

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE 4th QUARTER ENDED 31 DECEMBER 2010**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2010 RM'000	Preceding Year Corresponding Quarter 31.12.2009 RM'000	Current Year To date 31.12.2010 RM'000	Preceding Year Corresponding Period 31.12.2009 RM'000
Revenue	38,405	36,353	128,495	116,642
Cost of Sales	(35,549)	(28,186)	(104,795)	(91,178)
Gross profit	2,856	8,167	23,700	25,464
Other operating income/(expense)	1,917	(256)	742	1,726
General & administrative expenses	(3,289)	(2,120)	(14,313)	(12,178)
Profit from operations	1,484	5,791	10,129	15,012
Finance costs	(951)	(376)	(2,552)	(1,861)
Profit before tax	533	5,415	7,577	13,151
Tax expense	1,022	(792)	(752)	(2,026)
Net profit for the period	1,555	4,623	6,825	11,125
Other Comprehensive income, net of tax				
Exchange (loss)/ gain on translation of net investment in a foreign subsidiary company	(2,587)	(23)	(2,757)	107
Total Comprehensive income for the period	(1,032)	4,600	4,068	11,232
Gross profit margin (%)	7.44	22.47	18.44	21.83
Profit after tax margin (%)	4.05	12.72	5.31	9.54
Weighted average number of shares ('000)	120,000	120,000	120,000	120,000
Earnings per ordinary share (sen)				
- Basic	1.30	3.85	5.69	9.27
- Diluted	1.30	3.85	5.69	9.27

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 DECEMBER 2010

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	81,232	72,295
Prepaid Lease Rental	-	3,768
Deferred tax assets	116	-
Goodwill on consolidation	25	25
Financial assets designated at fair value	356	350
Total Non-Current Assets	<u>81,729</u>	<u>76,438</u>
CURRENT ASSETS		
Inventories	25,553	21,244
Trade receivables	34,529	35,520
Other receivables and prepaid expenses	7,914	3,908
Tax recoverable	82	-
Cash and bank balances	6,192	7,289
Total Current Assets	<u>74,270</u>	<u>67,961</u>
TOTAL ASSETS	<u><u>155,999</u></u>	<u><u>144,399</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	60,000	60,000
Reserves	29,574	26,706
Shareholders' Equity	<u>89,574</u>	<u>86,706</u>
NON-CURRENT LIABILITIES		
Term loans	14,129	16,465
Hire-purchase payables	7,902	3,346
Deferred tax liabilities	1,533	2,125
Total Non-Current and Deferred Liabilities	<u>23,564</u>	<u>21,936</u>
CURRENT LIABILITIES		
Trade payables	13,320	10,222
Other payables and accrued expenses	5,709	9,342
Other bank borrowing	15,579	5,332
Term loans	2,210	4,432
Hire-purchase payables	6,043	4,441
Current tax liabilities	-	1,988
Total Current Liabilities	<u>42,861</u>	<u>35,757</u>
Total Liabilities	<u>66,425</u>	<u>57,693</u>
TOTAL EQUITY AND LIABILITIES	<u><u>155,999</u></u>	<u><u>144,399</u></u>
Net assets per ordinary share (RM)	0.746	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 4th QUARTER ENDED 31 DECEMBER 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
Dividend paid	-	-	(1,200)	(1,200)
Transfer of revaluation reserve	-	(106)	106	-
Total Comprehensive Income for the period	-	(2,757)	6,825	4,068
As at 31 December 2010	<u>60,000</u>	<u>(24,471)</u>	<u>54,045</u>	<u>89,574</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 31 DECEMBER 2010

	Current Year To-date 31.12.2010 RM'000	Preceding Year Corresponding Period 31.12.2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,577	13,151
Adjustments for:		
Depreciation of property, plant and equipment	11,373	10,360
Interest expenses	2,552	1,861
(Gain)/Loss on disposal of property, plant and equipment	(26)	498
Unrealised loss on foreign exchange	-	411
Property, plant and equipment written off	-	4
Bad debts written off	-	1
Allowance for slow moving inventories no longer required	-	(86)
Allowance for doubtful debts no longer required	-	(15)
Interest income	(17)	(22)
Negative goodwill written off	-	(235)
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Operating profit before working capital changes	21,459	25,928
Changes in working capital		
Net change in current assets	(7,518)	(3,513)
Net change in current liabilities	(533)	(812)
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Cash generated from operations	13,408	21,603
Tax paid	(3,157)	(579)
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Net cash generated from operating activities	10,251	21,024
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,980	154
Interest received	17	22
Purchase of other investment	(6)	(7)
Purchase of property, plant and equipment	(7,874)	(3,635)
Acquisition of subsidiary company (Note 1)	-	(14,048)
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Net cash used in investing activities	(5,883)	(17,514)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from term loans	-	5,121
Repayment of hire-purchase	(5,754)	(7,086)
Repayment of term loans	(2,492)	(1,986)
Increase in other bank borrowings	4,641	1,851
Interest paid	(2,392)	(1,866)
Dividend paid	(1,200)	(1,200)
Fixed deposit held as security value	-	129
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Net cash used in from financing activities	(7,197)	(5,037)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2010 (CONTINUED)

	Current Year To-date 31.12.2010 RM'000	Preceding Year Corresponding Period 31.12.2009 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,829)	(1,527)
Effects of foreign exchange rate changes	(1,807)	128
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,384	6,783
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>748</u>	<u>5,384</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	6,192	7,289
BANK OVERDRAFT	(5,444)	(1,905)
	<u>748</u>	<u>5,384</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	<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>(6,403)</u>
Cash flow on acquisition net of cash acquired	<u>14,048</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

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

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

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 31 December 2010 is as follows:

	Current Quarter 31.12.2010	Current Year To Date 31.12.2010
Revenue	RM ‘000	RM ‘000
Malaysia	10,012	44,729
Thailand	16,594	48,848
People’s Republic of China	5,919	18,926
Singapore	1,556	6,154
England	1,072	4,319
Germany	88	568
United States	607	1,997
Japan	8	70
Australia	84	235
Sweden	66	177
Others	2,399	2,472
Total	38,405	128,495

A12. CONTINGENT LIABILITIES

As at 31 December 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 December 2010.

A14. SUBSEQUENT EVENTS

On 11 February 2011, Dufu Dyna-Edge Sdn. Bhd., a wholly-owned subsidiary of Dufu Technology Corp Berhad, has entered into a Conditional Sale and Purchase Agreement with Marvell Semiconductor Sdn. Bhd., for the acquisition of a property at a purchase price stipulated in Malaysian Ringgit equivalent to US Dollar Six Million Seven Hundred and Fifty Thousand (USD \$6,750,000-00) only. The Acquisition is expected to be completed by August 2011.

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 RM1.48 million in the quarter under review (“Q4 2010”) as compared to RM5.79 million in the preceding year corresponding quarter (“Q4 2009”), a decrease of RM4.31 million or 74%. The Group recorded PBT of RM7.58 million in the cumulative quarter to date until 31 December 2010 as compared to RM13.15 million in the preceding year corresponding cumulative quarter, a decrease of RM5.57 million or 42%. 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 that resulted the margin to decrease.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group recorded revenue of RM38.41 million in the current quarter (“Q4 2010”) as compared to RM27.11 million in the previous quarter (“Q3 2010”), an increase of RM11.30 million or 42%. The increase in revenue was mainly due to increase in sales to its existing customers during the quarter as compare to previous quarter.

The Group recorded a profit after taxation (“PAT”) of RM1.56 million for the quarter under review, as compared to previous quarter of RM0.77 million, an increase of RM0.79 million or 103%. The increase in PAT was mainly due to the reversal of overprovision of taxation and deferred taxation in respect of prior year during the quarter under review.

B3. COMMENTARY ON PROSPECTS

The current volatility trend of the global economy especially in the financial sector has caused the appreciation of Ringgit Malaysia against the US Dollar that resulted in the decrease in the Group profitability.

B3. COMMENTARY ON PROSPECTS (CONTINUED)

However, the Group expects its sales performance and profitability to sustain in the coming quarter as it is taking the necessary measures in mitigating those negative impacts. The Group is 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 31 December 2010 RM'000	Current Year To date 31 December 2010 RM'000
Corporate tax (income)/expense		
Malaysia	(217)	4
Foreign	324	1,453
	<u>107</u>	<u>1,457</u>
Deferred tax (income)/expense		
Malaysia	(795)	(371)
Foreign	(334)	(334)
	<u>(1,022)</u>	<u>752</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 31 December 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	6,043	7,902
Term Loans	2,210	14,129
Bankers' facilities	10,135	-
Bank overdraft	5,444	-
Total	23,832	22,031

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

	HKD'000	RM'000 Equivalent
Total Borrowings	10,408	4,125

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments as at 28 February 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

Except for A8, there is no dividend declared and paid during the quarter.

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 31.12.2010	Current Year To Date 31.12.2010	Preceding Corresponding Quarter 31.12.2009
Net profit attributable to ordinary shareholders (RM '000)	1,555	6,825	11,125
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	120,000	120,000	120,000
Basic EPS (sen)	1.30	5.69	9.27

B13. EARNINGS PER SHARE (“EPS”) (CONTINUED)

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 December 2010 and 30 September 2010 are analysed as follows:

	31.12. 2010	30.09. 2010
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	59,085	55,772
- Unrealised	487	(424)
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	59,572	55,348
Less: Consolidation adjustments	(5,527)	(2,964)
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	<u>54,045</u>	<u>52,384</u>