

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME FOR THE 1<sup>st</sup> QUARTER ENDED 31 MARCH 2010**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 31.03.2010 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.03.2009 RM'000</b>	<b>Current Year To date 31.03.2010 RM'000</b>	<b>Preceding Year Corresponding Period 31.03.2009 RM'000</b>
Revenue	33,181	23,058	33,181	23,058
Cost of Sales	(25,102)	(19,656)	(25,102)	(19,656)
Gross profit	8,079	3,402	8,079	3,402
Other operating income	147	1,821	147	1,821
General & administrative expenses	(3,430)	(3,062)	(3,430)	(3,062)
Profit from operations	4,796	2,161	4,796	2,161
Finance costs	(458)	(476)	(458)	(476)
Profit before tax	4,338	1,685	4,338	1,685
Tax expense	(440)	(406)	(440)	(406)
Profit after tax before minority interest	3,898	1,279	3,898	1,279
Minority interest	-	-	-	-
Net profit for the period	3,898	1,279	3,898	1,279
Other Comprehensive income, net of tax				
Exchange gain on translation of Net investment in a foreign Subsidiary company	27	196	27	196
Total Comprehensive income for the period	3,925	1,475	3,925	1,475
Gross profit margin (%)	24.35	14.76	24.35	14.76
Profit after tax margin (%)	11.75	5.55	11.75	5.55
Weighted average number of shares ('000)	120,000	120,000	120,000	120,000
Earnings per ordinary share (sen)				
- Basic	3.25	1.07	3.25	1.07
- Diluted	3.25	1.07	3.25	1.07

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 31 MARCH 2010**

	<b>As at 31.03.2010 RM'000</b>	<b>As at 31.12.2009 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	73,436	72,295
Prepaid Lease Rental	3,747	3,768
Goodwill on consolidation	25	25
Unquoted investment	-	350
Financial assets designated at fair value	351	-
Total Non-Current Assets	<u>77,559</u>	<u>76,438</u>
<b>CURRENT ASSETS</b>		
Inventories	22,347	21,244
Trade receivables	35,512	35,520
Other receivables and prepaid expenses	3,538	3,908
Cash and bank balances	9,628	7,289
Total Current Assets	<u>71,025</u>	<u>67,961</u>
<b>TOTAL ASSETS</b>	<u><u>148,584</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	30,630	26,706
Shareholders' Equity	<u>90,630</u>	<u>86,706</u>
<b>NON-CURRENT LIABILITIES</b>		
Term loans	13,798	16,465
Hire-purchase payables	2,820	3,346
Deferred tax liabilities	2,125	2,125
Total Non-Current and Deferred Liabilities	<u>18,743</u>	<u>21,936</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	15,696	10,222
Other payables and accrued expenses	9,842	9,342
Other bank borrowing	3,145	5,332
Term loans	4,432	4,432
Hire-purchase payables	4,441	4,441
Current tax liabilities	1,655	1,988
Total Current Liabilities	<u>39,211</u>	<u>35,757</u>
Total Liabilities	<u>57,954</u>	<u>57,693</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>148,584</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 1<sup>st</sup> QUARTER ENDED 31 MARCH 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	(21,609)	48,314	86,705
Total Comprehensive Income for the period	-	27	3,898	3,925
As at 31 March 2010	<u>60,000</u>	<u>(21,582)</u>	<u>52,212</u>	<u>90,630</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	-	100	11,232	11,332
As at 31 December 2009	<u>60,000</u>	<u>(21,609)</u>	<u>48,314</u>	<u>86,705</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 31 MARCH 2010**

	<b>Current Year To- date 31.03.2010 RM'000</b>	<b>Preceding Year Corresponding Period 31.03.2009 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	4,338	1,685
Adjustments for:		
Depreciation of property, plant and equipment	2,580	2,534
Interest expenses	433	441
Property, plant and equipment written-off	-	12
Unrealised loss on foreign exchange	111	354
Interest income	(4)	(9)
Negative goodwill written off	-	(235)
Operating profit before working capital changes	7,458	4,770
Changes in working capital		
Net change in current assets	(913)	5,465
Net change in current liabilities	5,840	9,832
Cash generated from operations	12,385	20,067
Tax paid	(585)	(182)
Net cash generated from operating activities	11,800	19,885
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	4	9
Purchase of unquoted investment	(1)	(3)
Purchase of property, plant and equipment	(2,657)	(759)
Acquisition of subsidiary company (Note 1)	-	(19,082)
Net cash used in investing activities	(2,654)	(19,835)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2010**

	<b>Current Year To- date 31.03.2010 RM'000</b>	<b>Preceding Year Corresponding Period 31.03.2009 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from term loans	-	2,400
Repayment of hire-purchase	(1,545)	(1,544)
Repayment of term loans	(601)	(400)
(Decrease)/Increase in other bank borrowings	(2,349)	1,293
Interest paid	(433)	(441)
Net cash (used in)/generated from financing activities	<u>(4,928)</u>	<u>1,308</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Effects of foreign exchange rate changes	27	196
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>5,383</u>	<u>6,782</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>9,628</u></u>	<u><u>8,336</u></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><u>20,451</u></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><u>19,082</u></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
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.

**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>As stated RM'000</b>
Non current assets			
Unquoted investments	351	(351)	-
Financial assets designated at fair value	-	351	351

**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 during the current quarter ended 31 March 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**

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 31 March 2010 is as follows:

	<b>Current Quarter 31.03.2010</b>	<b>Current Year To Date 31.03.2010</b>
Revenue	<b>RM '000</b>	<b>RM '000</b>
Malaysia	12,226	12,226
Thailand	12,596	12,596
People's Republic of China	4,872	4,872
Singapore	1,918	1,918
Others	1,569	1,569
Total	33,181	33,181

**A12. CONTINGENT LIABILITIES**

As at 31 March 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 31 March 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 RM4.34 million in the quarter under review (“Q1 2010”) as compared to RM1.69 million in the preceding year corresponding quarter (“Q1 2009”), an increase of RM2.65 million or 157%. The increase in PBT is mainly due to increase in sales to its existing customers during the quarter under review.

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

The Group recorded revenue of RM33.18 million in the current quarter (“Q1 2010”) as compared to RM36.35 million in the previous quarter (“Q4 2009”), a decrease of RM3.17 million or 8.7%.

The Group recorded a profit after taxation (“PAT”) of RM3.90 million for the quarter under review, as compared previous quarter of RM4.62 million, a decrease of RM0.72 million or 15.6%. The decrease in PAT was mainly contributed from appreciation of Ringgit Malaysia against the US Dollar during the quarter under review.

**B3. COMMENTARY ON PROSPECTS**

The recent recovery trend of the global and Malaysia’s economy has enabled the Group’s to improve sales performance. The Group will continue with its efforts to secure more sales and at the same time enhance its in-house cost reduction programme in order to generate satisfactory results in the coming quarters.

As a pure exporter, the appreciation of Ringgit Malaysia against US Dollar does have an impact to the Group. The Group will takes several measures to mitigate this risk.

**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 31 March 2010 RM’000</b>	<b>Current Year To date 31 March 2010 RM’000</b>
Tax expense		
Malaysia	110	110
Foreign	330	330
	440	440
	440	440

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 other than disclose in Note 1 of Cash Flow Statements.

**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 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	2,820
Term Loans	4,432	13,798
Bankers' acceptance	3,145	-
Total	12,018	16,618

Included in the above are borrowings denominated in foreign currency as at 31 March 2010:

	<b>HKD'000</b>	<b>RM'000 Equivalent</b>
Total Borrowings	4,595	2,075

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There are no off balance sheet financial instruments as at 20 May 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**

No dividend has been declared for the current quarter ended 31 March 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 31.03.2010</b>	<b>Current Year To Date 31.03.2010</b>	<b>Preceding Corresponding Quarter 31.03.2009</b>
Net profit attributable to ordinary shareholders (RM '000)	3,898	3,898	1,279
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	120,000	120,000	120,000
Basic EPS (sen)	3.25	3.25	1.07

Diluted

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