



# DUFU TECHNOLOGY CORP. BERHAD

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

## INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

### CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	52,761	46,391	52,761	46,391
Cost of sales	(37,395)	(33,130)	(37,395)	(33,130)
<b>Gross profit</b>	15,366	13,261	15,366	13,261
Other operating income	755	224	755	224
General and administrative expenses	(8,392)	(5,117)	(8,392)	(5,117)
<b>Profit from operations</b>	7,729	8,368	7,729	8,368
Finance costs	(98)	(152)	(98)	(152)
<b>Profit before tax</b>	7,631	8,216	7,631	8,216
Income tax expense	(1,868)	(1,901)	(1,868)	(1,901)
<b>Profit net of tax</b>	5,763	6,315	5,763	6,315
<b>Profit attributable to:</b>				
Owners of the parent	5,763	6,315	5,763	6,315
Non-controlling interests	-	-	-	-
	5,763	6,315	5,763	6,315
Basic/Diluted earnings per ordinary share (sen)	3.5	3.8	3.5	3.8

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

The accompanying notes are an integral part of this statement.



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(Company No. 581612 A)  
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## INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	5,763	6,315	5,763	6,315
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	(1,385)	(464)	(1,385)	(464)
<b>Total comprehensive income for the period</b>	<b>4,378</b>	<b>5,851</b>	<b>4,378</b>	<b>5,851</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	4,378	5,851	4,378	5,851
Non-controlling interests	-	-	-	-
	<b>4,378</b>	<b>5,851</b>	<b>4,378</b>	<b>5,851</b>

*The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.*

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



# DUFU TECHNOLOGY CORP. BERHAD

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

## INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

### NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	98	152	98	152
(b) Interest income	(103)	(152)	(103)	(152)
(c) Depreciation and amortisation	2,319	2,531	2,319	2,531
(d) (Reversal)/Impairment loss on receivables	-	(52)	-	(52)
(e) Provision for and write off of inventories	-	-	-	-
(f) (Gain) or loss on disposal of quoted or unquoted investments or properties	-	166	-	166
(g) Property, plant and equipment written off	-	-	-	-
(h) Realised foreign exchange (gain)/ loss	1,579	(322)	1,579	(322)
(i) Unrealised foreign exchange (gain)/ loss	442	693	442	693
(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 2017.*

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

**DUFU TECHNOLOGY CORP. BERHAD**

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

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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 31 March 2018	(Audited) As at 31 Dec 2017
	<u>RM'000</u>	<u>RM'000</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	37,637	36,573
INVESTMENT PROPERTIES	9,503	9,640
OTHER INVESTMENTS	6,144	6,144
INVESTMENT IN CLUB MEMBERSHIP, AT COST	89	92
DEFERRED TAX ASSETS	1,243	1,164
	<u>54,616</u>	<u>53,613</u>
<b>CURRENT ASSETS</b>		
Inventories	30,074	33,549
Trade and other receivables	51,854	51,234
Cash and bank balances	38,137	37,976
	<u>120,065</u>	<u>122,759</u>
<b>TOTAL ASSETS</b>	<u>174,681</u>	<u>176,372</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
SHARE CAPITAL	87,735	87,735
TREASURY SHARES	(8,013)	(5,353)
RESERVES	63,724	59,346
<b>TOTAL EQUITY</b>	<u>143,446</u>	<u>141,728</u>
<b>NON-CURRENT LIABILITIES</b>		
BORROWINGS	3,005	3,596
DEFERRED TAX LIABILITIES	14	15
	<u>3,019</u>	<u>3,611</u>
<b>CURRENT LIABILITIES</b>		
Borrowings	2,313	2,772
Trade and other payables	23,807	25,665
Tax payable	2,096	2,596
	<u>28,216</u>	<u>31,033</u>
<b>TOTAL LIABILITIES</b>	<u>31,235</u>	<u>34,644</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>174,681</u>	<u>176,372</u>
Net Assets per ordinary share (RM)	<u>0.82</u>	<u>0.81</u>

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.*

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



**DUFU TECHNOLOGY CORP. BERHAD**

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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(The figures have not been audited)

Three Months Ended 31 March 2018

	← Attributable to owners of the Company →					Non-controlling Interest	Total Equity
	Non-distributable		Distributable				
	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2018	87,735	(5,353)	(19,499)	78,845	141,728	-	141,728
Total comprehensive income for the period:							
Profit for the period	-	-	-	5,763	5,763	-	5,763
Other comprehensive income for the period	-	-	(1,385)	-	(1,385)	-	(1,385)
	-	-	(1,385)	5,763	4,378	-	4,378
Transactions with owners:							
Purchase of treasury shares	-	(2,660)	-	-	(2,660)	-	(2,660)
Dividends	-	-	-	-	-	-	-
Total transactions with owners :	-	(2,660)	-	-	(2,660)	-	(2,660)
<b>At 31 March 2018</b>	<b>87,735</b>	<b>(8,013)</b>	<b>(20,884)</b>	<b>84,608</b>	<b>143,446</b>	<b>-</b>	<b>143,446</b>

Three Months Ended 31 March 2017

	← Attributable to owners of the Company →					Non-controlling Interest	Total Equity
	Non-distributable		Distributable				
	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2017							
As previously stated	87,735	(5,012)	(15,236)	63,703	131,190	-	131,190
Retrospective adjustments	-	-	-	(1,726)	(1,726)	-	(1,726)
As restated	87,735	(5,012)	(15,236)	61,977	129,464	-	129,464
Total comprehensive income for the period:							
Profit for the period	-	-	-	6,315	6,315	-	6,315
Other comprehensive income for the period	-	-	(464)	-	(464)	-	(464)
	-	-	(464)	6,315	5,851	-	5,851
Transactions with owners:							
Purchase of treasury shares	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total transactions with owners :	-	-	-	-	-	-	-
<b>At 31 March 2017</b>	<b>87,735</b>	<b>(5,012)</b>	<b>(15,700)</b>	<b>68,292</b>	<b>135,315</b>	<b>-</b>	<b>135,315</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

The accompanying notes are an integral part of this statement.

**DUFU TECHNOLOGY CORP. BERHAD**(Company No. 581612 A)  
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(The figures have not been audited)

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	7,631	8,216
Adjustments for:		
Amortisation of club membership	3	-
Depreciation	2,316	2,531
Interest income	(103)	(152)
Interest expense	98	152
(Gain) / Loss on disposal of property, plant and equipment	-	166
(Reversal on)/ impairment loss on loan and receivables	-	(52)
Unrealised loss/ (gain) on foreign exchange	442	-
Total adjustments	2,756	2,645
<b>Operating cash flows before changes in working capital</b>	<b>10,387</b>	<b>10,861</b>
Changes in working capital		
Net change in current assets	2,960	3,288
Net change in current liabilities	(1,810)	(6,905)
Total changes in working capital	1,150	(3,617)
<b>Cash flows from operations</b>	<b>11,537</b>	<b>7,244</b>
Tax paid	(2,441)	(1,817)
Interest paid	(36)	-
Interest income	45	-
<b>Net cash flow generated from operating activities</b>	<b>9,105</b>	<b>5,427</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,369)	(32)
Interest received	58	152
Proceeds from disposal of plant and equipment	-	90
Other investment	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(3,311)</b>	<b>210</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(264)	(757)
Repayment of finance lease liabilities	(413)	(557)
Purchase of treasury shares	(2,661)	-
Net change in other bank borrowings	-	-
Interest paid	(62)	(152)
<b>Net cash used in financing activities</b>	<b>(3,400)</b>	<b>(1,466)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,394</b>	<b>4,171</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL QUARTER</b>	<b>37,604</b>	<b>43,946</b>
<b>Effects of exchange rate changes</b>	<b>(1,861)</b>	<b>(371)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER</b>	<b>38,137</b>	<b>47,746</b>
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	22,255	36,055
Bank overdraft	-	(273)
Deposits with licensed banks:		
Fixed deposit	15,882	11,964
Short term placements	-	-
	<b>38,137</b>	<b>47,746</b>

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017.

The accompanying notes are an integral part of this statement.



## DUFU TECHNOLOGY CORP. BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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#### NOTES TO THE INTERIM FINANCIAL REPORT

#### PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

##### 1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017. 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 2017.

##### 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 2017 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 January 2018:

- Amendments to MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers
- Amendments to MFRS 15: Clarifications to MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 128: Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140: Transfers of Investment Property
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

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

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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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
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119: Employee Benefits (Plan Amendment, Curtailment or Settlement)	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16: Leases	1 January 2019
IC Interpretation 23: Uncertainty Over Income Tax Treatments	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
(i) Previously Held Interest in a Joint Operation (Amendments to MFRS 3 Business Combinations)	
(ii) Previously Held Interest in a Joint Operation (Amendments to MFRS 11 Joint Arrangements)	
(iii) Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112 Income Taxes)	
(iv) Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 Borrowing Costs)	
MFRS 17: Insurance Contracts	1 January 2021

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

### 3. Significant Accounting Estimates And Judgements

#### (a) Critical Judgements Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.





## DUFU TECHNOLOGY CORP. BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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#### 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 2017 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 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:

During the financial period, the Company repurchased 2,322,500 of its issued share capital from the open market for an average price of RM1.1456 per share. The repurchased transactions were financed by internally generated funds. The repurchase shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016.



## DUFU TECHNOLOGY CORP. BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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#### NOTES TO THE INTERIM FINANCIAL REPORT

As of 31 March 2018, the total number of issued shares of the Company is 175,470,370 Ordinary Shares (“Shares”), inclusive of 11,259,400 Shares held as treasury shares. Hence, the number of outstanding Ordinary Shares in issue is 164,210,970 Shares. Shares purchased were stated at cost.

#### 9. Dividend paid

These were no dividends paid during the financial period ended 31 March 2018.

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

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

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

There were no significant material and subsequent events at the end of the financial period ended 31 March 2018 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 quarter and financial period to date.

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

As at 31 March 2018, the Group has no material contingent liabilities save for corporate guarantee of RM73 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 period.

#### 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.

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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018****NOTES TO THE INTERIM FINANCIAL REPORT**

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 period ended 31 March 2018 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	47,568	39,690	12,672	(47,169)	52,761
EBDITA *	9,120	(351)	1,623	(344)	10,048
Depreciation	(1,596)	(22)	(701)	-	(2,319)
Profit					
from operation	7,524	(373)	922	(344)	7,729
Finance costs	(96)	(2)	-	-	(98)
PBT **	7,428	(375)	922	(344)	7,631

**As at 31 March 2018**

Total assets	205,177	54,529	41,819	(126,844)	174,681
Total liabilities	63,684	37,796	5,642	(75,887)	31,235

Segment information for the period ended 31 March 2017 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	42,524	35,483	11,509	(43,125)	46,391
EBDITA *	9,238	364	1,177	120	10,899
Depreciation	(1,737)	(24)	(770)	-	(2,531)
Profit					
from operation	7,501	340	407	120	8,368
Finance costs	(109)	(2)	(41)	-	(152)
PBT **	7,392	338	366	120	8,216

**As at 31 March 2017**

Total assets	203,800	44,236	43,012	(117,932)	173,116
Total liabilities	74,828	22,697	4,697	(66,147)	36,075

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

\*\* PBT - Profit Before Tax



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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**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**

Current Year Quarter – 31 March 2018

	<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	47,568	39,690	12,672	(47,169)	52,761
EBDITA *	9,120	(351)	1,623	(344)	10,048
Depreciation	(1,596)	(22)	(701)	-	(2,319)
Profit					
from operation	7,524	(373)	922	(344)	7,729
Finance costs	(96)	(2)	-	-	(98)
PBT **	7,428	(375)	922	(344)	7,631

Preceding Year Quarter – 31 March 2017

	<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	42,524	35,483	11,509	(43,125)	46,391
EBDITA *	9,238	364	1,177	120	10,899
Depreciation	(1,737)	(24)	(770)	-	(2,531)
Profit					
from operation	7,501	340	407	120	8,368
Finance costs	(109)	(2)	(41)	-	(152)
PBT **	7,392	338	366	120	8,216

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

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

**Group**

Group revenue for the period ended 31 March 2018 was RM52.8 million compared with RM46.4 million for the period ended 31 March 2017, an increase of 13.7%. 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 31 March 2018 decreased to RM7.6 million from RM8.2 million registered in the previous financial period ended 31 March 2017. The decrease in profit before taxation was mainly due to the adverse effect of foreign exchange resulted from the weakening of United States Dollar (“USD”) against Ringgit (“MYR”).



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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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#### NOTES TO THE INTERIM FINANCIAL REPORT

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

	Individual quarter ended		Variance	
	31.03.2018	31.12.2017	RM'000	%
	RM'000	RM'000		
Revenue	52,761	50,317	2,444	4.9
Profit before tax	7,631	7,110	521	7.3

Revenue for the quarter ended 31 March 2018 increased by RM2.4 million or 4.9% while profit before taxation increased by RM0.5 million or 7.3% for the current quarter as compared to the preceding quarter. The increase in revenue was due to the strong demand in the HDD segment which also attributed to the increase in profit before tax.

#### 18. Prospects

We expect sales to continue to remain favorable towards the first half of 2018 as our major product is driven by the growth in high-capacity nearline HDDs as well as stabilization of client storage demand. The long-term future of HDDs are likely rests with high capacity HDDs, particularly in data centers serving cloud storage applications. The demand for high capacity storage drives, enhanced performance, and lower storage cost is set to rise. Global internet penetration, the rise in e-commerce in emerging markets, and the current trend for high-resolution media standards are the likely drivers for the continuing rise in global data storage demand.

Nevertheless, the Group will continue to improve its operational efficiency and keep a tight rein on costs to ensure price competitiveness on its products. The Group is also working closely with existing and new customers in creating value to their supply chain, and will continue to seek opportunity to venture into new business segments that can synergize with the Group's current business model. With this in place and considering the continuing stable demand based on the current market trend and assuming that there is no volatility in the United States Dollar ("USD") currency against Ringgit, the Group expects its earnings and growth to be satisfactory in the coming quarters.

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

Not applicable.

**DUFU TECHNOLOGY CORP. BERHAD**

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

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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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**NOTES TO THE INTERIM FINANCIAL REPORT****20. Taxation**

	<b>Current Quarter 3 months ended 31 March 2018 RM'000</b>	<b>Year-to-date 3 months ended 31 March 2018 RM'000</b>
Income tax		
Current year	1,951	1,951
Prior year	-	-
	<hr/> 1,951	<hr/> 1,951
Deferred tax		
Current year	(83)	(83)
Prior year	-	-
	<hr/> 1,868	<hr/> 1,868

**21. Status on corporate proposals**

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

**22. Group borrowings**

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

	<b>Short-term (Secured) RM'000</b>	<b>Long-term (Secured) RM'000</b>	<b>Total borrowing (Secured) RM'000</b>
Bank overdraft	-	-	-
Hire purchase	1,208	672	1,880
Term loans	1,105	2,333	3,438
Total	<hr/> 2,313	<hr/> 3,005	<hr/> 5,318

The Group borrowings are dominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	5,146
US Dollar	172
Total borrowings	<hr/> 5,318

**23. Derivatives financial instruments**

There were no outstanding derivatives financial instruments entered into by the Group as at the date of this quarterly report.



## DUFU TECHNOLOGY CORP. BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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#### NOTES TO THE INTERIM FINANCIAL REPORT

#### 24. Material litigation

There was no pending material litigation as at the date of this quarterly report.

#### 25. Dividend

A single tier final dividend of 4.5 sen in respect of the financial year ended 31 December 2017 proposed on 28 February 2018 has been approved by the shareholders at the Annual General Meeting held on 22 May 2018 and is to be paid on 13 June 2018. The interim report does not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the quarter ending 30 June 2018.

#### 26. Earnings per share

##### Basic earnings per share

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

	3 Months Period Ended 31 March		3 Months Period Ended 31 March	
	2018	2017	2018	2017
Net profit attributable to shareholders (RM'000)	5,763	6,315	5,763	6,315
Weighted average number of ordinary shares in issue ('000)	165,120	166,818	165,120	166,818
Basic earnings per share (sen)	3.5	3.8	3.5	3.8

##### Diluted

The Group does not have any convertible shares or financial instruments for the current financial quarter and financial year to-date.

**DATED THIS 22<sup>nd</sup> DAY OF MAY, 2018.**