



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	55,235	74,720	177,071	252,834
Cost of sales	(43,390)	(52,779)	(138,880)	(163,246)
Gross profit	11,845	21,941	38,191	89,588
Other operating income	1,448	7,830	10,906	19,713
General and administrative expenses	(7,660)	(8,742)	(23,096)	(27,741)
Profit from operations	5,633	21,029	26,001	81,560
Finance costs	(8)	(74)	(258)	(199)
Share of results of associate, net of tax	(271)	220	(461)	1,164
Profit before tax	5,354	21,175	25,282	82,525
Income tax expense	(1,975)	(4,757)	(7,702)	(18,532)
Profit net of tax	3,379	16,418	17,580	63,993
Profit attributable to:				
Owners of the parent	3,379	16,418	17,580	63,993
Non-controlling interests	-	-	-	-
	3,379	16,418	17,580	63,993
Basic earnings per share (sen)	0.6	3.1	3.3	12.1
Diluted earnings per share (sen)	0.6	3.1	3.3	12.1

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022.

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 SEPTEMBER 2023

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 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	3,379	16,418	17,580	63,993
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	(363)	828	2,868	2,572
Total comprehensive income for the period	3,016	17,246	20,448	66,565
Total comprehensive income attributable to:				
Owners of the parent	3,016	17,246	20,448	66,565
Non-controlling interests	-	-	-	-
	3,016	17,246	20,448	66,565

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022.

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 SEPTEMBER 2023

NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(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 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	8	74	258	199
(b) Interest income	(519)	(204)	(1,567)	(299)
(c) Depreciation and amortisation	2,769	2,904	8,344	8,548
(d) Expected/ (Reversal of) credit losses for receivables	-	(2)	-	(97)
(e) Provision for and write off of inventories	-	-	-	-
(f) Gain on disposal of property, plant and equipment	(20)	(117)	(102)	(117)
(g) Gain on disposal of of right-of-use assets	-	-	-	-
(h) Property, plant and equipment written off	-	1	2	6
(i) Realised foreign exchange gain	(2,387)	(3,729)	(4,046)	(6,334)
(j) Unrealised foreign exchange loss/(gain)	1,964	(2,178)	(2,647)	(6,498)
(k) Fair value gains on financial instruments	(8)	-	(49)	-

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 2022.

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 SEPTEMBER 2023****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 30 Sep 2023	(Audited) As at 31 Dec 2022
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	121,293	120,006
RIGHT-OF-USE ASSETS	19,196	19,614
INVESTMENT IN ASSOCIATE	7,976	8,767
INVESTMENT IN CLUB MEMBERSHIP, AT COST	42	42
DEFERRED TAX ASSETS	1,038	1,027
	149,545	149,456
CURRENT ASSETS		
Inventories	70,261	95,191
Trade and other receivables	90,507	71,486
Current tax assets	1,679	361
Cash and bank balances	96,398	107,905
	258,845	274,943
TOTAL ASSETS	408,390	424,399
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	107,013	106,671
TREASURY SHARES	(3,452)	(3,452)
RESERVES	228,635	237,479
	332,196	340,698
NON- CONTROLLING INTERESTS	-	-
EQUITY FUNDS	332,196	340,698
NON-CURRENT LIABILITIES		
LOANS AND BORROWINGS	46,133	47,208
DEFERRED TAX LIABILITIES	2,010	1,711
	48,143	48,919
CURRENT LIABILITIES		
Loans and borrowings	1,555	9,937
Trade and other payables	24,667	19,406
Contract liability	1,093	1,790
Current tax liabilities	736	3,649
	28,051	34,782
TOTAL LIABILITIES	76,194	83,701
TOTAL EQUITY AND LIABILITIES	408,390	424,399
Net Assets per ordinary share (RM)	0.63	0.64

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 December 2022.

The accompanying notes are an integral part of this statement.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Nine Months Ended September 2023

	← 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 2023	106,671	(3,452)	(16,575)	3,494	250,560	340,698	-	340,698
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	17,580	17,580	-	17,580
Other comprehensive income for the period	-	-	2,868	-	-	2,868	-	2,868
	-	-	2,868	-	17,580	20,448	-	20,448
Transactions with owners:								
Dividends	-	-	-	-	(29,168)	(29,168)	-	(29,168)
Issue of shares pursuant to ESOS	218	-	-	-	-	218	-	218
Transfer from Share Options Reserve	124	-	-	(124)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	-	-	-	-	-
Total transactions with owners:	342	-	-	(124)	(29,168)	(28,950)	-	(28,950)
At 30 September 2023	107,013	(3,452)	(13,707)	3,370	238,972	332,196	-	332,196

Nine Months Ended 30 September 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	-	-	-	-	63,993	63,993	-	63,993
Other comprehensive income for the period	-	-	2,572	-	-	2,572	-	2,572
	-	-	2,572	-	63,993	66,565	-	66,565
Transactions with owners:								
Dividends	-	-	-	-	(39,706)	(39,706)	-	(39,706)
Issue of shares pursuant to ESOS	831	-	-	-	-	831	-	831
Transfer from Share Options Reserve	470	-	-	(470)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	1,642	-	1,642	-	1,642
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	-
Total transactions with owners:	1,301	-	-	1,172	(39,706)	(37,233)	-	(37,233)
At 30 September 2022	106,557	(3,452)	(12,768)	3,536	247,540	341,413	-	341,413

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 December 2022.

The accompanying notes are an integral part of this statement.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	9 months ended 30 Sep 2023	9 months ended 30 Sep 2022
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	25,282	82,525
Adjustments for:		
Amortisation of club membership	-	2
Depreciation	8,344	8,546
Fair value gains on financial instruments	(49)	-
Expected/ (Reversal of) credit loss for receivables	-	(97)
Interest income	(1,567)	(299)
Interest expense	258	199
Gain on disposal of property, plant and equipment	(102)	(117)
Plant and equipment written off	2	6
Share of results of associate	461	(1,164)
Share option granted under ESOS	-	1,642
Unrealised gain on foreign exchange	(2,647)	(6,498)
Total adjustments	4,700	2,220
Operating cash flows before changes in working capital	29,982	84,745
Changes in working capital		
Net change in current assets	7,632	(22,764)
Net change in current liabilities	4,488	(12,173)
Total changes in working capital	12,120	(34,937)
Cash flows from operations	42,102	49,808
Tax paid	(11,700)	(14,389)
Net cash flow generated from operating activities	30,402	35,419
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,079)	(29,021)
Dividend received from associate	233	-
Interest and fund distributions received	1,616	299
Proceeds from disposal of plant and equipment	102	150
Net cash used in investing activities	(6,128)	(28,572)
FINANCING ACTIVITIES		
Repayment of term loans	(1,455)	(1,403)
Repayment of finance lease liabilities	(292)	(198)
Dividends paid to shareholders	(29,168)	(39,706)
Proceeds from issuance of shares	218	831
Net drawdown of term loan	-	29,192
Changes in bank balance pledged as security	159	-
Interest paid	(258)	(199)
Net repayment of short term borrowings	(7,938)	(928)
Net cash used in financing activities	(38,734)	(12,411)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,460)	(5,564)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	107,747	84,846
Effects of exchange rate changes	3,111	6,382
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	96,398	85,664
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	75,002	84,577
Short-term funds - at fair value	2,320	1,087
Term deposits	19,076	-
	96,398	85,664
Bank balance pledged as security	-	163
Cash and bank balances	96,398	85,827

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Report for the year ended 31 December 2022.

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 SEPTEMBER 2023

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 2022. 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 2022.

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 2022 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 January 2023:

(i) Amendments/Improvements to MFRSs

MFRS 17	Insurance Contracts
MFRS 17	Initial Application of MFRS17 and MFRS 9 – Comparative Information
MFRS 101	Classification of Liabilities as Current or Non-current
MFRS 108	Definition of Accounting Estimates (Amendment to Accounting Policies, Changes in Accounting Estimates and Errors)
MFRS 101	Disclosure of Accounting Policies (Amendment to Presentation of Financial Statements)
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
MFRS 112	Income Taxes – International Tax Reform – Pillar Two Model Rules

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



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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>Amendments/Improvements to MFRSs</u>		
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 128	Investments in Associates and Joint Ventures	Deferred
MFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
MFRS 101	Non-current Liabilities with Covenants	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025

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.

(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



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

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 2022 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 except for the following:

A total of 314,000 new ordinary shares were issued pursuant to the exercise of the Company's Employees Share Options Scheme ("ESOS") for the current financial period. Details of the issued and paid-up capital of the Company as at 30 September 2023 are as follows:

	No. of shares	RM'000
As at 1 January 2023	543,811,734	106,671
Ordinary Shares issued pursuant to the ESOS		
(i) Cash receipts from exercise of ESOS	314,000	218
(ii) Transfer from Share Options Reserve	-	124
As at 30 September 2023	544,125,734*	107,013

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



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

9. Dividend paid

A single tier interim dividend of 1.5 sen per share for the year ending 31 December 2023 was paid on 22 September 2023.

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 September 2023 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.

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

As at 30 September 2023, the Group has no material contingent liabilities save for corporate guarantee of RM100.8 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

**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****NOTES TO THE INTERIM FINANCIAL REPORT**

Segment information for the period ended 30 September 2023 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	148,851	129,264	30,132	(131,176)	177,071
EBDITA *	62,415	2,214	231	(30,515)	34,345
Depreciation	(5,912)	(79)	(2,353)	-	(8,344)
Profit/(Loss) from operation	56,503	2,135	(2,122)	(30,515)	26,001
Finance costs	(250)	(8)	-	-	(258)
Share of results of associate	(461)	-	-	-	(461)
PBT **	55,792	2,127	(2,122)	(30,515)	25,282

As at 30 September 2023

Total assets	406,040	90,138	123,352	(211,140)	408,390
Total liabilities	31,481	59,358	48,907	(63,552)	76,194

Segment information for the period ended 30 September 2022 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	215,910	200,161	47,420	(210,657)	252,834
EBDITA *	107,822	8,623	9,156	(35,493)	90,108
Depreciation	(6,119)	(83)	(2,346)	-	(8,548)
Profit from operation	101,703	8,540	6,810	(35,493)	81,560
Finance costs	(189)	(10)	-	-	(199)
Share of results of associate	1,164	-	-	-	1,164
PBT **	102,678	8,530	6,810	(35,493)	82,525

As at 30 September 2022

Total assets	432,945	104,691	116,151	(219,477)	434,310
Total liabilities	58,556	75,183	38,473	(79,315)	92,897

* 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 PERIOD ENDED 30 SEPTEMBER 2023****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 2023

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	46,971	38,931	9,318	(39,985)	55,235
EBDITA *	16,808	911	1,137	(10,454)	8,402
Depreciation	(1,952)	(28)	(789)	-	(2,769)
Profit/ (Loss) from operation	14,856	883	348	(10,454)	5,633
Finance costs	(5)	(3)	-	-	(8)
Share of results of associate	(271)	-	-	-	(271)
PBT **	14,580	880	348	(10,454)	5,354

Preceding Year Quarter – 30 September 2022

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	63,394	54,519	12,993	(56,186)	74,720
EBDITA *	33,248	1,537	2,486	(13,338)	23,933
Depreciation	(2,078)	(27)	(799)	-	(2,904)
Profit from operation	31,170	1,510	1,687	(13,338)	21,029
Finance costs	(71)	(3)	-	-	(74)
Share of results of associate	220	-	-	-	220
PBT **	31,319	1,507	1,687	(13,338)	21,175

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

** PBT – Profit/(Loss) Before Tax

Group

Group revenue for the quarter ended 30 September 2023 was RM55.2 million compared with RM74.7 million for the quarter ended 30 September 2022, a decrease of 26.1%. The decrease in revenue was mainly due to the decrease in revenue related to Hard Disk Drives (“HDD”) components and sheet metal fabrication.

**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****NOTES TO THE INTERIM FINANCIAL REPORT**

The Group's Profit Before Taxation for the quarter ended 30 September 2023 decreased to RM5.4 million from RM21.2 million registered in the previous year corresponding financial quarter ended 30 September 2022. The decrease in profit before taxation was mainly due to the decrease in revenue, increase in operating costs namely labour, energy and drop in economy of scale in the financial quarter ended 30 September 2023.

- i. Comparison between current period with corresponding period:

Current Period – 30 September 2023

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	148,851	129,264	30,132	(131,176)	177,071
EBDITA *	62,415	2,214	231	(30,515)	34,345
Depreciation	(5,912)	(79)	(2,353)	-	(8,344)
Profit/ (Loss) from operation	56,503	2,135	(2,122)	(30,515)	26,001
Finance costs	(250)	(8)	-	-	(258)
Share of results of associate	(461)	-	-	-	(461)
PBT **	55,792	2,127	(2,122)	(30,515)	25,282

Preceding Period - 30 September 2022

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	215,910	200,161	47,420	(210,657)	252,834
EBDITA *	107,822	8,623	9,156	(35,493)	90,108
Depreciation	(6,119)	(83)	(2,346)	-	(8,548)
Profit from operation	101,703	8,540	6,810	(35,493)	81,560
Finance costs	(189)	(10)	-	-	(199)
Share of results of associate	1,164	-	-	-	1,164
PBT **	102,678	8,530	6,810	(35,493)	82,525

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

** PBT - Profit/(Loss) Before Tax

Group

The Group's revenue for the period ended 30 September 2023 was RM177.1 million compared with RM252.8 million for the period ended 30 September 2022, a decrease of 30.0%. The



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

decrease in revenue was mainly due to the decrease in revenue related to Hard Disk Drives (“HDD”) components and sheet metal fabrication.

The Group’s profit before taxation for the period ended 30 September 2023 decreased to RM25.3 million from RM82.5 million registered in the previous financial period ended 30 September 2022. The decrease in profit before taxation was mainly due to the decrease in revenue, increase in operating costs namely labour, energy and drop in economy of scale in the current period.

17. Comparison with immediate preceding quarter’s results

	Individual quarter ended		Variance	
	30.09.2023	30.06.2023	RM’000	%
	RM’000	RM’000	RM’000	%
Revenue	55,235	47,653	7,582	15.9
Profit before tax	5,354	5,539	(185)	(3.3)

Revenue for the quarter ended 30 September 2023 increased by RM7.6 million or 15.9% while profit before taxation decreased by RM0.19 million for the current quarter as compared to the preceding quarter. Despite the increase in revenue, the decreased in profit before taxation was mainly due to the unrealised foreign exchange loss of RM2.0 million in the current quarter as opposed to an unrealised gain of RM2.2 million in the preceding quarter.

18. Prospects

Economic conditions have worsened in recent months. On the demand side, high inflation in both the United States of America (“USA”) and Europe has resulted in a slowdown in consumer spending. In China, consumer spending initially surged after the easing of Covid-19 restrictions earlier this year but has now declined due to a bleak economic outlook. This decline in consumer spending, coupled with rising interest rates and persistent inflationary pressures, has led to reduced capital expenditures by enterprises and cloud providers. Consequently, the demand for large-capacity Hard Disk Drives (“HDD”) and other semiconductor-related fabrication equipment has been negatively impacted. Additionally, in Malaysia, the Group’s profitability was affected by the increased energy costs resulted from electricity tariff adjustments through the Imbalance Cost Pass-Through (“ICPT”) mechanism.



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

18. Prospects (cont'd)

Looking ahead in the long term, we anticipate digital storage devices to grow in sync with the strong demand from the cloud data center market, driven by the relentless growth of data. HDD storage devices are expected to remain the most cost-effective solution for storing large volumes of data. The Group remains committed to streamlining its business structure, enhancing its processes, and optimizing operations.

Considering the ongoing customer inventory correction in the HDD business, we anticipate that demand recovery will only commence in 2024. Consequently, we expect the Group's financial performance in the financial year 2023 to be lower compared to the previous year, given the reduced demand from customers, challenging operating conditions, and uncertain market circumstances.

19. Variance of actual profit from profit forecast

Not applicable.

20. Taxation

	Current Quarter 3 months ended 30 September 2023 RM'000	Year-to-date 9 months ended 30 September 2023 RM'000
Income tax		
Current year	1,515	7,084
Prior year	507	319
	<hr/> 2,022	<hr/> 7,403
Deferred tax		
Current year	(47)	299
Prior year	-	-
	<hr/> 1,975	<hr/> 7,702

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)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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	-	160	236	396
Term loans	-	1,395	45,897	47,292
Bankers' acceptances	-	-	-	-
Revolving term loan	-	-	-	-
Total	-	1,555	46,133	47,688

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	5,642
US Dollar	-
RMB	41,785
SGD	261
Total borrowings	47,688

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 interim dividend of 1.5 sen in respect of the financial year ending 31 December 2023 was paid on 22 September 2023. In the corresponding period, a single tier interim dividend of 2.5 sen in respect of the financial year ended 31 December 2022 was paid on 23 September 2022.

**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****NOTES TO THE INTERIM FINANCIAL REPORT****25. Dividend (cont'd)**

A single tier final dividend of 4 sen for the year ended 31 December 2022 was paid to shareholders on 16 June 2023. In the corresponding period, a single tier final dividend of 5 sen in respect of the financial year ended 31 December 2021 was paid to the shareholders on 16 June 2022.

The total dividend per share to date for the current financial period is 5.5 sen (2022: 7.5 sen).

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		9 Months Period Ended	
	30 September		30 September	
	2023	2022	2023	2022
Net profit attributable to shareholders (RM'000)	3,379	16,418	17,580	63,993
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	530,333	529,914	530,230	529,329
Basic earnings per share (sen)	0.6	3.1	3.3	12.1
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	530,430	530,585	530,394	530,393
Diluted earnings per share (sen)	0.6	3.1	3.3	12.1

DATED THIS 31st DAY OF OCTOBER, 2023