

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2008 RM'000	Preceding Year Corresponding Quarter 30.09.2007 RM'000	Current Year To date 30.09.2008 RM'000	Preceding Year Corresponding Period 30.09.2007 RM'000
Revenue	36,297	25,073	94,030	84,702
Cost of Sales	(30,702)	(18,644)	(76,590)	(66,694)
Gross profit	5,595	6,429	17,440	18,008
Other operating income	230	730	670	1,398
General & administrative expenses	(3,164)	(2,632)	(8,521)	(7,877)
Profit from operations	2,661	4,527	9,589	11,529
Finance costs	(479)	(584)	(1,358)	(1,477)
Profit before tax	2,182	3,943	8,231	10,052
Tax expense	(112)	(558)	(424)	(897)
Profit after tax before minority interest	2,070	3,385	7,807	9,155
Minority interest	-	-	-	-
Net profit for the year	2,070	3,385	7,807	9,155
Gross profit margin (%)	15.41	25.64	18.55	21.26
Profit after tax margin (%)	5.70	13.50	8.30	10.81
Weighted average number of shares ('000)	92,500	83,950	92,500	83,950
Earnings per ordinary share (sen)				
- Basic	2.24	4.03	8.44	10.91
- Diluted	2.24	4.03	8.44	10.91

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying notes to the Interim Financial Statements.

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS OF 30 SEPTEMBER 2008

	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	64,814	54,604
Prepaid Lease Rental	3,875	3,937
Goodwill on consolidation	25	25
Other investment	441	434
Total Non-Current Assets	<u>69,155</u>	<u>59,000</u>
CURRENT ASSETS		
Inventories	24,525	17,463
Trade receivables	32,331	29,354
Other receivables and prepaid expenses	1,585	1,999
Fixed deposits with a licensed bank	1,000	547
Cash and bank balances	3,635	4,125
Total Current Assets	<u>63,076</u>	<u>53,488</u>
TOTAL ASSETS	<u><u>132,231</u></u>	<u><u>112,488</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	60,000	45,000
Reserves	14,469	23,274
Shareholders' Equity	<u>74,469</u>	<u>68,274</u>
NON-CURRENT LIABILITIES		
Term loans	14,779	11,944
Hire-purchase	7,768	4,599
Deferred tax liabilities	2,011	2,011
Total Non-Current and Deferred Liabilities	<u>24,558</u>	<u>18,554</u>
CURRENT LIABILITIES		
Trade payables	15,450	12,057
Other payables and accrued expenses	9,602	7,012
Other bank borrowing	2,848	1,087
Term loans	1,282	1,482
Hire-purchase	4,022	4,022
Current tax liabilities	-	-
Total Current Liabilities	<u>33,204</u>	<u>25,660</u>
Total Liabilities	<u>57,762</u>	<u>44,214</u>
TOTAL EQUITY AND LIABILITIES	<u><u>132,231</u></u>	<u><u>112,488</u></u>
Net assets per ordinary share (RM)	0.621#	0.759

Note

Net assets per ordinary share is calculated base on issued and paid up capital of 120,000,000 shares
The consolidated balance sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2008**

	Share Capital RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
As at 1 January 2008	45,000	(18,515)	41,789	68,274
Issued of ordinary shares pursuant to the bonus issue	15,000	(2,966)	(12,034)	-
Expenses in connection with with new shares issued	-	(287)	-	(287)
Dividend paid	-	-	(1,350)	(1,350)
Exchange gain on translation of net investment in a foreign subsidiary company	-	25	-	25
Net profit for the period	-	-	7,807	7,807
As at 30 September 2008	60,000	(21,743)	36,212	74,469
	Share Capital RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
As at 1 January 2007	32,900	(21,663)	29,538	40,775
Issue of ordinary shares	12,100	4,182	-	16,282
Net profit for the period	-	-	9,155	9,155
As at 30 September 2007	45,000	(17,481)	38,693	66,212

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 2007 and the accompanying notes to the Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2008

	Current Year To- date 30.09.2008 RM'000	Preceding Year Corresponding Period 30.09.2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,231	10,052
Adjustments for:		
Depreciation of property, plant and equipment	5,949	5,020
Interest expenses	1,276	1,428
Unrealised loss on foreign exchange	-	190
Loss on disposal of property, plant and equipment	2	-
Gain on disposal of property, plant and equipment	(10)	(21)
Interest income	(25)	(202)
Allowance for doubtful debts	-	329
(Reversal of allowance) / Allowance for slow moving inventories	(407)	994
Operating profit before working capital changes	<u>15,016</u>	<u>17,790</u>
Changes in working capital		
Net change in current assets	(8,951)	9,999
Net change in current liabilities	5,983	(23,183)
Cash generated from operations	<u>12,048</u>	<u>4,606</u>
Tax paid	(690)	(856)
Net cash generated from operating activities	<u>11,358</u>	<u>3,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	88	41
Interest received	18	202
Dividend paid	(1,350)	-
Purchase of property, plant and equipment	(8,674)	(9,123)
Transfer and issued ordinary shares expenses	(287)	-
Proceed from new ordinary shares issued	-	16,053
Net cash (used in)/generated from investing activities	<u>(10,205)</u>	<u>7,173</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in bank borrowings	3,600	(2,225)
Proceeds from term loans	2,125	3,085
Proceeds from hire-purchase	150	90
Repayment of hire-purchase	(4,485)	(8,274)
Repayment of term loans	(965)	(900)
Interest paid	(1,276)	(1,428)
Fixed deposits held as security value	547	-
Net cash used in financing activities	<u>(304)</u>	<u>(9,652)</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2008

	Current Year To- date 30.09.2008 RM'000	Preceding Year Corresponding Period 30.09.2007 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	849	1,271
Effects of foreign exchange rate changes	25	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,332	(142)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,206</u>	<u>1,129</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying notes to the Interim Financial Statements

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

A1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007. The 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 2007.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2007. In addition, the Group has early adopted the revised FRS 112 Income Taxes, which is effective for accounting periods beginning on or after July 2007, for the financial period beginning 1 January 2007.

The MASB also issued the following revised Standards, amendment to Standards and IC Interpretations which are only effective for annual periods on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction contracts
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 139	Financial Instruments : Recognition and Measurement
IC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC 2	Members' Shares in Co-operative Entities and Similar Instruments
IC 5	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴
IC 8	Financial Reporting in Hyperinflationary Economies
	Scope of FRS 2

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 2007.

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 and financial year-to-date.

A8. DIVIDEND PAID

The Company had paid exempt dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2007 on 28 July 2008.

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 and financial year-to-date.

A11. SEGMENTAL INFORMATION

Geographical Segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers.

The Group's financial information analysed by geographical segment for the current quarter and financial period ended 30 September 2008 is as follows:

	Current Quarter 30.09.2008	Current Year To Date 30.09.2008
Revenue	RM '000	RM '000
Malaysia	12,021	27,344
Outside Malaysia	24,276	66,686
Total	36,297	94,030

A12. CONTINGENT LIABILITIES

As at 30 September 2008, the Group has no material contingent liabilities save for a corporate guarantee of RM16.5 million issued by the Company in respect of banking facilities granted to the subsidiaries company

A13. CAPITAL COMMITMENTS

The Group has no capital commitment as at 30 September 2008.

A14. SUBSEQUENT EVENTS

There were no other material events subsequent to the end of the current quarter under review except for the proposed acquisition by Dufu of the entire issued and paid-up share capital of Futron Technology Limited comprising 40,000,000 ordinary shares of HKD1.00 each from Wu Mao Yuan and Lee Su Hui-Fen for a cash consideration of RM20.0 million which was announced on 20 November 2008.

B. Explanatory Notes Pursuant to Appendix 9B, Part A of the Listing Requirement of Bursa Malaysia Securities Berhad

B1. PERFORMANCE REVIEW

The Group recorded profit before taxation (“PBT”) of RM2.18 million in the quarter under review (“Q3 2008”) as compared to RM3.94 million in the preceding year corresponding quarter (“Q2 2007”), a decrease of RM1.76 million or 45%.

The decrease in PBT was mainly due to the following factors:

- I) Increase in material costs and overheads; and
- II) Appreciation of Ringgit Malaysia against the US Dollar which resulted in the declined in revenue as sales are mainly in US Dollar.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group recorded revenue of RM36.30 million in the current quarter (“Q3 2008”) as compared to RM29.60 million in the previous quarter (“Q2 2008”), an increase of RM6.7 million. The increase in revenue by 22.63% in the current quarter was mainly due to the increase in demand and sales for its existing products.

The Group recorded a profit after taxation (“PAT”) of RM2.07 million for the quarter under review, a decrease of RM0.69 million or 25% as compared previous quarter. The decrease in PAT was mainly due to the increase in material cost and overheads and appreciation of Ringgit Malaysia against the US Dollar.

B3. COMMENTARY ON PROSPECTS

The uncertainties of the world economy and credit crunch which have caused major concerns to the world at large have also affected the performance of the Group. However, the recent trend of appreciation in US Dollar as compared to Ringgit Malaysia has soften the pressure levied on the Group’s profitability.

Coupled with the Group’s continuous in house cost reduction programme and its aggressive marketing efforts to increase the sales of low volume high mix products, the Group will be able to minimize those negative impacts and will be able to generate satisfactory results in the coming quarter.

B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE

No profit forecast and profit guarantee was issued or announced for year ending 2008.

B5. TAXATION

	Current Quarter 30 September 2008 RM'000	Current Year To date 30 September 2008 RM'000
Malaysia tax expense	<u>112</u>	<u>424</u>

The effective tax rate of the Group for the current quarter and financial year to-date is lower than the statutory tax rate principally due to the availability of reinvestment allowances.

B6. UNQUOTED SECURITIES AND/OR PROPERTIES

There were no purchases nor disposals of any unquoted securities and/ or properties for the current financial year and quarter to-date.

B7. INVESTMENT IN QUOTED SECURITIES

There were no dealings by the Group in quoted securities for the current quarter and financial year to-date. The Group did not hold any investments in quoted securities as at 30 September 2008.

B8. CORPORATE PROPOSAL

The corporate proposal announced and/or completed as at the date of this announcement are as follows:

Completed

- I) The Bonus issue of 30,000,000 new ordinary shares of RM0.50 each in the Company on the basis of one (1) new share for every three (3) existing shares held on 8 August 2008 ("Bonus Issue") was completed on 11 August 2008; and
- II) Transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company from the Second Board to the Main Board of Bursa Malaysia Securities Berhad was completed on 11 September 2008.

Announced

- I) Proposed acquisition by Dufu of the entire issued and paid-up share capital of Futron Technology Limited comprising 40,000,000 ordinary shares of HKD1.00 each from Wu Mao Yuan and Lee Su Hui-Fen for a cash consideration of RM20.0 million which was announced on 20 November 2008.

B9. 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
Bank Overdrafts	429	-
Hire purchase	4,022	7,768
Term Loans	1,282	14,779
Bankers' acceptance	2,419	-
Total	<u>8,152</u>	<u>22,547</u>

The Group does not have any foreign borrowings and debts securities as at 30 September 2008.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments as at 21 November 2008, being the day not earlier than 7 days from the date of issuance quarterly report.

B11. MATERIAL LITIGATION

As at the date of this announcement, there are no material litigations against the Group or taken by the Group.

B12. DIVIDEND

A Final Dividend of 1.5 sen per share exempt from Income Tax for the year ended 31 December 2007 were declared and approved by the shareholders on 27 June 2008 and subsequently paid on 28 July 2008.

B13. EARNINGS PER SHARE ("EPS")

Basic

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

	Current Quarter 30.09.2008	Current Year To Date 30.09.2008	Preceding Corresponding Quarter 30.09.2007
	RM '000	RM '000	RM'000
Net profit attributable to ordinary shareholders	2,070	7,807	3,385
Weighted average number of ordinary shares of RM0.50 each in issue	92,500	92,500	83,950
Basic EPS (sen)	2.24	8.44	4.03

Diluted

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