DUFU TECHNOLOGY CORP. BERHAD
(581612-A)

Defining Our Achievements

DIVERSIFICATION

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ANNUAL REPORT 2009

Cover Rationale

Clean and sophisticated becomes the theme for this concept that plays with typography to come up with a stylish, contemporary corporate cover design. The core word 'Diversification' is chosen as a representation of the essence of the Group. Repeated in various languages, it serves not only as emphasis but also to generate a universal appeal.

diversification

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Room 2, Level 1, Vistana Hotel, 213 Jalan Bukit Gambir, Bukit Jambul, 11950 Penang on Wednesday, 30 June 2010 at 9.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2009 together with the Reports of the Directors and of the Auditors thereon. (Please refer to Note A)
2. To declare a First and Final Tax Exempt Dividend of 1 sen per share for the year ended 31 December 2009. (Resolution 1)
3. To approve the payment of Directors' Fee of an amount up to RM216,000/- for the financial year ending 31 December 2010. (Resolution 2)
4. To re-elect the following Directors retiring under Article 97(1) of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:

   a. Lee, Hui-Ta also known as Li Hui Ta (Resolution 3)
   b. Yong Poh Yow (Resolution 4)

5. To appoint Messrs. Crowe Horwath (Formerly known as Horwath) as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs. Crowe Horwath (Formerly known as Horwath) for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte KassimChan and of the intention to move the following motion to be passed as an Ordinary Resolution:-

   "THAT Messrs. Crowe Horwath (Formerly known as Horwath) be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte KassimChan to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration." (Resolution 5)

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Authority to Issue Shares

"That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities." (Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

ORDINARY RESOLUTION (CONT'D)

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board
HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries
Penang
8 June 2010

NOTES:

A. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.

Proxy:

A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to Issue Shares

The proposed Resolution No. 6 [Item 6)], if passed, will grant a renewed general mandate (Mandate 2010) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

The Mandate 2010 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Seventh Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

ANNEXURE A

Lee, Hui-Ta also known as Li Hui Ta
29-16-1,
Tingkat Bukit Jambul 1,
Bukit Jambul,
11900 Penang

Date: 1 JUN 2010

The Board of Directors
DUFU TECHNOLOGY CORP. BERHAD
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

Dear Sirs,

NOMINATION OF AUDITORS

I, Lee, Hui-Ta also known as Li Hui Ta being a Shareholder of the Company hereby with to nominate Messrs. Crowe Horwath (Formely known as Horwath) of Suites 701 & 702, 7th Floor, 11 Lorong Kinta, 10400 Penang as Auditors for Dufu Technology Corp. Berhad.

Yours faithfully

LEE, HUI-TA ALSO KNOWN AS LI HUI TA

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the First and Final Tax Exempt Dividend of 1 sen per share for the year ended 31 December 2009, if approved, will be paid on 29 July 2010 to depositors registered in the Records of Depositors on 30 June 2010.

A Depositor shall qualify for entitlement to the Dividends in respect of:

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2010 in respect of transfers;

b) shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board,

HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang

8 June 2010

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hsu, Chin-Shui
Executive Chairman

Lee, Hui-Ta a.k.a Li Hui Ta
Executive Director/Chief Financial Officer

Yong Poh Yow
Executive Director/Chief Executive Officer

Lee Kah Kheng
Independent Non-Executive Director

Baqir Hussain Bin Hatim Ali
Independent Non-Executive Director

Khoo Lay Tatt
Independent Non-Executive Director

AUDIT COMMITTEE

Baqir Hussain Bin Hatim Ali
Chairman - Independent Non-Executive Director

Lee Kah Kheng
Member - Independent Non-Executive Director

Khoo Lay Tatt
Member - Independent Non-Executive Director

NOMINATION COMMITTEE

Lee Kah Kheng
Chairman - Independent Non-Executive Director

Baqir Hussain Bin Hatim Ali
Member - Independent Non-Executive Director

Khoo Lay Tatt
Member - Independent Non-Executive Director

REMUNERATION COMMITTEE

Lee Kah Kheng
Chairman – Independent Non-Executive Director

Baqir Hussain Bin Hatim Ali
Member – Independent Non-Executive Director

Hsu, Chin-Shu
Member – Executive Director

EXECUTIVE COMMITTEE

Hsu, Chin-Shui
Member - Executive Chairman

Lee, Hui-Ta a.k.a Li Hui Ta
Member - Executive Director/Chief Financial Officer

Yong Poh Yow
Member - Executive Director/Chief Executive Officer

COMPANY SECRETARIES

How Wee Ling (MAICSA 7033850)

Ooi Ean Hoon (MAICSA 7057078)

AUDITORS

Deloitte KassimChan
Chartered Accountants
4th Floor Wisma Wang
251-A Jalan Burma, 10350 Penang
Tel: 604-2288255
Fax: 604-2288355

REGISTERED OFFICE

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel: 604-6408932
Fax: 604-6438911

HEAD OFFICE

Plot 19, Hilir Sungai Keluang 2
Taman Perindustrian Bayan Lepas
Phase IV, 11900 Penang, Malaysia
Tel: 604-6161300
Fax: 604-6161388

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
(Company No. 36869-T)
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 603-20849000
Fax: 603-20949940

PRINCIPAL BANKERS

Public Bank Berhad
Bandar Bayan Baru Branch
5,7,9 &11, Lorong Kampung Jawa
Bandar Bayan Baru
11900 Bayan Lepas, Penang

United Overseas Bank (Malaysia) Bhd
1st floor, 64E - H, Lebuh Bishop
10200 Penang, Malaysia

Citibank Berhad
1819-B Jalan Perusahaan
13600 Seberang Prai (Auto-city)
Penang, Malaysia

Bangkok Bank Berhad
105, Jalan Tun H.S.Lee
50000 Kuala Lumpur, Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector: Industrial Products
Stock Name: DUFU
Stock Code: 7233

BOARD OF DIRECTORS' PROFILE

HSU, CHIN-SHUI
Executive Chairman
Taiwanese

Hsu, Chin-Shui, aged 54, was appointed to the Board on 1 September 2006. He is an Executive Chairman of Dufu and one of the co-founders of Dufu. He graduated from Zhen Xiu University in Taiwan in 1977 with a Diploma in Mechanical Engineering. He began his career as a sales representative with Chun Hu Corp. Ltd. in 1977 and was promoted to Sales Manager in 1982. He was overall responsible for the marketing and servicing of the company's products. In 1984, he left the company to co-set up Lee Bai Corp. Ltd. in Taiwan to manufacture quick die change systems for stamping tooling. Together with Lee, Hui-Ta a.k.a Li Hui Ta, he started DISB in 1990 to manufacture precision tooling, precision machining parts for computer-related components. He has more than twenty (20) years of experience in the precision tooling industry and in the Computer Numerical Control ("CNC") precision machining industry. He also sits on the board of several other private limited companies. His primary responsibilities include overseeing the entire Group's corporate exercise and business direction and strategic plans as well as developing new business opportunities.

He is also a member of the Remuneration Committee and Executive Committee of the Company.

He has no family relationship with any other Directors and/or major shareholders of the Company. He also not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the past 10 years.

LEE, HUI-TA a.k.a LI HUI TA
Executive Director/Chief Financial Officer
Taiwanese

Lee, Hui-Ta a.k.a Li Hui Ta, aged 51, was appointed to the Board on 1 September 2006. He is an Executive Director and the Chief Financial Officer of Dufu. He is one of the co-founders of Dufu. He graduated from Chong Shin University in Taiwan with a Diploma in Mechanical Engineering in 1979 and a Degree in Business Administration in 1988. He commenced his career as an engineering supervisor with He Li Ying Precision Industry, Taiwan in 1981 dealing with precision components and was promoted to Managing Director in 1983 where he was responsible for the daily operations of the company's production. In 1984, he co-set up Lee Bai Corp. Ltd. in Taiwan to manufacture precision quick die change systems for stamping tooling. Together with Hsu, Chin-Shui, he started DISB in 1990 to manufacture precision tooling, precision machining parts for computer-related components. He has more than twenty (20) years of experience in the precision tooling industry and in the CNC precision machining industry. He also sits on the board of several other private limited companies. He is primarily responsible for the financial management of the Group.

He is also a member of Executive Committee of the Company.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the pass 10 years.

BOARD OF DIRECTORS' PROFILE (CONT'D)

YONG POH YOW
Executive Director/Chief Executive Officer
Singaporean

Yong Poh Yow, aged 49, was appointed to the Board on 1 September 2006. He is an Executive Director and the Chief Executive Officer of Dufu. He graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic, Singapore in 1983. He started his career with GE Television as Engineering Assistant in 1983. He left GE Television in 1985 to join Seagate Technology International as Supplier Quality Engineer where he liaised with suppliers on quality improvement. In 1990, he joined DISB as Quality Assurance ("QA") Manager where he was responsible for communicating with the suppliers regarding their quality and also for developing and improving the suppliers' quality. By the same token, he is also in charge of internal quality control at DISB. He was promoted to Operations Director of DISB in 1993 and became a Director and Chief Executive Officer of DISB in 2004. He has hand-on experience in most aspects of precision machining manufacturing.

His primarily responsibilities include overseeing the daily operations, marketing and corporate exercises of Dufu. He is also a member of the Executive Committee of the Company.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

KHOO LAY TATT
Independent Non-Executive Director
Malaysian

Khoo Lat Tatt, aged 37, was appointed to the Board on 2 October 2006 as a Non-Independent Non-Executive Director and was re-designated as Independent Non-Executive Director of Dufu on 25 May 2009. He graduated from Tunku Abdul Rahman College with an ICSA professional degree and a Diploma in Commerce – Business Management in 1996. Upon graduation, he started his career in May 1996 as Company Secretarial Officer in the Corporate & Legal Division of a commercial bank. He left the Bank as an Executive cum Company Secretary of subsidiary companies of the Bank in year 2000. He joined a Secretarial Services firm in Penang as the Assistant Manager and left the said firm in year 2005 as a Senior Manager. During his tenure, he was involved in numerous initial public offerings and corporate exercises undertaken by listed companies.

He is a Chartered Secretary by profession and also a Certified Financial Planner (CFP) and a Certified Member of Financial Planning Association of Malaysia (FPAM). He is also an Associate of the Institute of Chartered Secretaries and Administrators (ICSA/MAICSA).

He is also a member of the Nomination Committee and Audit Committee of the Company.

Mr. Khoo sits on the Board of ETI Tech Corporation Berhad and Sinaria Corporation Berhad as an Independent Director, as well as P.I.E Industrial Berhad as a Non-Independent Non-Executive Director. These companies are listed on the Main Market of Bursa Securities.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LEE KAH KHENG
Independent Non-Executive Director
Malaysian

Lee Kah Kheng, aged 46, was appointed to the Board on 2 October 2006. He is an Independent Non-Executive Director of Dufu. He graduated from Tunku Abdul Rahman College, Kuala Lumpur in 1988 with a professional accountancy qualification accredited by the Malaysian Institute of Certified Public Accountants ("MICPA") and became a member of MICPA in 1993. He was attached to an accounting firm, Hanafiah, Raslan & Mohamad, from 1988 to 1992 as Senior Auditor before moving on to a multinational corporation, Northern Telecom Industry Sdn. Bhd. (whose principal activity is manufacturing and assembly of telecommunication products) in 1992 as a Cost Accountant. He left in 1994 to join a local corporation, Suiwah Corporation Bhd, which is currently listed on the Main Market of Bursa Securities and is principally involved in the retail industry, as its Group Financial Controller. He then left in 1997 to join Qdos Flexicircuits Sdn. Bhd., a flexible printed circuit board manufacturing company, as Executive Director. In 1999, he was promoted to Group Executive Director of Qdos Holdings Sdn. Bhd. In 2000, he left and became a consultant for several companies involved in information and communication technology. He then set up ETI Tech Corporation Berhad in 2002, a Company listed on the Main Market of the Bursa Securities and was appointed as its Managing Director in the same year.

He is also the Chairman of the Nomination and Remuneration Committee of the Company and a member of the Audit Committee of the Company.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

BAQIR HUSSAIN BIN HATIM ALI
Independent Non-Executive Director
Malaysian

Baqir Hussain Bin Hatim Ali, aged 47, was appointed to the Board on 2 October 2006. He is an Independent Non-Executive Director of Dufu. He graduated from Tunku Omar Polytechnic in 1986 with a Diploma in Accountancy and began his career in the same year with Hanafiah, Raslan & Mohamad as an audit assistant. He left the firm as a Senior Manager in the Assurance and Business Advisory Division in 2002. He has amassed more than 18 years of experience in the field of accountancy including external and internal auditing, merger and acquisition, receiverships and liquidations, initial public offerings and tax consultancy. He is a member of the Malaysia Institute of Accountants and Malaysian Institute of Certified Public Accountants. He is also an Approved Company Auditor and is the founder and Managing Partner of Baqir Hussain & Co., a firm of chartered accountants.

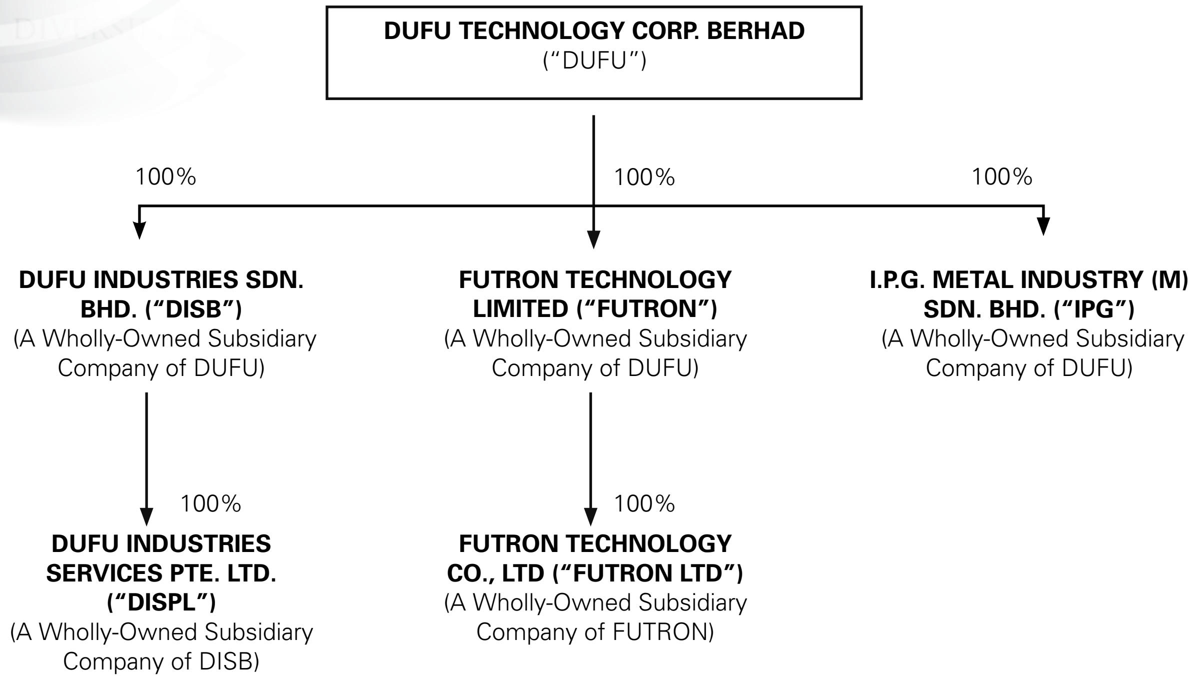
He is an Independent Non-Executive Director of ETI Tech Corporation Berhad, a Company listed on Main Market of the Bursa Securities.

He is also the Chairman of the Audit Committee of the Company and a member of the Nomination and Remuneration Committee.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly and indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

GROUP STRUCTURE

DUFU TECHNOLOGY CORP. BERHAD
("DUFU" or the "Company") and Subsidiaries
("DUFU Group" or the "Group")
As at 30 April 2010



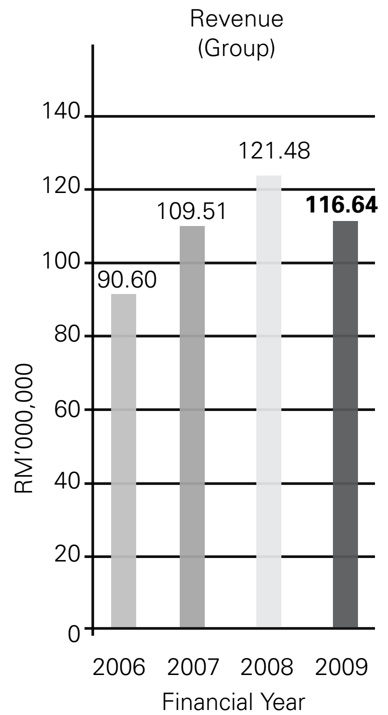
CHAIRMAN'S STATEMENT

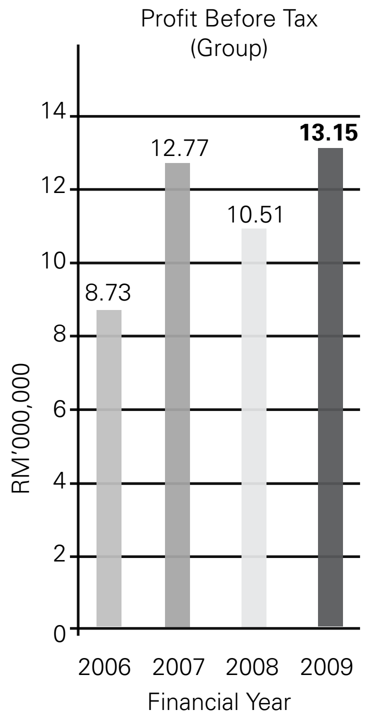
"On Behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Dufu Technology Corp. Berhad for the financial year ended 31 December 2009."

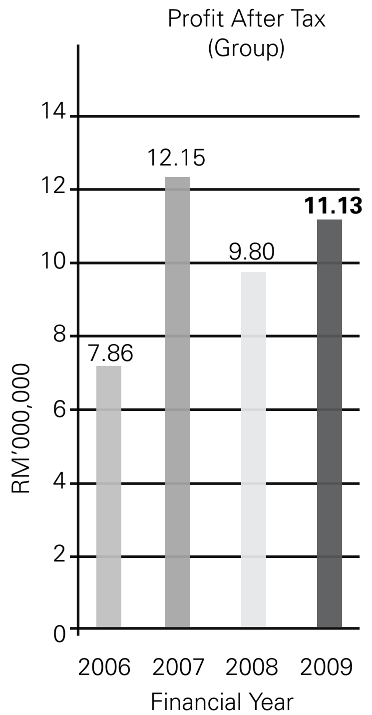
The financial year 2009 has been a very challenging year for the Dufu. The Group started the year with concern that demand will be affected by the impact on world economy downturn from global financial crisis, which subsequently proven that Dufu able to sustained the growth and turned in a satisfactory performance for the financial year ended 31 December 2009.

Financial Results

For the financial year under review, the Group recorded a turnover of RM116.64 million, reflecting a decrease of 4% compared against the previous year's figure of RM121.48 million. The decrease in revenue was mainly due to slower demand by the world market caused by the economic downturn during 1st Quarter of 2009. However, profit after tax increased from RM9.80 million to RM11.13 million or 13.6%. This increased of PAT by 13.6%, mainly due to the contribution from its subsidiary company in Hong Kong namely Futron Group which form part of the Group at the beginning of year 2009. The favourable profit figure were a result of its strict cost control measures that were carried out during the year as the management response towards the anticipated impact of the global financial crisis. The Group continues to maintain a set of healthy and financially sound balance sheet with net assets of RM86.71 million and surplus cash of RM5.38 million for future expansion and diversification. Overall, the Group's prudent corporate strategic to remain focus on our core competencies, with continuous effort put in broadening our product mix and revenue base.







Operation Review

The year 2009 continued to be a challenging year for Dufu as uncertainties of the world economy and credit crunch continue to weigh down on Asia and the rest of the world. Although during the later parts of the year there were discernable signs of recovery in Malaysia and gradual reversal in the trend of demand for HDD industry. I am pleased to report that with the constant review of the entire Group's operations and continuous upgrading of the engineering capabilities, manufacturing facilities and technical know-how, the Group manages to strategically moving to high-end value added products. The aggressive marketing effort have yielded good results which enabled Dufu recorded higher profits even at the reduced levels of revenue, compared against what they earned in the previous year.

The core businesses namely, manufacturing and assembling of precision machining of vice, computer peripherals and parts for hard disk drive and manufacturing of precision steel moulds and parts are still the major contributor of the Group's revenue during the financial year under review. The Group also expands its production capacity outside Malaysia like China and continues to build and leverage on our existing investment and resources to further improve our efficiencies and secure more business contracts from new and existing customers.

CHAIRMAN'S STATEMENT (CONT'D)

Future Prospects of The Group

While there appears to be signs of initial recovery from the effects of the financial and economic crisis, there still remains some uncertainty as to its strength and speed. However, the Group maintains a positive outlook towards continuous growth and securing better performance for the coming years in term of sales revenue and profitability by adopting a more caution and focused approach in our business management and strategy.

The Group will still remain cautions and guarded with the volatility of the industry we involved and uncertainties fueled by factors such as hiking raw materials price and effects of strengthening Ringgit towards the export proceeds. As such, in order to strengthen its position in this competitive business environment, the Group continued its effort to mitigate the currency fluctuation by hedging the US Dollar, marketing efforts will be stepped up also to grow the customer base and penetrate new markets that will increase the revenue and earning.

Acknowledgement

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and the staff of the Group for their continued efforts, commitment and contribution in instituting the strict strategic and operational measures needed to stand resilient during these challenging times. I would also like to take this opportunity to thank all our valued customers, suppliers, business associates, investors, the regulatory authorities, bankers for their continuous support and confidence in the Group.

Finally, I wish to thank my fellow Directors for their invaluable guidance, advice and support.

HSU, CHIN-SHUI
CHAIRMAN

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 December 2009.

The Committee comprised of the following:

Chairman En. Baqir Hussain Bin Hatim Ali
Independent Non-Executive Director

Member Lee Kah Kheng
Independent Non-Executive Director

Khoo Lay Tatt
Independent Non-Executive Director

TERM OF REFERENCE OF AUDIT COMMITTEE

1. Objectives

The Principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall:

- Evaluate the quality of the audit conducted by the internal and external auditors;
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group's control environment.

2. Composition:

a) The Audit Committee shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, exclusively Non-Executive Directors of whom a majority shall be the Independent Directors.

b) At least one of the members of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience or either must have passed the examinations specified in Part I of the schedule of Accountant Act, 1967, or must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act, 1967 or fulfills such other requirements as prescribed or approved by the members.

c) The members of the Audit Committee shall elect a chairman among their number who shall be an Independent Non-Executive director. No alternate director shall be appointed as a member of the Audit Committee.

d) If a member of the Audit Committee, for whatsoever reason ceases to be a member with a result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the events, appoints such number of new members as may be required to make the minimum number of three (3) members.

3. Authority:

a) The Audit Committee is authorized by the Board of Directors to investigate any matter within its terms of reference and shall have unlimited access to all information and document relevant to its activities as well as to the internal and external auditors and employees of the Group. All employees are directed to co-operate with any request made by the Committee.

b) The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.

c) The Committee shall be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

d) The Audit Committee shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee deem fit and necessary.

AUDIT COMMITTEE REPORT (CONT'D)

4. Meetings

The Committee is at liberty to determine the frequency of the meetings as least four times annually. The quorum of two (2) independent members shall constitute a valid meeting.

Attendance of the Meetings

a) the external auditors may be invited to attend the meetings. The Committee may invite any person to be in attendance to assist in its deliberations. The other directors and employees attend any particular audit committee meeting only at the audit committee's invitation, specific to the relevant meeting.

b) the Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supporting by explanatory documentation to committee members prior to each meeting.

5. Duties and Responsibilities

The duties and responsibility of the Audit Committee include the followings:

a) to consider the appointment or re-appointment of external auditors, the audit fee and matter relating to the resignation or dismissal of auditors, if any;

b) to review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

c) to review the quarterly and annual financial statements before submission to the Board of Directors for approval, focusing particularly on:

- Changes in accounting policies and practices;
- Significant and unusual events;
- Significant adjustments resulting from the audit;
- The going concern assumption;
- Compliance with accounting standard and other legal requirements

d) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);

e) to do the followings where an internal audit function exists;

- Review the adequacy of the scope, function and resources of the internal audit function and that it has the necessary authority to carry out its work;
- Review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approved any appointment or termination of senior staff members of the internal audit function;
- Review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning; and
- To consider major findings of internal investigations and management's response.

f) to consider any related party transaction and conflict of interest situation that may arise within the Company or the group including any transaction, procedure or course of conduct that arises questions of management integrity; and

g) to perform such other duties if any as may be agreed to by the committee and the Board.

6. Reporting

The Audit Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The minutes of the meetings shall be concluded by the Secretary of the Committee to the Committee members and all the other Board members.

7. Attendance at Meetings

The information on the attendance of each member at the Committee held during the financial year ended 31 December 2009 is as follows:

Member	No. of Meeting Held	Attendance
Baqir Hussain Bin Hatim Ali	4	4
Lee Lah Kheng	4	4
Khoo Lay Tatt	4	4

ACTIVITIES OF THE AUDIT COMMITTEE

The activities carried out by the Committee during the financial year ended 31 December 2009 in the discharge of its duties and responsibilities are as follows:

- Reviewed the draft quarterly results of the Group and the recommendation of the same to the Board for approval.
- Reviewed the compliance on the Bursa Securities Main Market Listing Requirements, Malaysian Code on Corporate Governance and other statutory requirements.
- Discussed with the external auditors before the audit commences, the nature and scope of the audit.
- Reviewed the external auditors management letter and management's response.
- Reviewed the internal programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal auditors.
- Reviewed any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group.
- Reviewed the quarterly and year-end financial statements of the Company and the Group and thereafter submit them to the Board.

INTERNAL AUDIT FUNCTION

The Board has engaged an independent firm of professionals to conduct internal audits. The internal Auditors report directly to the Committee. The primary functions of internal auditors are to assist the Committee on an ongoing basis to:

- review the risk management framework;
- provide independent, systematic and objective evaluation on the state of internal control within the Group; and
- perform such other function as requested by the Committee.

The costs incurred for the internal audit function for financial year ended 31 December 2009 was RM17,660. During the financial year, the internal auditors have assisted the Audit Committee to:

- plan and conduct the internal audit for financial year ended 2009;
- review and document the risk management framework of the Group; and
- review the state of internal control of various operating cycle within the Group.

Information pertaining to the Company's internal controls is shown in the Statement on Internal Control set out on page 22 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Board's Commitments

The Board of Director of Dufu is committed to comply with the Malaysian Code of Corporate Governance ("the Code") and hence ensuring high standards of corporate governance is in place and is practised throughout the Dufu Group.

The Board has assessed the level of corporate governance practiced in the Group and confirms that unless otherwise stated in this statement, the Group has complied with all the principles and recommended best practices throughout the financial year ended 31 December 2009 except that the Board has not appointed a Senior Independent, Non-Executive Director to whom shareholders may address their grievances and concerns. However, the Board will collectively be responsible to address all grievances and concerns brought up by the shareholders.

A) Board of Directors

The Board recognized its stewardship responsibility to lead the Group towards the highest level of corporate governance, strategic decisions and standard of conducts.

i) Board Balance

The present Board of Directors, headed by the chairman is comprised of:

- 3 Non-Independent Executive Directors
- 3 Independent Non-Executive Directors

The composition of the Board is in compliance with the Bursa Securities Main Market Listing Requirements and the Code. It also balance to reflect the interests of the major shareholders, management and minority shareholders. Collectively, the Directors bring a wide range of business and financial experience relevant to the direction of the Group.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer ("CEO") to ensure that there is a balance of power and authority. The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions whilst the CEO has overall responsibilities over the operating units, organization effectiveness and implementation of Board's policies and decisions.

The Board is well balanced with the presence of Independent Non-Executive Directors who are of caliber and collectively provide independent assessments and judgments in the decision making process of the Board.

ii) Board Meetings

The Board governs the operations of the Group. The Board will meet regularly, at least once in a quarter, with additional meetings held as necessary to formulate and adopt strategic business plan for the Group, to evaluate the impact of risks affecting the operations of the Group and to formulate appropriate risk managing system.

Agenda and documents relevant to the Board meetings are circulated in advance to the Directors for their review before the meetings to ensure the effectiveness of the Board meetings. Any additional information requested by the Directors will be provided in timely manners.

The attendance record for each Director at Directors' meeting for the financial year ended 31 December 2009 is as follows:

Director	No. of meetings held	No. of meetings attended
Hsu, Chin-Shui	4	4
Lee, Hui-Ta a.k.a Li Hui Ta	4	4
Yong Poh Yow	4	3
Lee Kah Kheng	4	4
Baqir Hussain Bin Hatim Ali	4	4
Khoo Lay Tatt	4	4

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

A) Board of Directors (cont'd)

iii) Supply of information

The Chairman ensures that all Directors have full and timely access to information with an agenda on matters requiring Board's consideration issued with appropriate notice and in advance of each meeting to enable Directors to obtain further explanations during the meeting, where necessary.

The proceedings of all board meetings are duly compiled in minutes. The minutes are kept at the registered office of Dufu.

The Directors meet to review and approve all corporate announcements, including the announcement of the quarterly interim financial reports, before releasing them to the Bursa Securities.

All Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries, whose appointment and removal is the responsibility of the Board collectively, are qualified professionals with the necessary experience to advise the Board.

When necessary, the Directors could request for the service of independent professional advisors at the cost of the Company.

In leading and controlling the operations of the Group, the Board is assisted by the Board of Directors of each individual subsidiary that is primarily responsible to carry out decisions made by the Board. The Executive Directors of the Company also participate in management meeting of certain subsidiaries to ensure that decisions made by the Board are disseminated and delegated effectively to the management of the subsidiaries.

iv) Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn. Bhd. to enhance their skills in the area of corporate governance.

Save for the undermentioned directors, none of the Directors have attended any training during the FY 2009 due to their respective tight schedule and travel commitments:

Director	Date	Description
Khoo Lay Tatt	21 July 2009	KPMG's Audit Committee Roundtable Discussion Titled: "Economic Downturn and Risk Oversight: Reassessing Risk in the Wake Market Turmoil"
Lee, Hui-Ta a.k.a Li Hui Ta	21 July 2009	KPMG's Audit Committee Roundtable Discussion Titled: "Economic Downturn and Risk Oversight: Reassessing Risk in the Wake Market Turmoil"
Baqir Hussain Bin Hatim Ali	23 March 2009	CTIM Workshop on Practical Implication On New Public Rulings
	26 March 2009	CTIM Workshop on Corporate Restructuring & Tax Management
	21 July 2009	KPMG's Audit Committee Roundtable Discussion Titled: "Economic Downturn and Risk Oversight: Reassessing Risk in the Wake Market Turmoil"

The Board of Directors will assume the onus of determining or overseeing the training needs for Directors. In this respect, the Directors are encouraged to attend various external professional programmes deemed necessary in order to keep abreast to the latest developments in the market place, advances in corporate governance and to further enhance their skill and knowledge to enable them to discharge their duties as Directors in an effective manner.

A) Board of Directors (cont'd)

v) Appointment and Re-election of Director

a) Appointment of Directors

The code requires a formal and transparent procedure to be established for appointment of new Directors to the Board. The Code also endorses the establishment of a Nomination Committee, comprised exclusively of Non-Executive Directors, a majority of whom are Independent to propose new nominees to the Board and to assess Directors on an ongoing basis.

The Committee comprised of the following:

Chairman: Lee Kah Kheng – Independent Non-Executive Director
Members: Baqir Hussain Bin Hatim Ali – Independent Non-Executive Director
Khoo Lay Tatt – Independent Non-Executive Director

The Nomination Committee consists exclusively of Non-Executive Directors, majority of whom are independent.

The Nomination Committee is empowered by the Board and its terms of reference to, inter-alia, to review the structure, size and composition of the Board and make recommendation to the Board with regard to any adjustments that are deemed necessary; to recommend to the Board, the minimum requirements for the Board, ie. required mix of skills, experience, qualification and other core competencies required of a Director inclusive of CEO; to review the adequacy if committee structures of the Board committee, assess and recommend to the Board the terms of reference of Board Committee.

The Board, through the Nomination Committee, appraises the composition of the Board and believes that the current composition brings the required mix of skills and core competencies for the Board to discharge its duties effectively. New candidates will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

b) Re-election of Directors

In accordance with the Company's Articles of Articles of Association, one-third or nearest to one third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting provided always that all Directors including the Managing Director shall retire from the office at least once in every three (3) years. The Directors to retire at the Annual General Meeting ("AGM") are Directors who have been longest in office since their appointment or re-election.

A retiring Director is eligible for re-election. The election of each Director is voted on separate resolution.

The current terms of all Directors are less than three years. This is in compliance with the provision of the requirement of the Code that all Directors are required to submit themselves for re-election at regular intervals and at least every three years.

The Nomination Committee will also review the effectiveness of the Board as a whole and further assess the contribution of each individual director who is seeking for re-election by rotation at each AGM.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

A) Board of Directors (cont'd)

vi) Directors' Remuneration

It is vital for the Group to attract and retain Directors of the necessary caliber to run the Group successfully. In line with requirements of the Code, the Group has established a remuneration policy for the Directors.

The Committee comprised of the following:

Chairman: Lee Kah Kheng – Independent Non-Executive Director
Members: Baqir Hussain Bin Hatim Ali – Independent Non-Executive Director
Hsu, Chin-Shui – Executive Chairman

The Remuneration Committee consists mainly of Non-Executive Director, the majority of whom is independent.

The Remuneration Committee is responsible for, inter-alia, recommending the Board the remuneration policy for, including the establishment of a formal and transparent methodology in determining the remuneration of Executive Directors, Non-Executive Directors and Senior Management and to review changes to the policy and methodology as necessary; review the existing level of remuneration of Executive Directors and to recommend their remuneration to the Board based on the Company's and their individual performance to ensure they commensurate with the scope of responsibilities held.

The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Detailed of Directors' remuneration for the financial year ended 31 December 2009 were as follows:

1. Aggregate remuneration of the Directors categorized into appropriate components:

Category	**Fee** (RM)	**Salaries** (RM)	**Bonus** (RM)	**Allowances** (RM)	**Total** (RM)
Executive					
- Company	108,000	0	0	21,000	129,000
- Subsidiaries*	0	695,546	59,352	92,534	847,432
Non-Executive Directors					
- Company	108,000	0	0	27,500	135,500
- Subsidiaries*	0	0	0	0	0
Total	216,000	695,546	59,352	141,034	1,111,932

* Subject to shareholders' approval at the forthcoming Annual General Meeting.

2. The number of Directors whose total remuneration fall within the following bands:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below RM50,000	1	3
RM450,001 to RM500,000	2	0

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

A) Board of Directors (cont'd)

vi) Directors' Remuneration (cont'd)

Executive Committee

The Executive Committee ("Exco") comprises of the Executive Directors' as follows:

Members: Hsu, Chin-Shui
Lee, Hui-Ta a.k.a Li Hui Ta
Yong Poh Yow

The Exco's functions are to assist the CEO to manage the Group's day-to-day operations. The Exco was set up to formulate operations plans and oversee the executive of these plans. The Exco meets regularly to discuss operation issues.

B) Accountability and Audit

Audit Committee

The composition, terms of reference, and the function of audit committee is discussed on Page 13 to 15 of the Annual Report 2009.

i) Financial Reporting

In presenting the annual financial statements and quarterly announcement of interim financial results to the shareholders, the Board aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. At the same time, the Audit Committee is assisting the Board in ensuring the accuracy, adequacy and completeness of the financial information that to be disclosed. The financial reports will be reviewed and approved by the Audit Committee prior to tabling them to the Board for approval. A statement by the Board of its responsibilities for preparing the financial statements is set out on page 21 of the Annual Report 2009.

ii) Internal Control

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Group. Since the listing of the Company, the Board has continuously placed emphasis on the need for maintaining a sound system of internal control.

Information pertaining to the Company's internal control is presented in the Statement on Internal Control laid out on page 22 of the Annual Report 2009.

iii) Relationship with the Auditors

The Board maintains a transparent relationship with external auditors. It is intended that Independent members of the Audit Committee will meet the external auditors at least twice a year to discuss the conduct and concerns arising from their audit without the presence of the Executive Director and management.

C) Relationship with Shareholders and Investors

In line with the recommendation by the Bursa Securities Main Market Listing Requirement and the Code, material information is disseminated to shareholders and investors on a timely basis. These information, which could be assessed through Bursa Securities website at www.bursamalaysia.com, include:

1. Quarterly announcements
2. Annual reports
3. Circular to shareholders
4. Other important announcements

The Group also maintains a website at www.dufutechnology.com which provides information, qualitative and quantitative, on the Group's operations and corporate developments.

This statement was made in accordance with a resolution of the Board dated 20 May 2010.

STATEMENT ON DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board has the overall responsibility to prepare the financial statements for each financial year as required by the Companies Act, 1965. The financial statements should be prepared in accordance with the applicable Malaysian Accounting Standard Board ("MASB") approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the relevant provisions of the Bursa Securities Listing Requirements so as to present a true and fair view of the state of affairs of the Group and of the Company as at end of the financial year and of their results and cash flows for the year then ended.

In this regard, the Directors will, with the assistance of the Audit Committee:

- Ensured that suitable accounting policies are used and applied consistently
- Ensured that new and revised Financial Reporting Standards and Issued Committee Interpretations issued by MASB that are relevant to the Group's operations and effective for accounting periods are fully adopted
- Ensured proper accounting records are kept
- Ensured adequate system of internal control exist to safeguard the assets of the Group to prevent and detect fraud and other irregularities
- Ensured that the financial statements presents a balanced and understandable assessment of the financial position and prospect of the Group and of the Company
- Made appropriate enquires to the senior management of the Group to ensure that the Group have adequate resources to continue in operational existence in the foreseeable future
- Ensure that the accounting estimates included in the financial statements are reasonable and prudent

The financial statements for the year ended 31 December 2009 had been approved by the Board on 22 March 2010.

This statement was made in accordance with a resolution of Board dated 20 May 2010.

STATEMENT ON INTERNAL CONTROL

Introduction

This Statement on Internal Control has been prepared in accordance with the "Statement on Internal Control – Guidance for Directors of Public Listed Companies.

Board Responsibilities

The Board recognizes the importance of a sound system of internal control to cover the financial, compliance and operational controls and effective risk management practices in the Group.

The Board affirms its overall responsibility and reviews the adequacy and integrity of the system of internal control to safeguard shareholders' investment and the Group's assets. However, due to the inherent limitations of any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve the Group's objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

The Board and the Management continuously identify, evaluate and manage significant business risks that affect day-to-day operations of the Group.

The Audit Committee reviews internal control issues identified by the external auditors and management and evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

During the financial year, the Executive Directors and the Management participated in a risk management exercise. During the exercise, principal risks affecting the Group were identified, quantified and prioritised. The relevant controls and strategies for managing the risks were identified and documented. The participants also suggested areas where the Group could further improve on in order to manage the principal risks more effectively. The risk management report was presented to the Audit Committee in one of the audit committee meetings.

Internal Control

The Board is satisfied that the system of internal control is adequate for Company.

During the financial year, The Board has appointed an independent firm of professionals for the internal audit function. The total cost incurred for the Internal Audit Function for the financial year ended 31 December 2009 was RM17,660. The internal auditors are to ensure that adequate system of internal controls exist to assist the management to address operational, financial and compliance risks.

The Group has put in place the following key elements of internal control:

- An organisation structure with clearly defined lines of responsibility, authority and accountability;
- Clearly documented internal policies, manuals, procedures and work instructions;
- Holding regular Board and management meetings where information related to financial and operational performances is shared and discussed;
- Management accounts and reports are prepared and distributed to Executive Directors and key management personnel every month; and
- Employees attending regular training and development programs to enhance their knowledge and competency.

The Directors and management will continue to review and update the internal control system in line with changes in the operating environment of the Group.

Conclusion

The Board is of the view that there were no significant weaknesses in the systems of internal control of the Group that had a material impact on the operations of the Group for the financial year ended 31 December 2009. The Board remains committed to a sound system of internal controls and to progressively enhance the system to support the Group's operations.

This statement was made in accordance with a resolution of the Board dated 20 May 2010.

DISCLOSURE REQUIREMENTS PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

Share Buybacks

During the financial year, there were no share buyback by the Company.

Options, Warrants or Convertible Securities

No option, warrants or convertibles securities were issued by the Company during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any such programme.

Imposition of Sanctions and/or Penalties

There were no material sanction and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the regulatory bodies.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to Dufu Group for the financial year by the Company's Auditors, or a firm or corporate affiliated to the Auditors' firm is RM13,600.

Profit Forecast and Unaudited Results Deviation

There was no profit forecast issued by the Group during the financial year.

The audited consolidated results during the financial year of the Group did not deviate by more than 10% of the unaudited consolidated results of the Group as announced via the BURSALINK, www.bursamalaysia.com on 25 February 2010.

Profit Guarantee

There was no profit guarantee issued by the Group during the financial year.

Revaluation Policy

The policy on revaluation of properties is as disclosed in the financial statements.

Material contract

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interests either still subsisting as at 31 December 2009 or entered into since the end of the previous financial year.

Corporate Social Responsibility (CSR) Statement

The Group is driven by the belief that in pursuit of any business objective, we need to strike a balance between profitability and contributions to the social and environmental responsibilities. With such belief, the Group is committed and uses its best endeavour, on ongoing basis, to integrate CSR practices into its day-to-day business operations i.e. constantly reviewing the staff benefits to enhance the quality of life of its employees and adopting eco-friendly practices such as minimizing the use of hazardous compound in its manufacturing process to protect the environment.

DISCLOSURE REQUIREMENTS PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (CONT'D)

Recurrent Related Party Transactions

The details of recurrent Related Party Transactions Pursuant to Shareholders Mandate concluded and their actual amount entered into during the financial year ended 31 December 2009 are as below:

No.	Related Parties		Nature of Transactions	Actual Amount (RM)	Interested Related Party
	Buyer	**Seller**			
1.	SESB	IPG	SESB is a sub-contractor of IPG	5,720	**Interested Director & Shareholder** Hsu, Chin-Shui is a common Director of SESB and IPG. He is also a major shareholder holding 30% of the equity interest in SESB.
2	IPG	GCLPT	Purchase of tools from GCLPT	38,430	**Interested Director & Shareholder** Hsu, Chin-Shui is a common Director of IPG and GCLPT. He is also the sole shareholder of GCLPT.
3.	ETI	IPG	Sales of moulds to ETI	14,151	**Interested Director** Lee Kah Kheng is a Director of DUFU (not a Director of IPG). He is also a Director of ETI and major shareholder of ETI (by virtue of Section 6A of the Act, holding 15.06% of equity interest in ETICB as at 15 May, 2010)
4.	KENS	DISB	Sales of Medical parts to KENS	45,610	**Interested Director & Shareholder** Hsu, Chin-Shui and Lee Kah Kheng both are Directors of Dufu. Whereas, the latter is not a Director of DISB. They are also Directors of KENS and major shareholders of KENS (by virtue of Section 6A of the Act, holding 50% of equity interest in CFSB as at 15 May, 2010)
5.	KENS	IPG	Sales of Medical parts to KENS	58,064	**Interested Director & Shareholder** Hsu, Chin-Shui is a common Director of KENS and IPG. He is also a major shareholder of KENS (by virtue of Section 6A of the Act, holding 50% of equity interest in CFSB as at 15 May, 2010) **Interested Director** Lee Kah Kheng is a Director of DUFU (not a Director of IPG). He is also a Director of KENS and major shareholder of KENS (by virtue of Section 6A of the Act, holding 50% of equity interest in CFSB as at 15 May, 2010)
6.	Futron Ltd	GCLPT	Purchase of Tools from GCLPT	34,025	**Interested Director & Shareholder** Hsu, Chin-Shui is a Director of Dufu and GCLPT. He is also the sole shareholder of GCLPT.

Notes:

SESB - Seraimas Electronics Sdn. Bhd.
ETI - ETI Tech (M) Sdn. Bhd.
ETICB - ETI Tech Corporation Berhad
KENS - Kens FineMEdTech Sdn. Bhd.
GCLPT - Guangzhou Ching Lian Precision Technology Pte Ltd (China)
Futron Ltd - Futron Technology Co. Limited

NOTIFICATION - LAUNCH OF EDIVIDEND FOR SHAREHOLDERS

To: All Shareholders of Dufu Technology Corp. Berhad

Dear Sir/Madam,

NOTIFICATION - Launch of eDividend for Shareholders

DUFU TECHNOLOGY CORP. BERHAD (DUFU or the Company) wishes to inform you that Bursa Malaysia Securities Berhad (Bursa Securities) had via its letter dated 16 March 2010 announced that eDividend will be launched on 19 April 2010. This move is geared towards creating an electronic, efficient and convenient cash dividend distribution system for shareholders.

Background
In tabling the Federal Budget 2010, the Prime Minister announced that all listed issuers are required to offer eDividend services to their shareholders. The Securities Commission's subsequent press release stated that shareholders are given a one-year grace period to provide their bank account information to Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") (as the repository of such information) and that eDividend will be implemented in the third quarter 2010.

What is eDividend?
Electronic Dividend Payment or eDividend which allows an issuer to electronically pay your cash dividend entitlements directly into your bank account instead of making payment via bank cheques. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

The main objectives of implementing eDividend are, amongst others, to promote greater efficiency of the dividend payment system and to put the Malaysian market on par with practices in other regional markets in relation to receipt of dividend proceeds by shareholders. At the same time, the move towards eDividend is a further step towards the national agenda of migrating to electronic payments as well as adherence to G-30's recommendation on best practices of a paperless environment and zero-intervention process. Further, the benefits of having such eDividend are:-

- Faster access to dividends which are credited directly into your bank account
- Convenience – eliminates the need to go to a bank
- One-off provision of bank account details for all listed issuers on Bursa Securities
- Better account management with the option to consolidate the dividends from all your CDS accounts into one bank account
- Misplaced, lost or expired cheques will no longer be an issue

ACTION TO BE TAKEN
As the eDividend has been launched on 19 April 2010, please seek the advice from your Authorised Depository Agent (ADA)/stock broker on the registration of eDividend as soon as possible and you have a grace period of one year, until 18 April 2011 to provide such information. The sooner you provide your bank account information, the sooner you will be able to benefit from the advantages of eDividend.

In order to facilitate this and for more information, you may visit Bursa Securities's website: www.bursamalaysia.com/website/bm/trading/edividend.html.

Thank you.

DUFU TECHNOLOGY CORP. BERHAD

8 June 2010

Financial Statements
December 31, 2009

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DIRECTORS' REPORT

The directors of **DUFU TECHNOLOGY CORP. BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2009.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 13 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

	The Group RM	The Company RM
Net profit after tax for the year	**11,125,096**	**2,734,985**

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

During the current financial year, a final dividend of 1 sen per ordinary share, tax exempt, amounting to RM1,200,000 was declared and paid in respect of the previous financial year.

The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts has been written off and that adequate allowance had been made for doubtful debts; and

b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

DIRECTORS' REPORT (CONT'D)

OTHER FINANCIAL INFORMATION (cont'd)

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off as bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Lee, Hui-Ta also known as Li Hui Ta
Hsu, Chin-Shui
Yong Poh Yow
Lee Kah Kheng
Baqir Hussain Bin Hatim Ali
Khoo Lay Tatt

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM0.50 each			
	Balance as of 1.1.2009	**Bought**	**Sold**	**Balance as of 31.12.2009**
Direct interest:				
Lee, Hui–Ta also known as Li Hui Ta	20,922,177	–	–	20,922,177
Hsu, Chin–Shui	20,921,375	–	–	20,921,375
Yong Poh Yow	4,434,668	–	–	4,434,668

By virtue of their interests in the shares of the Company, Mr. Lee, Hui-Ta also known as Li Hui Ta and Mr. Hsu, Chin-Shui are also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

____
LEE, HUI-TA ALSO
KNOWN AS LI HUI TA

____
HSU, CHIN-SHUI

Penang,

March 22, 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUFU TECHNOLOGY CORP. BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Dufu Technology Corp. Berhad, which comprise the balance sheets as of December 31, 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 74.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2009 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors as mentioned under Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(Forward)

Report on Other Legal and Regulatory Requirements (cont'd)

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for these purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TAN BOON HOE
Partner - 1836/07/11 (J)
Chartered Accountant

March 22, 2010

Penang

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Revenue	5	116,642,112	121,480,275	4,129,709	2,255,585
Investment revenue		66,155	93,157	–	–
Other income		3,089,612	1,815,742	–	–
Other gains and losses		(1,429,961)	403,222	–	1,231
Changes in inventories of finished goods and work-in-progress		(4,655,096)	4,402,156	–	–
Raw materials used		(31,904,787)	(24,637,860)	–	–
Purchase of trading and semi-finished goods		(12,502,887)	(40,557,063)	–	–
Employee benefits expense	6	(20,234,869)	(19,003,519)	(264,500)	(286,000)
Depreciation and amortisation expenses		(10,360,325)	(8,144,060)	–	–
Finance costs		(1,861,074)	(1,765,097)	–	–
Other expenses		(23,698,039)	(23,579,660)	(150,070)	(223,649)
Profit before tax		13,150,841	10,507,293	3,715,139	1,747,167
Tax expense	7	(2,025,745)	(708,820)	(980,154)	–
Profit for the year	8	11,125,096	9,798,473	2,734,985	1,747,167
Earnings per share:					
Basic	9	9.27 sen	8.17 sen		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS
AS OF DECEMBER 31, 2009

		The Group		The Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non–current assets					
Property, plant and equipment	10	72,294,684	63,693,475	–	–
Prepaid lease payments on leasehold land	11	3,768,422	3,852,634	–	–
Goodwill	12	25,252	25,252	–	–
Investments in subsidiaries	13	–	–	53,351,525	32,899,998
Other investments	14	350,033	342,928	289,033	281,928
Total non–current assets		76,438,391	67,914,289	53,640,558	33,181,926
Current assets					
Inventories	15	21,243,775	23,756,180	–	–
Trade and other receivables	16	38,198,044	23,025,340	13,715,186	27,235,868
Current tax assets		187,902	141,742	46,000	–
Other assets	17	1,042,401	3,196,185	–	2,162,657
Cash and bank balances	18	7,289,012	7,801,522	168,860	465,342
Total current assets		67,961,134	57,920,969	13,930,046	29,863,867
Total assets		144,399,525	125,835,258	67,570,604	63,045,793

(Forward)

BALANCE SHEETS (CONT'D)
AS OF DECEMBER 31, 2009

	Note	The Group		The Company	
		2009 RM	2008 RM	2009 RM	2008 RM
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	60,000,000	60,000,000	60,000,000	60,000,000
Reserves	20	26,705,633	16,573,072	4,536,774	3,001,789
Total equity		86,705,633	76,573,072	64,536,774	63,001,789
Non–current liabilities					
Borrowings	21	19,811,641	21,321,271	–	–
Deferred tax liabilities	22	2,124,421	1,866,857	–	–
Total non–current liabilities		21,936,062	23,188,128	–	–
Current liabilities					
Trade and other payables	23	19,564,082	14,791,993	3,033,830	44,004
Borrowings	21	14,205,938	11,282,065	–	–
Current tax liabilities		1,987,810	–	–	–
Total current liabilities		35,757,830	26,074,058	3,033,830	44,004
Total liabilities		57,693,892	49,262,186	3,033,830	44,004
Total equity and liabilities		144,399,525	125,835,258	67,570,604	63,045,793

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

The Group

	Note	Share capital RM	Share premium RM	Reverse acquisition reserve RM	Revaluation reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM
Balance January 1, 2008		45,000,000	3,253,474	(24,110,002)	2,355,479	(14,242)	41,789,324	68,274,033
Reduction in deferred tax on revaluation reserve resulting from the change in tax rates		–	–	–	139,750	–	–	139,750
Transfer of revaluation reserve	22	–	–	–	(98,550)	–	98,550	–
Exchange gain on translation of net investment in a foreign subsidiary		–	–	–	–	18,566	–	18,566
Net income and expenses recognised directly in equity		–	–	–	41,200	18,566	98,550	158,316
Profit for the year		–	–	–	–	–	9,798,473	9,798,473
Total recognised income and expenses		–	–	–	41,200	18,566	9,897,023	9,956,789
Bonus issue of 30,000,000 new ordinary shares of RM0.50 each per ordinary share		15,000,000	(2,965,724)	–	–	–	(12,034,276)	–
Share issue expenses		–	(287,750)	–	–	–	(20,000)	(307,750)
Dividend	24	–	–	–	–	–	(1,350,000)	(1,350,000)
Balance as of December 31, 2008		60,000,000	–	(24,110,002)	2,396,679	4,324	38,282,071	76,573,072

(Forward)

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED DECEMBER 31, 2009

The Group

	Note	Share capital RM	Share premium RM	Reverse acquisition reserve RM	Revaluation reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM
Balance January 1, 2009		60,000,000	–	(24,110,002)	2,396,679	4,324	38,282,071	76,573,072
Transfer of revaluation surplus	22	–	–	–	(106,734)	–	106,734	–
Effect on cumulative transfer of revaluation reserve resulting from the change in tax rates		–	–	–	(41,594)	–	–	(41,594)
Exchange gain on translation of net investment in foreign subsidiaries		–	–	–	–	249,059	–	249,059
Net income and expenses recognised directly in equity		–	–	–	(148,328)	249,059	106,734	207,465
Profit for the year		–	–	–	–	–	11,125,096	11,125,096
Total recognised income and expenses		–	–	–	(148,328)	249,059	11,231,830	11,332,561
Dividend	24	–	–	–	–	–	(1,200,000)	(1,200,000)
Balance as of December 31, 2009		60,000,000	–	(24,110,002)	2,248,351	253,383	48,313,901	86,705,633

(Forward)

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2009

The Company

	Note	Share capital RM	Share premium RM	Retained earnings RM	Total RM
Balance as of January 1, 2008		45,000,000	3,253,474	14,658,898	62,912,372
Bonus issue of 30,000,000 new ordinary shares of RM0.50 each per ordinary share		15,000,000	(2,965,724)	(12,034,276)	–
Share issue expenses		–	(287,750)	(20,000)	(307,750)
Profit for the year, representing total recognised income and expense		–	–	1,747,167	1,747,167
Dividend	24	–	–	(1,350,000)	(1,350,000)
Balance as of December 31, 2008		60,000,000	–	3,001,789	63,001,789
Balance as of January 1, 2009		60,000,000	–	3,001,789	63,001,789
Profit for the year, representing total recognised income and expense		–	–	2,734,985	2,734,985
Dividend	24	–	–	(1,200,000)	(1,200,000)
Balance as of December 31, 2009		60,000,000	–	4,536,774	64,536,774

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash flows from operating activities				
Profit for the year	11,125,096	9,798,473	2,734,985	1,747,167
Adjustments for:				
Depreciation of property, plant and equipment	10,276,113	8,059,850	–	–
Tax expense recognised in profit or loss	2,025,745	708,820	980,154	–
Finance costs recognised in profit or loss	1,861,074	1,765,097	–	–
Loss on disposal of property, plant and equipment	497,514	12,261	–	–
Unrealised loss/(gain) on foreign exchange	411,087	(55,837)	–	–
Amortisation of prepaid lease payments on leasehold land	84,212	84,210	–	–
Property, plant and equipment written off	3,545	–	–	–
Bad debts written off	1,500	13,406	–	–
Negative goodwill	(234,786)	–	–	–
Allowance for slow moving inventories no longer required	(86,012)	(17,031)	–	–
Interest income	(21,865)	(29,542)	(9,709)	(15,585)
Allowance for doubtful debts no longer required	(15,000)	–	–	–
Allowance for doubtful debts	–	85,968	–	–
Allowance for slow moving inventories	–	8,584	–	–
Gain on disposal of investment in unit trusts	–	(1,231)	–	(1,231)
Gross dividend income from a subsidiary	–	–	(4,000,000)	(2,000,000)
	25,928,223	20,433,028	(294,570)	(269,649)
Movements in working capital:				
(Increase)/decrease in:				
Inventories	7,001,252	(6,284,423)	–	–
Trade and other receivables	(10,505,791)	7,531,079	(60,000)	–
Other assets	(8,873)	(310,796)	–	–
Increase/(Decrease) in:				
Trade and other payables	(811,952)	(4,289,962)	(10,174)	11,004
Cash generated from/(used in) operations	21,602,859	17,078,926	(364,744)	(258,645)
Tax refunded	26,369	–	–	–
Tax paid	(605,427)	(824,461)	(26,154)	–
Net cash from/ (used in) operating activities	21,023,801	16,254,465	(390,898)	(258,645)

CASH FLOW STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		154,478	184,000	–	–
Interest received		21,865	29,542	9,709	15,585
Acquisition of subsidiaries	13	(14,048,426)	–	(15,288,870)	–
Purchase of property, plant and equipment	25	(3,634,477)	(7,924,276)	–	–
Purchase of investment in unit trusts		(7,105)	(7,818)	(7,105)	(7,818)
Proceeds from disposal of investment in unit trusts		–	100,000	–	100,000
Deposit and expenditure paid for purchase of investment in subsidiaries		–	(2,162,657)	–	(2,162,657)
Net repayment of advances by subsidiaries		–	–	13,580,682	1,328,169
Dividend received		–	–	3,000,000	2,000,000
Net cash (used in)/ from investing activities		(17,513,665)	(9,781,209)	1,294,416	1,273,279
Cash flows from financing activities					
Proceeds from long-term loans		5,121,823	3,600,000	–	–
Increase in short-term borrowings		1,850,906	3,349,000	–	–
Fixed deposits released as security		128,864	546,729	–	–
Repayment of hire-purchase payables		(5,275,074)	(5,795,487)	–	–
Repayment of long-term loans		(1,986,048)	(1,331,373)	–	–
Interest paid		(1,866,951)	(1,752,336)	–	–
Repayment of finance lease payables		(1,810,657)	–	–	–
Dividend paid		(1,200,000)	(1,350,000)	(1,200,000)	(1,350,000)
Share issue expenses paid		–	(307,750)	–	(307,750)
Net cash used in financing activities		(5,037,137)	(3,041,217)	(1,200,000)	(1,657,750)
Net (decrease)/increase in cash and cash equivalents		(1,527,001)	3,432,039	(296,482)	(643,116)
Effects of foreign exchange rates changes		128,276	18,566	–	–
Cash and cash equivalents at beginning of year		6,782,603	3,331,998	465,342	1,108,458
Cash and cash equivalents at end of year	25	5,383,878	6,782,603	168,860	465,342

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. GENERAL INFORMATION

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 13. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia. The principal place of business of the Company is at 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Bayan Lepas, Penang, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on March 22, 2010.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards ("FRS") in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") and have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below.

At the date of authorisation of issue of these financial statements, the FRSs, Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations which were in issue but not yet effective are as listed below.

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) [a]
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) [b]
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters [c]
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations) [a]
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) [b]
FRS 3	Business Combinations (Revised in 2010) [b]
FRS 4	Insurance Contracts [a]
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary) [b]
FRS 7	Financial Instruments: Disclosures [a]
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – effective date and transition) [a]

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) [c]
FRS 8	Operating Segments [d]
FRS 101	Presentation of Financial Statements (Revised in 2009) [a]
FRS 123	Borrowing Costs (Revised) [a]
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) [a]
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010) [b]
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments) [a]
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue) [e]
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)[b]
FRS 139	Financial Instruments: Recognition and Measurement [a]
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition and embedded derivatives and revised FRS 3 and revised FRS 127)[a]
Improvements to FRSs (2009)[a]	
IC Interpretation 9	Reassessment of Embedded Derivatives [a]
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives) [a]
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3) [b]
IC Interpretation 10	Interim Financial Reporting and Impairment [a]
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements [b]
IC Interpretation 13	Customer Loyalty Programmes [a]
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction [a]
IC Interpretation 15	Agreements for the Construction of Real Estate [b]
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation [b]
IC Interpretation 17	Distributions of Non-cash Assets to Owners [b]

[a] Effective for annual periods beginning on or after January 1, 2010.
[b] Effective for annual periods beginning on or after July 1, 2010.
[c] Effective for annual periods beginning on or after January 1, 2011.
[d] Effective for annual periods beginning on or after July 1, 2009.
[e] Effective for annual periods beginning on or after March 1, 2011.

Consequential amendments were also made to various FRSs as a result of these new/ revised FRSs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of accounting (cont'd)

The directors anticipate that abovementioned Standards and Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

(a) FRS 3 Business Combinations (Revised in 2010)

The revised FRS 3:

(i) allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority interests") either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

(ii) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured realiably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as net asset or a liability are recognised in profit or loss;

(iii) requires the recognition of a settlement gain and loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

(iv) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

(b) FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

(c) FRS 8 Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. Currently, the Group identifies two sets of segments (business and geographical) using a risks-and-rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments may change.

3. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Basis of accounting (cont'd)

(d) FRS 101 Presentation of Financial Statements (Revised in 2009)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's and the Company's financial statements as this change affects only the presentation of the Group's and the Company's financial statements.

(e) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

By virtue of the exemption provided in paragraph 44AB of FRS 7 and paragraph 103AB of FRS 139, the impact of applying FRS 7 and FRS 139 on the Group's and the Company's financial statements upon initial application of these standards as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The result of subsidiaries acquired or disposed of during the year are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Acquisition of subsidiaries are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss as negative goodwill recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

(a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on a time proportion basis that takes into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised when the shareholder's right to receive payment is established.

Rental income is accrued on a time basis, by reference to the agreements entered.

Management fee and other income are recognised on an accrual basis.

Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, the Group make contributions to the relevant pension schemes, the employees provident fund and central provident fund. Such contributions are recognised as expenses in the income statements as incurred.

Borrowing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses, unutilised reinvestment allowances and unused tax credits to the extent that it is probable that all future taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax assets and liabilities are not recognised on temporary differences arising from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in RM, which is the functional currency of the Company, and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, are included in profit or loss for the period. For non-monetary items that are measured in terms of historical cost in foreign currency, any exchange component of that gain or loss is recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in RM using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(a) The Group as lessee under finance leases

Assets acquired by way of hire-purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheets as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

(b) The Group as lessee under operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and is amortised on a straight line basis over the lease term.

(c) The Group as lessor under operating leases

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

The Group carried certain of its buildings at revalued amounts and placed reliance on the transitional provisions of International Accounting Standards 16 (Revised) as adopted by the Malaysian Accounting Standards Board which provides exemption from the need to make regular revaluations for such assets. Effective from September 23, 1997, no further revaluations were carried out. The aggregate carrying amount of such assets as of December 31, 2009 amounted to RM201,823 (2008: RM841,826) and this amount will be depreciated over the remaining useful lives of the relevant assets.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in the carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets or crystallisation of deferred tax liabilities on revalued assets, the amounts in revaluation reserve account relating to such assets are transferred to retained earnings account.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Construction-in-progress are not depreciated. All other property, plant and equipment are depreciated on a straight-line method in order to write off the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates are as follows:

Buildings	5% & 6.67%
Plant and machinery	10%
Computers	12% & 33.33%
Tools and implements	10% & 20%
Electrical installation	10%
Air conditioners	12%
Office equipment	12% & 20%
Furniture and fittings	8% - 20%
Renovation	10% & 20%
Motor vehicles	10% - 20%

At each balance date, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effect of any changes are recognised prospectively.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Negative goodwill on consolidation is recognised in the income statements at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in subsidiaries

Subsidiaries are those companies in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries, which are eliminated on consolidation, are stated in the Company's financial statements at cost.

When there is an indication of impairment in the value of the investment, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Other investments

Other investments in unit trusts and golf club memberships are stated at cost less allowance for diminution in value of investments to recognise any decline, other than a temporary decline, in the value of the investments.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average and first-in, first-out methods.

Cost of raw materials, tools and instruments consists of the purchase price plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods consists of cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Borrowings

Borrowings are stated at their nominal values and recorded at the proceeds received net of direct issue costs.

Payables

Payables are stated at the nominal value of the consideration to be paid in the future for goods and services received.

Cash and cash equivalents

The Group and the Company adopted the indirect method in preparation of the cash flow statements.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged, bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Contingent liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote except for cases where the amount involved is material, and the directors are of the opinion that disclosure is appropriate.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key assumptions concerning the future, and other sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

5. REVENUE

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Sale of goods	116,632,403	121,464,690	–	–
Interest income	9,709	15,585	9,709	15,585
Gross dividend income from a subsidiary	–	–	4,000,000	2,000,000
Management fee	–	–	120,000	240,000
	116,642,112	121,480,275	4,129,709	2,255,585

6. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Contribution to employees provident fund and central provident fund	1,101,097	1,105,928	–	–
Other employee benefits	19,133,772	17,897,591	264,500	286,000
	20,234,869	19,003,519	264,500	286,000

Employee benefits expense includes directors' remuneration, salaries, bonuses, contribution to employees provident fund and central provident fund and all other staff related expenses.

The remunerations paid to the key management personnel of the Group and of the Company during the financial year were RM1,940,560 (2008: RM1,118,572) and RM264,500 (2008: RM286,000) respectively.

7. TAX EXPENSE

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current tax:				
Current year:				
Malaysian	1,617,370	506,047	954,000	–
Foreign	210,556	123,489	–	–
(Over)/ underprovision in prior years:				
Malaysian	(41,196)	83,437	26,154	–
Foreign	22,235	–	–	–
Deferred tax:				
Relating to the origination and reversal of temporary differences:				
Current year	216,780	646,847	–	–
Overprovision in prior years	–	(606,000)	–	–
Reduction in opening deferred tax resulting from the change in tax rates	–	(45,000)	–	–
	2,025,745	708,820	980,154	–

The estimated amount of tax benefit arising from utilisation of previously unused reinvestment allowances that is used to reduce current tax expense of the Group during the financial year is RM156,000 (2008: Nil).

7. TAX EXPENSE (cont'd)

A numerical reconciliation of tax expense at the applicable tax rate to tax expense at the effective tax rate is as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Accounting profit before tax	13,150,841	10,507,293	3,715,139	1,747,167
Tax at the applicable tax rate of 25% (2008: 26%)	3,288,000	2,732,000	929,000	454,000
Tax effects of:				
Expenses that are not deductible in determining taxable profit	305,706	267,983	27,000	66,000
Income that are not taxable in determining taxable profit	(182,000)	(66,000)	(2,000)	(520,000)
Tax savings from the claim of:				
Reinvestment allowances	(924,000)	(1,566,000)	–	–
Double deduction of expenses	(74,000)	(19,000)	–	–
Effect of different tax rates of subsidiaries	(723,000)	(72,600)	–	–
Net deferred tax assets not recognised	354,000	–	–	–
Reduction in opening deferred tax resulting from the change in tax rates	–	(45,000)	–	–
	2,044,706	1,231,383	954,000	–
(Over)/Underprovision in prior years:				
Current tax	(18,961)	83,437	26,154	–
Deferred tax	–	(606,000)	–	–
Tax expense	2,025,745	708,820	980,154	–

The Group is operating in the jurisdictions of Malaysia, Hong Kong, People's Republic of China and Singapore. The applicable domestic statutory income tax rates are 25% (2008: 20% and 26%) for Malaysia, 16.5% for Hong Kong, 25% for People's Republic of China and 17% (2008: 18%) for Singapore.

Small and medium enterprises ("SME") in Malaysia with paid-up capital of RM2.5 million and below are subject to income tax at the rate of 20% on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the corporate income tax rate for the year of assessment 2009 is 25% (2008: 26%). With effect from year of assessment 2009, SME is re-defined as a company resident in Malaysia with paid-up capital of ordinary shares of RM2.5 million or less at the beginning of the basis period of the relevant year of assessment whereby such company does not control or is not controlled directly or indirectly by another company which has a paid-up capital of more than RM2.5 million in respect of ordinary shares.

The applicable tax rate of 25% (2008: 26%) used in the above numerical reconciliation of tax of the Group is determined based on the statutory income tax rate prevailing for the Company.

As of December 31, 2009, the approximate amounts of unused reinvestment allowances and unused tax capital allowances of the Group, which are available for set off against future taxable income are as follows:

	The Group	
	2009	2008
	RM	RM
Unused reinvestment allowances	6,639,000	6,211,000
Unused tax capital allowances	929,000	923,000

The unused reinvestment allowances and unused tax capital allowances are subject to agreement by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
After charging:				
Depreciation of property, plant and equipment	10,276,113	8,059,850	–	–
Interest on:				
Long-term loans	819,058	916,493	–	–
Hire-purchase	556,787	610,999	–	–
Bank overdrafts	153,370	99,587	–	–
Finance lease	91,425	–		
Revolving credit	32,486	3,154	–	–
Other short-term borrowings	207,948	134,864	–	–
Directors' remuneration:				
Directors of the Company:				
Fee	216,000	216,000	216,000	216,000
Contribution to employees provident fund and central provident fund	55,200	75,163	–	–
Other emoluments	806,841	827,409	48,500	70,000
Directors of the subsidiaries:				
Fee	–	–	–	–
Other emoluments	160,490	–	–	–
Loss on foreign exchange:				
Realised	593,474	–	834	–
Unrealised	411,087	–	–	–
Loss on disposal of property, plant and equipment	497,514	12,261	–	–
Rental of:				
Premises	289,471	291,106	–	–
Office equipment	39	–	–	–
Audit fee:				
Current year	175,039	116,391	15,000	15,000
Overprovision in prior year	(30,230)	–	–	–
Amortisation of prepaid lease payments on leasehold land	84,212	84,210	–	–
Property, plant and equipment written off	3,545	–	–	–
Bad debts written off	1,500	13,406	–	–
Allowance for doubtful debts	–	85,968	–	–
Allowance for slow moving inventories	–	8,584	–	–
And crediting:				
Negative goodwill	234,786	–	–	–
Allowance for slow moving inventories no longer required	86,012	17,031	–	–
Rental income	54,000	79,200	–	–
Interest income	21,865	29,542	9,709	15,585
Allowance for doubtful debts no longer required	15,000	–	–	–
Gain on foreign exchange:				
Realised	–	480,086	–	–
Unrealised	–	55,837	–	–
Gain on disposal of investment in unit trusts	–	1,231	–	1,231
Gross dividend income from a subsidiary	–	–	4,000,000	2,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

9. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2009	**2008**
Profit attributable to ordinary equity holders of the Company (RM)	11,125,096	9,798,473
Weighted average number of ordinary shares in issue (units)	120,000,000	120,000,000
Basic earnings per ordinary share (sen)	9.27	8.17

10. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost or valuation	Beginning of year RM	Additions RM	Disposals/ write-off RM	Currency translation differences RM	End of year RM
2009:					
At 1997 valuation:					
Building	3,200,000	–	–	–	3,200,000
At cost:					
Buildings	19,180,937	1,247,204	–	13,285	20,441,426
Plant and machinery	66,342,462	15,593,848	(1,657,702)	125,829	80,404,437
Computers	864,910	11,636	(70,705)	(12,536)	793,305
Tools and implements	5,165,974	1,826,073	–	(6,190)	6,985,857
Electrical installation	1,763,548	–	(1)	–	1,763,547
Air conditioners	434,981	–	–	–	434,981
Office equipment	270,468	230,316	–	3,051	503,835
Furniture and fittings	1,218,939	114,466	(1,263)	161	1,332,303
Renovation	490,496	89,405	–	340	580,241
Motor vehicles	2,596,685	297,416	(190,807)	(14,831)	2,688,463
	101,529,400	19,410,364	(1,920,478)	109,109	119,128,395

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost or valuation	Beginning of year RM	Additions RM	Disposals RM	Transfer RM	End of year RM
2008:					
At 1997 valuation:					
Building	3,200,000	–	–	–	3,200,000
At cost:					
Buildings	13,325,393	119,640	–	5,735,904	19,180,937
Plant and machinery	56,258,865	10,134,180	(295,083)	244,500	66,342,462
Computers	826,881	38,029	–	–	864,910
Tools and implements	3,546,866	1,619,108	–	–	5,165,974
Electrical installation	1,763,548	–	–	–	1,763,548
Air conditioners	446,181	–	(11,200)	–	434,981
Office equipment	252,583	17,885	–	–	270,468
Furniture and fittings	1,107,028	111,911	–	–	1,218,939
Renovation	469,426	21,070	–	–	490,496
Motor vehicles	2,288,460	571,926	(263,701)	–	2,596,685
Construction-in-progress	1,268,921	4,711,483	–	(5,980,404)	–
	84,754,152	17,345,232	(569,984)	–	101,529,400

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-off RM	Currency translation differences RM	End of year RM
2009:					
At 1997 valuation:					
Building	2,358,174	213,333	–	–	2,571,507
At cost:					
Buildings	2,461,170	1,346,991	–	2,547	3,810,708
Plant and machinery	27,060,284	7,259,182	(1,136,288)	42,010	33,225,188
Computers	687,488	56,178	(69,965)	(7,805)	665,896
Tools and implements	1,971,559	552,120	–	(4,048)	2,519,631
Electrical installation	1,004,708	132,395	–	–	1,137,103
Air conditioners	328,170	28,969	–	–	357,139
Office equipment	175,239	59,670	–	1,013	235,922
Furniture and fittings	369,484	132,784	(1,263)	(27)	500,978
Renovation	353,432	50,700	–	23	404,155
Motor vehicles	1,066,217	443,791	(103,037)	(1,487)	1,405,484
	37,835,925	10,276,113	(1,310,553)	32,226	46,833,711

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals RM	End of year RM
2008:				
At 1997 valuation:				
Building	2,144,842	213,332	–	2,358,174
At cost:				
Buildings	1,443,350	1,017,820	–	2,461,170
Plant and machinery	21,642,025	5,633,109	(214,850)	27,060,284
Computers	618,084	69,404	–	687,488
Tools and implements	1,567,531	404,028	–	1,971,559
Electrical installation	871,501	133,207	–	1,004,708
Air conditioners	310,121	29,249	(11,200)	328,170
Office equipment	153,491	21,748	–	175,239
Furniture and fittings	248,790	120,694	–	369,484
Renovation	308,126	45,306	–	353,432
Motor vehicles	841,937	371,953	(147,673)	1,066,217
	30,149,798	8,059,850	(373,723)	37,835,925

	The Group 2009 RM	2008 RM
Net book value		
At 1997 valuation:		
Building	628,493	841,826
At cost:		
Buildings	16,630,718	16,719,767
Plant and machinery	47,179,249	39,282,178
Computers	127,409	177,422
Tools and implements	4,466,226	3,194,415
Electrical installation	626,444	758,840
Air conditioners	77,842	106,811
Office equipment	267,913	95,229
Furniture and fittings	831,325	849,455
Renovation	176,086	137,064
Motor vehicles	1,282,979	1,530,468
Construction-in-progress	–	–
	72,294,684	63,693,475

The revaluation of the Group's building in 1997 was based on the report of an independent firm of professional valuers using open market values on existing use basis. The surplus arising from the revaluation was credited to revaluation reserve.

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Had the building been carried at historical cost, the carrying amount of the revalued building would be as follows:

	The Group	
	2009	**2008**
	RM	**RM**
Cost	2,367,295	2,367,295
Accumulated depreciation	(1,902,347)	(1,744,527)
Carrying amount	464,948	622,768

As of December 31, 2009, certain property, plant and equipment of the Group with a total carrying value of RM16,285,738 (2008: RM17,561,593) are charged to a local licenced bank as securities for credit facilities granted to the Group as mentioned in Note 21.

As of December 31, 2009, the net carrying amounts of property, plant and equipment of the Group acquired under hire-purchase arrangements of which instalments are still outstanding are as follows:

	The Group	
	2009	**2008**
	RM	**RM**
Plant and machinery	12,449,356	15,464,734
Motor vehicles	440,950	890,831
	12,890,306	16,355,565

11. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2009	**2008**
	RM	**RM**
Short leasehold land:		
At beginning of year	3,852,634	3,936,844
Amortisation for the year	(84,212)	(84,210)
At end of year	3,768,422	3,852,634

The short leasehold land was revalued on September 23, 1997 based on the report of an independent firm of professional valuers using open market values on existing use basis. As allowed by transitional provisions, the Group retained the unamortised revalued amount as surrogate carrying amount of prepaid lease payments. Such prepaid lease payments shall be amortised over the remaining lease term.

As of December 31, 2009, the short leasehold land of the Group with a carrying value of RM3,768,422 (2008: RM3,852,634) is charged to a local licensed bank as security for credit facilities granted to the Group as mentioned in Note 21.

As of December 31, 2009, the unexpired lease period of the short leasehold land of the Group is 42 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2009

12. GOODWILL

	The Group	
	2009 RM	2008 RM
At cost:		
At beginning/end of year	25,252	25,252

13. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2009 RM	2008 RM
At cost:		
Unquoted shares	53,351,525	32,899,998

The subsidiaries are as follows:

	Country of incorporation	Principal activities	Percentage of ownership 2009	2008
Direct holdings				
Dufu Industries Sdn. Bhd.	Malaysia	Design, development, manufacture, assembly and trade of die components and precision machining of vice, computer peripherals and parts, for hard disk drive.	100%	100%
Futron Technology Limited [a]	Hong Kong	Trading of optics, magnetism driver and parts.	100%	–
I.P.G. Metal Industry (M) Sdn. Bhd.	Malaysia	Manufacture of precision steel moulds and parts and components for electronic equipment.	100%	100%
Indirect holdings				
Dufu Industries Services Pte. Ltd. [a] [b]	Singapore	Processing and trading of high quality computer disk-drive related components.	100%	100%
Futron Technology Co. Ltd. [a] [c]	People's Republic of China	Manufacturing and trading of optics, magnetism driver and parts.	100%	–

[a] The financial statements of these subsidiaries were audited by auditors other than the auditors of the Company.
[b] This company is wholly owned by Dufu Industries Sdn. Bhd.
[c] This company is wholly owned by Futron Technology Limited.

During the financial year ended December 31, 2008, the Company had entered into an agreement for the acquisition of the entire issued and paid-up share capital of Futron Technology Limited comprising 40,000,000 ordinary shares of HKD1 each for a total cash consideration of RM20 million. The acquisition was completed on January 23, 2009.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

The acquired subsidiaries have contributed the following results to the Group:

	The Group 2009 RM
Revenue	32,825,290
Profit for the year	5,849,050

If the acquisition of subsidiaries had occurred at beginning of year, the Group's revenue and profit for the year would be as follows:

	The Group 2009 RM
Revenue	116,642,112
Profit for the year	11,125,086

The assets and liabilities arising from the acquisitions are as follows:

	The Group 2009 RM
Property, plant and equipment	14,962,008
Inventories	4,402,835
Trade and other receivables	5,064,500
Fixed deposits with licensed banks	128,864
Cash and bank balances	1,240,444
Trade and other payables	(2,589,918)
Finance lease payables	(1,810,657)
Current tax liabilities	(711,763)
Group's share of net assets	20,686,313
Negative goodwill	(234,786)
Total purchase consideration (inclusive of direct attributable expenses)	20,451,527
Part payments for purchase consideration paid in previous financial year	(2,162,657)
Purchase consideration payable as of December 31, 2009	(3,000,000)
Cash and cash equivalents of subsidiaries acquired	(1,240,444)
Net cash outflow of the Group	14,048,426

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

14. OTHER INVESTMENTS

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
At cost:				
Investments in:				
Unit trusts	289,033	281,928	289,033	281,928
Club memberships	61,000	61,000	–	–
	350,033	342,928	289,033	281,928
Market value of:				
Unit trusts	289,033	282,749	289,033	282,749

15. INVENTORIES

	The Group	
	2009	2008
	RM	RM
Raw materials	6,936,179	6,137,600
Work-in-progress	3,169,040	2,810,926
Finished goods	9,444,774	13,128,980
Tools and instruments	1,693,782	1,678,674
	21,243,775	23,756,180

The cost of inventories recognised by the Group as an expense during the financial year was RM91,798,595 (2008: RM98,377,732).

16. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade receivables	35,591,238	22,713,188	–	–
Less: Allowance for doubtful debts	(70,968)	(85,968)	–	–
	35,520,270	22,627,220	–	–
Amount owing by subsidiaries	–	–	13,715,186	27,235,868
Other receivables	2,677,774	398,120	–	–
	38,198,044	23,025,340	13,715,186	27,235,868

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2009

16. TRADE AND OTHER RECEIVABLES (cont'd)

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables:				
United States Dollar	30,172,937	14,493,565	–	–
Hong Kong Dollar	2,818,589	–	–	–
Ringgit Malaysia	2,082,852	2,210,294	–	–
Singapore Dollar	445,892	5,921,658	–	–
Euro	–	1,703	–	–
	35,520,270	22,627,220	–	–
Amount owing by subsidiaries:				
Ringgit Malaysia	–	–	13,715,186	27,235,868
Other receivables:				
Renminbi	1,827,455	–	–	–
Ringgit Malaysia	622,711	398,120	–	–
United States Dollar	227,608	–	–	–
	2,677,774	398,120	–	–
	38,198,044	23,025,340	13,715,186	27,235,868

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted by the Company on sale of goods range from 30 to 270 days (2008: 30 to 120 days).

The amount owing by subsidiaries are as follows:

	The Company	
	2009 RM	2008 RM
Dufu Industries Sdn. Bhd.	9,116,699	22,577,381
I.P.G. Metal Industry (M) Sdn. Bhd.	4,538,487	4,658,487
Futron Technology Limited	60,000	–
	13,715,186	27,235,868

The amount owing by Futron Technology Limited arose from management fee receivable. The amounts owing by other subsidiaries arose mainly from unsecured advances which are interest free and are repayable on demand.

16. TRADE AND OTHER RECEIVABLES (cont'd)

Included in the following accounts of the Group as of December 31, 2009 are amounts owing by related parties as follows:

	The Group	
	2009	2008
	RM	RM
Trade receivables:		
Crest Focus Sdn. Bhd.[(a)]	315,000	9,000
ETI Tech (M) Sdn. Bhd.[(b)]	168,390	–
Seraimas Electronics Sdn. Bhd.[(a)]	–	20,629
Other receivables:		
Crest Focus Sdn. Bhd.[(a)]	36,856	–
Seraimas Electronics Sdn. Bhd.[(a)]	30,000	30,000

(a) Companies in which a director of these companies, Mr. Hsu, Chin-Shui, is also a director of the Company.
(b) A company in which certain directors of this company, Mr. Baqir Hussain Bin Hatim Ali, Mr. Khoo Lay Tatt and Mr. Lee Kah Kheng, are also directors of the Company.

17. OTHER ASSETS

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deposits	570,046	2,358,889	–	2,000,000
Prepaid expenses	472,355	837,296	–	162,657
	1,042,401	3,196,185	–	2,162,657

Included in other assets of the Group and of the Company as of December 31, 2008 was an amount of RM2,162,657 paid for the acquisition of Futron Technology Limited. The acquisition was completed on January 23, 2009 as disclosed in Note 13.

18. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
United States Dollar	2,649,526	6,997,232	–	–
Ringgit Malaysia	2,413,768	583,887	168,860	465,342
Renminbi	2,120,326	–	–	–
Singapore Dollar	81,832	220,403	–	–
Hong Kong Dollar	23,560	–	–	–
	7,289,012	7,801,522	168,860	465,342

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

19. SHARE CAPITAL

	The Company			
	2009		2008	
	No. of shares	RM	No. of shares	RM
Authorised:				
Ordinary shares of RM0.50 each	200,000,000	100,000,000	200,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of RM0.50:				
At beginning of year	120,000,000	60,000,000	90,000,000	45,000,000
Issued during the year:				
Bonus issue	–	–	30,000,000	15,000,000
At end of year	120,000,000	60,000,000	120,000,000	60,000,000

During the financial year ended December 31, 2008, the issued and paid-up ordinary share capital of the Company was increased from RM45,000,000 to RM60,000,000 by way of bonus issue of 30,000,000 new ordinary shares of RM0.50 each through capitalisation of RM12,034,276 and RM2,965,724 from the retained earnings and share premium accounts respectively on the basis of one new share for every three existing shares.

20. RESERVES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Distributable as cash dividends:				
Retained earnings	48,313,901	38,282,071	4,536,774	3,001,789
Non-distributable as cash dividends:				
Revaluation reserve	2,248,351	2,396,679	–	–
Foreign currency translation reserve	253,383	4,324	–	–
Reverse acquisition reserve	(24,110,002)	(24,110,002)	–	–
	26,705,633	16,573,072	4,536,774	3,001,789

Effective January 1, 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by December 31, 2013.

The Company has not made this election. The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt account to frank the payment of dividends out of its entire retained earnings as of December 31, 2009.

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of the Group's leasehold land and building, net of the related deferred tax liabilities.

The foreign currency translation reserve is used to record exchange differences arising on translation of foreign subsidiaries.

The reverse acquisition reserve arose from the business combination of the Company and Dufu Industries Sdn. Bhd., where the substance of the business combination is that Dufu Industries Sdn. Bhd. acquired the Company in a reverse acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

21. BORROWINGS

	The Group 2009 RM	The Group 2008 RM
Secured:		
Long-term loans	16,540,605	15,695,151
Hire-purchase payables	7,787,613	12,246,266
Bankers' acceptance	2,657,000	1,273,000
Revolving credit	770,000	770,000
Bank overdraft	–	1,018,919
Unsecured:		
Long-term loans	2,290,321	–
Trade loans	2,066,906	–
Bank overdrafts	1,905,134	–
Bankers' acceptance	–	1,600,000
	34,017,579	32,603,336
Less: Current portion	(14,205,938)	(11,282,065)
Non-current portion	19,811,641	21,321,271

The currency exposure profile of borrowings is as follows:

	The Group 2009 RM	The Group 2008 RM
Ringgit Malaysia	27,645,484	32,603,336
Hong Kong Dollar	4,195,455	–
Japanese Yen	1,334,404	–
United States Dollar	842,236	–
	34,017,579	32,603,336

The long-term loans are as follows:

	The Group 2009 RM	The Group 2008 RM
Amount outstanding	18,830,926	15,695,151
Less: Current portion	(2,366,035)	(1,492,439)
Non-current portion	16,464,891	14,202,712

21. BORROWINGS (cont'd)

The non-current portion of long-term loans is repayable as follows:

	The Group	
	2009	**2008**
	RM	**RM**
Later than one year and not later than two years	2,382,378	1,275,916
Later than two years and not later than five years	5,335,497	4,009,055
Later than five years	8,747,016	8,917,741
	16,464,891	14,202,712

The hire-purchase payables are as follows:

	The Group	
	2009	**2008**
	RM	**RM**
Total amount outstanding	8,637,198	13,548,514
Less: Interest-in-suspense outstanding	(849,585)	(1,302,248)
Principal outstanding	7,787,613	12,246,266
Less: Current portion	(4,440,863)	(5,127,707)
Non-current portion	3,346,750	7,118,559

The non-current portion of hire-purchase payables is repayable as follows:

	The Group	
	2009	**2008**
	RM	**RM**
Later than one year and not later than two years	2,439,451	4,217,586
Later than two years and not later than five years	907,299	2,893,718
Later than five years	–	7,255
	3,346,750	7,118,559

The long-term loans bear interest at a rate of 1.25% (2008: 1%) per annum below the lending bank's base lending rate. The bankers' acceptance bear interest at rates ranging from 0.75% to 1.25% (2008: 1.25%) above the lending banks' cost of funds. The revolving credit bears interest at a rate of 1.5% (2008: 1.5%) per annum above the lending bank's cost of funds. The bank overdrafts bear interest at a rate of 1.75% (2008: 1% to 1.75%) per annum above the lending banks' base lending rates. The trade loans bear interest at a rate of 1% per annum above the lending bank's cost of funds.

The effective interest rates per annum as of December 31, 2009 are as follows:

	The Group	
	2009	**2008**
	%	**%**
Long-term loans	4.3 & 5.75	5.5
Hire-purchase payables	7.56 – 7.61	4.55 – 9.77
Bankers' acceptance	2.35 – 3.75	3.6 to 5.25
Revolving credit	3.86	5.34
Bank overdrafts	6.75 & 7.3	7.75 to 8
Trade loans	6.9	Not applicable

21. BORROWINGS (cont'd)

The terms of hire-purchase range from 3 to 8.5 years. The bankers' acceptances are maturing within January 2010 to March 2010. The trade loans are maturing within February 2010 to April 2010.

The secured long-term loans and short-term borrowings are secured as follows:

a. legal charge over the Group's short leasehold land and building; and
b. corporate guarantees from the Company for RM19,967,605 (2008: RM18,757,070).

The Group's hire-purchase payables are secured by the financial institutions' charges over the assets under hire-purchase. Certain of the hire-purchase payables are also guaranteed by the Company for RM2,120,808 (2008: RM4,121,900)

The unsecured long-term loans have a special loan guarantee for RM1,897,019 (equivalent to HKD4,200,000) issued by the government of the Hong Kong Special Administrative Region, and are guaranteed by the Company for RM2,290,321. The other unsecured short-term borrowings are guaranteed by the Company for RM3,972,040 (2008: RM1,600,000).

22. DEFERRED TAX LIABILITIES

	The Group	
	2009 RM	2008 RM
At beginning of year	1,866,857	2,010,760
Recognised in equity:		
Effect of cumulative transfer of revaluation reserve resulting from the change in tax rates	41,594	–
Reduction in deferred tax on revaluation reserve resulting from the change in tax rates	–	(139,750)
Currency translation differences	(810)	–
Transfer from/ (to) income statements:		
Relating to the origination and reversal of temporary differences	216,780	40,847
Reduction in opening deferred tax resulting from the change tax rates	–	(45,000)
At end of year	2,124,421	1,866,857

A deferred tax income of RM34,220 (2008: RM34,220) was recognised by the Group by a transfer from the deferred tax liabilities of the Group to the income statements. This relates to the difference between the actual depreciation on the revalued properties and equivalent depreciation based on the cost of the properties of the Group. In addition, an amount of RM106,734 (2008: RM98,550) was transferred from revaluation reserve of the Group to retained earnings.

The deferred tax liabilities are in respect of the following:

	The Group	
	2009 RM	2008 RM
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	2,414,984	2,957,738
Others	(49,000)	(49,944)
Revaluation reserve	749,437	742,063
Unused reinvestment allowances	(899,000)	(1,552,000)
Unused tax capital allowances	(92,000)	(231,000)
	2,124,421	1,866,857

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

22. DEFERRED TAX LIABILITIES (cont'd)

As of December 31, 2009, deferred tax assets have not been recognised in respect of the following:

	The Group	
	2009 RM	2008 RM
Tax effects of:		
Unused reinvestment allowances	761,000	–
Unused tax capital allowances	140,000	–
Temporary differences arising from property, plant and equipment	(514,000)	–
	387,000	–

23. TRADE AND OTHER PAYABLES

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables:				
United States Dollar	4,314,239	4,417,872	–	–
Singapore Dollar	3,120,557	3,055,216	–	–
Ringgit Malaysia	1,393,003	581,157	–	–
Renminbi	972,435	–	–	–
Japanese Yen	421,632	–	–	–
Swiss Franc	–	20,274	–	–
	10,221,866	8,074,519	–	–
Amount owing to a director of subsidiaries:				
Ringgit Malaysia	3,000,000	–	–	–
Other payables:				
Ringgit Malaysia	3,199,847	3,213,102	3,000,830	11,004
Singapore Dollar	567,320	511,542	–	–
United States Dollar	229,868	306,926	–	–
Japanese Yen	30,789	339,492	–	–
Euro	(2,844)	(2,844)	–	–
	4,024,980	4,368,218	3,000,830	11,004
Accrued expenses:				
Ringgit Malaysia	1,995,765	2,047,250	33,000	33,000
Singapore Dollar	241,814	–	–	–
Hong Kong Dollar	74,497	–	–	–
Renminbi	5,160	–	–	–
United States Dollar	–	302,006	–	–
	2,317,236	2,349,256	33,000	33,000
	19,564,082	14,791,993	3,033,830	44,004

23. TRADE AND OTHER PAYABLES (cont'd)

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 120 days (2008: 30 to 120 days).

The amount owing to a director of certain subsidiaries, Mr. Wu Mao Yuan, comprises amount payable for the balance of the consideration payable for purchase of shares in a subsidiary.

Other payables comprise amounts outstanding for ongoing costs.

Included in the following accounts of the Group as of December 31, 2009 are amounts owing to related parties as follows:

	The Group	
	2009	**2008**
	RM	**RM**
Trade payables:		
Seraimas Electronics Sdn. Bhd. *	3,166	8,928
Other payables:		
Crest Focus Sdn. Bhd. *	–	28,000

* Companies in which a director of these companies, Mr. Hsu, Chin Shui, is also a director of the Company.

24. DIVIDEND

	The Company	
	2009	**2008**
	RM	**RM**
Declared and paid:		
Final dividend of 1 sen (2008: 1.5 sen) per ordinary share, tax exempt	1,200,000	1,350,000

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	7,289,012	7,801,522	168,860	465,342
Bank overdrafts	(1,905,134)	(1,018,919)	–	–
	5,383,878	6,782,603	168,860	465,342

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4,448,356 (2008: RM17,345,232) of which RM813,879 (2008: RM9,420,596) was acquired by means of hire-purchase while the balance of RM3,634,477 (2008: RM7,924,276) was paid by cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

26. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/ or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions and receivables and payables in foreign currencies arising from normal operating activities. The Group does not speculate in foreign currencies.

ii. Interest rate risk

The Group's exposure to changes in interest rate risk relates primarily to financing through borrowings. The Group ensures that it obtains borrowings at most competitive rates. The Group does not use derivative financial instruments to hedge its risk.

iii. Market risk

The Group has in place policies to manage the Group's exposure to fluctuation in the prices of the key raw materials used in the operations.

iv. Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial conditions and credit histories. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The maximum credit risk associated with recognised financial assets is the carrying amounts shown in the balance sheets.

v. Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

vi. Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

26. FINANCIAL INSTRUMENTS (cont'd)

b. Fair values

The carrying amounts and the estimated fair values of the Group and of the Company's financial instruments as of December 31, 2009 are as follows:

	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
The Group				
Investments in:				
Unit trusts	289,033	289,033	281,928	282,749
Club memberships	61,000	61,000	61,000	61,000
The Company				
Investment in unit trusts	289,033	289,033	281,928	282,749

The fair value of unit trusts is determined based on quoted market prices at balance sheet date. The fair value of investment in club memberships is estimated based on current membership entrance fees.

The carrying amounts of long-term loans and hire-purchase payables approximate fair values. The fair values of these financial liabilities are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

The fair values of other financial assets and other financial liabilities approximate their carrying amounts because of the short maturity of these instruments.

The fair value of contingent liability is nil as the possibility of outflow of resources is remote.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

27. RELATED PARTY TRANSACTIONS

Significant transactions between the Group and the Company and their related parties during the financial year were as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
With a subsidiary:				
Futron Technology Limited				
Management fee received	–	–	120,000	–
With other related parties:				
Top Expertise Enterprise Limited [(a)]				
Purchases	592,212	–	–	–
Sub-contract charges paid	211,452	–	–	–
Scrap sales	184,040	–	–	–
Crest Focus Sdn. Bhd. [(b)]				
Rental of premises	54,000	54,000	–	–
Sales	–	14,695	–	–
Seraimas Electronics Sdn. Bhd. [(b)]				
Purchases	43,885	14,096	–	–
Sales	5,720	21,700	–	–
ETI Tech (M) Sdn. Bhd. [(c)]				
Sales	14,151	–	–	–

[(a)] A company in which a former director of a subsidiary, Ms. Lee Su Hui-Fen, has substantial financial interest.

[(b)] Companies in which a director of these companies, Mr. Hsu, Chin-Shui, is also a director of the Company.

[(c)] A company in which certain directors of this company, Mr. Baqir Hussain Bin Hatim Ali, Mr. Khoo Lay Tatt and Mr. Lee Kah Kheng, are also directors of the Company.

28. LEASE COMMITMENTS

As of December 31, 2009, lease commitments pertaining to the Group in respect of rental of premises are as follows:

	The Group	
	2009	2008
	RM	RM
Not later than one year	199,800	168,874
Later than one year and not later than five years	194,566	223,506
	394,366	392,380

29. CAPITAL COMMITMENTS

As of December 31, 2009, the Group has the following commitments in respect of capital expenditure:

	The Group	
	2009 RM	2008 RM
Approved and contracted for:		
Purchase of plant and machinery	50,400	748,710
Purchase of investment in subsidiary company	–	18,000,000
	50,400	18,748,710

30. CONTINGENT LIABILITY

	The Company	
	2009 RM	2008 RM
Unsecured:		
Corporate guarantees given to local banks for credit facilities granted to subsidiaries	32,146,000	24,178,000

31. SEGMENT REPORTING

Business Segments

For management purposes, the Group is organised into the following business segments:

a. investment holdings;
b. manufacturing of industrial products (includes die components and precision machining of vice, computer peripherals and parts, for hard disk drive, precision steel moulds and parts and components for electronic equipment, and optics, magnetism drivers and parts); and
c. trading of high quality computer disk-drive related components.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

31. SEGMENT REPORTING (cont'd)

	Investment holdings RM	Manufacturing RM	Trading RM	Eliminations RM	Total RM
2009:					
Revenue					
External sales	9,709	28,965,134	87,667,269	–	116,642,112
Inter-segment revenue	4,120,000	73,732,388	1,385,723	(79,238,111)	–
Total revenue	4,129,709	102,697,522	89,052,992	(79,238,111)	116,642,112
Results					
Segment results	3,715,139	13,063,366	1,501,238	(3,333,983)	14,945,760
Investment revenue					66,155
Finance costs					(1,861,074)
Profit before tax					13,150,841
Tax expense					(2,025,745)
Profit for the year					11,125,096
Other information					
Capital additions	–	6,766,544	16,308	12,627,512	19,410,364
Depreciation and amortisation expense	–	10,315,003	45,322	–	10,360,325
Other non-cash expenses	–	698,820	–	214,826	913,646
Assets					
Segment assets	194,112	113,993,729	30,524,417	(789,668)	143,922,590
Income producing assets					289,033
Tax assets					187,902
Consolidated total assets					144,399,525
Liabilities					
Segment liabilities	3,033,830	13,147,119	5,202,994	(1,819,861)	19,564,082
Borrowings					34,017,579
Tax liabilities					4,112,231
Consolidated total liabilities					57,693,892

31. SEGMENT REPORTING (cont'd)

	Investment holdings RM	Manufacturing RM	Trading RM	Eliminations RM	Total RM
2008:					
Revenue					
External sales	15,585	38,024,393	83,440,297	–	121,480,275
Inter-segment revenue	2,240,000	66,495,522	2,380,334	(71,115,856)	–
Total revenue	2,255,585	104,519,915	85,820,631	(71,115,856)	121,480,275
Results					
Segment results	1,747,167	10,995,123	910,445	(1,473,502)	12,179,233
Investment revenue					93,157
Finance costs					(1,765,097)
Profit before tax					10,507,293
Tax expense					(708,820)
Profit for the year					9,798,473
Other information					
Capital additions	–	17,322,259	22,973	–	17,345,232
Depreciation and amortisation expense	–	8,096,140	47,920	–	8,144,060
Other non-cash expenses	–	120,219	–	–	120,219
Assets					
Segment assets	2,653,251	101,550,789	21,207,548	–	125,411,588
Income producing assets					281,928
Tax assets					141,742
Consolidated total assets					125,835,258
Liabilities					
Segment liabilities	44,004	10,169,458	4,578,531	–	14,791,993
Borrowings					32,603,336
Tax liabilities					1,866,857
Consolidated total liabilities					49,262,186

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2009

31. SEGMENT REPORTING (cont'd)

Geographical segments

The Group's operations are located in Malaysia, Hong Kong, People's Republic of China and Singapore. The Group's manufacturing activities are located in Malaysia, Hong Kong and People's Republic of China, and the trading activitites are located in Singapore.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	2009 RM	2008 RM
Thailand	49,176,170	38,255,441
Malaysia	34,139,584	44,256,132
People's Republic of China	18,754,007	17,118,980
Singapore	5,520,799	7,340,670
Others	9,051,552	14,509,052
	116,642,112	121,480,275

The following is an analysis of the carrying amounts of segment assets and capital additions by the geographical area in which the assets are located:

	2009		2008	
	Carrying amount of segment assets RM	Capital additions RM	Carrying amount of segment assets RM	Capital additions RM
Malaysia	85,557,927	3,279,438	104,204,040	17,322,259
Singapore	29,734,749	16,308	21,207,548	22,973
People's Republic China	24,225,052	16,114,618	–	–
Hong Kong	4,404,862	–	–	–
	143,922,590	19,410,364	125,411,588	17,345,232

STATEMENT BY DIRECTORS

The directors of **DUFU TECHNOLOGY CORP. BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia, so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2009 and of their results and cash flows for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

LEE, HUI-TA ALSO KNOWN AS LI HUI TA	**HSU, CHIN-SHUI**

Penang,

March 22, 2010

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LEE, HUI-TA ALSO KNOWN AS LI HUI TA**, the director primarily responsible for the financial management of **DUFU TECHNOLOGY CORP. BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **LEE, HUI-TA ALSO KNOWN AS LI HUI TA** at **GEORGETOWN** in the State of **PENANG** on March 22, 2010

Before me,

KARUPAYEE KAMALAM A/P R. MOTTAI
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT APRIL 30, 2010

Authorized	:	RM100,000,000.00
Issued and Fully paid-up	:	RM60,000,000.00
Class of Share	:	Ordinary Shares of RM0.50 each with equal voting rights
Number of Shareholders	:	3,190

DISTRIBUTION OF SHAREHOLDERS AS AT APRIL 30, 2010

Holdings	No. of Holders	Total Holdings	%
1 - 99	145	6,245	0.01
100 - 1,000	39	23,598	0.02
1,001 - 10,000	1,729	9,639,686	8.03
10,001 - 100,000	1,155	33,449,406	27.87
100,001 - 5,999,999	119	35,941,684	29.95
6,000,000 and above	3	40,939,381	34.12
Total	3,190	120,000,000	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT APRIL 30, 2010

	Name	Shareholdings	%
1.	Lee, Hui-Ta @ Li Hui Ta	20,922,135	17.44
2.	Kenanga Nominees (Asing) Sdn Bhd Qualifier: Pledged Securities Account for Hsu,Chin-Shui	10,500,000	8.75
3.	Wong Ser Yian	9,517,246	7.93
4.	Alliancegroup Nominees (Asing) Sdn Bhd Qualifier: Pledged Securities Account for Hsu Chin Shui (8052867)	3,000,000	2.50
5.	AIBB Nominees (Asing) Sdn. Bhd. Qualifier: Pledged Securities Account for Yong Poh Yow (M0005)	2,434,668	2.03
6.	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad for RHB Capital Fund (N14011200189)	1,343,100	1.12
7.	RHB Nominees (Tempatan) Sdn Bhd Qualifier: RHB Investment Management Sdn Bhd for Kumpulan Wang Persaraan (Diperbadankan)	1,200,000	1.00
8.	CIMSEC Nominees (Asing) Sdn Bhd Qualifier: CIMB Bank for Hsu,Chin-Shui (MP0097)	1,000,000	0.83
9.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt An for Morgan Stanley & Co. International Plc (Client)	973,333	0.81
10.	Chen, Ming-Lung	888,000	0.74
11.	Hsu, Chin-Shui	853,333	0.71
12.	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad for RHB Dynamic Fund (N14011200188)	770,000	0.64
13.	Pang Chau Lai	662,633	0.55
14.	Yen, Chien-Chang	550,000	0.46
15.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Sow Suu Tang (472629)	533,333	0.44
16.	Teo Yong Chuan @ Teo Yeng Hock	511,000	0.43
17.	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Wong Gah @ Wong See Yen (BSS PTLG-CL)	500,000	0.42
18.	RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Fong Jong Han (CEB)	500,000	0.42
19.	RHB Nominees (Tempatan) Sdn Bhd Qualifier: RHB Investment Management Sdn Bhd for Pertubuhan Kebangsaan Melayu Bersatu Atau Umno	500,000	0.42

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT APRIL 30, 2010 (cont'd))

	Name	Shareholdings	%
20.	Yu,Tsung-Te	480,000	0.40
21.	Lim Bee Kua	472,200	0.39
22.	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Felix Wong Khung Chui (E-PDG)	425,466	0.35
23.	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Gan Bee Ean	417,333	0.35
24.	Sri Suryani Binti Mohamed Razali	380,000	0.32
25.	Lim Toh Heok	355,900	0.30
26.	Eg Kaa Chee	347,733	0.29
27.	Chu Eng Hock	345,000	0.29
28.	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Hwang Then Foo @ Ng Thiam Hock	333,333	0.28
29.	Rabisah Bt Saidin	327,000	0.27
30.	Yong Say Kow @ Yong Tong Long	300,533	0.25

SUBSTANTIAL SHAREHOLDERS AS AT APRIL 30, 2010

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Lee, Hui-Ta @ Li Hui Ta	20,922,177	17.44	–	–
2.	Hsu, Chin-Shui	15,353,375	12.79	–	–
3.	Wong Ser Yian	9,517,246	7.93	–	–

DIRECTORS' SHAREHOLDINGS AS AT APRIL 30, 2010

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Lee, Hui-Ta @ Li Hui Ta	20,922,177	17.44	–	–
2.	Hsu, Chin-Shui	15,353,375	12.79	–	–
3.	Yong Poh Yow	2,434,668	2.03	–	–
4.	Lee Kah Kheng	–	–	–	–
5.	Baqir Hussain Bin Hatim Ali	–	–	–	–
6.	Khoo Lay Tatt	–	–	–	–

LIST OF PROPERTIES

OWNER-OCCUPIED PROPERTIES

Title /Location	Tenure/Date of expiry of lease	Description/Existing use (approximate age of building)	Land area/Built-up area	Net book value as at 31.12.2009	Date of last revalution
Registered Owner: DISB	60 years leasehold expiring 26.12.2051	Industrial complex - 1 single -storey office-cum-production building (19-12 years)	177,691 sq feet	3,768,422	1997
Land P.T.No. 1886 (Resurveyed lot 12354) held under Title No. H.S.(D) 11985, Mukim 12, Barat Daya, Penang.		- 1 double-storey office-cum-production building (5 years)	53,619 sq feet	3,221,526	
		- 1 three-storey production building (3 years)	65,811 sq feet	7,512,286	
Building: Plot 19 Free Industrial Zone, Phase IV, Bayan Lepas 11900 Penang.		- 1 three-storey office cum production building (2 year)	32,816 sq feet	5,551,925	
Registered Owner: Futron Ltd No 1, Gao Tin Industrial Zone, Tai Ping Town, Cong Hua City,.		- 1 three-storey production building (6 years)	41,383 sq feet	556,005	
		- 1 five-storey hostel (6 years)	21,348 sq feet	417,468	
			TOTAL:	21,027,632	

PROXY FORM

No of ordinary shares held

I/We ____
(*NRIC No./Company No. ______________________________) of ______________________________
____
being a *Member/Members of DUFU TECHNOLOGY CORP. BERHAD hereby appoint (Proxy 1) ____________________
______________________________ (*NRIC No./Passport No. ______________________________) of
______________________________ and*/ or failing him* (Proxy 2) ____________________
(*NRIC No./Passport No. ____________________) of ____________________ and*/or failing him*, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Room 2, Level 1, Vistana Hotel, 213 Jalan Bukit Gambir, Bukit Jambul, 11950 Penang on the Wednesday, 30 June 2010 at 9.00 a.m. and, at every adjournment thereof to vote as indicated below:

The proportions of my/our holdings to be represented by our proxy(ies) are as follows:

Proxy 1	-	%	In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on our behalf.
Proxy 2	-	%	
		100%	

*** Strike out whichever is inapplicable**

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of Directors' Fee of Amount up to RM216,000/- for the financial year ending December 31, 2010.		
2.	To declare a First and Final Tax Exempt Dividend of 1 Sen per share for the year ended 31 December 2009.		
	To re-elect the following Directors retiring under the Article 97(1) of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:		
3.	Lee, Hui-Ta also known as Li Hui Ta		
4.	Yong Poh Yow		
5.	To appoint Messrs. Crowe Horwath (Formerly known as Horwath) as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
6.	To pass the following resolution as Special Business: **Ordinary Resolution** Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.		

Signature of Shareholder(s) ……………………………………….

Signed this …......... day of…………………….……….., 2010.

Notes:

A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournments thereof.

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The Company Secretaries
DUFU TECHNOLOGY CORP. BERHAD **(581612-A)**
57- G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang, Malaysia

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DUFU TECHNOLOGY CORP. BERHAD (581612-A)

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conceptualised by I INTACT Group