

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE 1st QUARTER ENDED 31 MARCH 2011**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2011 RM'000	Preceding Year Corresponding Quarter 31.03.2010 RM'000	Current Year To date 31.03.2011 RM'000	Preceding Year Corresponding Period 31.03.2010 RM'000
Revenue	31,305	33,181	31,305	33,181
Cost of Sales	(27,509)	(25,102)	(27,509)	(25,102)
Gross profit	3,796	8,079	3,796	8,079
Other operating income	428	147	428	147
General & administrative expenses	(3,053)	(3,430)	(3,053)	(3,430)
Profit from operations	1,171	4,796	1,171	4,796
Finance costs	(585)	(458)	(585)	(458)
Profit before tax	586	4,338	586	4,338
Tax expense	(207)	(440)	(207)	(440)
Net profit for the period	379	3,898	379	3,898
Other Comprehensive income, net of tax				
Exchange (loss)/ gain on translation of net investment in a foreign subsidiary company	(1,096)	27	(1,096)	27
Total Comprehensive income for the period	(717)	3,925	(717)	3,925
Gross profit margin (%)	12.13	24.35	12.13	24.35
Profit after tax margin (%)	1.21	11.75	1.21	11.75
Weighted average number of shares ('000)	120,000	120,000	120,000	120,000
Earnings per ordinary share (sen)				
- Basic	0.32	3.25	0.32	3.25
- Diluted	0.32	3.25	0.32	3.25

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.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2011

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	78,008	81,650
Deferred tax assets	114	116
Goodwill on consolidation	25	25
Financial assets designated at fair value	357	356
Total Non-Current Assets	<u>78,504</u>	<u>82,147</u>
CURRENT ASSETS		
Inventories	26,455	25,553
Trade receivables	32,370	34,530
Other receivables and prepaid expenses	9,376	4,564
Tax recoverable	221	82
Cash and bank balances	6,072	6,192
Total Current Assets	<u>74,494</u>	<u>70,921</u>
TOTAL ASSETS	<u><u>152,998</u></u>	<u><u>153,068</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	60,000	60,000
Reserves	28,807	29,524
Shareholders' Equity	<u>88,807</u>	<u>89,524</u>
NON-CURRENT LIABILITIES		
Term loans	13,730	13,703
Hire-purchase payables	6,626	8,185
Deferred tax liabilities	1,483	1,533
Total Non-Current and Deferred Liabilities	<u>21,839</u>	<u>23,421</u>
CURRENT LIABILITIES		
Trade payables	14,262	10,038
Other payables and accrued expenses	5,729	5,710
Other bank borrowing	14,290	15,579
Term loans	2,043	2,635
Hire-purchase payables	6,028	6,161
Total Current Liabilities	<u>42,352</u>	<u>40,123</u>
Total Liabilities	<u>64,191</u>	<u>63,544</u>
TOTAL EQUITY AND LIABILITIES	<u><u>152,998</u></u>	<u><u>153,068</u></u>
Net assets per ordinary share (RM)	0.740	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 1st QUARTER ENDED 31 MARCH 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	-	(1,096)	379	(717)
As at 31 March 2011	<u>60,000</u>	<u>(25,617)</u>	<u>54,424</u>	<u>88,807</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 31 MARCH 2011

	Current Year To-date 31.03.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	586	7,577
Adjustments for:		
Depreciation of property, plant and equipment	2,677	11,373
Interest expenses	585	2,552
Gain on disposal of property, plant and equipment	-	(26)
Interest income	(3)	(17)
Unrealised gain on foreign exchange	-	(9)
Operating profit before working capital changes	<u>3,845</u>	<u>21,450</u>
Changes in working capital		
Net change in current assets	(205)	(4,162)
Net change in current liabilities	960	(808)
Cash generated from operations	<u>4,600</u>	<u>16,480</u>
Tax paid	(139)	(3,342)
Net cash generated from operating activities	<u>4,461</u>	<u>13,138</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net if cash acquired	-	(3,000)
Proceeds from disposal of property, plant and equipment	-	1,981
Interest received	3	17
Purchase of other investment	-	(6)
Purchase of property, plant and equipment	-	(7,943)
Net cash generated from/(used in) investing activities	<u>3</u>	<u>(8,951)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire-purchase	(1,291)	(5,754)
Repayment of term loans	(565)	(2,492)
Increase in other bank borrowings	212	4,641
Interest paid	(585)	(2,550)
Dividend paid	-	(1,200)
Net cash used in from financing activities	<u>(2,229)</u>	<u>(7,355)</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2011 (CONTINUED)

	Current Year To-date 31.03.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,235	(3,168)
Effects of foreign exchange rate changes	(854)	(1,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	748	5,384
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>2,129</u>	<u>748</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	6,072	6,192
BANK OVERDRAFT	(3,943)	(5,444)
	<u>2,129</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 31 March 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

There were no changes in the composition of the Group during the current quarter under review.

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 31 March 2011 is as follows:

	Current Quarter 31.03.2011	Current Year To Date 31.03.2011
	RM '000	RM '000
Revenue		
Malaysia	4,508	4,508
Thailand	12,031	12,031
People's Republic of China	5,260	5,260
Singapore	6,425	6,425
England	1,344	1,344
Germany	132	132
United States	926	926
Others	679	679
Total	31,305	31,305

A12. CONTINGENT LIABILITIES

As at 31 March 2011, the Group has no material contingent liabilities save for a corporate guarantee of RM101 million issued by the Company in respect of banking facilities granted to the subsidiary companies.

A13. CAPITAL COMMITMENT

Capital commitment not provided for in the financial statements as at 31 March 2011 is as follows:

Contracted but not provided for	RM '000 <u>19,919</u>
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The capital commitment is the balance payment for the conditional sales and purchase agreement of the acquisition of a property by Dufu Dyna-Edge Sdn. Bhd., a wholly-owned subsidiary of Dufu Technology Corp Berhad.

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 RM0.59 million in the quarter under review (“Q1 2011”) as compared to RM4.34 million in the preceding year corresponding quarter (“Q1 2010”), a decrease of RM3.75 million or 86%. The decreases in the PBT during the quarter under review were due to the appreciation of Ringgit Malaysia against the US Dollar 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 RM31.31 million in the current quarter (“Q1 2011”) as compared to RM38.41 million in the previous quarter (“Q4 2010”), a decrease of RM7.10 million or 18%. The decrease in revenue was mainly due to the appreciation of Ringgit Malaysia against the US Dollar that resulted in the decrease in sales value.

The Group recorded a profit before taxation (“PBT”) of RM0.59 million for the quarter under review (“Q1 2011”), an increase of RM0.06 million or 11% as compared to previous quarter. However, the Group recorded a profit after taxation (“PAT”) of RM0.38 million for the quarter under review, as compared to previous quarter of RM1.56 million, a decrease of RM1.18 million or 76%. The decrease in PAT was mainly due to tax income recognised in the previous quarter as a result of the reversal of overprovision of taxation.

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.

The Group expects its sales performance to sustain in the coming quarter as it is taking all the necessary measures in mitigating those negative impacts on its profitability.

Nevertheless, the Group is embarking on its diversification programs to further enhance its performance in the coming quarters.

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 31 March 2011 RM’000	Current Year To date 31 March 2011 RM’000
Corporate tax expense		
Foreign	207	207

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.

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 31 March 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	6,028	6,626
Term Loans	2,043	13,730
Bankers' facilities	10,347	-
Bank overdraft	3,943	-
Total	<u>22,361</u>	<u>20,356</u>

Included in the above are borrowings denominated in foreign currency as at 31 March 2011:

	HKD'000	RM'000 Equivalent
Total Borrowings	<u>10,267</u>	<u>3,989</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments as at 27 May 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 31 March 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 31.03.2011	Current Year To Date 31.03.2011	Preceding Corresponding Quarter 31.03.2010
Net profit attributable to ordinary shareholders (RM ‘000)	379	379	3,898
Weighted average number of ordinary shares of RM0.50 each in issue (‘000)	120,000	120,000	120,000
Basic EPS (sen)	0.32	0.32	3.25

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 31 March 2011 and 31 December 2010 are analyse as follows:

	31.03. 2011 RM’000	31.12. 2010 RM’000
Total retained earnings of the Company and its subsidiaries		
- Realised	61,736	60,486
- Unrealised	(1,637)	(913)
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	60,099	59,573
Less: Consolidation adjustments	(5,675)	(5,528)
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	<u>54,424</u>	<u>54,045</u>