

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2011**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2011 RM'000	Preceding Year Corresponding Quarter 30.09.2010 RM'000	Current Year To date 30.09.2011 RM'000	Preceding Year Corresponding Period 30.09.2010 RM'000
Revenue	34,445	27,114	97,556	90,090
Cost of Sales	(30,108)	(21,069)	(86,179)	(69,246)
Gross profit	4,337	6,045	11,377	20,844
Other operating income/(expense)	1,489	(381)	2,433	(1,175)
General & administrative expenses	(4,267)	(3,792)	(10,268)	(11,024)
Profit from operations	1,559	1,872	3,542	8,645
Finance costs	(730)	(689)	(1,902)	(1,601)
Profit before tax	829	1,183	1,640	7,044
Tax expense	(115)	(416)	(394)	(1,774)
Net profit for the period	714	767	1,246	5,270
Other Comprehensive income, net of tax				
Exchange gain / (loss) on translation of net investment in a foreign subsidiary company	3,166	(43)	2,606	(170)
Total Comprehensive income for the period	3,880	724	3,852	5,100
Gross profit margin (%)	12.59	22.29	11.66	23.14
Profit after tax margin (%)	2.07	2.83	1.28	5.85
Weighted average number of shares ('000)	120,000	120,000	120,000	120,000
Earnings per ordinary share (sen)				
- Basic	0.60	0.64	1.04	4.39
- Diluted	0.60	0.64	1.04	4.39

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying notes to the Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2011

	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	97,971	81,650
Deferred tax assets	123	116
Goodwill on consolidation	25	25
Financial assets designated at fair value	362	356
Total Non-Current Assets	98,481	82,147
CURRENT ASSETS		
Inventories	29,195	25,553
Trade receivables	36,059	34,530
Other receivables and prepaid expenses	8,481	4,564
Tax recoverable	285	82
Cash and bank balances	4,785	6,192
Total Current Assets	78,805	70,921
TOTAL ASSETS	177,286	153,068
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	60,000	60,000
Reserves	33,376	29,524
Shareholders' Equity	93,376	89,524
NON-CURRENT LIABILITIES		
Term loans	26,196	13,703
Hire-purchase payables	4,839	8,185
Deferred tax liabilities	1,590	1,533
Total Non-Current and Deferred Liabilities	32,625	23,421
CURRENT LIABILITIES		
Trade payables	17,494	10,038
Other payables and accrued expenses	8,704	5,710
Other bank borrowing	16,115	15,579
Term loans	4,232	2,635
Hire-purchase payables	4,740	6,161
Total Current Liabilities	51,285	40,123
Total Liabilities	83,910	63,544
TOTAL EQUITY AND LIABILITIES	177,286	153,068
Net assets per ordinary share (RM)	0.778	0.746

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2011**

	Share Capital RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
As at 1 January 2011	60,000	(24,521)	54,045	89,524
Total Comprehensive Income for the period	-	2,606	1,246	3,852
As at 30 September 2011	<u>60,000</u>	<u>(21,915)</u>	<u>55,291</u>	<u>93,376</u>
	Share Capital RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
As at 1 January 2010	60,000	(21,608)	48,314	86,706
Dividend paid	-	-	(1,200)	(1,200)
Transfer of revaluation reserve	-	(106)	106	-
Total Comprehensive Income for the period	-	(2,807)	6,825	4,018
As at 31 December 2010	<u>60,000</u>	<u>(24,521)</u>	<u>54,045</u>	<u>89,524</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 2010 and the accompanying notes to the Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2011

	Current Year To-date 30.09.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,640	7,577
Adjustments for:		
Depreciation of property, plant and equipment	8,532	11,373
Interest expenses	1,902	2,552
Gain on disposal of property, plant and equipment	-	(26)
Interest income	(13)	(17)
Unrealised gain on foreign exchange	-	(9)
Operating profit before working capital changes	12,061	21,450
Changes in working capital		
Net change in current assets	(9,088)	(4,162)
Net change in current liabilities	10,450	(808)
Cash generated from operations	13,423	16,480
Tax paid	(597)	(3,342)
Net cash generated from operating activities	12,826	13,138
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-	(3,000)
Proceeds from disposal of property, plant and equipment	-	1,981
Interest received	13	17
Purchase of other investment	-	(6)
Purchase of property, plant and equipment	(24,853)	(7,943)
Net cash generated used in investing activities	(24,840)	(8,951)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire-purchase	(5,166)	(5,754)
Repayment of term loans	(2,111)	(2,492)
Term loan raised	16,200	-
Increase in other bank borrowings	4,042	4,641
Interest paid	(1,902)	(2,550)
Dividend paid	-	(1,200)
Net cash generated from/(used in) from financing activities	11,063	(7,355)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2011 (CONTINUED)

	Current Year To-date 30.09.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(951)	(3,168)
Effects of foreign exchange rate changes	3,050	(1,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	748	5,384
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>2,847</u>	<u>748</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	4,785	6,192
BANK OVERDRAFT	(1,938)	(5,444)
	<u>2,847</u>	<u>748</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 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 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 2010. 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 2010.

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 2010 except for the adoption of the following new Financial Reporting Standards (FRSs), Amendment to FRSs and Interpretations with effect from 1 January 2010.

On or after 1 January 2010, the Group adopted the following FRSs:-

FRSs, Amendment to FRS and Interpretations

FRS 4	Insurance Contract
FRS 7	Financial instruments: Disclosure
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 3	Combinations Business
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operation
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 101	Presentation of Financial Statements
Amendment to FRS 107	Cash Flow Statements
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events After the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting

A2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

FRSs, Amendment to FRS and Interpretations (Continued)

Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurements
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Other than for the application of FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any changes in the accounting policies and presentation of the financial result of the Group.

FRS 101 : Presentation of Financial Statements

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statements of changes in equity only includes details of transaction with owners. All non-owners changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

FRS 139 : Financial Instruments : Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010. The adoption of FRS 139 does not have any significant impact on the profit for the financial year-to-date.

Financial Assets

Financial assets of the Group and the Company consist of quoted investments, receivables and cash and cash equivalents.

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. A financial asset is initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs.

A2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loan and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, borrowing and are carried at amortised cost.

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 2010.

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 September 2011.

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

The Group has on 12 August 2011 acquired the entire issued and paid up capital of Dufusion Sdn. Bhd. (“Dufusion”) of RM2.00 divided into 2 ordinary shares of RM1.00 each. Consequently, Dufusion has become a wholly-owned subsidiary of Dufu Technology Corp. Berhad.

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 2011 is as follows:

	Current Quarter 30.09.2011	Current Year To Date 30.09.2011
Revenue	RM ‘000	RM ‘000
Malaysia	10,416	30,761
Thailand	15,039	39,698
People’s Republic of China	4,761	14,916
Singapore	936	2,917
England	865	3,193
Germany	18	254
United States	1,254	3,295
Others	1,156	2,522
Total	34,445	97,556

A12. CONTINGENT LIABILITIES

As at 30 September 2011, 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 commitments as at 30 September 2011.

A14. SUBSEQUENT EVENTS

On 18 October 2011, Dufusion Sdn. Bhd., a wholly-owned subsidiary of Dufu Technology Corp. Berhad., has entered into a Conditional Sale and Purchase Agreement (the “Agreement”) with Zoomic Technology (M) Sdn. Bhd. (Company No. 234714-U) (In Receivership) (“Zoomic Tech”) with the express consent of the duly appointed Receivers and Managers for the acquisition of a leasehold property at a total consideration of Ringgit Malaysia Nine Million (RM9,000,000/-) only. The acquisition is expected to be completed by June 2012.

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 RM0.83 million in the quarter under review (“Q3 2011”) as compared to RM1.18 million in the preceding year corresponding quarter (“Q3 2010”), a decrease of RM0.35 million or 30%. The decrease in the PBT during the quarter under review was due to the appreciation of Ringgit Malaysia (“RM”) against the US Dollar (“USD”) and increase in raw material prices that resulted in the profit to decrease.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group recorded revenue of RM34.45 million in the current quarter (“Q3 2011”) as compared to RM31.81 million in the previous quarter (“Q2 2011”), an increase of RM2.64 million or 8.3%.

The Group also recorded a profit after taxation (“PAT”) of RM0.71 million for the quarter under review, as compared to previous quarter (“PAT”) of RM0.15 million, an increase of RM0.56 million. The increase in revenue and PAT were mainly due to increase in sales to its existing customers and also depreciation of Ringgit Malaysia (“RM”) against the US Dollar (“USD”) during the quarter under review.

B3. COMMENTARY ON PROSPECTS

The current volatility trend of the global economy especially in the financial sector has impacted the profitability performance of the Group. Coupled with the Thailand flood disaster, the Group expects its sales performance of the hard disk drive (“HDD”) segment to be decreased by approximately 50% which will in turn result in the decrease of approximately 30% to 40% of the Group’s revenue.

However, the actual impact will only be more visible and ascertainable by the end of 4th quarter.

Nevertheless, the Group will evaluate all options to mitigate the impact and continue with its diversification programs to enhance its performance.

B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE

No profit forecast and profit guarantee was issued or announced for year ending 2011.

B5. TAXATION

	Current Quarter 30 September 2011 RM’000	Current Year To date 30 September 2011 RM’000
Corporate tax expense		
Foreign	115	394

B5. TAXATION (CONTINUED)

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 quarter to-date other than disclose in A10.

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 2011.

B8. CORPORATE PROPOSAL

There is no corporate proposal announced as at the date of this announcement.

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
Hire purchase	4,740	4,839
Term Loans	4,232	26,196
Bankers' facilities	14,176	-
Bank overdraft	1,939	-
Total	25,087	31,035

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	36,216
US Dollar	15,803
Hong Kong Dollar	4,103
Total borrowings	56,122

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments as at 18 November 2011, 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

No dividend has been declared for the current quarter ended 30 September 2011.

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 30.09.2011	Current Year To Date 30.09.2011	Preceding Corresponding Quarter 30.09.2010
Net profit attributable to ordinary shareholders (RM ‘000)	714	1,246	5,270
Weighted average number of ordinary shares of RM0.50 each in issue (‘000)	120,000	120,000	120,000
Basic EPS (sen)	0.60	1.04	4.39

Diluted

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

B14 REALISED OR UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 30 September 2011 and 31 December 2010 are analyse as follows:

	30.09. 2011 RM’000	31.12. 2010 RM’000
Total retained earnings of the Company and its subsidiaries		
- Realised	62,279	60,486
- Unrealised	(1,630)	(913)
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	60,649	59,573
Less: Consolidation adjustments	(5,358)	(5,528)
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	55,291	54,045
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