



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (2nd Q)		Cumulative Quarter (6 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	91,785	88,221	178,114	167,722
Cost of sales	(53,558)	(60,893)	(110,467)	(110,905)
Gross profit	38,227	27,328	67,647	56,817
Other operating income	8,872	1,327	11,883	5,826
General and administrative expenses	(9,803)	(8,872)	(18,999)	(17,259)
Profit from operations	37,296	19,783	60,531	45,384
Finance costs	(50)	(86)	(125)	(180)
Share of results of associate, net of tax	362	592	944	897
Profit before tax	37,608	20,289	61,350	46,101
Income tax expense	(8,349)	(4,369)	(13,775)	(10,662)
Profit net of tax	29,259	15,920	47,575	35,439
Profit attributable to:				
Owners of the parent	29,259	15,920	47,575	35,439
Non-controlling interests	-	-	-	-
	29,259	15,920	47,575	35,439
Basic earnings per share (sen)	5.5	3.1	9.0	6.8
Diluted earnings per share (sen)	5.5	3.0	9.0	6.7

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021.

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 PERIOD ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (2nd Q)		Cumulative Quarter (6 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	29,259	15,920	47,575	35,439
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	850	1,115	1,744	3,428
Total comprehensive income for the period	30,109	17,035	49,319	38,867
Total comprehensive income attributable to:				
Owners of the parent	30,109	17,035	49,319	38,867
Non-controlling interests	-	-	-	-
	30,109	17,035	49,319	38,867

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021.

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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (2nd Q)		Cumulative Quarter (6 months)	
	Current Period	Preceding Period	Current Period	Preceding Period
	Quarter	Corresponding	To Date	Corresponding
	30 June 2022	Quarter	30 June 2022	Period
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	50	86	125	180
(b) Interest income	(62)	(76)	(95)	(192)
(c) Depreciation and amortisation	2,867	2,608	5,644	5,290
(d) Reversal of credit losses for receivables	(2)	-	(95)	-
(e) Provision for and write off of inventories	-	-	-	-
(f) Loss/(Gain) on disposal of property, plant and equipment	-	31	-	(9)
(g) (Gain) on disposal of of right-of-use assets	-	-	-	-
(h) Property, plant and equipment written off	4	-	5	-
(i) Realised foreign exchange gain	(2,023)	(1,038)	(2,605)	(1,349)
(j) Unrealised foreign exchange (gain)/loss	(4,190)	1,277	(4,320)	(1,130)

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 2021.

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 PERIOD ENDED 30 JUNE 2022****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 30 June 2022	(Audited) As at 31 Dec 2021
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	89,172	78,454
RIGHT-OF-USE ASSETS	15,391	15,624
INVESTMENT PROPERTIES	7,446	7,731
INVESTMENT IN ASSOCIATE	8,700	7,755
INVESTMENT IN CLUB MEMBERSHIP, AT COST	42	44
DEFERRED TAX ASSETS	610	693
	<u>121,361</u>	<u>110,301</u>
CURRENT ASSETS		
Inventories	103,514	76,578
Trade and other receivables	129,403	113,753
Current tax assets	356	484
Cash and bank balances	74,276	85,010
	<u>307,549</u>	<u>275,825</u>
TOTAL ASSETS	<u>428,910</u>	<u>386,126</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	105,741	105,256
TREASURY SHARES	(3,452)	(3,452)
RESERVES	234,070	210,277
	<u>336,359</u>	<u>312,081</u>
NON- CONTROLLING INTERESTS	-	-
EQUITY FUNDS	<u>336,359</u>	<u>312,081</u>
NON-CURRENT LIABILITIES		
LOANS AND BORROWINGS	27,222	8,917
DEFERRED TAX LIABILITIES	576	1,188
	<u>27,798</u>	<u>10,105</u>
CURRENT LIABILITIES		
Loans and borrowings	8,205	9,134
Trade and other payables	43,013	47,719
Contract liability	1,061	404
Current tax liabilities	12,474	6,683
	<u>64,753</u>	<u>63,940</u>
TOTAL LIABILITIES	<u>92,551</u>	<u>74,045</u>
TOTAL EQUITY AND LIABILITIES	<u>428,910</u>	<u>386,126</u>
Net Assets per ordinary share (RM)	<u>0.64</u>	<u>0.59</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 December 2021.

The accompanying notes are an integral part of this statement.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Six Months Ended 30 June 2022

	← 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			
At 1 January 2022	105,256	(3,452)	(15,340)	2,364	223,253	312,081	-	312,081
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	47,575	47,575	-	47,575
Other comprehensive income for the period	-	-	1,744	-	-	1,744	-	1,744
	-	-	1,744	-	47,575	49,319	-	49,319
Transactions with owners:								
Dividends	-	-	-	-	(26,458)	(26,458)	-	(26,458)
Issue of shares pursuant to ESOS	310	-	-	-	-	310	-	310
Transfer from Share Options Reserve	175	-	-	(175)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	1,107	-	1,107	-	1,107
Total transactions with owners:	485	-	-	932	(26,458)	(25,041)	-	(25,041)
At 30 June 2022	105,741	(3,452)	(13,596)	3,296	244,370	336,359	-	336,359

Six Months Ended 30 June 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			
At 1 January 2021	97,263	(3,452)	(20,198)	2,560	179,660	255,833	-	255,833
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	35,439	35,439	-	35,439
Other comprehensive income for the period	-	-	3,428	-	-	3,428	-	3,428
	-	-	3,428	-	35,439	38,867	-	38,867
Transactions with owners:								
Dividends	-	-	-	-	(19,552)	(19,552)	-	(19,552)
Transfer from Share Options Reserve	-	-	-	-	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	801	-	801	-	801
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	-
Total transactions with owners:	-	-	-	801	(19,552)	(18,751)	-	(18,751)
At 30 June 2021	97,263	(3,452)	(16,770)	3,361	195,547	275,949	-	275,949

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 December 2021.

The accompanying notes are an integral part of this statement.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	6 months ended 30 June 2022	6 months ended 30 June 2021
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	61,350	46,101
Adjustments for:		
Amortisation of club membership	2	6
Depreciation	5,642	5,284
Expected/ (Reversal of) credit loss for receivables	(95)	-
Interest income	(95)	(192)
Interest expense	125	180
Gain on disposal of property, plant and equipment	-	(9)
Plant and equipment written off	5	-
Share of results of associate	(944)	(897)
Share option granted under ESOS	1,107	801
Unrealised gain on foreign exchange	(4,320)	(1,130)
Total adjustments	1,427	4,043
Operating cash flows before changes in working capital	62,777	50,144
Changes in working capital		
Net change in current assets	(39,659)	(21,316)
Net change in current liabilities	(4,195)	4,268
Total changes in working capital	(43,854)	(17,048)
Cash flows from operations	18,923	33,096
Tax paid	(8,458)	(5,917)
Net cash flow generated from operating activities	10,465	27,179
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,725)	(1,943)
Interest received	95	192
Proceeds from disposal of plant and equipment	-	11
Net cash used in investing activities	(15,630)	(1,740)
FINANCING ACTIVITIES		
Repayment of term loans	(975)	(781)
Repayment of finance lease liabilities	(181)	(167)
Dividends paid to shareholders	(26,458)	(19,552)
Proceeds from issuance of shares	310	-
Net drawdown of term loan	19,393	-
Changes in bank balance pledged as security	-	(161)
Interest paid	(125)	(180)
Net (repayment)/ drawdown of short term borrowings	(846)	2,818
Net cash used in financing activities	(8,882)	(18,023)
NET (DECREASE)/ INCREASE IN CASH AND CASH CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(14,047)	7,416
Effects of exchange rate changes	3,313	3,539
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	74,112	91,038
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	64,626	68,928
Highly liquid investments in money market funds	7,136	184
Term deposits	2,350	21,926
	74,112	91,038
Bank balance pledged as security	164	161
Cash and bank balances	74,276	91,199

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Report for the year ended 31 December 2021.

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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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 2021. 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 2021.

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 2021 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 January 2022:

(i) Amendments/Improvements to MFRSs

MFRS 3	Reference to the Conceptual Framework
MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

(ii) Annual Improvements to MFRS Standards 2018-2020

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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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 17	Initial Application of MFRS17 and MFRS 9 – Comparative Information	1 January 2023
MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
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
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

NOTES TO THE INTERIM FINANCIAL REPORT

(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 2021 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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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 30 June 2022, a total of 445,000 new ordinary shares were issued pursuant to the exercise of the Company's Employees Share Options Scheme ("ESOS"). Details of the issued and paid-up capital of the Company as at 30 June 2022 are as follows:

	No. of shares	RM'000
As at 1 January 2022	542,511,734	105,256
Ordinary Shares issued pursuant to the ESOS		
(i) Cash receipts from exercise of ESOS	445,000	310
(ii) Transfer from Share Options Reserve	-	175
As at 30 June 2022	542,956,734*	105,741

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

9. Dividend paid

A single tier final dividend of 5 sen per share for the year ended 31 December 2021 was paid on 16 June 2022.

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 and subsequent events at the end of the financial period ended 30 June 2022 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 changes in the composition of the Group for the current financial period to date.

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As at 30 June 2022, the Group has no material contingent liabilities save for corporate guarantee of RM90.0 million issued by the Company in respect of banking facilities granted to the subsidiary companies.

14. Related party transactions

The Board is 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

Segment information for the year ended 30 June 2022 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	152,517	145,641	34,427	(154,471)	178,114
EBDITA *	74,574	7,086	6,670	(22,155)	66,175
Depreciation	(4,040)	(57)	(1,547)	-	(5,644)
Profit from operation	70,534	7,029	5,123	(22,155)	60,531
Finance costs	(118)	(7)	-	-	(125)
Share of results of associate	944	-	-	-	944
PBT **	71,360	7,022	5,123	(22,155)	61,350
As at 30 June 2022					
Total assets	440,498	123,312	109,425	(244,325)	428,910
Total liabilities	67,437	96,446	32,425	(103,757)	92,551

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Segment information for the period ended 30 June 2021 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	145,329	137,555	26,154	(141,316)	167,722
EBDITA *	53,111	5,170	4,844	(12,451)	50,674
Depreciation	(3,833)	(36)	(1,421)	-	(5,290)
Profit from operation	49,278	5,134	3,423	(12,451)	45,384
Finance costs	(180)	-	-	-	(180)
Share of results of associate	897	-	-	-	897
PBT **	49,995	5,134	3,423	(12,451)	46,101
As at 30 June 2021					
Total assets	349,555	112,092	73,165	(191,460)	343,352
Total liabilities	64,672	77,500	10,310	(85,079)	67,403

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

** PBT - Profit/(Loss) Before Tax

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REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A****16. Review of performance**

i) Comparison between current year quarter with corresponding quarter:

Current Year Quarter – 30 June 2022

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	76,110	75,173	18,061	(77,559)	91,785
EBDITA *	51,785	4,707	5,003	(21,332)	40,163
Depreciation	(2,035)	(33)	(799)	-	(2,867)
Profit					
from operation	49,750	4,674	4,204	(21,332)	37,296
Finance costs	(47)	(3)	-	-	(50)
Share of results of associate	362	-	-	-	362
PBT **	50,065	4,671	4,204	(21,332)	37,608

Preceding Year Quarter – 30 June 2021

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	71,571	72,424	15,158	(70,932)	88,221
EBDITA *	26,985	4,108	3,676	(12,378)	22,391
Depreciation	(1,934)	(18)	(656)	-	(2,608)
Profit					
from operation	25,051	4,090	3,020	(12,378)	19,783
Finance costs	(86)	-	-	-	(86)
Share of results of associate	592	-	-	-	592
PBT **	25,557	4,090	3,020	(12,378)	20,289

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

** PBT – Profit/(Loss) Before Tax

Group

Group revenue for the quarter ended 30 June 2022 was RM91.8 million compared with RM88.2 million for the quarter ended 30 June 2021, an increase of 4.0%. The increase in revenue was mainly due to the increase in revenue related to Hard Disk Drives (“HDD”) components. On top of this, the Group also registered growth in the sheet metal fabrication business segment.

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The Group's Profit Before Taxation for the quarter ended 30 June 2022 increased to RM37.6 million from RM20.3 million registered in the previous year corresponding financial quarter ended 30 June 2021. The increase in profit before taxation was mainly due to higher foreign exchange gain of RM6.2 million recorded in current quarter compared to foreign exchange loss of RM0.2 million in the previous year corresponding quarter. On top of this, favourable product mix also contributed to the profitability reported in the current quarter.

i. Comparison between current period with corresponding period:

Current Period – 30 June 2022

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	152,517	145,641	34,427	(154,471)	178,114
EBDITA *	74,574	7,086	6,670	(22,155)	66,175
Depreciation	(4,040)	(57)	(1,547)	-	(5,644)
Profit					
from operation	70,534	7,029	5,123	(22,155)	60,531
Finance costs	(118)	(7)	-	-	(125)
Share of results of associate	944	-	-	-	944
PBT **	71,360	7,022	5,123	(22,155)	61,350

Preceding Period - 30 June 2021

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	145,329	137,555	26,154	(141,316)	167,722
EBDITA *	53,111	5,170	4,844	(12,451)	50,674
Depreciation	(3,833)	(36)	(1,421)	-	(5,290)
Profit					
from operation	49,278	5,134	3,423	(12,451)	45,384
Finance costs	(180)	-	-	-	(180)
Share of results of associate	897	-	-	-	897
PBT **	49,995	5,134	3,423	(12,451)	46,101

* 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 PERIOD ENDED 30 JUNE 2022

NOTES TO THE INTERIM FINANCIAL REPORT

Group

The Group's revenue for the period ended 30 June 2022 was RM178.1 million compared with RM167.7 million for the period ended 30 June 2021, an increase of 6.2%. The increase in revenue was mainly due to the increase in revenue related to Hard Disk Drives ("HDD") components.

The Group's profit before taxation for the period ended 30 June 2022 increased to RM61.4 million from RM46.1 million registered in the previous financial period ended 30 June 2021. The increase in profit before taxation was mainly due to higher foreign exchange gain of RM6.9 million recorded in current period compared to foreign exchange gain of RM2.5 million in the previous year corresponding period. On top of this, favourable product mix also contributed to the profitability reported in the current period.

17. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	30.06.2022	31.03.2022	RM'000	%
	RM'000	RM'000		
Revenue	91,785	86,329	5,456	6.3
Profit before tax	37,608	23,742	13,866	58.4

Revenue for the quarter ended 30 June 2022 increased by RM5.5 million or 6.3% while profit before taxation increased by RM13.9 million or 58.4% for the current quarter as compared to the preceding quarter. The increased in profit before taxation was mainly due to the increase in revenue. In addition, the Group incurred a total foreign exchange gain of RM6.2 million in the current quarter compared to foreign exchange gain of RM0.7 million in the preceding quarter.

18. Prospects

The Group is seeing healthy order flow from its existing customers. The revenue stream from HDD remains positive 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 revenue growth for the year 2022 which should contribute positively towards the Group's earnings.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

NOTES TO THE INTERIM FINANCIAL REPORT

As the economy recovers from the pandemic, the Group is facing acute shortage of workers and other cost-related challenges such as the rising costs of raw materials and freight costs. The current Russia and Ukraine conflict and the forcing of lockdowns on virus hotspots in China may lead to possible supply chain disruptions, operational stoppages and shortage of raw materials supply.

The Group is mindful of the threat of Covid-19 related virus and will continue to adhere to the existing SOPs to safeguard the health and safety of the Group's employees. The Group continues to streamline its business structure, improve on its processes and optimize its operations.

Based on the abovementioned mixed developments for the Group coupled with the associated risks on the unpredictability and uncertainty posed by the various challenges on the Group's business operations, fluctuation in raw materials prices and supply chain disruption, we are cautiously optimistic of the Group's financial performance in the coming third quarter of 2022.

19. Variance of actual profit from profit forecast

Not applicable.

20. Taxation

	Current Quarter 3 months ended 30 June 2022 RM'000	Year-to-date 6 months ended 30 June 2022 RM'000
Income tax		
Current year	8,637	14,301
Prior year	-	-
	<hr/>	<hr/>
	8,637	14,301
Deferred tax		
Current year	(288)	(526)
Prior year	-	-
	<hr/>	<hr/>
	8,349	13,775

21. Status on corporate proposals

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

**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
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**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

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 borrowings RM'000
Finance lease liabilities	-	343	514	857
Term loans	-	1,473	26,708	28,181
Bankers' acceptances	1,808	-	-	1,808
Revolving term loan	4,581	-	-	4,581
Total	6,389	1,816	27,222	35,427

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	10,225
US Dollar	4,890
RMB	19,980
SGD	332
Total borrowings	35,427

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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NOTES TO THE INTERIM FINANCIAL REPORT

25. Dividend

A single tier interim dividend of 2.5 sen in respect of the financial year ending 31 December 2022 has been declared on 2 August 2022 and is to be paid on 23 September 2022 to depositors registered in the records of Depositors at the close of business on 30 August 2022. The interim report does not reflect this dividend. Such dividend will be accounted for in equity as appropriation of retained earnings in the quarter ending 30 September 2022. In the corresponding period, a single tier interim dividend of 2.0 sen in respect of the financial year ended 31 December 2021 was paid on 24 September 2021.

A single tier final dividend of 5 sen for the year ended 31 December 2021 was paid to shareholders on 16 June 2022. In the corresponding period, a single tier final dividend of 3.75 sen in respect of the financial year ended 31 December 2020 was paid to the shareholders on 16 June 2021.

26. Earnings per share

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		6 Months Period Ended	
	30 June		30 June	
	2022	2021	2022	2021
Net profit attributable to shareholders (RM'000)	29,259	15,920	47,575	35,439
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	529,131	521,374	529,031	521,374
Basic earnings per share (sen)	5.5	3.1	9.0	6.8
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	530,427	528,871	530,403	528,871
Diluted earnings per share (sen)	5.5	3.0	9.0	6.7

DATED THIS 2nd DAY OF AUGUST, 2022