

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4th QUARTER ENDED 31 DECEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2016 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2015 RM'000 (Unaudited)	Current Year To date 31.12.2016 RM'000 (Audited)	Preceding Year To date 31.12.2015 RM'000 (Audited)
Revenue	47,718	55,582	170,310	178,271
Cost of Sales	(32,754)	(40,938)	(124,314)	(143,416)
Gross profit	14,964	14,644	45,996	34,855
Other operating income	8,391	498	11,861	5,564
General & administrative expenses	(3,490)	(8,086)	(21,636)	(22,759)
Profit from operations	19,865	7,056	36,221	17,660
Finance costs	7	(404)	(884)	(1,679)
Profit before tax	19,872	6,652	35,337	15,981
Tax expense	(4,669)	(3,481)	(8,225)	(5,039)
Net profit for the period/year	15,203	3,171	27,112	10,942
Other Comprehensive income, net of tax				
Exchange (loss)/gain on translation of net investment in foreign subsidiary companies	(1,536)	6,655	(2,753)	8,032
Total Comprehensive income for the period/year	13,667	9,826	24,359	18,974
Gross profit margin (%)	31.36	26.35	27.01	19.55
Profit after tax margin (%)	31.86	5.71	15.92	6.14
Weighted average number of shares ('000)	171,313	175,470	171,313	175,470
Earnings per ordinary share (sen)				
- Basic	8.87	1.80	15.83	6.24
- Diluted	8.87	1.80	15.83	6.24

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes to the Interim Financial Statements.

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
31 DECEMBER 2016**

	As at 31.12.2016 RM'000 (Audited)	As at 31.12.2015 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	44,968	63,513
Investment properties	10,190	-
Deferred tax assets	521	529
Investment in club memberships, at cost	61	61
Total Non-Current Assets	<u>55,740</u>	<u>64,103</u>
CURRENT ASSETS		
Inventories	20,927	26,397
Trade receivables	51,430	50,339
Other receivables and prepaid expenses	3,076	2,373
Tax recoverable	-	42
Cash and bank balances	46,562	25,255
Total Current Assets	<u>121,995</u>	<u>104,406</u>
TOTAL ASSETS	<u><u>177,735</u></u>	<u><u>168,509</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	87,735	87,735
Less: Treasury shares	(5,012)	-
Reserves	48,467	27,707
Shareholders' Equity	<u>131,190</u>	<u>115,442</u>
NON-CURRENT LIABILITIES		
Term loans	3,701	6,342
Hire-purchase payables	2,339	3,849
Deferred tax liabilities	1,331	243
Total Non-Current and Deferred Liabilities	<u>7,371</u>	<u>10,434</u>
CURRENT LIABILITIES		
Trade payables	17,016	14,802
Other payables and accrued expenses	11,113	9,892
Term loans	2,303	2,723
Hire-purchase payables	2,035	3,346
Other bank borrowings	2,616	7,744
Tax payable	4,091	4,126
Total Current Liabilities	<u>39,174</u>	<u>42,633</u>
Total Liabilities	<u>46,545</u>	<u>53,067</u>
TOTAL EQUITY AND LIABILITIES	<u><u>177,735</u></u>	<u><u>168,509</u></u>
Net assets per ordinary share (RM)	0.766	0.658

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes to the Interim Financial Statements.

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4th QUARTER ENDED 31 DECEMBER 2016**

	Shares Capital RM'000	Treasury shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
Balance as of 1 January 2016	87,735	-	(12,483)	40,191	115,443
Total Comprehensive Income for the year	-	-	(2,753)	27,112	24,359
Single tier final dividend of 1.1 sen per share	-	-	-	(1,918)	(1,918)
Single tier first interim dividend of 1 sen per share	-	-	-	(1,682)	(1,682)
Buy back of ordinary shares	-	(5,012)	-	-	(5,012)
As at 31 December 2016	<u>87,735</u>	<u>(5,012)</u>	<u>(15,236)</u>	<u>63,703</u>	<u>131,190</u>

	Share Capital RM'000	Treasury Share RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
Balance as of 1 January 2015	87,735	-	(20,515)	32,758	99,978
Total Comprehensive Income for the year	-	-	8,032	10,942	18,974
Single tier special interim dividend of 2 sen per share	-	-	-	(3,509)	(3,509)
As at 31 December 2015	<u>87,735</u>	<u>-</u>	<u>(12,483)</u>	<u>40,191</u>	<u>115,443</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes to the Interim Financial Statements.

**AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2016**

	Current Year To-date 31.12.2016 RM'000	Preceding Year To-date 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	35,337	15,981
Adjustments for:		
Inventories written down	577	2,512
Depreciation of property, plant and equipment	10,889	12,867
Gain on dissolution of subsidiary	(3,708)	-
Impairment loss on loans and receivables	86	2,868
Impairment loss on property, plant and equipment	339	-
Interest expenses	884	1,679
Loss/(Gain) on disposal of property, plant and equipment	288	(71)
Property, plant and equipment written off	20	1,719
Reversal of impairment loss on loans and receivables	(1,165)	-
Reversal of inventories written down	(1,216)	(3,354)
Interest income	(616)	(109)
Unrealised gain on foreign exchange	(447)	(31)
Operating profit before working capital changes	41,268	34,061
Changes in working capital		
Net change in current assets	5,393	(1,543)
Net change in current liabilities	6,945	(5,144)
Cash generated from operations	53,606	27,374
Tax paid	(7,124)	(1,657)
Tax refunded	-	94
Net cash generated from operating activities	46,482	25,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	66	74
Interest received	616	109
Purchase of property, plant and equipment	(2,475)	(5,001)
Net cash used in investing activities	(1,793)	(4,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(7,109)	-
Repayment of hire-purchase	(3,524)	(3,786)
Repayment of term loans	(3,061)	(3,217)
Repurchase of treasury shares	(5,012)	-
Decrease in other bank borrowings	(7,316)	(7,310)
Interest paid	(884)	(1,679)
Net cash used in financing activities	(26,906)	(15,992)

**AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2016 (CONTINUED)**

	Current Year To-date 31.12.2016 RM'000	Preceding Year To-date 31.12.2015 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,783	5,001
Effects of foreign exchange rate changes	1,337	5,690
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,826	14,135
CASH AND CASH EQUIVALENTS AT END OF YEAR	43,946	24,826
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	46,562	25,255
BANK OVERDRAFT	(2,616)	(429)
	43,946	24,826

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes to the Interim Financial Statements

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) No. 134

A1. BASIS OF PREPARATION

The interim financial report is audited and has been prepared in accordance with the requirements of Chapter 9, Continuing Disclosure, Paragraph 9.22 of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB), and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2015.

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2015.

The Group has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations, which were issued but not yet effective:-

Effective date : 1 January 2017

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvement to MFRS Standards 2014-2016 Cycle:-

- (i) Amendments to MFRS 12 Disclosure of Interest in Other Entities

Effective date : 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 Financial Instruments as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendment to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendment to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	Classifications to MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 140	Transfers of Investment Property

Annual Improvement to MFRS Standards 2014-2016 Cycle:-

- (i) Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
(ii) Amendments to MFRS 128 Investments in Associates and Joint Ventures

Effective date : 1 January 2019

MFRS 16	Leases
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Effective date : To be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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A2. CHANGES IN ACCOUNTING POLICIES

There are no material changes in Statement in Financial Position, Statement of Comprehensive Income and Statement of Cash Flows presented under MFRS framework and the Statement of Comprehensive Income and Statement of Cash Flows presented under FRS framework.

A3. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications on the financial statements of the Company and its subsidiaries for the year ended 31 December 2016.

A4. SEASONAL AND CYCLICAL FACTORS

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

A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current year quarter ended 31 December 2016.

A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the current quarter under review and financial year-to-date result.

A7. ISSUANCES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year ended 31 December 2016.

During the financial year ended 31 December 2016, the company repurchased 8,651,900 of its issued share capital from the open market for an average price of RM0.58 per share. The repurchase transactions were financed by the internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965. There is no shares being cancelled or resold during the financial period under review.

As of 31 December 2016, out of the total 175,470,370 issued and fully paid-up share capital, 8,651,900 are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 168,818,440 ordinary shares of RM0.50 each. Shares purchased were stated at cost.

A8. DIVIDEND PAID

A single tier first interim dividend of 1 sen per ordinary share for the financial year ended 31 December 2016 was declared on 8 September 2016 and paid to shareholders on 10 October 2016.

A9. 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.

A10. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the group during the current quarter under review.

With reference to the announcement dated 6 January 2017, the Board of Directors of DUFU wishes to inform that pursuant to Section 751 of the Companies Ordinance, by notice published on 30 December 2016 under Gazette No. 7386, Futron Technology Limited (Futron Hong Kong) has been deregistered. Accordingly, Futron Hong Kong was dissolved from the date of publication of the said Gazette Notice.

A11. SEGMENTAL INFORMATION

The segmental information of the group are presented by geographical and by products segments.

A) The geographical segments are based on the location of the assets and these are:

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

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Year to Date – 31 December 2016					
Segment revenue					
Sales to external customers	28,345	133,592	8,373	-	170,310
Inter-segment sales	111,649	11,332	27,949	(150,930)	-
Total	139,994	144,924	36,322	(150,930)	170,310
Segment revenue – current quarter	40,928	43,488	12,106	(48,804)	47,718
As at 31 December 2016					
Total assets	208,282	46,756	44,215	(121,518)	177,735
Total liabilities	81,894	28,242	6,056	(69,647)	46,545
Year to Date – 31 December 2015					
Segment revenue					
Sales to external customers	34,964	136,123	7,184	-	178,271
Inter-segment sales	135,117	13,543	27,726	(176,386)	-
Total	170,081	149,666	34,910	(176,386)	178,271
Segment revenue – current quarter	49,273	53,363	9,377	(56,431)	55,582
As at 31 December 2015					
Total assets	226,331	53,584	44,047	(155,453)	168,509
Total liabilities	111,712	40,802	5,269	(104,716)	53,067

A11. SEGMENTAL INFORMATION (CONTINUED)

B) The products segments based on Hard Disk Drive (HDD) and Non-HDD products are as follows:

	Current Year Quarter 31.12.2016		Preceding Year Corresponding Quarter 31.12.2015	
	RM'000	Percentage	RM'000	Percentage
HDD	38,943	82%	39,780	72%
*Non-HDD	8,775	18%	15,802	28%
Total revenue	<u>47,718</u>	<u>100%</u>	<u>55,582</u>	<u>100%</u>

* included in the Non-HDD products are Sensor and Control, Medical Devices and Others.

C) Based on Geographical segment of Group, segment revenue based on the geographical location of customers.

	Current Year Quarter 31.12.2016	Current Year To Date 31.12.2016
Revenue		
Malaysia	6,171	24,214
Outside Malaysia	41,547	146,096
Total	<u>47,718</u>	<u>170,310</u>

A12. CONTINGENT LIABILITIES

As at 31 December 2016, the Group has no material contingent liabilities save for corporate guarantee of RM81 million issued by the Company in respect of banking facilities granted to the subsidiary companies.

A13. CAPITAL COMMITMENT

The group has no capital commitment as at 31 December 2016.

A14. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter under review.

B. Explanatory Notes Pursuant to Appendix 9B, Part A of the Bursa Securities Main Market Listing Requirements

B1. PERFORMANCE REVIEW

Current Year Quarter – 31 December 2016

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	40,928	43,488	12,106	(48,804)	47,718
EBDITA *	18,966	4,458	2,655	(3,602)	22,477
Depreciation	(1,564)	(35)	(1,013)	-	(2,612)
Profit from operation	17,402	4,423	1,642	(3,602)	19,865
Finance costs	7	-	-	-	7
PBT **	17,409	4,423	1,642	(3,602)	19,872

Preceding Year Quarter – 31 December 2015

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	49,273	53,363	9,377	(56,431)	55,582
EBDITA *	6,818	1,973	1,156	611	10,558
Depreciation	(2,026)	(24)	(473)	(979)	(3,502)
Profit from operation	4,792	1,949	683	(368)	7,056
Finance costs	(346)	(5)	(53)	-	(404)
PBT **	4,446	1,944	630	(368)	6,652

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

** PBT - Profit Before Tax

The Group recorded profit before taxation (“PBT”) of RM19.87 million in the quarter under review (“Q4 2016”) as compared to PBT of RM6.65 million in the preceding year corresponding quarter (“Q4 2015”).

The main reasons contributing to the increase in results are as follows:

1. Depreciation of Ringgit Malaysia against USD.
2. Gain on dissolution of subsidiary amounting to RM3.71 million.
3. Reversal of receivable and inventories amounting to RM1.16 million and RM1.22 million respectively.
4. Continued improvement of production efficiency and effectiveness.
5. Improve in interest income in the quarter under review.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM47.72 million in the current quarter ("Q4 2016") as compared to RM43.50 million in the previous quarter ("Q3 2016"), an increase of RM4.22 million or 9.7%. The Group recorded a profit before taxation ("PBT") of RM19.87 million for the quarter under review, as compared to previous quarter PBT of RM7.36 million.

The reasons contributing to the increase in the result are as follow:

1. Depreciation of Ringgit Malaysia against USD.
2. Gain on dissolution of subsidiary amounting to RM3.71 million.
3. Reversal of receivable and inventories amounting to RM1.16 million and RM1.22 million respectively.
4. Continued improvement of production efficiency and effectiveness.
5. Improve in interest income in the quarter under review.

B3. COMMENTARY ON PROSPECTS

In general, the global HDD industry is expected to contract in the coming quarters due to the weak global economy. However, our new product mix development with the HDD customers is expected to sustain our HDD businesses which will to a certain extent mitigate the expected contraction.

B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE

No profit forecast and profit guarantee was issued or announced for the period ended 31 December 2016.

B5. TAXATION

	Current Year Quarter 31.12.2016 RM'000	Current Year To date 31.12.2016 RM'000
Corporate tax expense		
Malaysia	(2,674)	(5,279)
Foreign	(1,158)	(1,852)
	<u>(3,832)</u>	<u>(7,131)</u>
Deferred tax expense		
Malaysia	(837)	(1,094)
	<u>(4,669)</u>	<u>(8,225)</u>

B6. CORPORATE PROPOSAL

Save as disclosed below, there were no other corporate proposals in the current quarter under review.

- (i) proposed consolidation of every two (2) existing ordinary shares of RM0.50 each in DUFU (“**Existing Share(s)**”) into one (1) ordinary share of RM1.00 each in DUFU (“**Consolidated Share(s)**” or “**DUFU Share(s)**” or “**Share(s)**”) (“**Proposed Share Consolidation**”);
- (ii) proposed establishment of an executives' share option scheme of up to fifteen percent (15%) of the issued and paid-up share capital (excluding treasury shares) of DUFU at any point of time during the duration of the scheme for eligible executive Directors and employees of DUFU and its subsidiaries (excluding subsidiaries which are dormant) (excluding Lee, Hui-Ta also known as Li Hui Ta and Khoo Lay Tatt who have voluntarily relinquished their eligibility to the executives' share option scheme) (“**Proposed ESOS**” or “**Scheme**”);
- (iii) proposed increase in the authorised share capital of DUFU from RM100,000,000 comprising 200,000,000 Existing Shares to RM200,000,000 comprising 200,000,000 Consolidated Shares (“**Proposed Increase in Authorised Share Capital**”); and
- (iv) proposed amendment to the Memorandum of Association of DUFU (“**Proposed Amendment**”).

The application on proposed shares consolidation and proposed ESOS has been submitted to Bursa Securities on 7 October 2016 and is pending approval from Bursa Securities.

B7. BORROWINGS

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

	Short-term (Secured) RM’000	Long-term (Secured) RM’000	Total borrowing (Secured) RM’000
Bank Overdraft	2,616	-	2,616
Hire purchase	2,035	2,339	4,374
Term Loans	2,303	3,701	6,004
Total	6,954	6,040	12,994

The Group borrowings are dominated in the following currencies:

	RM’000
Ringgit Malaysia	12,705
US Dollar	289
Total borrowings	12,994

B8. MATERIAL LITIGATION

As at the date of this announcement, there is no material litigation against the Group or vice-versa.

B9. DIVIDEND

A single tier first interim dividend of 1 sen per ordinary share for the financial year ended 31 December 2016 was declared on 8 September 2016 and paid to shareholders on 10 October 2016.

There is no dividend declared during the quarter under review.

B10. EARNINGS PER SHARE

Basic

The basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2016	Preceding Corresponding Quarter 31.12.2015	Current Year To Date 31.12.2016	Preceding Year To Date 31.12.2015
Net profit attributable to ordinary shareholders (RM'000)	15,203	3,171	27,112	10,942
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	171,313	175,470	171,313	175,470
Basic earning per share (sen)	8.87	1.80	15.83	6.24

Diluted

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

B11. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Current Year Quarter Individual Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To date Cumulative Quarter 31.12.2016 RM'000	Preceding Year To date 31.12.2015 RM'000
After charging:-				
Interest expense	-	404	884	1,624
Depreciation	2,612	3,502	10,889	12,867
Property, plant and equipment written off	-	1,719	20	1,719
Loss on disposal of property, plant and equipment	310	-	310	-
Loss on foreign exchange -Realised	-	1,116	10	1,116
-Unrealised	-	189	-	189
Impairment loss on property, plant and equipment	339	-	339	-
Inventories written down	576	1,962	577	2,512
Impairment on loss and loans and receivables	-	1,470	86	2,785
After Crediting:				
Gain on foreign exchange -Realised	893	-	1,245	5,963
-Unrealised	447	-	447	220
Gain on disposal of property, plant and equipment	22	71	22	71
Gain on dissolution of Subsidiary	3,708	-	3,708	-
Interest income	214	40	616	109
Reversal of impairment loss on loans and receivables	1,165	-	1,165	-
Reversal of inventories written down	1,216	3,354	1,216	3,354

Save as disclosed above, the other items as required under appendix 9B, Part A(16) of the Bursa Securities Main Market Listing Requirements are not applicable.

B12. REALISED OR UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 31 December 2016 and 31 December 2015 respectively are analysed as follows:

	31.12.2016	31.12.2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	56,830	34,566
- Unrealised	1,183	2,015
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	58,013	36,581
Consolidation adjustments	5,690	3,610
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	63,703	40,191