



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	78,824	63,104	249,122	241,451
Cost of sales	(52,924)	(34,956)	(166,410)	(154,522)
Gross profit	25,900	28,148	82,712	86,929
Other operating income	1,427	2,644	6,223	7,963
General and administrative expenses	(9,560)	(10,185)	(33,336)	(27,327)
Profit from operations	17,767	20,607	55,599	67,565
Finance costs	(266)	(104)	(956)	(422)
Share of results of associate, net of tax	128	(2,078)	(877)	(2,078)
Profit before tax	17,629	18,425	53,766	65,065
Income tax expense	(2,645)	(3,484)	(9,662)	(13,239)
Profit net of tax	14,984	14,941	44,104	51,826
Profit attributable to:				
Owners of the parent	15,107	14,958	44,521	51,855
Non-controlling interests	(123)	(17)	(417)	(29)
	14,984	14,941	44,104	51,826
Basic earnings per share (sen)	5.9	6.0	17.7	20.6
Diluted earnings per share (sen)	5.9	6.0	17.7	20.6

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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Registration No. 200201013949 (581612-A)
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INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	14,984	14,941	44,104	51,826
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	(272)	(1,731)	(1,089)	(1,618)
Total comprehensive income for the period	14,712	13,210	43,015	50,208
Total comprehensive income attributable to:				
Owners of the parent	14,835	13,227	43,432	50,237
Non-controlling interests	(123)	(17)	(417)	(29)
	14,712	13,210	43,015	50,208

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

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INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	<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	266	104	956	422
(b) Interest income	(164)	(156)	(678)	(630)
(c) Depreciation and amortisation	2,155	684	10,344	7,809
(d) (Reversal of) or expected credit losses for receivables	26	(998)	26	(998)
(e) Provision for and write off of inventories	48	389	48	389
(f) (Gain) or loss on disposal of quoted or unquoted investments or properties	(190)	(43)	2	(94)
(g) Property, plant and equipment written off	(45)	151	19	151
(h) Realised foreign exchange (gain)/ loss	(718)	(929)	(1,054)	(2,048)
(i) Unrealised foreign exchange (gain)/ loss	1,583	749	710	(235)
(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.

**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 31 Dec 2019	(Audited) As at 31 Dec 2018
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	61,222	45,304
LAND USE RIGHTS	7,047	7,370
INVESTMENT PROPERTIES	8,541	9,090
INVESTMENT IN ASSOCIATE	3,600	3,783
INVESTMENT IN CLUB MEMBERSHIP, AT COST	67	79
DEFERRED TAX ASSETS	1,175	375
	<u>81,652</u>	<u>66,001</u>
CURRENT ASSETS		
Inventories	59,786	53,797
Trade and other receivables	83,561	58,881
Other investments	180	176
Cash and bank balances	43,500	41,338
	187,027	154,192
TOTAL ASSETS	<u>268,679</u>	<u>220,193</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	87,735	87,735
TREASURY SHARES	(3,453)	(9,563)
RESERVES	130,085	95,462
	214,367	173,634
NON- CONTROLLING INTERESTS	429	846
EQUITY FUNDS	<u>214,796</u>	<u>174,480</u>
NON-CURRENT LIABILITIES		
BORROWINGS	11,901	6,707
DEFERRED TAX LIABILITIES	1	321
	<u>11,902</u>	<u>7,028</u>
CURRENT LIABILITIES		
Borrowings	5,619	3,975
Trade and other payables	32,583	29,554
Contract liability	547	771
Tax payable	3,232	4,385
	<u>41,981</u>	<u>38,685</u>
TOTAL LIABILITIES	<u>53,883</u>	<u>45,713</u>
TOTAL EQUITY AND LIABILITIES	<u>268,679</u>	<u>220,193</u>
Net Assets per ordinary share (RM)	<u>0.84</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.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Twelve Months Ended 31 December 2019

	← Attributable to owners of the Company					→ Non-controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Other Reserves	Share Options Reserves	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 January 2019	87,735	(9,563)	(21,117)	-	116,579	173,634	846	174,480
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	44,521	44,521	(417)	44,104
Other comprehensive income for the period	-	-	(1,089)	-	-	(1,089)	-	(1,089)
	-	-	(1,089)	-	44,521	43,432	(417)	43,015
Transactions with owners:								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Incorporation of new subsidiary	-	-	-	-	-	-	-	-
Dividends	-	6,110	-	-	(11,236)	(5,126)	-	(5,126)
Share Options granted/ vested under ESOS	-	-	-	2,427	-	2,427	-	2,427
Total transactions with owners:	-	6,110	-	2,427	(11,236)	(2,699)	-	(2,699)
At 31 December 2019	87,735	(3,453)	(22,206)	2,427	149,864	214,367	429	214,796

Twelve Months Ended 31 December 2018

	← Attributable to owners of the Company					→ Non-controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Other Reserves	Share Options Reserves	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 January 2018								
As previously reported	87,735	(5,353)	(19,499)	-	78,844	141,727	-	141,727
Effects of MFRS 15	-	-	-	-	(2,706)	(2,706)	-	(2,706)
Restated at 1 January 2018	87,735	(5,353)	(19,499)	-	76,138	139,021	-	139,021
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	51,855	51,855	(29)	51,826
Other comprehensive income for the period	-	-	(1,618)	-	-	(1,618)	-	(1,618)
	-	-	(1,618)	-	51,855	50,237	(29)	50,208
Transactions with owners:								
Purchase of treasury shares	-	(4,210)	-	-	-	(4,210)	-	(4,210)
Incorporation of new subsidiary	-	-	-	-	-	-	875	875
Dividends	-	-	-	-	(11,414)	(11,414)	-	(11,414)
Total transactions with owners:	-	(4,210)	-	-	(11,414)	(15,624)	875	(14,749)
At 31 December 2018	87,735	(9,563)	(21,117)	-	116,579	173,634	846	174,480

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.

The accompanying notes are an integral part of this statement.

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(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(The figures have not been audited)

	12 months ended 31 Dec 2019	12 months ended 31 Dec 2018
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	53,766	65,065
Adjustments for:		
Amortisation of club membership	12	12
Depreciation	10,332	7,797
Expected/ (Reversal of) credit loss for receivables	26	(998)
Interest income	(678)	(630)
Interest expense	956	422
Inventories written (back)/down	49	389
Loss/(Gain) on disposal of property, plant and equipment	2	(94)
Plant and equipment written off	19	151
Share of results of associate	877	2,078
Share option granted under ESOS	2,427	-
Unrealised loss/ (gain) on foreign exchange	710	(235)
Total adjustments	14,732	8,892
Operating cash flows before changes in working capital	68,498	73,957
Changes in working capital		
Net change in current assets	(30,706)	(26,932)
Net change in current liabilities	2,806	1,871
Total changes in working capital	(27,900)	(25,061)
Cash flows from operations	40,598	48,896
Tax paid	(11,919)	(10,366)
Interest paid	(58)	(136)
Interest income	678	204
Net cash flow generated from operating activities	29,299	38,598
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(25,774)	(23,749)
Investment in other investments	-	1,787
Interest received	-	426
Proceeds from disposal of plant and equipment	1,442	94
Net change on other investments	(4)	-
Net cash used in investing activities	(24,336)	(21,442)
FINANCING ACTIVITIES		
Repayment of term loans	-	-
Proceeds from finance lease liabilities	-	-
Repayment of finance lease liabilities	(990)	(1,339)
Dividends paid to shareholders	(5,126)	(11,414)
Purchase of treasury shares	-	(4,210)
Interest paid	(898)	(285)
Net proceeds from incorporation of new subsidiary	-	875
Drawdown of term loans and borrowings (net)	6,309	6,024
Net cash generated/ (used in) financing activities	(705)	(10,349)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,258	6,807
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	41,338	35,642
Effects of exchange rate changes	(2,096)	(1,111)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	43,500	41,338
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	36,446	32,903
Deposits with licensed banks:		
Fixed deposit	7,054	8,435
	43,500	41,338

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.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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 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
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2021#
MFRS 107	Statement of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2021#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021#
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2021#
MFRS 138	Intangible Assets	1 January 2021#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021#

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

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



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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 recognized in the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of plant and equipment

The cost of Computer Numerical Control (“CNC”) machining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within ten years. These are common life expectancies applied in the industry. Changes in the expected level of usage and 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 year.

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.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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 31 December 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 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 year ended 31 December 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 31 December 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 year.

15. Segment reporting

Information about operating segments has not been reported separately as the Group’s revenue, profit or loss, assets and liabilities are mainly confined to single operating segment, namely precision machining of industrial products and manufacturing of high-quality computer disk-drive related components.



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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 year ended 31 December 2019 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	213,820	191,453	60,035	(216,186)	249,122
EBDITA *	72,836	4,485	16,141	(27,519)	65,943
Depreciation	(7,151)	(111)	(3,082)	-	(10,344)
Profit					
from operation	65,685	4,374	13,059	(27,519)	55,599
Finance costs	(947)	(9)	-	-	(956)
Share of results of associate	(877)	-	-	-	(877)
PBT **	63,861	4,365	13,059	(27,519)	53,766

As at 31 December 2019

Total assets	302,908	85,276	62,903	(182,408)	268,679
Total liabilities	72,969	61,618	10,072	(90,776)	53,883

Segment information for the year ended 31 December 2018 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	213,004	181,806	53,481	(206,840)	241,451
EBDITA *	69,669	4,756	12,021	(11,072)	75,374
Depreciation	(5,878)	(107)	(1,824)	-	(7,809)
Profit					
from operation	63,791	4,649	10,197	(11,072)	67,565
Finance costs	(413)	(9)	-	-	(422)
Share of results of associate	(2,078)	-	-	-	(2,078)
PBT **	61,300	4,640	10,197	(11,072)	65,065

As at 31 December 2018

Total assets	242,725	55,803	50,771	(129,106)	220,193
Total liabilities	65,849	33,424	8,228	(61,788)	45,713

* 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 – 31 December 2019

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	62,615	61,789	17,893	(63,473)	78,824
EBDITA *	27,942	1,742	5,424	(15,186)	19,922
Depreciation	(736)	(25)	(1,394)	-	(2,155)
Profit					
from operation	27,206	1,717	4,030	(15,186)	17,767
Finance costs	(264)	(2)	-	-	(266)
Share of results of associate	128	-	-	-	128
PBT **	27,070	1,715	4,030	(15,186)	17,629

Preceding Year Quarter – 31 December 2018

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	60,607	45,822	12,199	(55,524)	63,104
EBDITA *	26,774	2,409	2,449	(10,341)	21,291
Depreciation	(1,198)	(25)	539	-	(684)
Profit					
from operation	25,576	2,384	2,988	(10,341)	20,607
Finance costs	(102)	(2)	-	-	(104)
Share of results of associate	(2,078)	-	-	-	(2,078)
PBT **	23,396	2,382	2,988	(10,341)	18,425

* 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

Group

Group revenue for the quarter ended 31 December 2019 was RM78.8 million compared with RM63.1 million for the quarter ended 31 December 2018, an increase of 24.9%. The increase in revenue was mainly due to the increase in volume loading by customers related to Hard Disk Drives (“HDD”) components. The Group’s Profit Before Taxation for the quarter ended 31 December 2019 decreased to RM17.6 million from RM 18.4 million registered in the previous year corresponding financial quarter ended 31 December 2018. The decrease in profit before taxation was mainly due to the expenses related to share-based payments, higher depreciation charges and unrealized foreign exchange loss due to the weakening of USD against the Ringgit towards the year end.

ii) Comparison between current year with corresponding year:

Current Year – 31 December 2019

	Malaysia RM’000	Singapore RM’000	China RM’000	Eliminations RM’000	Total RM’000
Revenue	213,820	191,453	60,035	(216,186)	249,122
EBDITA *	72,836	4,485	16,141	(27,519)	65,943
Depreciation	(7,151)	(111)	(3,082)	-	(10,344)
Profit					
from operation	65,685	4,374	13,059	(27,519)	55,599
Finance costs	(947)	(9)	-	-	(956)
Share of results					
of associate	(877)	-	-	-	(877)
PBT **	63,861	4,365	13,059	(27,519)	53,766

Preceding Year – 31 December 2018

	Malaysia RM’000	Singapore RM’000	China RM’000	Eliminations RM’000	Total RM’000
Revenue	213,004	181,806	53,481	(206,840)	241,451
EBDITA *	69,669	4,756	12,021	(11,072)	75,374
Depreciation	(5,878)	(107)	(1,824)	-	(7,809)
Profit					
from operation	63,791	4,649	10,197	(11,072)	67,565
Finance costs	(413)	(9)	-	-	(422)
Share of results					
of associate	(2,078)	-	-	-	(2,078)
PBT **	61,300	4,640	10,197	(11,072)	65,065

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

** PBT - Profit/(Loss) Before Tax



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Group

Group revenue for the year ended 31 December 2019 was RM249.1 million compared with RM241.4 million for the year ended 31 December 2018, an increase of 3.2%. 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 year ended 31 December 2019 decreased to RM53.8 million from RM65.1 million registered in the previous financial year ended 31 December 2018. The decrease in profit before taxation was mainly due to higher material cost, higher depreciation charges and also expenses related to share-based payments of RM2.4 million.

17. Comparison with immediate preceding quarter’s results

	Individual quarter ended		Variance	
	31.12.2019	30.09.2019		
	RM’000	RM’000	RM’000	%
Revenue	78,824	67,632	11,192	16.6
Profit before tax	17,629	16,834	795	4.7

Revenue for the quarter ended 31 December 2019 increased by RM11.2 million or 16.6% while profit before taxation increased slightly by RM0.8 million or 4.7% for the current quarter as compared to the preceding quarter. The increase in profit before taxation was mainly due to the increased in revenue but its profitability was affected by the unfavorable foreign exchange rates namely the weakening of the USD against Ringgit towards the year end.

18. Prospects

The most uncertain factor recently affecting the mood globally would be the Wuhan originated coronavirus epidemic which has the potential to cause severe economic and market dislocation. Since the outbreak, we have already seen the extended lockdown in China and the widening range of containment measures taken by countries outside China. Our plant in Guangzhou, China was also affected as well by the compulsory shutdown by the Chinese Authorities and the aftermath effect of resuming its operations.

The eventual impact to the Group’s operations will largely be dependent on the scale and length of the outbreak which will ultimately be determined by how the virus spreads and evolves, of which this is almost impossible to predict at this juncture. On top of this, we are concern with a potential supply chain disruption risk which may temporarily impact the demand of our product lines. Bearing the above uncertainty, we anticipate that the business environment remains positive for Dufu Group in general with orders coming from customers remain to be strong, and thus we expect to achieve satisfactory results in the coming quarters.



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NOTES TO THE INTERIM FINANCIAL REPORT

19. Variance of actual profit from profit forecast

Not applicable.

20. Taxation

	Current Quarter 3 months ended 31 Dec 2019 RM'000	Year-to-date 12 months ended 31 Dec 2019 RM'000
Income tax		
Current year	3,429	11,978
Prior year	<u>(154)</u>	<u>(1,188)</u>
	3,275	10,790
Deferred tax		
Current year	881	(473)
Prior year	<u>(1,511)</u>	<u>(655)</u>
	<u>2,645</u>	<u>9,662</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.

- b) On 20 January 2020, the Company propose to undertake a proposed bonus issue of up to 267,618,367 new ordinary shares in Dufu ("Dufu Share(s)") on the basis of 1 bonus Share for every 1 existing Dufu Share held on an entitlement date to be determined and announced later. At the date of this report, the Company has yet to submit its application to Bursa Malaysia Securities Berhad.



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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:

	Short-term (Unsecured)	Short-term (Secured)	Long-term (Secured)	Total borrowing (Secured)
	RM'000	RM'000	RM'000	RM'000
Finance lease liabilities	-	435	1,048	1,483
Term loans	-	1,296	10,853	12,149
Bankers' acceptances	2,633	-	-	2,633
Revolving term loan	1,255	-	-	1,255
Total	<u>3,888</u>	<u>1,731</u>	<u>11,901</u>	<u>17,520</u>

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	13,564
US Dollar	3,956
Total borrowings	<u>17,520</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 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 ending 31 December 2018 was paid on 12 October 2018.

At the forthcoming Annual General Meeting, a single tier final dividend of 6.0 sen per ordinary share will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020. In the corresponding period, a single tier final dividend for the financial year ended 31 December 2018 by way of share dividend on the basis of one treasury shares for every twenty existing ordinary shares was declared and subsequently paid on 12 June 2019.



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

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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.

	3 Months Quarter Ended		12 Months Period Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
Net profit attributable to shareholders (RM'000)	15,107	14,958	44,521	51,855
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	256,309	251,179	250,892	251,180
Basic earnings per share (sen)	5.9	6.0	17.7	20.6
<hr/>				
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	257,389	251,179	251,972	251,180
Diluted earnings per share (sen)	5.9	6.0	17.7	20.6

DATED THIS 26th DAY OF FEBRUARY, 2020.