

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE 2nd QUARTER ENDED 30 JUNE 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Revenue	25,411	34,114	53,380	62,626
Cost of Sales	(19,928)	(30,220)	(43,804)	(54,405)
Gross profit	5,483	3,894	9,576	8,221
Other operating income	677	1,982	1,337	2,441
General & administrative expenses	(4,701)	(3,860)	(8,126)	(6,843)
Profit from operations	1,459	2,016	2,787	3,819
Finance costs	(820)	(664)	(1,490)	(1,311)
Profit before tax	639	1,352	1,297	2,508
Tax expense	(140)	(162)	(245)	(267)
Net profit for the period	499	1,190	1,052	2,241
Other Comprehensive income, net of tax				
Exchange loss/gain on translation of net investment in foreign subsidiary companies	1,489	(628)	2,272	(856)
Total Comprehensive income for the period	1,988	562	3,324	1,385
Gross profit margin (%)	21.58	11.41	17.94	13.13
Profit after tax margin (%)	1.96	3.49	1.97	3.58
Weighted average number of shares ('000)	120,000	120,000	120,000	120,000
Earnings per ordinary share (sen)				
- Basic	0.42	0.99	0.88	1.87
- Diluted	0.42	0.99	0.88	1.87

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
30 JUNE 2013**

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	94,768	95,301
Deferred tax assets	119	137
Investment in club memberships, at cost	61	61
Financial assets designated at fair value	317	312
Total Non-Current Assets	95,265	95,811
CURRENT ASSETS		
Inventories	28,740	28,570
Trade receivables	28,450	26,772
Other receivables and prepaid expenses	5,457	3,036
Tax recoverable	46	124
Cash and bank balances	1,185	6,449
Total Current Assets	63,878	64,951
TOTAL ASSETS	159,143	160,762
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	60,000	60,000
Reserves	26,794	23,470
Shareholders' Equity	86,794	83,470
NON-CURRENT LIABILITIES		
Term loans	24,851	27,665
Hire-purchase payables	3,206	4,127
Deferred tax liabilities	-	2
Total Non-Current and Deferred Liabilities	28,057	31,794
CURRENT LIABILITIES		
Trade payables	12,258	12,078
Other payables and accrued expenses	6,969	7,330
Term loans	5,002	5,002
Hire-purchase payables	3,682	3,419
Other bank borrowings	16,381	17,669
Total Current Liabilities	44,292	45,498
Total Liabilities	72,349	77,292
TOTAL EQUITY AND LIABILITIES	159,143	160,762
Net assets per ordinary share (RM)	0.723	0.696

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2nd QUARTER ENDED 30 JUNE 2013**

	Share Capital RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
Balance as of 1 January 2013	60,000	(25,712)	49,182	83,470
Total Comprehensive Income for the period	-	2,272	1,052	3,324
As at 30 June 2013	<u>60,000</u>	<u>(23,440)</u>	<u>50,234</u>	<u>86,794</u>

	Share Capital RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
Balance as of 1 January 2012	60,000	(24,628)	51,376	86,748
Total Comprehensive Income for the year	-	(1,084)	(2,194)	(3,278)
As at 31 December 2012	<u>60,000</u>	<u>(25,712)</u>	<u>49,182</u>	<u>83,470</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 2012 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2013**

	Current Year To-date 30.06.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,297	(1,889)
Adjustments for:		
Depreciation of property, plant and equipment	7,136	13,103
Interest expenses	1,490	2,510
Property, plant and equipment written off	-	552
Interest income	(8)	(21)
Reversal of inventories written down	-	(453)
Reversal of impairment loss on loans and receivables	-	(8)
Unrealised (gain)/loss on foreign exchange	104	(508)
Operating profit before working capital changes	<u>10,019</u>	<u>13,286</u>
Changes in working capital		
Net change in current assets	(4,269)	(923)
Net change in current liabilities	(181)	5,257
Cash generated from operations	<u>5,569</u>	<u>17,620</u>
Tax paid	(151)	(343)
Tax Refund	-	1,232
Net cash generated from operating activities	<u>5,418</u>	<u>18,509</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	-
Interest received	8	21
Purchase of other investment	(5)	(9)
Purchase of property, plant and equipment	(4,820)	(11,277)
Net cash used in investing activities	<u>(4,817)</u>	<u>(11,265)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire-purchase	(2,441)	(5,351)
Repayment of term loans	(2,814)	(4,874)
Term loan raised	-	7,785
Decrease in other bank borrowings	(329)	(1,840)
Interest paid	(1,490)	(2,510)
Net cash used in financing activities	<u>(7,074)</u>	<u>(6,790)</u>

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2013 (CONTINUED)**

	Current Year To-date 30.06.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,473)	454
Effects of foreign exchange rate changes	2,168	(734)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	2,255	2,535
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	<u>(2,050)</u>	<u>2,255</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	1,185	6,449
BANK OVERDRAFT	<u>(3,235)</u>	<u>(4,194)</u>
	<u>(2,050)</u>	<u>2,255</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 unaudited 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 2012.

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 2012 except for the newly MFRS and IC Interpretations (“IC Int.”) to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2013:-

MFRS 3	Business Combination
MFRS 10	Consolidated Financial Statement
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (Revised)
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
Amendment to MFRS 1	First-time Adoption of MFRS – Government Loans
Amendments to MFRS 7	Financial Instruments : Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements : Transition Guidance
Amendments to MFRS 11	Joint Arrangement : Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvement to IC Interpretations and MFRSs 2009 -2011 Cycle	

The adoption of the above pronouncements did not have any impact to the Group,

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 2014

Amendments to MFRS 10	Consolidated Financial Statements : Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements : Investment Entities
Amendments to MFRS 132	Financial Instruments : Presentation – Offsetting Financial Assets and Financial Liabilities

Effective date : 1 January 2015

MFRS 9	Financial Instruments
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

A1. BASIS OF PREPARATION (Continued)

Effective date : 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest on Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

Effective date : 1 January 2014

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

Effective date : 1 January 2015

MFRS 9 Financial Instruments

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 2012.

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 quarter under review and financial year-to-date.

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

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

A8. DIVIDEND PAID

No dividend was paid during the current quarter ended 30 June 2013.

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.

DUFU TECHNOLOGY CORP. BERHAD (COMPANY NO.: 581612 A)
(Incorporated in Malaysia)

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) Hong Kong and China

	Malaysia RM'000	Singapore RM'000	Hong Kong and China RM'000	Eliminations RM'000	Total RM'000
Year to Date – 30 June 2013					
Segment revenue					
Sales to external customers	13,418	36,811	3,151	-	53,380
Inter-segment sales	27,006	1,347	6,765	(35,118)	-
Total	40,424	38,158	9,916	(35,118)	53,380
Segment revenue – current quarter	20,754	18,545	5,011	(18,899)	25,411
As at 30 June 2013					
Total assets	201,769	21,532	43,695	(107,853)	159,143
Total liabilities	97,303	17,334	6,210	(48,498)	72,349
Year to Date – 30 June 2012					
Segment revenue					
Sales to external customers	11,758	49,356	1,512	-	62,626
Inter-segment sales	37,455	2,072	15,194	(54,721)	-
Total	49,213	51,428	16,706	(54,721)	62,626
Segment revenue – current quarter	26,344	27,010	9,722	(28,962)	34,114
As at 30 June 2012					
Total assets	194,352	33,484	43,007	(108,695)	162,148
Total liabilities	86,822	29,258	7,192	(49,259)	74,013

A11. SEGMENTAL INFORMATION (CONTINUED)

B) The products segments based on HDD and Non-HDD products are as follows :

	Current Year Quarter 30.06.2013		Preceding Year Corresponding Quarter 30.06.2012	
	RM'000	#Percentage	RM'000	Percentage
HDD	16,504	65%	24,621	72%
*Non-HDD	8,907	35%	9,493	28%
Total revenue	<u>25,411</u>	<u>100%</u>	<u>34,114</u>	<u>100%</u>

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

the HDD segment in the current quarter has underperformed, thus resulting in the relatively higher Non-HDD percentage ratio. Kindly refer to B3 for commentary on prospect for further information.

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

	Current Quarter 30 June 2013	Current Year To Date 30.6.2013
Revenue		
Malaysia	6,978	14,485
Outside Malaysia	18,433	38,895
Total	<u>25,411</u>	<u>53,380</u>

A12. CONTINGENT LIABILITIES

As at 30 June 2013, the Group has no material contingent liabilities save for a corporate guarantee of RM123 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 30 June 2013.

A14. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter under review other than those disclosed in B6.

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

B1. PERFORMANCE REVIEW

Current Quarter – 30 June 2013

	Malaysia RM'000	Singapore RM'000	Hong Kong and China RM'000	Eliminations RM'000	Total RM'000
Revenue	20,754	18,545	5,011	(18,899)	25,411
EBDITA *	3,447	401	1,015	163	5,026
Depreciation	(2,925)	(10)	(632)	-	(3,567)
Profit					
from operation	522	391	383	163	1,459
Finance costs	(706)	(7)	(107)	-	(820)
(L)/PBT **	(184)	384	276	163	639

Preceding Year Quarter – 30 June 2012

	Malaysia RM'000	Singapore RM'000	Hong Kong and China RM'000	Eliminations RM'000	Total RM'000
Revenue	26,344	27,010	9,722	(28,962)	34,114
EBDITA *	3,627	528	750	351	5,256
Depreciation	(2,562)	(9)	(669)	-	(3,240)
Profit from					
operation	1,065	519	81	351	2,016
Finance costs	(568)	(6)	(90)	-	(664)
P/(L)BT ***	497	513	(9)	351	1,352

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

** (L)/PBT – (Loss)/Profit Before Tax

*** P/(L)BT – Profit/(Loss) Before Tax

The Group recorded profit before taxation (“PBT”) of RM0.64 million in the quarter under review (“Q2 2013”) as compared to PBT of RM1.35 million in the preceding year corresponding quarter (“Q2 2012”).

The following are the reasons contributing to decrease in result for Q2 2013 vs Q2 2012 :

1. Increase in depreciation of property, plant and equipment of RM0.36 mil ;
2. Increase in finance cost of RM0.16 mil; and
3. Impact of minimal wages imposed by Malaysia Government.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group recorded revenue of RM25.41 million in the current quarter (“Q2 2013”) as compared to RM27.97 million in the previous quarter (“Q1 2013”), a decrease of RM2.56 million or 9.15%. The Group also recorded a profit before taxation (“PBT”) of RM0.64 million for the quarter under review, as compared to previous quarter PBT of RM0.66 million.

The reason for decrease in revenue in current quarter is due to decrease in demand from existing customers of the group.

B3. COMMENTARY ON PROSPECTS

The HDD sector would continue to be flat in the coming quarters. However, for current quarter under review, the group achieved an improved product mix ratio (HDD : Non-HDD) of 65% : 35% as compared to 71% : 29% achieved in financial year 2012. The Group anticipates continue growth from Non-HDD sector such as Sensor and Control and Medical Devices which will contribute positively to the Group's result at large.

B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE

No profit forecast and profit guarantee was issued or announced for the year ending 2013.

B5. TAXATION

	Current Quarter 30 June 2013 RM'000	Current Year To date 30 June 2013 RM'000
Corporate tax expense		
Malaysia	96	186
Foreign	34	75
	130	261
Deferred tax income		
Malaysia	10	(16)
	140	245

B6. CORPORATE PROPOSAL

The corporate proposal completed as at the date of this announcement is renounceable two-call rights issue of up to 60,000,000 new ordinary shares of RM0.50 each in Dufu ("rights share(s)") on the basis of one (1) rights share for every two (2) existing ordinary shares of RM0.50 each at an issue price of RM0.50 per rights share, of which the first call of RM0.20 per rights share is payable in cash on application and the second call of RM0.30 per rights share is to be capitalised from Dufu's retained earnings upon allotment ("Two-call Rights Issue").

The above corporate proposal has been completed following the listing of and quotation for 55,470,370 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad on 19 July 2013.

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
Hire purchase	3,682	3,206
Term Loans	5,002	24,851
Bankers' facilities	13,146	-
Bank overdraft	3,235	-
Total	25,065	28,057

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	37,862
US Dollar	12,846
Hong Kong Dollar	2,414
Total borrowings	53,122

B8. MATERIAL LITIGATION

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

B9. DIVIDEND

No dividend has been declared for the current quarter ended 30 June 2013.

B10. EARNINGS PER SHARE

Basic

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.06.2013	Preceding Corresponding Quarter 30.6.2012	Current Year To Date 30.06.2013	Preceding Corresponding Quarter 30.06.2012
Net profit attributable to ordinary shareholders (RM '000)	499	1,190	1,052	2,241
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	120,000	120,000	120,000	120,000
Basic earning per share (sen)	0.42	0.99	0.88	1.87

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 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To date Cumulative Quarter 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
After charging:-				
Interest expense	820	664	1,490	1,311
Depreciation	3,567	3,240	7,136	6,424
Loss on foreign exchange				
- realised	-	-	-	75
- unrealised	181	-	181	-
After crediting:-				
Gain on foreign exchange				
- realised	71	257	77	478
- unrealised	-	-	-	-
Interest income	-	4	8	13

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 30 June 2013 and 31 December 2012 respectively are analysed as follows:

	30.06.2013 RM'000	31.12.2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	56,707	52,077
- Unrealised	(960)	2,971
	<hr/>	<hr/>
	55,747	55,048
Less: Consolidation adjustments	(5,513)	(5,866)
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	50,234	49,182