

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE 1st QUARTER ENDED 31 MARCH 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2013 RM'000	Preceding Year Corresponding Quarter 31.03.2012 RM'000	Current Year To date 31.03.2013 RM'000	Preceding Year Corresponding Period 31.03.2012 RM'000
Revenue	2 7,969	28,512	27,969	28,512
Cost of Sales	(23,876)	(24,185)	(23,876)	(24,185)
Gross profit	4,093	4,327	4,093	4,327
Other operating income	660	459	660	459
General & administrative expenses	(3,425)	(2,983)	(3,425)	(2,983)
Profit from operations	1,328	1,803	1,328	1,803
Finance costs	(670)	(647)	(670)	(647)
Profit before tax	658	1,156	658	1,156
Tax expense	(105)	(105)	(105)	(105)
Net profit for the period	553	1,051	553	1,051
Other Comprehensive income, net of tax				
Exchange gain/(loss) on translation of net investment in foreign subsidiary companies	783	(228)	783	(228)
Total Comprehensive income for the period	1,336	823	1,336	823
Gross profit margin (%)	14.63	15.18	14.63	15.18
Profit after tax margin (%)	1.98	3.69	1.98	3.69
Weighted average number of shares ('000)	120,000	120,000	120,000	120,000
Earnings per ordinary share (sen)				
- Basic	0.46	0.88	0.46	0.88
- Diluted	0.46	0.88	0.46	0.88

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
31 MARCH 2013**

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	92,896	95,301
Deferred tax assets	161	137
Investment in club memberships, at cost	61	61
Financial assets designated at fair value	315	312
Total Non-Current Assets	93,433	95,811
CURRENT ASSETS		
Inventories	28,844	28,570
Trade receivables	27,433	26,772
Other receivables and prepaid expenses	5,550	3,036
Tax recoverable	10	124
Cash and bank balances	1,540	6,449
Total Current Assets	63,377	64,951
TOTAL ASSETS	156,810	160,762
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	60,000	60,000
Reserves	24,806	23,470
Shareholders' Equity (Note A2)	84,806	83,470
NON-CURRENT LIABILITIES		
Term loans	26,360	27,665
Hire-purchase payables	3,795	4,127
Deferred tax liabilities	-	2
Total Non-Current and Deferred Liabilities	30,155	31,794
CURRENT LIABILITIES		
Trade payables	9,928	12,078
Other payables and accrued expenses	5,898	7,330
Term loans	5,002	5,002
Hire-purchase payables	3,690	3,419
Other bank borrowings	17,331	17,669
Total Current Liabilities	41,849	45,498
Total Liabilities	72,004	77,292
TOTAL EQUITY AND LIABILITIES	156,810	160,762
Net assets per ordinary share (RM)	0.707	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 1st QUARTER ENDED 31 MARCH 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	-	783	553	1,336
As at 31 March 2013	<u>60,000</u>	<u>(24,929)</u>	<u>49,735</u>	<u>84,806</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 31 MARCH 2013**

	Current Year To-date 31.03.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	658	(1,889)
Adjustments for:		
Depreciation of property, plant and equipment	3,569	13,103
Interest expenses	670	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 on foreign exchange	(6)	(508)
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Operating profit before working capital changes	4,883	13,286
Changes in working capital		
Net change in current assets	(3,449)	(923)
Net change in current liabilities	(3,582)	5,257
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Cash (used in)/generated from operations	(2,148)	17,620
Tax paid	(38)	(343)
Tax Refund	-	1,232
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Net cash/(used in)generated from operating activities	(2,186)	18,509
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CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8	21
Purchase of other investment	(3)	(9)
Purchase of property, plant and equipment	(1,164)	(11,277)
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Net cash used in investing activities	(1,159)	(11,265)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire-purchase	(1,225)	(5,351)
Repayment of term loans	(1,305)	(4,874)
Term loan raised	-	7,785
Increase/(Decrease) in other bank borrowings	1,929	(1,840)
Interest paid	(670)	(2,510)
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Net cash used in financing activities	(1,271)	(6,790)
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2013 (CONTINUED)**

	Current Year To-date 30.03.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,616)	454
Effects of foreign exchange rate changes	1,975	(734)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	2,255	2,535
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	(386)	2,255
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	1,540	6,449
BANK OVERDRAFT	(1,926)	(4,194)
	(386)	2,255

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 is 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 31 March 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 – 31 March 2013					
Segment revenue					
Sales to external customers	6,577	19,613	1,779	-	27,969
Inter-segment sales	13,093	-	3,126	(16,219)	-
Total	19,670	19,613	4,905	(16,219)	27,969
Segment revenue – current quarter	19,670	19,613	4,905	(16,219)	27,969
As at 31 March 2013					
Total assets	203,855	23,533	39,536	(110,114)	156,810
Total liabilities	96,059	19,453	4,990	(48,498)	72,004
Year to Date – 31 March 2012					
Segment revenue					
Sales to external customers	4,325	22,929	1,258	-	28,512
Inter-segment sales	18,544	1,489	5,726	(25,759)	-
Total	22,869	24,418	6,984	(25,759)	28,512
Segment revenue – current quarter	22,869	24,418	6,984	(25,759)	28,512
As at 31 March 2012					
Total assets	195,128	30,977	44,876	(108,505)	162,476
Total liabilities	87,074	27,120	9,011	(81,302)	74,903

A11. SEGMENTAL INFORMATION (CONTINUED)

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

	Current Year Quarter 31.03.2013		Preceding Year Corresponding Quarter 31.03.2012	
	RM'000	#Percentage	RM'000	Percentage
HDD	17,163	61%	21,257	75%
*Non-HDD	10,806	39%	7,255	25%
Total revenue	<u>27,969</u>	<u>100%</u>	<u>28,512</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 Prospects for further information.

A12. CONTINGENT LIABILITIES

As at 31 March 2013, the Group has no material contingent liabilities save for a corporate guarantee of RM124 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 March 2013.

A14. SUBSEQUENT EVENTS

Except as disclosed in note B6, there were no other 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 Quarter – 31 March 2013

	Malaysia RM'000	Singapore RM'000	Hong Kong and China RM'000	Eliminations RM'000	Total RM'000
Revenue	19,670	19,613	4,905	(16,219)	27,969
EBDITA *	3,558	268	865	206	4,897
Depreciation	(2,927)	(10)	(632)	-	(3,569)
Profit from operation	631	258	233	206	1,328
Finance costs	(526)	(5)	(139)	-	(670)
PBT ***	105	253	94	206	658

Preceding Year Quarter – 31 March 2012

	Malaysia RM'000	Singapore RM'000	Hong Kong and China RM'000	Eliminations RM'000	Total RM'000
Revenue	22,869	24,418	6,984	(25,759)	28,512
EBDITA *	2,523	1,254	960	250	4,987
Depreciation	(2,543)	(9)	(632)	-	(3,184)
Loss from operation	(20)	1,245	328	250	1,803
Finance costs	(567)	(5)	(75)	-	(647)
(L)PBT **	(587)	1,240	253	250	1,156

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

** (L)PBT – (Loss)/Profit Before Tax

*** PBT – Profit Before Tax

The Group recorded profit before taxation (“PBT”) of RM0.65 million in the quarter under review (“Q1 2013”) as compared to PBT of RM1.16 million in the preceding year corresponding quarter (“Q1 2012”).

The following are the reasons contributing to decrease in result for Q1 2013 vs Q1 2012 :

1. Increase in depreciation of property, plant and equipment of RM0.39 mil ; and
2. Increase in the wages due to the imposition of minimum wages by the Government of Malaysia.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group recorded revenue of RM27.97 million in the current quarter (“Q1 2013”) as compared to RM22.60 million in the previous quarter (“Q4 2012”), an increase of RM5.37 million or 23.76%. The Group also recorded a profit before taxation (“PBT”) of RM0.65 million for the quarter under review, as compared to previous quarter LBT of RM2.50 million.

The main reason for increase in performance in current quarter is due to increase in Non-HDD sector.

B3. COMMENTARY ON PROSPECTS

Barring any unforeseen circumstances, the Group expects the demand of HDD sector to recover in the coming quarters and anticipates continuous growth from Non-HDD sector mainly from the Sensor and Control and Medical Devices.

B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE

No profit forecast and profit guarantee was issued or announced for period ended 31 March 2013.

B5. TAXATION

	Current Quarter 31.03.2013 RM'000	Current Year To date 31.03.2013 RM'000
Corporate tax expense		
Malaysia	90	90
Foreign	41	41
	<u>131</u>	<u>131</u>
Deferred tax income		
Malaysia	(26)	(26)
	<u>105</u>	<u>105</u>

B6. CORPORATE PROPOSAL

The corporate proposal announced is the renounceable two-call right issue up to 60,000,000 new ordinary shares of RM0.50 each on the basis of One (1) rights share for every Two (2) existing ordinary shares of RM0.50 each held in Dufu on an entitlement date to be determined later.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") had, vide its letter dated 3 May 2013 (which was received on 6 May 2013), approved the listing of and quotation for up to 60,000,000 Rights Shares to be issued pursuant to the Proposed Two-Call Rights Issue subject to the following conditions:-

- i) Dufu and Bank Islam must fully comply with the relevant provisions under the Main Market Listing Requirements ("**LR**") pertaining to the implementation of the Proposed Two-Call Rights Issue;
- ii) Dufu and Bank Islam to inform Bursa Securities upon the completion of the Proposed Two-Call Rights Issue;
- iii) Dufu to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Proposed Two-Call Rights Issue prior to the quotation of the Rights Shares;
- iv) Dufu to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Two-Call Rights Issue is completed; and
- v) To incorporate Bursa Securities' comments in respect of the draft circular to the shareholders

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	3,690	3,795
Term Loans	5,002	26,360
Bankers' facilities	15,405	-
Bank overdraft	1,926	-
Total	26,023	30,155

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	41,277
US Dollar	13,304
Hong Kong Dollar	1,597
Total borrowings	56,178

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 31 March 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 31.03.2013	Preceding Corresponding Quarter 31.03.2012	Current Year To Date 31.03.2013	Preceding Corresponding Quarter 31.03.2012
Net profit attributable to ordinary shareholders (RM '000)	553	1,051	553	1,051
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)	0.46	0.88	0.46	0.88

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 31.03.2013 RM'000	Preceding Year Corresponding Quarter 31.03.2012 RM'000	Current Year To date 31.03.2013 RM'000	Preceding Year Corresponding Period 31.03.2012 RM'000
	Individual Quarter		Cumulative Quarter	
After charging:-				
Interest expense	670	645	670	645
Depreciation	3,569	3,184	3,569	3,184
Loss on foreign exchange - realised	-	75	-	75
After crediting:-				
Gain on foreign exchange - realised	6	221	6	221
Interest income	8	9	8	9

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 March 2013 and 31 December 2012 respectively are analysed as follows:

	31.03.2013 RM'000	31.12.2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	56,330	52,077
- Unrealised	(960)	2,971
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	55,370	55,048
Less: Consolidation adjustments	(5,635)	(5,866)
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	<u>49,735</u>	<u>49,182</u>