



## DUFU TECHNOLOGY CORP. BERHAD

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

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

#### 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 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	73,410	53,315	136,358	102,666
Cost of sales	(53,398)	(34,808)	(95,515)	(70,922)
<b>Gross profit</b>	20,012	18,507	40,843	31,744
Other operating income	120	2,042	6,801	3,291
General and administrative expenses	(7,187)	(6,507)	(16,075)	(14,533)
<b>Profit from operations</b>	<b>12,945</b>	<b>14,042</b>	<b>31,569</b>	<b>20,502</b>
Finance costs	(232)	(118)	(395)	(383)
Share of results of associate, net of tax	224	(428)	453	(816)
<b>Profit before tax</b>	<b>12,937</b>	<b>13,496</b>	<b>31,627</b>	<b>19,303</b>
Income tax expense	(3,124)	(3,131)	(7,776)	(4,892)
<b>Profit net of tax</b>	<b>9,813</b>	<b>10,365</b>	<b>23,851</b>	<b>14,411</b>
<b>Profit attributable to:</b>				
Owners of the parent	9,897	10,461	24,041	14,635
Non-controlling interests	(84)	(96)	(190)	(224)
	<b>9,813</b>	<b>10,365</b>	<b>23,851</b>	<b>14,411</b>
Basic earnings per share (sen)	3.9	4.2	9.4	5.9
Diluted earnings per share (sen)	3.8	4.2	9.3	5.9

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.



# DUFU TECHNOLOGY CORP. BERHAD

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

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

### 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
	Quarter	Quarter		Period
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	9,813	10,365	23,851	14,411
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	(2,113)	(1,636)	926	(1,763)
<b>Total comprehensive income for the period</b>	<b>7,700</b>	<b>8,729</b>	<b>24,777</b>	<b>12,648</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	7,784	8,825	24,967	12,872
Non-controlling interests	(84)	(96)	(190)	(224)
	<b>7,700</b>	<b>8,729</b>	<b>24,777</b>	<b>12,648</b>

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

The accompanying notes are an integral part of this statement.



**DUFU TECHNOLOGY CORP. BERHAD**

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

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

**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 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	232	118	395	383
(b) Interest income	(154)	(180)	(316)	(329)
(c) Depreciation and amortisation	2,260	2,736	5,197	5,126
(d) (Reversal of) or expected credit losses for receivables	-	-	-	-
(e) Provision for and write off of inventories	-	-	-	-
(f) (Gain) or loss on disposal of quoted or unquoted investments or properties	-	50	-	(19)
(g) Property, plant and equipment written off	3	-	3	-
(h) Realised foreign exchange (gain)/ loss	(2,628)	(387)	(2,035)	286
(i) Unrealised foreign exchange (gain)/ loss	3,473	(1,151)	(1,997)	(974)
(j) Reversal of inventories written down	-	-	-	-

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

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

**DUFU TECHNOLOGY CORP. BERHAD**

200201013949 (Company No. 581612 A)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 30 Jun 2020	(Audited) As at 31 Dec 2019
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	42,771	38,378
RIGHT-OF-USE ASSETS	27,567	29,891
INVESTMENT PROPERTIES	8,232	8,541
INVESTMENT IN ASSOCIATE	4,053	3,600
INVESTMENT IN CLUB MEMBERSHIP, AT COST	62	67
DEFERRED TAX ASSETS	1,185	1,176
	<u>83,870</u>	<u>81,653</u>
<b>CURRENT ASSETS</b>		
Inventories	60,684	59,786
Trade and other receivables	85,542	83,534
Current tax assets	39	26
Other investments	182	180
Cash and bank balances	67,867	43,500
	<u>214,314</u>	<u>187,026</u>
<b>TOTAL ASSETS</b>	<u>298,184</u>	<u>268,679</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
SHARE CAPITAL	87,735	87,735
TREASURY SHARES	(3,452)	(3,452)
RESERVES	141,369	130,085
	<u>225,652</u>	<u>214,368</u>
NON- CONTROLLING INTERESTS	239	429
<b>EQUITY FUNDS</b>	<u>225,891</u>	<u>214,797</u>
<b>NON-CURRENT LIABILITIES</b>		
LOANS AND BORROWINGS	11,184	11,901
DEFERRED TAX LIABILITIES	1	1
	<u>11,185</u>	<u>11,902</u>
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	9,786	5,619
Dividend payable	15,379	-
Trade and other payables	29,169	32,582
Contract liability	547	547
Current tax liabilities	6,227	3,232
	<u>61,108</u>	<u>41,980</u>
<b>TOTAL LIABILITIES</b>	<u>72,293</u>	<u>53,882</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>298,184</u>	<u>268,679</u>
Net Assets per ordinary share (RM)	<u>0.88</u>	<u>0.84</u>

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

The accompanying notes are an integral part of this statement.



## DUFU TECHNOLOGY CORP. BERHAD

200201013949 (Company No. 581612 A)

(Incorporated in Malaysia)

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

#### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Six Months Ended 30 June 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	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	-	-	-	-	24,041	24,041	(190)	23,851
Other comprehensive income for the period	-	-	926	-	-	926	-	926
	-	-	926	-	24,041	24,967	(190)	24,777
<b>Transactions with owners:</b>								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Incorporation of new subsidiary	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(15,379)	(15,379)	-	(15,379)
Share Options granted/ vested under ESOS	-	-	-	1,696	-	1,696	-	1,696
Total transactions with owners:	-	-	-	1,696	(15,379)	(13,683)	-	(13,683)
<b>At 30 June 2020</b>	<b>87,735</b>	<b>(3,452)</b>	<b>(21,281)</b>	<b>4,123</b>	<b>158,527</b>	<b>225,652</b>	<b>239</b>	<b>225,891</b>

Six Months Ended 30 June 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	RM'000	
<b>At 1 January 2019</b>	87,735	(9,563)	(21,117)	-	116,579	173,634	846	174,480
<b>Total comprehensive income for the period:</b>								
Profit for the period	-	-	-	-	14,635	14,635	(224)	14,411
Other comprehensive income for the period	-	-	(1,763)	-	-	(1,763)	-	(1,763)
	-	-	(1,763)	-	14,635	12,872	(224)	12,648
<b>Transactions with owners:</b>								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Incorporation of new subsidiary	-	-	-	-	-	-	-	-
Dividends	-	6,110	-	-	(6,110)	-	-	-
Total transactions with owners:	-	6,110	-	-	(6,110)	-	-	-
<b>At 30 June 2019</b>	<b>87,735</b>	<b>(3,453)</b>	<b>(22,880)</b>	<b>-</b>	<b>125,104</b>	<b>186,506</b>	<b>622</b>	<b>187,128</b>

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

The accompanying notes are an integral part of this statement.



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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(The figures have not been audited)

	6 months ended 30 Jun 2020	6 months ended 30 Jun 2019
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	31,627	19,303
Adjustments for:		
Amortisation of club membership	4	5
Depreciation	5,193	5,121
Interest income	(316)	(329)
Interest expense	395	383
Loss/(Gain) on disposal of property, plant and equipment	-	(19)
Plant and equipment written off	3	-
Share of results of associate	(453)	816
Share option granted under ESOS	1,696	-
Unrealised loss/ (gain) on foreign exchange	(1,997)	(974)
Total adjustments	4,525	5,003
<b>Operating cash flows before changes in working capital</b>	36,152	24,306
Changes in working capital		
Net change in current assets	(3,659)	5,237
Net change in current liabilities	(667)	(5,310)
Total changes in working capital	(4,326)	(73)
<b>Cash flows from operations</b>	31,826	24,233
Tax paid	(4,793)	(5,212)
<b>Net cash flow generated from operating activities</b>	27,033	19,021
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(6,738)	(17,263)
Interest received	316	329
Proceeds from disposal of plant and equipment	-	388
Net change on other investments	(2)	(2)
<b>Net cash used in investing activities</b>	(6,424)	(16,548)
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(793)	(994)
Proceeds from finance lease liabilities	-	1,517
Repayment of finance lease liabilities	(216)	(529)
Dividends paid to shareholders	-	(6,110)
Purchase of treasury shares	-	6,110
Interest paid	(395)	(383)
Net drawdown of term loans and borrowings	4,458	9,805
<b>Net cash generated from financing activities</b>	3,054	9,416
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	23,663	11,889
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	43,500	41,338
<b>Effects of exchange rate changes</b>	704	(1,322)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	67,867	51,905
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	60,561	44,679
Bank overdraft	-	-
Deposits with licensed banks:		
Fixed deposit	7,306	7,226
	67,867	51,905
	-	-

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

The accompanying notes are an integral part of this statement.



---

**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 Presentation of Financial Statements and MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – *Definition of Material*

Amendments to MFRS 3 Business Combinations – *Definition of a Business*

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

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



---

**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 3	Business Combinations	1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2021#
MFRS 107	Statement of Cash Flows	1 January 2021# / 1 January 2022
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2021#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021#
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2021#
MFRS 138	Intangible Assets	1 January 2021#
MFRS 140	Investment Property	1 January 2021#

# Amendments as to the consequence of the effective MFRS 17 Insurance Contracts

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.





---

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

---

**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 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.

**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 30 June 2020, the total number of issued shares of the Company is 263,205,367 Shares (“Shares”), inclusive of 6,896,244 Shares held as treasury shares. Hence, the number of outstanding Shares in issue is 256,309,123 Shares. Shares purchased were stated at cost.



---

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT**

**9. Dividend paid**

A single tier final dividend of 6 sen per share for the year ended 31 December 2019 was paid on 15 July 2020.

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

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

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

There were no significant material and subsequent events at the end of the financial period ended 30 June 2020 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 30 June 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**  
200201013949 (Company No. 581612-A)  
(Incorporated in Malaysia)

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

Segment information for the year ended 30 June 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	124,979	115,091	25,548	(129,260)	136,358
EBDITA *	28,043	2,075	6,924	(276)	36,766
Depreciation	(4,023)	(48)	(1,126)	-	(5,197)
Profit from operation	24,020	2,027	5,798	(276)	31,569
Finance costs	(390)	(5)	-	-	(395)
Share of results of associate	453	-	-	-	453
PBT **	24,083	2,022	5,798	(276)	31,627

**As at 30 June 2020**

Total assets	319,422	96,686	68,899	(186,823)	298,184
Total liabilities	74,568	9,213	70,173	(81,661)	72,293

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

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	87,799	75,878	26,390	(87,401)	102,666
EBDITA *	23,053	(161)	5,902	(3,166)	25,628
Depreciation	(3,775)	(56)	(1,295)	-	(5,126)
Profit from operation	19,278	(217)	4,607	(3,166)	20,502
Finance costs	(378)	(5)	-	-	(383)
Share of results of associate	(816)	-	-	-	(816)
PBT **	18,084	(222)	4,607	(3,166)	19,303

**As at 30 June 2019**

Total assets	267,806	55,090	54,169	(141,888)	235,177
Total liabilities	48,594	35,021	7,987	(43,553)	48,049

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

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



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

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**16. Review of performance**

i) Comparison between current year quarter with corresponding quarter:

Current Year Quarter – 30 June 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	56,218	62,470	15,457	(60,734)	73,411
EBDITA *	9,105	791	5,447	(138)	15,205
Depreciation	(1,533)	55	(782)	-	(2,260)
Profit					
from operation	7,572	846	4,665	(138)	12,945
Finance costs	(230)	(2)	-	-	(232)
Share of results of associate	224	-	-	-	224
PBT **	7,566	844	4,665	(138)	12,937

Preceding Year Quarter – 30 June 2019

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	44,864	40,509	15,892	(47,950)	53,315
EBDITA *	14,481	643	4,431	(2,777)	16,778
Depreciation	(1,938)	(29)	(769)	-	(2,736)
Profit					
from operation	12,543	614	3,662	(2,777)	14,042
Finance costs	(116)	(2)	-	-	(118)
Share of results of associate	(428)	-	-	-	(428)
PBT **	11,999	612	3,662	(2,777)	13,496

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

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



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

---

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT**

**Group**

Group revenue for the quarter ended 30 June 2020 was RM73.4 million compared with RM53.3 million for the quarter ended 30 June 2019, an increase of 37.7%. The increase in revenue was mainly due to the increase in volume loading by customers related to Hard Disk Drives (“HDD”) components. Despite the increase in revenue, the Group’s Profit Before Taxation for the quarter ended 30 June 2020 decreased to RM12.9 million from RM13.5 million registered in the previous year corresponding financial quarter ended 30 June 2019. The decrease in profit before taxation was mainly due to unrealized foreign exchange loss of RM3.5 million recorded in current quarter compared to an unrealized foreign exchange gain of RM1.2 million in the previous year corresponding quarter. The Group also incurred additional Employee Share Option expenses of RM0.8 million in the current quarter.

On top of that, the manufacturing plants in Malaysia were shut down on 18 March 2020 due to the Movement Control Order (MCO) implemented by the Government. Subsequently, Dufu Industries Sdn Bhd (DISB) and Dufusion Sdn Bhd (DFSB) received approval from Ministry of International Trade (MITI) to operate at 50% of their man power capacity on 3 & 17 April 2020 respectively. DISB and DFSB resumed their business operations amidst at lower capacity on 6 & 20 April 2020. During the MCO period of approximately one month, albeit with minimal work force, the Group introduced hard-ship allowance and provision of meals for workers who came back to work. Obviously, with lower output from our Malaysian operations and higher cost of compliance, labour and overhead costs per unit of volume produced increased and dented the Group’s profitability in the second quarter of current financial year.



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

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

- i. Comparison between current period with corresponding period:

Current Period – 30 June 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	124,979	115,091	25,548	(129,260)	136,358
EBDITA *	28,043	2,075	6,924	(276)	36,766
Depreciation	(4,023)	(48)	(1,126)	-	(5,197)
Profit from operation	24,020	2,027	5,798	(276)	31,569
Finance costs	(390)	(5)	-	-	(395)
Share of results of associate	453	-	-	-	453
PBT **	24,083	2,022	5,798	(276)	31,627

Preceding Period - 30 June 2019

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	87,799	75,878	26,390	(87,401)	102,666
EBDITA *	23,053	(161)	5,902	(3,166)	25,628
Depreciation	(3,775)	(56)	(1,295)	-	(5,126)
Profit from operation	19,278	(217)	4,607	(3,166)	20,502
Finance costs	(378)	(5)	-	-	(383)
Share of results of associate	(816)	-	-	-	(816)
PBT **	18,084	(222)	4,607	(3,166)	19,303

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

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

**Group**

The Group's revenue for the period ended 30 June 2020 was RM136.4 million compared with RM102.7 million for the period ended 30 June 2019, an increase of 32.8%. The increase in revenue was mainly due to the increase in demand related to Hard Disk Drives ("HDD") components. The Group's profit before taxation for the period ended 30 June 2020 increased to RM31.6 million from RM19.3 million registered in the previous financial period ended 30 June 2019. The increase in profit before taxation was mainly due to the increase in revenue and share of results of associate's profit of RM0.5 million compared to losses of RM0.8 million in the previous year corresponding period.



---

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT**

---

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

	Individual quarter ended		Variance	
	30.06.2020	31.03.2020		
	RM'000	RM'000	RM'000	%
Revenue	73,410	62,948	10,462	16.6
Profit before tax	12,937	18,690	(5,753)	(30.8)

Revenue for the quarter ended 30 June 2020 increased by RM10.5 million or 16.6% while profit before taxation decreased by RM5.8 million or 30.8% for the current quarter as compared to the preceding quarter. Despite the increase in revenue, the decrease in profit before taxation was mainly due to the unfavorable foreign exchange rates pertaining to the strengthening of the MYR against USD towards 30 June 2020 quarter end. This has resulted in an unrealized loss of RM3.5 million in the current quarter compared to RM5.5 million of unrealized profit registered in the preceding quarter ended 31 March 2020. In addition, the results in the current financial quarter was affected by the operational impact due to the Covid-19 outbreak as aforementioned.

**18. Prospects**

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

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

Subsequently, Dufu Industries Sdn Bhd (DISB) and Dufusion Sdn Bhd (DFSB) received approval from Ministry of International Trade (MITI) to operate at 50% of their man power capacity on 3 & 17 April 2020 respectively. DISB and DFSB resumed their business operation amidst at lower capacity on 6 & 20 April 2020 respectively namely to meet their customers' existing and new orders.

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



---

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT**

risk of contamination of its plants from Covid-19 disease. During the month of April 2020, the Group introduced hard-ship allowance and provision of meals for workers who came back to work. Obviously, with lower output from our Malaysian operations and higher cost of compliance, labour and overhead costs per unit of volume produced increased and dented the Group's profitability in the second quarter of financial year ending 31 December 2020.

The Group's operation in Malaysia has returned to normalcy since early May 2020. Nevertheless, the eventual impact to the Group's operations will largely be dependent on the scale and length of the pandemic which will ultimately be determined by how the virus spreads and evolves and how fast the Governments worldwide reopen their respective countries, of which this is almost impossible to predict at this juncture.

On top of this, we are concern with a potential global supply chain disruption risk which may temporarily impact the demand of our own and customer's product lines. Nevertheless, we expect a better second half outlook for the Group's products in line with current orders in hand and thus, we are expecting that the Group will be able to achieve satisfactory results in the financial year ending 2020 despite the above uncertainties.

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

Not applicable.

**20. Taxation**

	<b>Current Quarter 3 months ended 30 Jun 2020 RM'000</b>	<b>Year-to-date 6 months ended 30 Jun 2020 RM'000</b>
Income tax		
Current year	3,124	7,776
Prior year	-	-
	<hr/>	<hr/>
	3,124	7,776
Deferred tax		
Current year	-	-
Prior year	-	-
	<hr/>	<hr/>
	3,124	7,776





---

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT**

**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. On 3 July 2020, the Company announced the lodgment date for the Proposed Bonus Issue to be on 4 August 2020.

**22. Group borrowings**

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

	<b>Short-term (Unsecured)</b>	<b>Short-term (Secured)</b>	<b>Long-term (Secured)</b>	<b>Total borrowing (Secured)</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Finance lease liabilities	-	402	865	1,267
Term loans	-	1,037	10,319	11,356
Bankers’ acceptances	6,225	-	-	6,225
Revolving term loan	2,122	-	-	2,122
Total	<u>8,347</u>	<u>1,439</u>	<u>11,184</u>	<u>20,970</u>

The Group borrowings are dominated in the following currencies:

	<b>RM’000</b>
Ringgit Malaysia	12,587
US Dollar	8,383
Total borrowings	<u>20,970</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.



---

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

---

**NOTES TO THE INTERIM FINANCIAL REPORT**

**25. Dividend**

A single tier interim dividend of 1.25 sen based on the enlarge share capital of 532.6 million number of shares in respect of the financial year ending 31 December 2020 has been declared on 4 August 2020 and is to be paid on 25 September 2020 to depositors registered in the records of Depositors at the close of business on 28 August 2020. 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 2020. In the corresponding period, a single tier interim dividend of 2.0 sen in respect of the financial year ended 31 December 2019 was paid on 25 September 2019.

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

**26. Earnings per share**

**Basic earnings per share**

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

	<b>3 Months Quarter Ended 30 June</b>		<b>6 Months Period Ended 31 June</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net profit attributable to shareholders (RM'000)	9,897	10,461	24,041	14,635
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	256,309	248,173	256,309	246,139
Basic earnings per share (sen)	3.9	4.2	9.4	5.9
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	257,389	248,173	257,389	246,139
Diluted earnings per share (sen)	3.8	4.2	9.3	5.9

**DATED THIS 4<sup>th</sup> DAY OF AUGUST, 2020**