



## DUFU TECHNOLOGY CORP. BERHAD

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

### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

#### 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 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	67,632	66,895	170,298	178,347
Cost of sales	(42,564)	(41,687)	(113,486)	(119,566)
<b>Gross profit</b>	25,068	25,208	56,812	58,781
Other operating income	1,505	3,269	4,796	5,319
General and administrative expenses	(9,243)	(4,541)	(23,776)	(17,142)
<b>Profit from operations</b>	<b>17,330</b>	<b>23,936</b>	<b>37,832</b>	<b>46,958</b>
Finance costs	(307)	(107)	(690)	(318)
Share of results of associate, net of tax	(189)	-	(1,005)	-
<b>Profit before tax</b>	<b>16,834</b>	<b>23,829</b>	<b>36,137</b>	<b>46,640</b>
Income tax expense	(2,125)	(4,517)	(7,017)	(9,755)
<b>Profit net of tax</b>	<b>14,709</b>	<b>19,312</b>	<b>29,120</b>	<b>36,885</b>
<b>Profit attributable to:</b>				
Owners of the parent	14,779	19,324	29,414	36,897
Non-controlling interests	(70)	(12)	(294)	(12)
	<b>14,709</b>	<b>19,312</b>	<b>29,120</b>	<b>36,885</b>
Basic/Diluted earnings per ordinary share (sen)	5.8	11.9	11.8	22.5

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

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 2019

### 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 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	14,709	19,312	29,120	36,885
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	946	(616)	(817)	113
<b>Total comprehensive income for the period</b>	<b>15,655</b>	<b>18,696</b>	<b>28,303</b>	<b>36,998</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	15,725	18,708	28,597	37,010
Non-controlling interests	(70)	(12)	(294)	(12)
	<b>15,655</b>	<b>18,696</b>	<b>28,303</b>	<b>36,998</b>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

The accompanying notes are an integral part of this statement.



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### INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

#### 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 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	307	107	690	318
(b) Interest income	(185)	(186)	(514)	(474)
(c) Depreciation and amortisation	3,063	2,335	8,189	7,113
(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	211	9	192	(51)
(g) Property, plant and equipment written off	64	-	64	-
(h) Realised foreign exchange (gain)/ loss	(622)	(2,213)	(336)	(1,119)
(i) Unrealised foreign exchange (gain)/ loss	101	13	(873)	(984)
(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 2018.*

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

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**INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited)	(Audited)
	As at	As at
	30 Sept 2019	31 Dec 2018
	<u>RM'000</u>	<u>RM'000</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	56,865	45,304
LAND USE RIGHTS	7,191	7,370
INVESTMENT PROPERTIES	8,638	9,090
INVESTMENT IN ASSOCIATE	2,778	3,783
INVESTMENT IN CLUB MEMBERSHIP, AT COST	70	79
DEFERRED TAX ASSETS	546	375
	<u>76,088</u>	<u>66,001</u>
<b>CURRENT ASSETS</b>		
Inventories	54,059	53,797
Trade and other receivables	74,078	58,881
Other investments	179	176
Cash and bank balances	46,448	41,338
	174,764	154,192
<b>TOTAL ASSETS</b>	<u>250,852</u>	<u>220,193</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
SHARE CAPITAL	87,735	87,735
TREASURY SHARES	(3,453)	(9,563)
RESERVES	114,036	95,462
	198,318	173,634
NON- CONTROLLING INTERESTS	552	846
<b>EQUITY FUNDS</b>	<u>198,870</u>	<u>174,480</u>
<b>NON-CURRENT LIABILITIES</b>		
BORROWINGS	12,369	6,707
DEFERRED TAX LIABILITIES	-	321
	<u>12,369</u>	<u>7,028</u>
<b>CURRENT LIABILITIES</b>		
Borrowings	7,968	3,975
Trade and other payables	27,588	29,554
Contract liability	771	771
Tax payable	3,286	4,385
	<u>39,613</u>	<u>38,685</u>
<b>TOTAL LIABILITIES</b>	<u>51,982</u>	<u>45,713</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>250,852</u>	<u>220,193</u>
Net Assets per ordinary share (RM)	<u>0.77</u>	<u>0.71</u>

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.*

*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 2019

#### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Nine Months Ended 30 September 2019

	← Attributable to owners of the Company					→ Non-controlling Interests	Total Equity	
	Non-distributable		Distributable					
	Share Capital	Treasury Shares	Other Reserves	Share Options Reserves	Retained Earnings			Total
RM'000	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	-	-	-	-	29,414	29,414	(294)	29,120
Other comprehensive income for the period	-	-	(817)	-	-	(817)	-	(817)
	-	-	(817)	-	29,414	28,597	(294)	28,303
<b>Transactions with owners:</b>								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Incorporation of new subsidiary	-	-	-	-	-	-	-	-
Dividends	-	6,110	-	-	(11,236)	(5,126)	-	(5,126)
Share Options granted under ESOS	-	-	-	1,213	-	1,213	-	1,213
Total transactions with owners:	-	6,110	-	1,213	(11,236)	(3,913)	-	(3,913)
<b>At 30 September 2019</b>	<b>87,735</b>	<b>(3,453)</b>	<b>(21,934)</b>	<b>1,213</b>	<b>134,757</b>	<b>198,318</b>	<b>552</b>	<b>198,870</b>

Nine Months Ended 30 September 2018

	← Attributable to owners of the Company					→ Non-controlling Interests	Total Equity	
	Non-distributable		Distributable					
	Share Capital	Treasury Shares	Other Reserves	Share Options Reserves	Retained Earnings			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2018</b>								
As previously reported	87,735	(5,353)	(19,499)	-	78,845	141,728	-	141,728
Effects of MFRS 15	-	-	-	-	(2,706)	(2,706)	-	(2,706)
<b>Restated at 1 January 2018</b>	<b>87,735</b>	<b>(5,353)</b>	<b>(19,499)</b>	<b>-</b>	<b>76,139</b>	<b>139,022</b>	<b>-</b>	<b>139,022</b>
<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>-</b>	<b>101,622</b>	<b>160,408</b>	<b>426</b>	<b>160,834</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 2018.

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**INTERIM FINANCIAL REPORT  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(The figures have not been audited)

	9 months ended 30 Sept 2019	9 months ended 30 Sept 2018
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	36,137	46,640
Adjustments for:		
Amortisation of club membership	9	9
Depreciation	8,180	7,104
Interest income	(514)	(474)
Interest expense	690	318
Loss/ (Gain) on disposal of property, plant and equipment	192	(51)
Plant and equipment written off	64	-
Share of results of associate, net of tax	1,005	-
Share option granted under ESOS	1,213	-
Unrealised loss/ (gain) on foreign exchange	(873)	(984)
Total adjustments	9,966	5,922
<b>Operating cash flows before changes in working capital</b>	46,103	52,562
Changes in working capital		
Net change in current assets	(21,467)	(26,426)
Net change in current liabilities	4,916	3,185
Total changes in working capital	(16,551)	(23,241)
<b>Cash flows from operations</b>	29,552	29,321
Tax paid	(8,614)	(6,633)
Interest paid	-	(113)
Interest income	-	139
<b>Net cash flow generated from operating activities</b>	20,938	22,714
<b>INVESTING ACTIVITIES</b>		
Incorporation of a subsidiary	-	438
Purchase of property, plant and equipment	(20,725)	(13,370)
Interest received	514	334
Proceeds from disposal of plant and equipment	136	95
Net change on other investments	(3)	681
<b>Net cash used in investing activities</b>	(20,078)	(11,822)
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(1,368)	(802)
Proceeds from finance lease liabilities	1,518	-
Repayment of finance lease liabilities	(809)	(1,068)
Dividends paid to shareholders	(5,126)	(7,346)
Purchase of treasury shares	-	(4,210)
Net change in other bank borrowings	4,313	4,608
Interest paid	(690)	(205)
Drawdown of term loans and borrowings	6,000	-
<b>Net cash generated/ (used in) financing activities</b>	3,838	(9,023)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	4,698	1,869
<b>Effects of exchange rate changes</b>	412	484
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	46,448	37,995
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	39,393	23,972
Deposits with licensed banks:		
Fixed deposit	7,055	14,023
	46,448	37,995

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

The accompanying notes are an integral part of this statement.



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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

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**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 2018. 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 2018.

**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 2018 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 January 2019:

- Amendments to MFRS 119: Employee Benefits (Plan Amendment, Curtailment or Settlement)
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- MFRS 16: Leases
- IC Interpretation 23: Uncertainty Over Income Tax Treatments
- Annual Improvements to MFRS Standards 2015-2017 Cycle

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
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 5 Non-Current Assets Held for sale and Discontinued Operations	1 January 2021
Amendments to MFRS 6 Exploration for and Evaluation of Mineral resources.	1 January 2020
Amendments to MFRS 7 Financial Instruments: Disclosures	1 January 2021
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 15 Revenue from Contracts with Customers	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 107 Statements of Cash Flows	1 January 2021
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 116 Property, Plant and Equipment	1 January 2021
Amendments to MFRS 132 Financial Instruments: Presentation	1 January 2021
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 136 Impairment of Assets	1 January 2021
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingents assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
Amendments to MFRS 140 Investment Property	1 January 2021
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.





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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 2018 was not subject to any audit qualification.

**5. Seasonal or cyclical factors**

The Group's business operations were not materially affected by any major seasonal or cyclical factors.

**6. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial period.

**7. Changes in estimates**

There were no material changes in estimates of amount reported in prior interim period or financial period that have a material effect in the current year.



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**INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**8. Debt and equity securities**

There was no issuance or repayment of debt and equity securities, share buy-backs and share cancellations for the current financial period.

As at 30 September 2019, 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.

**9. Dividend paid**

A single tier first interim dividend of 2 sen in respect of the financial year ending 31 December 2019 has been declared on 7 August 2019 and was paid on 25 September 2019.

**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 2019 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 September 2019, 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 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,



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**NOTES TO THE INTERIM FINANCIAL REPORT**

namely precision machining of industrial products and manufacturing of high-quality computer disk-drive related components.

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

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

Segment information for the period ended 30 September 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	151,204	129,665	42,141	(152,712)	170,298
EBDITA *	43,642	2,744	10,963	(12,333)	45,016
Depreciation	(6,169)	(86)	(1,934)	-	(8,189)
Profit from operation	37,473	2,658	9,029	(12,333)	36,827
Finance costs	(683)	(7)	-	-	(690)
PBT **	36,790	2,651	9,029	(12,333)	36,137

**As at 30 September 2019**

Total assets	277,086	79,663	57,761	(163,658)	250,852
Total liabilities	58,156	56,466	8,966	(71,606)	51,982

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

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

\*\* PBT - Profit/(Loss) 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 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	63,406	53,787	15,751	(65,312)	67,632
EBDITA *	21,404	2,904	5,062	(9,166)	20,204
Depreciation	(2,394)	(29)	(640)	-	(3,063)
Profit from operation	19,010	2,875	4,422	(9,166)	17,141
Finance costs	(305)	(2)	-	-	(307)
PBT **	18,705	2,873	4,422	(9,166)	16,834

Preceding 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

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

\*\* PBT – Profit/(Loss) Before Tax

**Group**

Group revenue for the quarter ended 30 September 2019 was RM67.6 million compared with RM66.9 million for the quarter ended 30 September 2018, an increase of 1.1%. The Group's profit before taxation for the quarter ended 30 September 2019 decreased to RM16.8 million from RM 23.8 million registered in the previous year corresponding financial quarter ended 30 September 2018. The decrease in profit before taxation was mainly due to lower realized foreign exchange by approximately RM1.6 million, additional non-cash employee benefits arising from share option granted under ESOS of RM1.2 million and higher depreciation charges by RM0.7 million in the current quarter.



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ii) Comparison between current period with corresponding period:

Current Period – 30 September 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	151,204	129,665	42,141	(152,712)	170,298
EBDITA *	43,642	2,744	10,963	(12,333)	45,016
Depreciation	(6,169)	(86)	(1,934)	-	(8,189)
Profit from operation	37,473	2,658	9,029	(12,333)	36,827
Finance costs	(683)	(7)	-	-	(690)
PBT **	36,790	2,651	9,029	(12,333)	36,137

Preceding 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

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

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

**Group**

Group revenue for the period ended 30 September 2019 was RM170.3 million compared with RM178.3 million for the period ended 30 September 2018, a decrease of 4.5%. The decrease in revenue was mainly due to the decrease in demand related to Hard Disk Drives (“HDD”) components in the first half of the year. The Group’s profit before taxation for the period ended 30 September 2019 decreased to RM36.1 million from RM46.6 million registered in the previous financial period ended 30 September 2018. The decrease in profit before taxation was mainly due to the decrease in revenue, higher depreciation charged, share of losses from associate of RM1 million and additional non-cash employee benefits arising from share option granted under ESOS of RM1.2 million.



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

	Individual quarter ended		Variance	
	30.09.2019	30.06.2019		
	RM'000	RM'000	RM'000	%
Revenue	67,632	53,315	14,317	26.85
Profit before tax	16,834	13,496	3,338	24.73

Revenue for the quarter ended 30 September 2019 increased by RM14.3 million or 26.9% while profit before taxation increased by RM3.3 million or 24.7% for the current quarter as compared to the preceding quarter. The increase in profit before taxation was mainly due to the increased in revenue and higher production output which has resulted in lower absorption fixed overhead costs in the current financial quarter as compared to the preceding quarter.

**18. Prospects**

As indicated by our guidance in the previous quarterly financial report ended 31 December 2018, we anticipated and eventually felt the slowdown in the HDD business environment in the first half of 2019. Nevertheless, revenue has picked up since as volume loading by customers has improved in the second half and this is likely to continue towards end of the year 2019. Overall, we are still confident in the HDD longer-term outlook.

In terms of top-line growth, revenue will be driven by the 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 and the emergence of fifth generation mobile communication network (5G) future applications.

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.

With this in place and considering the rising demand based on the current market trend and assuming that there is no volatility in the USD currency against Ringgit, the Group expects its earnings and growth to be satisfactory in the coming quarters.



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

Not applicable.

**20. Taxation**

	<b>Current Quarter 3 months ended 30 Sept 2019 RM'000</b>	<b>Year-to-date 9 months ended 30 Sept 2019 RM'000</b>
Income tax		
Current year	3,585	8,549
Prior year	(1,034)	(1,034)
	<u>2,551</u>	<u>7,515</u>
Deferred tax		
Current year	(426)	(1,354)
Prior year	-	856
	<u>2,125</u>	<u>7,017</u>

**21. Status on corporate proposals**

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

- a) On 7 May 2019, the Company proposed to undertake the proposed establishment of an employees' share option scheme ("ESOS") of up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme for eligible Executive Directors and employees of Dufu and its subsidiary companies.

On the 15 May 2019, the scheme was approved by Bursa Securities and subsequently an Extraordinary General Meeting was held on 12 June 2019 where all the resolutions pertaining to the scheme was approved by the shareholders. The ESOS was implemented effective 17 June 2019 and subsequently on 1 July 2019, the Company announced that a total number of options amounting to 9,032,000 shares with the exercise price of RM1.39 per share were offered to eligible Directors and employees.



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**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	-	511	1,153	1,664
Term loans	-	1,410	11,216	12,626
Bankers' acceptances	6,047	-	-	6,047
Total	<u>6,047</u>	<u>1,921</u>	<u>12,369</u>	<u>20,337</u>

The Group borrowings are dominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	20,251
US Dollar	86
Total borrowings	<u>20,337</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.

**25. Dividend**

A single tier first interim dividend of 2 sen in respect of the financial year ending 31 December 2019 has been declared on 7 August 2019 and was paid on 25 September 2019. In the corresponding period, a single tier interim dividend of 2.5 sen in respect of the financial year ended 31 December 2018 was paid on 12 October 2018.

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. In the corresponding period, a single tier final dividend of 4.5 sen in respect of the financial year ended 31 December 2017 was paid to the shareholders on 13 June 2018.





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**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 September</b>		<b>9 Months Period Ended 30 September</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net profit attributable to shareholders (RM'000)	14,779	19,324	29,414	36,897
Weighted average number of ordinary shares in issue ('000)	256,309	162,736	249,529	163,681
Basic earnings per share (sen)	5.8	11.9	11.8	22.5

Diluted

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

**DATED THIS 5<sup>th</sup> DAY OF NOVEMBER, 2019.**