>
<b>TOTAL ASSETS</b>	<u>331,587</u>	<u>311,026</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
SHARE CAPITAL	97,263	97,263
TREASURY SHARES	(3,452)	(3,452)
RESERVES	184,255	162,022
	<u>278,066</u>	<u>255,833</u>
NON- CONTROLLING INTERESTS	-	-
<b>EQUITY FUNDS</b>	<u>278,066</u>	<u>255,833</u>
<b>NON-CURRENT LIABILITIES</b>		
LOANS AND BORROWINGS	9,479	9,952
DEFERRED TAX LIABILITIES	1	1
	<u>9,480</u>	<u>9,953</u>
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	2,969	7,594
Trade and other payables	31,274	30,982
Contract liability	976	901
Current tax liabilities	8,822	5,763
	<u>44,041</u>	<u>45,240</u>
<b>TOTAL LIABILITIES</b>	<u>53,521</u>	<u>55,193</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>331,587</u>	<u>311,026</u>
Net Assets per ordinary share (RM)	<u>0.53</u>	<u>0.49</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 December 2020.

The accompanying notes are an integral part of this statement.



INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Three Months Ended 31 March 2021

	← 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 2021</b>	97,263	(3,452)	(20,198)	2,560	179,660	255,833	-	255,833
<b>Total comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	19,519	19,519	-	19,519
Other comprehensive income for the period	-	-	2,313	-	-	2,313	-	2,313
	-	-	2,313	-	19,519	21,832	-	21,832
<b>Transactions with owners:</b>								
Share Options granted/ vested under ESOS	-	-	-	401	-	401	-	401
Total transactions with owners:	-	-	-	401	-	401	-	401
<b>At 31 March 2021</b>	<b>97,263</b>	<b>(3,452)</b>	<b>(17,885)</b>	<b>2,961</b>	<b>199,179</b>	<b>278,066</b>	<b>-</b>	<b>278,066</b>

Three Months Ended 31 March 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	-	-	-	-	14,144	14,144	(106)	14,038
Other comprehensive income for the period	-	-	3,039	-	-	3,039	-	3,039
	-	-	3,039	-	14,144	17,183	(106)	17,077
<b>Transactions with owners:</b>								
Share Options granted/ vested under ESOS	-	-	-	848	-	848	-	848
Total transactions with owners:	-	-	-	848	-	848	-	848
<b>At 31 March 2020</b>	<b>87,735</b>	<b>(3,452)</b>	<b>(19,168)</b>	<b>3,275</b>	<b>164,009</b>	<b>232,399</b>	<b>323</b>	<b>232,722</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 December 2020.

The accompanying notes are an integral part of this statement.



INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	3 months ended 31 Mar 2021	3 months ended 31 Mar 2020
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	25,812	18,690
Adjustments for:		
Amortisation of club membership	3	2
Depreciation	2,679	2,935
Interest income	(116)	(162)
Interest expense	94	163
(Gain)/Loss on disposal of property, plant and equipment	(40)	-
Share of results of associate	(305)	(229)
Share option granted under ESOS	401	848
Unrealised (gain)/loss on foreign exchange	(2,407)	(5,471)
Total adjustments	309	(1,914)
<b>Operating cash flows before changes in working capital</b>	26,121	16,776
Changes in working capital		
Net change in current assets	(12,725)	130
Net change in current liabilities	167	1,632
Total changes in working capital	(12,558)	1,762
<b>Cash flows from operations</b>	13,563	18,538
Tax paid	(3,327)	(2,754)
<b>Net cash flow generated from operating activities</b>	10,236	15,784
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,122)	(4,805)
Interest received	116	162
Proceeds from disposal of plant and equipment	40	-
Net change on other investments	-	(1)
<b>Net cash used in investing activities</b>	(966)	(4,644)
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(386)	(458)
Repayment of finance lease liabilities	(83)	(106)
Interest paid	(94)	(163)
Net (repayment)/ drawdown of short term borrowings	(4,663)	5,375
<b>Net cash (used in)/ generated from financing activities</b>	(5,226)	4,648
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,044	15,788
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	80,083	43,500
<b>Effects of exchange rate changes</b>	2,632	2,757
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	86,759	62,045
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	63,309	54,731
Highly liquid investments in money market funds	184	-
Term deposits	23,266	7,314
	86,759	62,045

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Report for the year ended 31 December 2020.

The accompanying notes are an integral part of this statement.



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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

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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 2020. 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 2020.

**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 2020 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*

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 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

### 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		
MFRS 108	Definition of Accounting Estimates (Amendment to Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
MFRS 101	Disclosure of Accounting Policies (Amendment to Presentation of Financial Statements)	1 January 2023

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.



## DUFU TECHNOLOGY CORP. BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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#### NOTES TO THE INTERIM FINANCIAL REPORT

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##### **(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.

##### **(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 2020 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.

#### **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. As at 31 March 2021, the total number of issued shares of the Company is 535,166,734 Shares (“Shares”), inclusive of 13,792,488 Shares held as treasury shares. Hence, the number of outstanding Shares in issue is 521,374,246 Shares. Shares purchased were stated at cost.

#### **9. Dividend paid**

There was no dividend paid during the financial period ended 31 March 2021.



## DUFU TECHNOLOGY CORP. BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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#### NOTES TO THE INTERIM FINANCIAL REPORT

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#### 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 March 2021 that have not been reflected in the interim financial statements as at the date of this 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.

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

As at 31 March 2021, the Group has no material contingent liabilities save for corporate guarantee of RM87 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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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021****NOTES TO THE INTERIM FINANCIAL REPORT**

Segment information for the period ended 31 March 2021 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	73,759	65,131	10,996	(70,385)	79,501
EBDITA *	26,126	1,062	1,168	(73)	28,283
Depreciation	(1,900)	(18)	(764)	-	(2,682)
Profit					
from operation	24,226	1,044	404	(73)	25,601
Finance costs	(94)	-	-	-	(94)
Share of results of associate	305	-	-	-	305
PBT **	24,437	1,044	404	(73)	25,812

**As at 31 March 2021**

Total assets	340,977	107,453	68,466	(185,309)	331,587
Total liabilities	50,383	76,338	9,214	(82,414)	53,521

Segment information for the period ended 31 March 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	68,761	52,622	10,092	(68,527)	62,948
EBDITA *	18,936	1,284	1,479	(138)	21,561
Depreciation	(2,489)	(103)	(345)	-	(2,937)
Profit					
from operation	16,447	1,181	1,134	(138)	18,624
Finance costs	(161)	(2)	-	-	(163)
Share of results of associate	229	-	-	-	229
PBT **	16,515	1,179	1,134	(138)	18,690

**As at 31 March 2020**

Total assets	316,736	99,685	62,777	(191,030)	288,168
Total liabilities	61,970	73,646	6,895	(87,065)	55,446

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

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

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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021****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 period quarter with corresponding quarter:

Current Period Quarter – 31 March 2021

	<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	73,759	65,131	10,996	(70,385)	79,501
EBDITA *	26,126	1,062	1,168	(73)	28,283
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Finance costs	(94)	-	-	-	(94)
Share of results of associate	305	-	-	-	305
PBT **	24,437	1,044	404	(73)	25,812

Preceding Period Quarter – 31 March 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	68,761	52,622	10,092	(68,527)	62,948
EBDITA *	18,936	1,284	1,479	(138)	21,561
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Finance costs	(161)	(2)	-	-	(163)
Share of results of associate	229	-	-	-	229
PBT **	16,515	1,179	1,134	(138)	18,690

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

\*\* PBT – Profit/(Loss) Before Tax

**Group**

Group revenue for the quarter ended 31 March 2021 was RM79.5 million compared with RM62.9 million for the quarter ended 31 March 2020, an increase of 26.3%. The increase in revenue was mainly due to the increase in volume loading by customers related to Hard Disk Drives (“HDD”) components. On top of this, the Group also registered a strong double-digit growth following the enormous demand for sheet metal welded assembly components and parts and the buoyant orders coming from control and sensors in non-HDD segment.



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## INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

### NOTES TO THE INTERIM FINANCIAL REPORT

The Group's Profit Before Taxation for the quarter ended 31 March 2021 increased to RM25.8 million from RM18.7 million registered in the previous year corresponding financial quarter ended 31 March 2020. The increase in profit before taxation was mainly due to the increased in revenue and the continuing improvement in production efficiency mainly due to economies of scale arising from the increased in production utilization.

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

	Individual quarter ended		Variance	
	31.03.2021	31.12.2020	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	79,501	85,687	(6,186)	(7.2)
Profit before tax	25,812	20,819	4,993	24.0

Revenue for the quarter ended 31 March 2021 decreased by RM6.2 million or 7.2% while profit before taxation increased by RM5.0 million or 24% for the current quarter as compared to the preceding quarter. Despite the drop in revenue, the increased in profit before taxation was mainly due to the favorable foreign exchange rates pertaining to the strengthening of the USD against Ringgit towards 31 March 2021 first quarter end. The Group incurred an unrealized foreign exchange gain of RM2.4 million in current quarter as opposed to an unrealized foreign exchange loss of RM3.3 million in the preceding quarter.

#### 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 for the 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 second quarter of 2021.

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**NOTES TO THE INTERIM FINANCIAL REPORT****19. Variance of actual profit from profit forecast**

Not applicable.

**20. Taxation**

	<b>Current Quarter 3 months ended 31 Mar 2021 RM'000</b>	<b>Year-to-date 12 months ended 31 Mar 2020 RM'000</b>
Income tax		
Current year	6,293	6,293
Prior year	-	-
	<hr/> 6,293	<hr/> 6,293
Deferred tax		
Current year	-	-
Prior year	-	-
	<hr/> 6,293	<hr/> 6,293

**21. Status on corporate proposals**

There were no significant corporate proposals for the current financial period to date.

**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 borrowings RM'000</b>
Finance lease liabilities	-	327	599	926
Term loans	-	1,397	8,880	10,277
Bankers' acceptances	-	-	-	-
Revolving term loan	1,245	-	-	1,245
Total	<hr/> 1,245	<hr/> 1,724	<hr/> 9,479	<hr/> 12,448



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**NOTES TO THE INTERIM FINANCIAL REPORT**

The Group borrowings are dominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	11,203
US Dollar	1,245
Total borrowings	<u>12,448</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.

**25. Dividend**

A single tier final dividend of 3.75 sen in respect of the financial year ended 31 December 2020 has been approved by the shareholders at the Annual General Meeting held on 5 May 2021 and is to be paid on 16 June 2021. The interim report does not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the quarter ending 30 June 2021.

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.



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**NOTES TO THE INTERIM FINANCIAL REPORT****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>3 Months Period Ended</b>	
	<b>31 March</b>		<b>30 March</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net profit attributable to shareholders (RM'000)	19,519	14,144	19,519	14,144
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	521,374	512,618	521,374	512,618
Basic earnings per share (sen)	3.7	2.8	3.7	2.8
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	528,871	514,778	528,871	514,778
Diluted earnings per share (sen)	3.7	2.7	3.7	2.7

\* *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 5<sup>th</sup> DAY OF MAY, 2021**