



# DUFU TECHNOLOGY CORP. BERHAD

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

## INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

### 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 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Revenue</b>	66,895	43,534	178,347	130,895
Cost of sales	(41,687)	(28,815)	(119,566)	(88,445)
<b>Gross profit</b>	<u>25,208</u>	<u>14,719</u>	<u>58,781</u>	<u>42,450</u>
Other operating income	3,269	849	5,319	1,262
General and administrative expenses	(4,541)	(7,195)	(17,142)	(17,622)
<b>Profit from operations</b>	<u>23,936</u>	<u>8,373</u>	<u>46,958</u>	<u>26,090</u>
Finance costs	(107)	(137)	(318)	(413)
<b>Profit before tax</b>	<u>23,829</u>	<u>8,236</u>	<u>46,640</u>	<u>25,677</u>
Income tax expense	(4,517)	(1,818)	(9,755)	(6,067)
<b>Profit net of tax</b>	<u>19,312</u>	<u>6,418</u>	<u>36,885</u>	<u>19,610</u>
<b>Profit attributable to:</b>				
Owners of the parent	19,324	6,418	36,897	19,610
Non-controlling interests	(12)	-	(12)	-
	<u>19,312</u>	<u>6,418</u>	<u>36,885</u>	<u>19,610</u>
Basic/Diluted earnings per ordinary share (sen)	<u>11.9</u>	<u>3.8</u>	<u>22.5</u>	<u>11.8</u>

*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 30 SEPTEMBER 2018

### 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 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	19,312	6,418	36,885	19,610
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	(616)	(305)	113	(1,777)
<b>Total comprehensive income for the period</b>	<b>18,696</b>	<b>6,113</b>	<b>36,998</b>	<b>17,833</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	18,708	6,113	37,010	17,833
Non-controlling interests	(12)	-	(12)	-
	<b>18,696</b>	<b>6,113</b>	<b>36,998</b>	<b>17,833</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.*

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## DUFU TECHNOLOGY CORP. BERHAD

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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

#### 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 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	107	137	318	413
(b) Interest income	(186)	(128)	(474)	(458)
(c) Depreciation and amortisation	2,335	2,289	7,113	7,169
(d) (Reversal)/Impairment loss on receivables	-	298	-	292
(e) Provision for and write off of inventories	-	-	-	-
(f) (Gain) or loss on disposal of quoted or unquoted investments or properties	9	-	(51)	(246)
(g) Property, plant and equipment written off	-	-	-	-
(h) Realised foreign exchange (gain)/ loss	(2,213)	312	(1,119)	640
(i) Unrealised foreign exchange (gain)/ loss	13	265	(984)	1,385
(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**

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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 30 Sept 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	42,933	36,573
INVESTMENT PROPERTIES	9,228	9,640
OTHER INVESTMENTS	6,144	6,144
INVESTMENT IN CLUB MEMBERSHIP, AT COST	82	93
DEFERRED TAX ASSETS	1,314	1,164
	<u>59,701</u>	<u>53,614</u>
<b>CURRENT ASSETS</b>		
Inventories	44,207	33,549
Trade and other receivables	68,338	51,234
Other investments	1,281	1,962
Cash and bank balances	37,995	36,014
	151,821	122,759
<b>TOTAL ASSETS</b>	<u>211,522</u>	<u>176,373</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
SHARE CAPITAL	87,735	87,735
TREASURY SHARES	(9,563)	(5,353)
RESERVES	84,942	59,346
	163,114	141,728
NON- CONTROLLING INTERESTS	426	-
<b>EQUITY FUNDS</b>	<u>163,540</u>	<u>141,728</u>
<b>NON-CURRENT LIABILITIES</b>		
BORROWINGS	2,078	3,596
DEFERRED TAX LIABILITIES	-	15
	<u>2,078</u>	<u>3,611</u>
<b>CURRENT LIABILITIES</b>		
Borrowings	6,656	2,772
Dividend payable	4,068	-
Trade and other payables	29,298	25,665
Tax payable	5,882	2,597
	<u>45,904</u>	<u>31,034</u>
<b>TOTAL LIABILITIES</b>	<u>47,982</u>	<u>34,645</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>211,522</u>	<u>176,373</u>
Net Assets per ordinary share (RM)	<u>1.00</u>	<u>0.85</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.*



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**INTERIM FINANCIAL REPORT  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(The figures have not been audited)

Nine Months Ended 30 Sept 2018

	← Attributable to owners of the Company →					Non-controlling Interests	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	
<b>At 1 January 2018</b>	87,735	(5,353)	(19,499)	78,845	141,728	-	141,728
<b>Total comprehensive income for the period:</b>							
Profit for the period	-	-	-	36,897	36,897	(12)	36,885
Other comprehensive income for the period	-	-	113	-	113	-	113
	-	-	113	36,897	37,010	(12)	36,998
<b>Transactions with owners:</b>							
Purchase of treasury shares	-	(4,210)	-	-	(4,210)	-	(4,210)
Incorporation of new subsidiary	-	-	-	-	-	438	438
Dividends	-	-	-	(11,414)	(11,414)	-	(11,414)
Total transactions with owners:	-	(4,210)	-	(11,414)	(15,624)	438	(15,186)
<b>At 30 September 2018</b>	<b>87,735</b>	<b>(9,563)</b>	<b>(19,386)</b>	<b>104,328</b>	<b>163,114</b>	<b>426</b>	<b>163,540</b>

Nine Months Ended 30 Sept 2017

	← Attributable to owners of the Company →					Non-controlling Interests	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	
<b>At 1 January 2017</b>							
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
<b>Total comprehensive income for the period:</b>							
Profit for the period	-	-	-	19,610	19,610	-	19,610
Other comprehensive income for the period	-	-	(1,777)	-	(1,777)	-	(1,777)
	-	-	(1,777)	19,610	17,833	-	17,833
<b>Transactions with owners:</b>							
Purchase of treasury shares	-	-	-	-	-	-	-
Dividends	-	-	-	(9,175)	(9,175)	-	(9,175)
Total transactions with owners:	-	-	-	(9,175)	(9,175)	-	(9,175)
<b>At 30 September 2017</b>	<b>87,735</b>	<b>(5,012)</b>	<b>(17,013)</b>	<b>72,412</b>	<b>138,122</b>	<b>-</b>	<b>138,122</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.



**INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(The figures have not been audited)

	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	46,640	25,677
Adjustments for:		
Amortisation of club membership	9	-
Depreciation	7,104	7,169
Interest income	(474)	(458)
Interest expense	318	413
Gain on disposal of property, plant and equipment	(51)	(246)
Reversal of impairment loss on loan and receivables	-	292
Unrealised loss/ (gain) on foreign exchange	(984)	1,385
Total adjustments	5,922	8,555
<b>Operating cash flows before changes in working capital</b>	<b>52,562</b>	<b>34,232</b>
Changes in working capital		
Net change in current assets	(26,426)	(6,757)
Net change in current liabilities	3,185	(6,140)
Total changes in working capital	(23,241)	(12,897)
<b>Cash flows from operations</b>	<b>29,321</b>	<b>21,335</b>
Tax paid	(6,633)	(6,908)
Interest paid	(113)	-
Interest income	139	-
<b>Net cash flow generated from operating activities</b>	<b>22,714</b>	<b>14,427</b>
<b>INVESTING ACTIVITIES</b>		
Incorporation of a subsidiary	438	-
Purchase of property, plant and equipment	(13,370)	(3,658)
Interest received	334	458
Proceeds from disposal of plant and equipment	95	1,201
Net change in other investments	681	(6,144)
<b>Net cash used in investing activities</b>	<b>(11,822)</b>	<b>(8,143)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(802)	(2,041)
Repayment of finance lease liabilities	(1,068)	(1,620)
Dividends paid to shareholders	(7,346)	(5,839)
Purchase of treasury shares	(4,210)	-
Net change in other bank borrowings	4,608	-
Interest paid	(205)	(413)
<b>Net cash used in financing activities</b>	<b>(9,023)</b>	<b>(9,913)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,869</b>	<b>(3,629)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>35,642</b>	<b>43,946</b>
<b>Effects of exchange rate changes</b>	<b>484</b>	<b>(2,854)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>37,995</b>	<b>37,463</b>
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	23,972	27,024
Deposits with licensed banks:		
Fixed deposit	14,023	10,439
Short term placements	-	-
	37,995	37,463
	-	-

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 30 SEPTEMBER 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.



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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
Amendments to References to the Conceptual Framework in MFRS Standards:-	
Amendments to MFRS 2 Share-Based Payment	1 January 2020
Amendments to MFRS 3 Business combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources.	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingents Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020





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**INTERIM FINANCIAL REPORT  
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**NOTES TO THE INTERIM FINANCIAL REPORT**

Amendments to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transaction and Advance Consideration	1 January 2020
Amendments to IC 132 Intangible Assets-Web Site costs	1 January 2020

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.

**(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.



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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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#### NOTES TO THE INTERIM FINANCIAL REPORT

##### 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 3,797,000 of its issued share capital from the open market for an average price of RM1.12 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.

As of 30 September 2018, the total number of issued shares of the Company is 175,470,370 Ordinary Shares (“Shares”), inclusive of 12,733,900 Shares held as treasury shares. Hence, the number of outstanding Ordinary Shares in issue is 162,736,470 Shares. Shares purchased were stated at cost.

##### 9. Dividend paid

A single tier final dividend of 2.5 sen in respect of the financial year ending 31 December 2018 was paid on 12 October 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 30 September 2018 that have not been reflected in the interim financial statements as at the date of this report.



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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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#### NOTES TO THE INTERIM FINANCIAL 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 except as follows:-

- a) On 14 June 2018, the Group had announced that it had incorporated a 75%-owned subsidiary, Dufu Metal Sdn Bhd. The intended principal activity of Dufu Metal Sdn Bhd is to carry on the business as manufacturer of high precision engineering parts, module assembly and metal fabrication parts for semiconductor, electronics, industrial automation industries, etc.
- b) On 27 September 2018, the Group had announced that it had incorporated a wholly-owned subsidiary, Guangzhou Futron Precision Industries Co., Ltd in People's Republic of China (PRC). The intended principal activity of Guangzhou Futron Precision Industries Co., Ltd is to engage in metal precision manufacturing and processing parts such as metal components for special equipment for electronics industry, air conditioning compressor accessories, auto parts, etc.

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

As at 30 September 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.

The segmental information of the Group is presented by geographical segments. The geographical segments are based on the location of the assets and these are:

- (i) Malaysia
- (ii) Singapore
- (iii) China



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**NOTES TO THE INTERIM FINANCIAL REPORT**

Segment information for the period ended 30 September 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	152,397	135,984	41,282	(151,316)	178,347
EBDITA *	42,895	2,347	9,560	(731)	54,071
Depreciation	(4,680)	(82)	(2,351)	-	(7,113)
Profit from operation	38,215	2,265	7,209	(731)	46,958
Finance costs	(311)	(7)	-	-	(318)
PBT **	37,904	2,258	7,209	(731)	46,640

**As at 30 September 2018**

Total assets	223,436	65,966	47,986	(125,866)	211,522
Total liabilities	69,566	45,664	7,049	(74,297)	47,982

Segment information for the period ended 30 September 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	117,942	96,746	35,298	(119,091)	130,895
EBDITA *	26,852	668	5,713	26	33,259
Depreciation	(5,019)	(74)	(2,076)	-	(7,169)
Profit from operation	21,833	594	3,637	26	26,090
Finance costs	(397)	(7)	(9)	-	(413)
PBT **	21,436	587	3,628	26	25,677

**As at 30 September 2017**

Total assets	200,090	45,456	44,221	(113,284)	176,483
Total liabilities	66,464	27,545	4,053	(61,427)	36,635

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

\*\* PBT - Profit Before Tax

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**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 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	57,392	51,751	15,080	(57,328)	66,895
EBDITA *	19,320	2,016	5,227	(292)	26,271
Depreciation	(1,472)	(27)	(836)	-	(2,335)
Profit					
from operation	17,848	1,989	4,391	(292)	23,936
Finance costs	(105)	(2)	-	-	(107)
PBT **	17,743	1,987	4,391	(292)	23,829

Preceding Year Quarter – 30 September 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	40,450	28,522	11,138	(36,576)	43,534
EBDITA *	8,597	(187)	2,226	26	10,662
Depreciation	(1,629)	(28)	(632)	-	(2,289)
Profit					
from operation	6,968	(215)	1,594	26	8,373
Finance costs	(133)	(2)	(2)	-	(137)
PBT **	6,835	(217)	1,592	26	8,236

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

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

**Group**

Group revenue for the quarter ended 30 September 2018 was RM66.9 million compared with RM43.5 million for the quarter ended 30 September 2017, an increase of 53.7%. 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 quarter ended 30 September 2018 increased to RM23.8 million from RM8.2 million registered in the previous financial quarter ended 30 September 2017. The increase in profit before taxation was mainly due to the increased in revenue, economies of scale, favorable product mix and effects of foreign exchange resulted from the strengthening of United States Dollar (“USD”) against Ringgit (“MYR”) towards end of September 2018.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

ii) Comparison between current period with corresponding period:

Current Period – 30 September 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	152,397	135,984	41,282	(151,316)	178,347
EBDITA *	42,895	2,347	9,560	(731)	54,071
Depreciation	(4,680)	(82)	(2,351)	-	(7,113)
Profit from operation	38,215	2,265	7,209	(731)	46,958
Finance costs	(311)	(7)	-	-	(318)
PBT **	37,904	2,258	7,209	(731)	46,640

Preceding Period - 30 September 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	117,942	96,746	35,298	(119,091)	130,895
EBDITA *	26,852	668	5,713	26	33,259
Depreciation	(5,019)	(74)	(2,076)	-	(7,169)
Profit from operation	21,833	594	3,637	26	26,090
Finance costs	(397)	(7)	(9)	-	(413)
PBT **	21,436	587	3,628	26	25,677

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

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

**Group**

Group revenue for the period ended 30 September 2018 was RM178.3 million compared with RM130.9 million for the period ended 30 September 2017, an increase of 36.3%. 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 September 2018 increased to RM46.6 million from RM25.7 million registered in the previous financial period ended 30 September 2017. The increase in profit before taxation was mainly due to the increased in revenue, economies of scale and favorable product mix.



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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

#### NOTES TO THE INTERIM FINANCIAL REPORT

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

	Individual quarter ended		Variance	
	30.09.2018	30.06.2018		
	RM'000	RM'000	RM'000	%
Revenue	66,895	58,691	8,204	14.0
Profit before tax	23,829	15,181	8,648	57.0

Revenue for the quarter ended 30 September 2018 increased by RM8.2 million or 14.0% while profit before taxation increased by RM8.7 million or 57.0% for the current quarter as compared to the preceding quarter. The increase in revenue was due to the continued strong demand in the HDD segment, economies of scale and together with the favourable USD exchange rates against MYR also attributed to the increase in profit before tax.

#### 18. Prospects

In terms of top-line growth, we expect sales to remain strong driven by the increasing demand from the Hard Disk Drive (“HDD”) makers. The demand for HDDs will be in capacity storage for datacenters and other enterprise applications, driven by desire for cloud storage. The amount of data generated and stored daily by industries and large organizations is growing fast in line with the changing trends that are impacting businesses such as machine learning, artificial intelligence, Internet of Things, large video surveillance ‘smart city’ initiatives, software-defined and object storage.

In terms of bottom line, the Group will continue to improve its operational efficiency and keep a tight rein on costs to ensure price competitiveness on its products. In non-HDD segment, 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 related business segments that can synergize with the Group’s current business model. The incorporation of Dufu Metal Sdn Bhd is a testament of our effort to synergise our current machine precision and metal fabrication business with precision welding frame assembly which will eventually provide value add and comprehensive solution for fabrication and assembly of machinery equipment.

With this in place and considering the continuing rising demand based on the current market trend and assuming that there is no volatility in the USD currency against Ringgit, the Group expects to record its highest ever top-line and bottom line numbers in the coming financial year ending 31 December 2018.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

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

Not applicable.

**20. Taxation**

	<b>Current Quarter 3 months ended 30 Sept 2018 RM'000</b>	<b>Year-to-date 9 months ended 30 Sept 2018 RM'000</b>
Income tax		
Current year	4,384	9,702
Prior year	203	229
	<hr/>	<hr/>
	4,587	9,931
Deferred tax		
Current year	(70)	(176)
Prior year	-	-
	<hr/>	<hr/>
	4,517	9,755

**21. Status on corporate proposals**

There were no significant corporate proposals for the current financial period to date except as follows:-

- a) On 20<sup>th</sup> September 2018, the Company announced to undertake a proposed bonus issue of up to 87,735,185 new ordinary shares in Dufu (“Dufu Share(s)”) (“Bonus Share(s)”) on the basis of 1 Bonus Share for every 2 existing Dufu Shares held on an entitlement date to be determined and announced later (“Entitlement Date”) (“Proposed Bonus Issue”). The Proposed Bonus Issue has been approved By Bursa Securities on 3 October 2018. Subsequent to the approval by Bursa Securities, an Extraordinary Meeting (“EGM”) was held on 9 November 2018 of which the shareholders had voted to approve the Proposed Bonus Issue.





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**NOTES TO THE INTERIM FINANCIAL REPORT**

**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</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Foreign currency loans	4,608	-	-	4,608
Hire purchase	-	1,123	300	1,423
Term loans	-	925	1,778	2,703
<b>Total</b>	<b>4,608</b>	<b>2,048</b>	<b>2,078</b>	<b>8,734</b>

The Group borrowings are dominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	3,976
US Dollar	4,758
<b>Total borrowings</b>	<b>8,734</b>

**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 2.5 sen in respect of the financial year ending 31 December 2018 has been declared on 7 August 2018 and was paid on 12 October 2018. In the corresponding period, a single tier interim dividend of 2 sen in respect of the financial year ended 31 December 2017 was paid on 12 October 2017.

A single tier final dividend of 4.5 sen in respect of the financial year ended 31 December 2017 has been approved by the shareholders at the Annual General Meeting held on 22 May 2018 and was paid on 13 June 2018. In the corresponding period, a single tier final dividend of 3.5 sen in respect of the financial year ended 31 December 2016 was paid to the shareholders on 20 June 2017.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

**26. Earnings per share**

**Basic earnings per share**

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

	<b>3 Months Quarter Ended</b>		<b>9 Months Period Ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net profit attributable to shareholders (RM'000)	19,324	6,418	36,897	19,610
Weighted average number of ordinary shares in issue ('000)	162,736	166,818	163,681	166,818
Basic earnings per share (sen)	11.9	3.8	22.5	11.8

Diluted

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

**DATED THIS 9<sup>th</sup> DAY OF NOVEMBER, 2018.**