

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE 2ND QUARTER ENDED 30 JUNE 2010**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2010 RM'000	Preceding Year Corresponding Quarter 30.06.2009 RM'000	Current Year To date 30.06.2010 RM'000	Preceding Year Corresponding Period 30.06.2009 RM'000
Revenue	29,795	28,409	62,976	51,467
Cost of Sales	(23,075)	(22,341)	(48,177)	(41,997)
Gross profit	6,720	6,068	14,800	9,470
Other operating (expense)/income	(941)	288	(794)	2,109
General & administrative expenses	(3,802)	(3,498)	(7,232)	(6,560)
Profit from operations	1,977	2,858	6,774	5,019
Finance costs	(454)	(472)	(913)	(948)
Profit before tax	1,523	2,386	5,861	4,071
Tax expense	(918)	(351)	(1,358)	(757)
Profit after tax before minority interest	605	2,035	4,503	3,314
Minority interest	-	-	-	-
Net profit for the period	605	2,035	4,503	3,314
Other Comprehensive income, net of tax				
Exchange (loss)/ gain on translation of net investment in a foreign subsidiary company	(127)	196	(127)	196
Total Comprehensive income for the period	478	1,839	4,376	3,118
Gross profit margin (%)	22.55	21.36	23.50	18.40
Profit after tax margin (%)	2.03	7.16	7.15	6.44
Weighted average number of shares ('000)	120,000	120,000	120,000	120,000
Earnings per ordinary share (sen)				
- Basic	0.50	1.70	3.75	2.76
- Diluted	0.50	1.70	3.75	2.76

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 JUNE 2010

	As at 30.06.2010 RM'000	As at 31.12.2009 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	79,357	72,295
Prepaid Lease Rental	2,453	3,768
Goodwill on consolidation	25	25
Financial assets designated at fair value	352	350
Total Non-Current Assets	<u>82,187</u>	<u>76,438</u>
CURRENT ASSETS		
Inventories	27,878	21,244
Trade receivables	29,255	35,520
Other receivables and prepaid expenses	5,567	3,908
Cash and bank balances	4,827	7,289
Total Current Assets	<u>67,527</u>	<u>67,961</u>
TOTAL ASSETS	<u><u>149,714</u></u>	<u><u>144,399</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	60,000	60,000
Reserves	31,082	26,706
Shareholders' Equity	<u>91,082</u>	<u>86,706</u>
NON-CURRENT LIABILITIES		
Term loans	13,204	16,465
Hire-purchase payables	3,151	3,346
Deferred tax liabilities	2,549	2,125
Total Non-Current and Deferred Liabilities	<u>18,904</u>	<u>21,936</u>
CURRENT LIABILITIES		
Trade payables	19,174	10,222
Other payables and accrued expenses	7,663	9,342
Other bank borrowing	2,091	5,332
Term loans	4,432	4,432
Hire-purchase payables	4,441	4,441
Current tax liabilities	1,927	1,988
Total Current Liabilities	<u>39,728</u>	<u>35,757</u>
Total Liabilities	<u>58,632</u>	<u>57,693</u>
TOTAL EQUITY AND LIABILITIES	<u><u>149,714</u></u>	<u><u>144,399</u></u>
Net assets per ordinary share (RM)	0.759	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 2nd QUARTER ENDED 30 JUNE 2010

	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
Total Comprehensive Income for the period	-	(127)	4,503	4,376
As at 30 June 2010	<u>60,000</u>	<u>(21,735)</u>	<u>52,817</u>	<u>91,082</u>

	Share Capital RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
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 JUNE 2010

	Current Year To- date 30.06.2010 RM'000	Preceding Year Corresponding Period 30.06.2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,861	4,071
Adjustments for:		
Depreciation of property, plant and equipment	5,133	5,025
Interest expenses	859	847
Loss on disposal of property, plant and equipment	-	419
Unrealised loss on foreign exchange	686	951
Interest income	(6)	(12)
Negative goodwill written off	-	(235)
Operating profit before working capital changes	<u>12,533</u>	<u>11,066</u>
Changes in working capital		
Net change in current assets	(2,215)	(2,819)
Net change in current liabilities	6,564	9,630
Cash generated from operations	<u>16,882</u>	<u>17,877</u>
Tax paid	(807)	(368)
Net cash generated from operating activities	<u>16,075</u>	<u>17,509</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	2,480
Interest received	6	12
Purchase of unquoted investment	(2)	(3)
Purchase of property, plant and equipment	(9,837)	(2,455)
Acquisition of subsidiary company (Note 1)	-	(19,082)
Net cash used in investing activities	<u>(9,833)</u>	<u>(19,048)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from term loans	-	5,110
Repayment of hire-purchase	(1,214)	(3,229)
Repayment of term loans	(1,195)	(792)
(Decrease)/Increase in other bank borrowings	(3,616)	1,685
Interest paid	(859)	(847)
Net cash (used in)/generated from financing activities	<u>(6,884)</u>	<u>1,927</u>

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

	Current Year To- date 30.06.2010 RM'000	Preceding Year Corresponding Period 30.06.2009 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(642)	388
Effects of foreign exchange rate changes	(127)	196
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,383	6,782
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>4,614</u>	<u>7,366</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	4,827	8,848
BANK OVERDRAFT	(213)	(1,482)
	<u>4,614</u>	<u>7,366</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:

	RM'000
Fair value of total net assets	20,686
Negative goodwill	(235)
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	(1,369)
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

	Previously stated RM'000	Effect of FRS 139 RM'000	Restated RM'000
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

No dividend was paid in the current quarter under review.

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 June 2010 is as follows:

	Current Quarter 30.06.2010	Current Year To Date 30.06.2010
Revenue	RM '000	RM '000
Malaysia	10,021	22,247
Thailand	2,845	15,441
People's Republic of China	5,037	9,909
Singapore	1,429	3,347
Others	10,463	12,032
Total	29,795	62,976

A12. CONTINGENT LIABILITIES

As at 30 June 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 June 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 RM1.52 million in the quarter under review (“Q2 2010”) as compared to RM2.39 million in the preceding year corresponding quarter (“Q2 2009”), a decrease of RM0.87million or 36%. The decrease in PBT is mainly due to appreciation of Ringgit Malaysia against the US Dollar during the quarter under review. However, the Group recorded PBT of RM5.86 million in the cumulative quarter to date until 30 June 2010 as compared to RM4.07 million in the preceding year corresponding cumulative quarter, an increase of RM1.79 million or 44%. The increase in PBT is mainly due to increase of sales which was resulted by better performance compared to prior year cumulative quarter.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group recorded revenue of RM29.80 million in the current quarter (“Q2 2010”) as compared to RM33.18 million in the previous quarter (“Q1 2010”), a decrease of RM3.38 million or 10%. The decrease in revenue is mainly due to decrease in sales to its existing customers during the quarter under review.

The Group recorded a profit after taxation (“PAT”) of RM0.60 million for the quarter under review, as compared to previous quarter of RM3.90 million, a decrease of RM3.30 million or 85%. The decrease in PAT was mainly contributed from appreciation of Ringgit Malaysia against the US Dollar and decrease in sales to its existing customers during the quarter under review. The decrease in PAT was also contributed from the additional deferred tax provision during the quarter under review.

B3. COMMENTARY ON PROSPECTS

The Group expects its sales performance and profitability to improve 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

	Current Quarter 30 June 2010 RM’000	Current Year To date 30 June 2010 RM’000
Tax expense		
Malaysia	88	198
Foreign	406	736
	494	934
Deferred tax expense		
Malaysia	424	424
	918	1,358

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 do 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 June 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:

	Short-term (Secured) RM'000	Long-term (Secured) RM'000
Hire purchase	4,441	3,151
Term Loans	4,432	13,204
Bankers' acceptance	1,878	-
Total	10,751	16,355

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

	HKD'000	RM'000 Equivalent
Total Borrowings	4,114	1,858

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments as at 16 August 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:

	Current Quarter 30.06.2010	Current Year To Date 30.06.2010	Preceding Correspondin g Quarter 30.06.2009
Net profit attributable to ordinary shareholders (RM ‘000)	1,029	4,927	2,035
Weighted average number of ordinary shares of RM0.50 each in issue (‘000)	120,000	120,000	120,000
Basic EPS (sen)	0.86	4.10	1.70

Diluted

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