

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME FOR THE 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 2010**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2010 RM'000	Preceding Year Corresponding Quarter 30.09.2009 RM'000	Current Year To date 30.09.2010 RM'000	Preceding Year Corresponding Period 30.09.2009 RM'000
Revenue	27,114	28,822	90,090	80,289
Cost of Sales	(21,069)	(20,996)	(69,246)	(62,993)
Gross profit	6,045	7,826	20,844	17,296
Other operating (expense)/income	(381)	169	(1,175)	2,278
General & administrative expenses	(3,792)	(3,794)	(11,024)	(10,354)
Profit from operations	1,872	4,201	8,645	9,220
Finance costs	(689)	(537)	(1,601)	(1,485)
Profit before tax	1,183	3,664	7,044	7,735
Tax expense	(416)	(476)	(1,774)	(1,233)
Net profit for the period	767	3,188	5,270	6,502
Other Comprehensive income, net of tax				
Exchange (loss)/ gain on translation of net investment in a foreign subsidiary company	(43)	(66)	(170)	130
Total Comprehensive income for the period	724	3,122	5,100	6,632
Gross profit margin (%)	22.29	27.15	23.14	21.54
Profit after tax margin (%)	2.83	11.06	5.85	8.10
Weighted average number of shares ('000)	120,000	120,000	120,000	120,000
Earnings per ordinary share (sen)				
- Basic	0.64	2.66	4.39	5.42
- Diluted	0.64	2.66	4.39	5.42

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying notes to the Interim Financial Statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2010**

	<b>As at 30.09.2010 RM'000</b>	<b>As at 31.12.2009 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	82,867	72,295
Prepaid Lease Rental	2,383	3,768
Goodwill on consolidation	25	25
Financial assets designated at fair value	355	350
Total Non-Current Assets	<u>85,630</u>	<u>76,438</u>
<b>CURRENT ASSETS</b>		
Inventories	28,246	21,244
Trade receivables	32,848	35,520
Other receivables and prepaid expenses	5,984	3,908
Cash and bank balances	3,841	7,289
Total Current Assets	<u>70,919</u>	<u>67,961</u>
<b>TOTAL ASSETS</b>	<u><u>156,549</u></u>	<u><u>144,399</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Share capital	60,000	60,000
Reserves	30,606	26,706
Shareholders' Equity	<u>90,606</u>	<u>86,706</u>
<b>NON-CURRENT LIABILITIES</b>		
Term loans	12,640	16,465
Hire-purchase payables	8,991	3,346
Deferred tax liabilities	2,548	2,125
Total Non-Current and Deferred Liabilities	<u>24,179</u>	<u>21,936</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	11,827	10,222
Other payables and accrued expenses	7,933	9,342
Other bank borrowing	12,049	5,332
Term loans	4,432	4,432
Hire-purchase payables	4,441	4,441
Current tax liabilities	1,082	1,988
Total Current Liabilities	<u>41,764</u>	<u>35,757</u>
Total Liabilities	<u>65,943</u>	<u>57,693</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>156,549</u></u>	<u><u>144,399</u></u>
Net assets per ordinary share (RM)	0.755	0.722

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 2010**

	Share Capital <b>RM'000</b>	Other Reserves <b>RM'000</b>	Retained Profits <b>RM'000</b>	Total <b>RM'000</b>
As at 1 January 2010	60,000	(21,608)	48,314	86,706
Dividend paid	-	-	(1,200)	(1,200)
Total Comprehensive Income for the period	-	(170)	5,270	5,100
As at 30 September 2010	<u>60,000</u>	<u>(21,778)</u>	<u>52,384</u>	<u>90,606</u>
	Share Capital <b>RM'000</b>	Other Reserves <b>RM'000</b>	Retained Profits <b>RM'000</b>	Total <b>RM'000</b>
As at 1 January 2009	60,000	(21,709)	38,282	76,573
Dividend paid	-	-	(1,200)	(1,200)
Total Comprehensive Income for the year	-	101	11,232	11,333
As at 31 December 2009	<u>60,000</u>	<u>(21,608)</u>	<u>48,314</u>	<u>86,706</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 2009 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2010**

	<b>Current Year To- date 30.09.2010 RM'000</b>	<b>Preceding Year Corresponding Period 30.09.2009 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,044	7,735
Adjustments for:		
Depreciation of property, plant and equipment	7,907	7,568
Interest expenses	1,500	1,321
Loss on disposal of property, plant and equipment	-	419
Unrealised loss on foreign exchange	1,214	614
Interest income	(10)	(17)
Negative goodwill written off	-	(235)
Operating profit before working capital changes	17,655	17,405
Changes in working capital		
Net change in current assets	(6,593)	(749)
Net change in current liabilities	(855)	4,089
Cash generated from operations	10,207	20,745
Tax paid	(2,256)	(441)
Net cash generated from operating activities	7,951	20,304
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	2,480
Interest received	10	17
Dividend paid	(1,200)	(1,200)
Purchase of other investment	-	(5)
Purchase of unquoted investment	(5)	-
Purchase of property, plant and equipment	(16,050)	(3,007)
Acquisition of subsidiary company (Note 1)	-	(19,082)
Net cash used in investing activities	(17,245)	(20,797)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from term loans	-	5,110
Proceeds from hire purchase	6,024	-
Repayment of hire-purchase	(1,398)	(5,000)
Repayment of term loans	(1,759)	(1,382)
Increase/(Decrease) in other bank borrowings	2,069	(460)
Interest paid	(1,500)	(1,321)
Net cash generated/(used in) from financing activities	3,436	(3,053)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2010 (CONTINUED)**

	<b>Current Year To- date 30.09.2010 RM'000</b>	<b>Preceding Year Corresponding Period 30.09.2009 RM'000</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,858)	(3,546)
Effects of foreign exchange rate changes	(170)	130
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,383	6,782
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(645)</u>	<u>3,366</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	3,841	4,224
BANK OVERDRAFT	<u>(4,486)</u>	<u>(858)</u>
	<u>(645)</u>	<u>3,366</u>

**Note 1 :**

**Acquisition of subsidiary company**

On 20 November 2008, the company entered into an agreement to acquired the entire equity interest in Futron Technology Limited, a corporation incorporated in Hong Kong, for a total purchase consideration and incidental cost of RM20,451,527. The acquisition was approved by the shareholders at the Extraordinary General Meeting held on 19 December 2008 and completed on 23 January 2009.

The fair value of the net assets acquired, negative goodwill on consolidation and cash flow arising from the acquisition are as follows:

	<b>RM'000</b>
Fair value of total net assets	20,686
Negative goodwill	<u>(235)</u>
Total purchase consideration	<u>20,451</u>
Net cash outflow arising on acquisition:	
Total cash consideration	20,451
Less : Cash and cash equivalent of subsidiary company acquired	<u>(1,369)</u>
Cash flow on acquisition net of cash acquired	<u>19,082</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 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 2009. 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 2009.

**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 2009 except for the adoption of the following new Financial Reporting Standards (FRSs), Amendment to FRSs and Interpretations with effect from 1 January 2010.

On 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
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operation
Amendments to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendments to FRS 107	Cash Flow Statements
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Balance Sheet Date
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investments in Associates
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurements

**A2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

**FRSs, Amendment to FRS and Interpretations (Continued)**

Amendments to FRS 140	Investment Property
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 are classification as financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits and other receivables.

(i) Receivables

Prior to 1 January 2010, receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate (EIR) method. Gain and losses arising from the derecognition of the receivables, EIR amortization and impairment losses are recognized in the income statement.

(ii) Financial Instruments At Fair Value Through Profit or Loss (FIFVPL)

Prior to 1 January 2010, FIFVPL financial assets such as investment in unit trust and membership in golf club were stated at cost less diminution in value. Under FRS 139, FIFVPL financial asset is initially measured at fair value and subsequently with unrealized gain and loss recognized in the profit and loss.

**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.

**Impact on opening balances**

	<b>Previously stated RM'000</b>	<b>Effect of FRS 139 RM'000</b>	<b>Restated RM'000</b>
Non current assets			
Unquoted investments	350	(350)	-
Financial assets designated at fair value	-	350	350

**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 2009.

**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**

The Company had paid tax exempt dividend of 1 sen per ordinary share for the financial year ended 31 December 2009 on 29 July 2010.



**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 September 2, 2010 acquired the entire issued and paid up capital of Dufu Dyna-Edge Sdn. Bhd. (“Dufu Dyna-Edge”) of RM2.00 divided into 2 ordinary shares of RM1. Consequently, Dufu Dyna-Edge has become a wholly-owned subsidiary of Dufu Technology Corp. Berhad

Dufu Dyna-Edge is currently dormant and its intended principal activities are as follows:-

- a) Manufacturing of medical devices, medical and surgical appliances and apparatus of every description; and
- b) Design, develop, manufacture, assemble and trade of precision and stamping parts, plastic injection moulds, precision steel moulds, tools and dies, tooling parts, die components and precision machining of vice, computer peripherals and its related parts

**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 2010 is as follows:

	<b>Current Quarter 30.09.2010</b>	<b>Current Year To Date 30.09.2010</b>
	<b>RM ‘000</b>	<b>RM ‘000</b>
Revenue		
Malaysia	10,991	34,717
Thailand	9,973	32,254
People’s Republic of China	3,094	13,013
Singapore	1,248	4,597
England	980	3,247
Germany	162	480
United States	532	1,390
Japan	13	62
Australia	27	151
Sweden	26	111
Others	68	68
<b>Total</b>	<b>27,114</b>	<b>90,090</b>

**A12. CONTINGENT LIABILITIES**

As at 30 September 2010, the Group has no material contingent liabilities save for a corporate guarantee of RM19.97 million issued by the Company in respect of banking facilities granted to the subsidiary companies.

**A13. CAPITAL COMMITMENTS**

The Group has no capital commitments as at 30 September 2010.

**A14. SUBSEQUENT EVENTS**

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 Listing Requirement of Bursa Malaysia Securities Berhad**

**B1. PERFORMANCE REVIEW**

The Group recorded profit before taxation (“PBT”) of RM1.18 million in the quarter under review (“Q3 2010”) as compared to RM3.66 million in the preceding year corresponding quarter (“Q3 2009”), a decrease of RM2.48 million or 68%. The Group recorded PBT of RM7.04 million in the cumulative quarter to date until 30 September 2010 as compared to RM7.74 million in the preceding year corresponding cumulative quarter, a decrease of RM0.69 million or 9%. The decrease in the PBT during the quarter and the cumulative quarter under review was mainly due to the appreciation of Ringgit Malaysia against the US Dollar.

**B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS**

The Group recorded revenue of RM27.11 million in the current quarter (“Q3 2010”) as compared to RM29.80 million in the previous quarter (“Q2 2010”), a decrease of RM2.69 million or 9%. The decrease in revenue was mainly due to the appreciation of Ringgit Malaysia against the US Dollar.

The Group recorded a profit after taxation (“PAT”) of RM0.77 million for the quarter under review, as compared to previous quarter of RM0.61 million, an increase of RM0.16 million or 26%. The increase in PAT was mainly due to the reversal of overprovision of taxation in respect of prior year during the quarter under review.

**B3. COMMENTARY ON PROSPECTS**

The Group expects its sales performance and profitability to sustain in the coming quarter. The current volatility trend of the global economic especially in the financial sector has caused the appreciation of Ringgit Malaysia against the US Dollar which resulted in the decrease of the Group profitability previously.

The Group is however taking the necessary measures in mitigating those negative impacts. The Group is also currently looking into diversifying into other sectors such as the medical sector to increase its revenue in the future.

**B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE**

No profit forecast and profit guarantee was issued or announced for year ending 2010.

**B5. TAXATION**

	<b>Current Quarter 30 September 2010 RM'000</b>	<b>Current Year To date 30 September 2010 RM'000</b>
Tax expense		
Malaysia	23	221
Foreign	393	1,129
	<u>416</u>	<u>1,350</u>
Deferred tax expense		
Malaysia	-	424
	<u>416</u>	<u>1,774</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 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 2010.

**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:

	<b>Short-term (Secured) RM'000</b>	<b>Long-term (Secured) RM'000</b>
Hire purchase	4,441	8,991
Term Loans	4,432	12,640
Bankers' facilities	7,563	-
Bank overdraft	4,486	-
Total	<u>20,922</u>	<u>21,631</u>

Included in the above are borrowings denominated in foreign currency as at 30 September 2010:

	<b>HKD'000</b>	<b>RM'000 Equivalent</b>
Total Borrowings	<u>3,625</u>	<u>1,637</u>

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There are no off balance sheet financial instruments as at 22 November 2010, 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 First and Final Dividend of 1 sen per share tax exempt for the year ended 31 December 2009 were declared and approved by the shareholders on 30 June 2010 and subsequently paid on 29 July 2010.

**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:

	<b>Current Quarter 30.09.2010</b>	<b>Current Year To Date 30.09.2010</b>	<b>Preceding Corresponding Quarter 30.09.2009</b>
Net profit attributable to ordinary shareholders (RM '000)	767	5,270	6,502
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	120,000	120,000	120,000
Basic EPS (sen)	0.64	4.39	5.42

Diluted

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