



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612 A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (3rd Q)		Cumulative Quarter (9 months)	
	Current Period	Preceding Period	Current Period	Preceding Period
	Quarter	Corresponding	To Date	Corresponding
	Quarter	Quarter	Period	Period
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	90,989	75,953	258,711	212,312
Cost of sales	(58,926)	(49,813)	(169,831)	(145,329)
Gross profit	32,063	26,140	88,880	66,983
Other operating income	2,761	(1,795)	8,587	5,006
General and administrative expenses	(9,710)	(7,565)	(26,969)	(23,640)
Profit from operations	25,114	16,780	70,498	48,349
Finance costs	(63)	(149)	(243)	(544)
Share of results of associate, net of tax	384	198	1,281	652
Profit before tax	25,435	16,829	71,536	48,457
Income tax expense	(5,185)	(4,023)	(15,847)	(11,798)
Profit net of tax	20,250	12,806	55,689	36,659
Profit attributable to:				
Owners of the parent	20,250	12,856	55,689	36,899
Non-controlling interests	-	(50)	-	(240)
	20,250	12,806	55,689	36,659
Basic earnings per share (sen)	3.8	2.5	10.6	7.2
Diluted earnings per share (sen)	3.8	2.5	10.5	7.2

Basic and diluted earnings per share are calculated based on the weighted average of ordinary shares which has been adjusted for bonus issue retrospectively.

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020.

The accompanying notes are an integral part of this statement.



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Registration No. 200201013949 (581612 A)
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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (3rd Q)		Cumulative Quarter (9 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	20,250	12,806	55,689	36,659
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	744	1,595	4,172	2,521
Total comprehensive income for the period	20,994	14,401	59,861	39,180
Total comprehensive income attributable to:				
Owners of the parent	20,994	14,451	59,861	39,420
Non-controlling interests	-	(50)	-	(240)
	20,994	14,401	59,861	39,180

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020.

The accompanying notes are an integral part of this statement.



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Registration No. 200201013949 (581612 A)
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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (3rd Q)		Cumulative Quarter (9 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	63	149	243	544
(b) Interest income	(118)	(81)	(310)	(397)
(c) Depreciation and amortisation	2,612	2,641	7,902	7,838
(d) (Reversal of) or expected credit losses for receivables	-	-	-	-
(e) Provision for and write off of inventories	-	-	-	-
(f) (Gain)/Loss on disposal of property, plant and equipment	5	(50)	(4)	(50)
(g) Property, plant and equipment written off	-	(3)	-	-
(h) Realised foreign exchange (gain)/ loss	(1,242)	1,936	(2,591)	(99)
(i) Unrealised foreign exchange (gain)/ loss	78	1,646	(1,052)	(351)

The Notes to Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020.

The accompanying notes are an integral part of this statement.

**DUFU TECHNOLOGY CORP. BERHAD**200201013949 (Company No. 581612 A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 30 Sep 2021	(Audited) As at 31 Dec 2020
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	51,567	55,144
RIGHT-OF-USE ASSETS	15,410	15,438
INVESTMENT PROPERTIES	7,874	8,301
INVESTMENT IN ASSOCIATE	5,733	4,452
INVESTMENT IN CLUB MEMBERSHIP, AT COST	47	56
DEFERRED TAX ASSETS	1,476	559
	82,107	83,950
CURRENT ASSETS		
Inventories	61,140	53,990
Trade and other receivables	115,672	92,690
Current tax assets	442	313
Cash and bank balances	101,824	80,083
	279,078	227,076
TOTAL ASSETS	361,185	311,026
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	103,612	97,263
TREASURY SHARES	(3,452)	(3,452)
RESERVES	190,298	162,022
	290,458	255,833
NON- CONTROLLING INTERESTS	-	-
EQUITY FUNDS	290,458	255,833
NON-CURRENT LIABILITIES		
LOANS AND BORROWINGS	8,493	9,952
DEFERRED TAX LIABILITIES	1	1
	8,494	9,953
CURRENT LIABILITIES		
Loans and borrowings	9,525	7,594
Trade and other payables	38,783	30,982
Contract liability	662	901
Current tax liabilities	13,263	5,763
	62,233	45,240
TOTAL LIABILITIES	70,727	55,193
TOTAL EQUITY AND LIABILITIES	361,185	311,026
Net Assets per ordinary share (RM)	0.55	0.49

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 December 2020.

The accompanying notes are an integral part of this statement.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Nine Months Ended 30 September 2021

	← Attributable to owners of the Company →					Non-controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Other Reserves	Share Option Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 January 2021	97,263	(3,452)	(20,198)	2,560	179,660	255,833	-	255,833
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	55,689	55,689	-	55,689
Other comprehensive income for the period	-	-	4,172	-	-	4,172	-	4,172
	-	-	4,172	-	55,689	59,861	-	59,861
Transactions with owners:								
Dividends	-	-	-	-	(30,093)	(30,093)	-	(30,093)
Issue of shares pursuant to ESOS	4,055	-	-	-	-	4,055	-	4,055
Transfer from Share Options Reserve	2,294	-	-	(2,294)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	802	-	802	-	802
Total transactions with owners:	6,349	-	-	(1,492)	(30,093)	(25,236)	-	(25,236)
At 30 September 2021	103,612	(3,452)	(16,026)	1,068	205,256	290,458	-	290,458

Nine Months Ended 30 September 2020

	← Attributable to owners of the Company →					Non-controlling Interests	Total Equity	
	Share Capital	Treasury Shares	Other Reserves	Share Option Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 January 2020	87,735	(3,452)	(22,207)	2,427	149,865	214,368	429	214,797
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	36,899	36,899	(240)	36,659
Other comprehensive income for the period	-	-	2,521	-	-	2,521	-	2,521
	-	-	2,521	-	36,899	39,420	(240)	39,180
Transactions with owners:								
Dividends	-	-	-	-	(21,893)	(21,893)	-	(21,893)
Issue of shares pursuant to ESOS	5,931	-	-	-	-	5,931	-	5,931
Transfer from Share Options Reserve	3,081	-	-	(3,081)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	2,544	-	2,544	-	2,544
Acquisition of shares from non-controlling interests	-	-	-	-	(124)	(124)	(189)	(313)
Total transactions with owners:	9,012	-	-	(537)	(22,017)	(13,542)	(189)	(13,731)
At 30 September 2020	96,747	(3,452)	(19,686)	1,890	164,747	240,246	-	240,246

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 December 2020.

The accompanying notes are an integral part of this statement.

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(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(The figures have not been audited)

	9 months ended 30 Sep 2021	9 months ended 30 Sep 2020
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	71,536	48,457
Adjustments for:		
Amortisation of club membership	9	9
Depreciation	7,893	7,829
Interest income	(310)	(397)
Interest expense	243	544
(Gain)/Loss on disposal of property, plant and equipment	(4)	(50)
Share of results of associate	(1,281)	(652)
Share option granted under ESOS	802	2,544
Unrealised (gain)/loss on foreign exchange	(1,052)	(351)
Total adjustments	6,300	9,476
Operating cash flows before changes in working capital	77,836	57,933
Changes in working capital		
Net change in current assets	(30,072)	(4,527)
Net change in current liabilities	7,600	(2,335)
Total changes in working capital	(22,472)	(6,862)
Cash flows from operations	55,364	51,071
Tax paid	(9,450)	(7,580)
Net cash flow generated from operating activities	45,914	43,491
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,151)	(9,660)
Interest received	310	397
Proceeds from disposal of plant and equipment	55	93
Acquisition of shares from non-controlling interests	-	(312)
Net change on other investments	-	(3)
Net cash used in investing activities	(2,786)	(9,485)
FINANCING ACTIVITIES		
Repayment of term loans	(1,193)	(1,135)
Repayment of finance lease liabilities	(253)	(326)
Dividends paid to shareholders	(30,093)	(21,893)
Proceeds from issuance of shares	4,055	5,931
Interest paid	(243)	(544)
Net (repayment)/ drawdown of short term borrowings	1,913	(1,767)
Net cash used in financing activities	(25,814)	(19,734)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,314	14,272
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	80,083	43,500
Effects of exchange rate changes	4,426	2,243
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	101,823	60,015
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	85,827	52,696
Highly liquid investments in money market funds	184	-
Term deposits	15,812	7,319
	101,823	60,015

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Report for the year ended 31 December 2020.

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**INTERIM FINANCIAL REPORT
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NOTES TO THE INTERIM FINANCIAL REPORT

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

2. Significant accounting policies

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2020 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*

The adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group.

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The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

	Description	Effective for annual periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 128	Investments in Associates and Joint Ventures	Deferred
MFRS 17	Insurance Contracts	1 January 2023
MFRS 3	Reference to the Conceptual Framework	1 January 2022
MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020		
MFRS 108	Definition of Accounting Estimates (Amendment to Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
MFRS 101	Disclosure of Accounting Policies (Amendment to Presentation of Financial Statements)	1 January 2023
MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
MFRS 112	Deferred Tax related to Assets/ Liabilities arising from a Single Transaction	1 January 2023

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

3. Significant Accounting Estimates And Judgements

(a) Critical Judgements Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognized in the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key 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 are discussed below.

(i) Depreciation of plant and equipment

The cost of Computer Numerical Control ("CNC") machining is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within ten years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2020 was not subject to any audit qualification.

5. Seasonal or cyclical factors

The Group's business operations were not materially affected by any major seasonal or cyclical factors.

6. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial period.

7. Changes in estimates

There were no material changes in estimates of amount reported in prior interim period or financial period that have a material effect in the current year.



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NOTES TO THE INTERIM FINANCIAL REPORT

8. Debt and equity securities

There was no issuance or repayment of debt and equity securities, share buy-backs and share cancellations for the current financial period except for the following:

As at quarter ended 30 September 2021, a total of 5,834,000 new ordinary shares were issued pursuant to the exercise of the Company's Employees Share Options Scheme ("ESOS"). Details of the issued and paid up capital of the Company as at 30 September 2021 are as follows:

	No. of shares	RM'000
As at 1 January 2021	535,166,734	97,263
Ordinary Shares issued pursuant to the ESOS		
(i) Cash receipts from exercise of ESOS	5,834,000	4,055
(ii) Transfer from Share Options Reserve	-	2,294
As at 30 September 2021	541,000,734*	103,612

*Inclusive of 13,792,488 Ordinary Shares held as treasury shares.

9. Dividend paid

A single tier interim dividend of 2 sen per share for the financial year ending 31 December 2021 was paid on 24 September 2021.

10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current quarter under review and financial year-to-date.

11. Significant and subsequent events to the balance sheet date

There were no significant material and subsequent events at the end of the financial period ended 30 September 2021 that have not been reflected in the interim financial statements as at the date of this report.

12. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period to date.

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As at 30 September 2021, the Group has no material contingent liabilities save for corporate guarantee of RM87 million issued by the Company in respect of banking facilities granted to the subsidiary companies.

14. Related party transactions

The Board is of the opinion that there is no related party transaction which would have a material impact on the financial position and the business of the Group for the current financial year.

15. Segment reporting

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to single operating segment, namely precision machining of industrial products and manufacturing of high-quality computer disk-drive related components.

The segmental information of the Group is presented by geographical segments. The geographical segments are based on the location of the assets and these are:

- (i) Malaysia
- (ii) Singapore
- (iii) China

Segment information for the period ended 30 September 2021 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	225,295	212,601	43,737	(222,922)	258,711
EBDITA *	89,532	5,019	9,215	(25,366)	78,400
Depreciation	(5,777)	(54)	(2,071)	-	(7,902)
Profit from operation	83,755	4,965	7,144	(25,366)	70,498
Finance costs	(243)	-	-	-	(243)
Share of results of associate	1,281	-	-	-	1,281
PBT **	84,793	4,965	7,144	(25,366)	71,536
As at 30 September 2021					
Total assets	364,849	115,023	86,386	(205,073)	361,185
Total liabilities	67,504	83,669	19,360	(99,806)	70,727

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INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

Segment information for the period ended 30 September 2020 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	191,639	180,010	38,128	(197,465)	212,312
EBDITA *	43,485	4,002	9,113	(413)	56,187
Depreciation	(5,975)	(70)	(1,793)	-	(7,838)
Profit					
from operation	37,510	3,932	7,320	(413)	48,349
Finance costs	(537)	(7)	-	-	(544)
Share of results of associate	652	-	-	-	652
PBT **	37,625	3,925	7,320	(413)	48,457
As at 30 September 2020					
Total assets	295,607	97,099	68,552	(168,458)	292,800
Total liabilities	49,980	69,865	7,451	(74,742)	52,554

* EBDITA – Earnings/(Loss) Before Depreciation, Interest expenses, Tax and Amortisation

** PBT – Profit/(Loss) Before Tax

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REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A****16. Review of performance**

i) Comparison between current year quarter with corresponding quarter:

Current Year Quarter – 30 September 2021

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	79,967	75,046	17,582	(81,606)	90,989
EBDITA *	36,420	(150)	4,371	(12,915)	27,726
Depreciation	(1,944)	(18)	(650)	-	(2,612)
Profit					
from operation	34,476	(168)	3,721	(12,915)	25,114
Finance costs	(63)	-	-	-	(63)
Share of results of associate	384	-	-	-	384
PBT **	34,797	(168)	3,721	(12,915)	25,435

Preceding Year Quarter – 30 September 2020

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	66,659	64,919	12,579	(68,204)	75,953
EBDITA *	15,441	1,929	2,189	(138)	19,421
Depreciation	(1,951)	(24)	(666)	-	(2,641)
Profit					
from operation	13,490	1,905	1,523	(138)	16,780
Finance costs	(147)	(2)	-	-	(149)
Share of results of associate	198	-	-	-	198
PBT **	13,541	1,903	1,523	(138)	16,829

* EBDITA – Earnings/(Loss) Before Depreciation, Interest expenses, Tax and Amortisation

** PBT - Profit/(Loss) Before Tax

Group

Group revenue for the quarter ended 30 September 2021 was RM91.0 million compared with RM75.9 million for the quarter ended 30 September 2020, an increase of 19.8%. The increase in revenue was mainly due to the increase in volume loading by customers related to Hard Disk Drives (“HDD”) components. On top of this, the Group also registered a strong double-digit growth following the enormous demand for sheet metal welded assembly components and parts and the buoyant orders coming from control and sensors in the non-HDD segment.

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The Group's Profit Before Taxation for the quarter ended 30 September 2021 increased to RM25.4 million from RM16.8 million registered in the previous year corresponding financial quarter ended 30 September 2020. The increase in profit before taxation was mainly due to the increased in revenue, economies of scale and favorable product mix.

i. Comparison between current period with corresponding period:

Current Period – 30 September 2021

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	225,295	212,601	43,737	(222,922)	258,711
EBDITA *	89,532	5,019	9,215	(25,366)	78,400
Depreciation	(5,777)	(54)	(2,071)	-	(7,902)
Profit					
from operation	83,755	4,965	7,144	(25,366)	70,498
Finance costs	(243)	-	-	-	(243)
Share of results of associate	1,281	-	-	-	1,281
PBT **	84,793	4,965	7,144	(25,366)	71,536

Preceding Period - 30 September 2020

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	191,639	180,010	38,128	(197,465)	212,312
EBDITA *	43,485	4,002	9,113	(413)	56,187
Depreciation	(5,975)	(70)	(1,793)	-	(7,838)
Profit					
from operation	37,510	3,932	7,320	(413)	48,349
Finance costs	(537)	(7)	-	-	(544)
Share of results of associate	652	-	-	-	652
PBT **	37,625	3,925	7,320	(413)	48,457

* EBDITA - Earnings Before Depreciation, Interest expenses, Tax and Amortisation

** PBT - Profit/(Loss) Before Tax



DUFU TECHNOLOGY CORP. BERHAD

Registration No. 200201013949 (581612 A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

Group

The Group's revenue for the period ended 30 September 2021 was RM258.7 million compared with RM212.3 million for the period ended 30 September 2020, an increase of 21.9%. The increase in revenue was mainly due to the increase in volume loading by customers related to Hard Disk Drives ("HDD") components. On top of this, the Group also registered a strong double-digit growth following the enormous demand for sheet metal welded assembly components and parts and the buoyant orders coming from control and sensors in the non-HDD segment.

The Group's profit before taxation for the period ended 30 September 2021 increased to RM71.5 million from RM48.5 million registered in the previous financial period ended 30 September 2020. The increase in profit before taxation was mainly due to the increase in revenue and higher production output which has resulted in lower absorption fixed overhead costs in the current financial period as compared to the preceding period.

17. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	30.09.2021	30.06.2021	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	90,989	88,221	2,768	3.1
Profit before tax	25,435	20,289	5,146	25.4

Revenue for the quarter ended 30 September 2021 increased by RM2.8 million or 3.1% while profit before taxation increased by RM5.1 million or 25.4% for the current quarter as compared to the preceding quarter. The increase in profit before taxation was mainly due to the increase in revenue. In addition, the results in the preceding financial quarter were affected by the operational impact due to the production disruption arising from Covid-19 pandemic as mentioned in the Group's previous financial report quarterly announcement.

18. Prospects

The Group is seeing healthy order flow from existing customers, and coupled with confirmed orders from new customers. The demand from HDD business remains robust with cloud demand leading the charge to fuel the Group's growth. We are also positive on the Group's non-HDD segment as the semiconductor and tech hardware capital spending remains strong from domestic equipment exporters. All-in-all we are seeing strong visibility of orders for the final quarter of 2021 which should contribute positively towards the Group's full year earnings.

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On 10 and 11 July 2021, a total of 737 of the Group's employees were vaccinated as part of the Public-Private Partnership Immunisation Programme (PIKAS) initiated by the International Trade and Industry Ministry (MITI). On 4 October 2021, the Group were allowed to operate at 100% capacity as more than 80% of the total employees in Malaysia are fully vaccinated.

The Group will continue to adhere to all SOPs to safeguard the health and safety of all employees and to ensure its business continuity amid the ongoing Covid-19 pandemic. In addition to the existing SOP, all the employees working in the Malaysian plants are required to conduct the RTK Antigen Testing every two weeks as a proactive measure to curb the spread of Covid-19 virus amongst employees.

The Group continues to streamline its business structure, improve on its processes and optimize its operations. However, recent turn of events such as higher freight costs and energy prices along with power outages in China could stoke inflation world-wide. We are seeing a surge in the prices of titanium and aluminum recently, two of our commonly use raw materials which could impact our profitability going forward.

Based on the abovementioned mixed developments for the Group coupled with the associated risks on the unpredictability and uncertainty posed by Covid-19 pandemic on the Group's business operations, fluctuation in raw material prices and supply chain disruption, we are cautiously optimistic of the Group's financial performance in the coming fourth quarter of 2021.

19. Variance of actual profit from profit forecast

Not applicable.

20. Taxation

	Current Quarter 3 months ended 30 September 2021 RM'000	Year-to-date 9 months ended 30 September 2021 RM'000
Income tax		
Current year	5,504	17,302
Prior year	(552)	(552)
	4,952	16,750
Deferred tax		
Current year	233	(2,405)
Prior year	-	1,502
	5,185	15,847



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NOTES TO THE INTERIM FINANCIAL REPORT

21. Status on corporate proposals

There were no corporate proposals for the current financial period to date.

22. Group borrowings

The Group's borrowings as at the end of the reporting quarter are as follows:

	Short-term (Unsecured) RM'000	Short-term (Secured) RM'000	Long-term (Secured) RM'000	Total borrowings RM'000
Finance lease liabilities	-	306	450	756
Term loans	-	1,426	8,043	9,469
Bankers' acceptances	3,295	-	-	3,295
Revolving term loan	4,498	-	-	4,498
Total	<u>7,793</u>	<u>1,732</u>	<u>8,493</u>	<u>18,018</u>

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	12,225
US Dollar	5,793
Total borrowings	<u>18,018</u>

23. Derivatives financial instruments

There were no outstanding derivatives financial instruments entered into by the Group as at the date of this quarterly report.

24. Material litigation

There was no pending material litigation as at the date of this quarterly report.

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NOTES TO THE INTERIM FINANCIAL REPORT**25. Dividend**

A single tier interim dividend of 2.0 sen in respect of the financial year ending 31 December 2021 was paid on 24 September 2021. In the corresponding period, a single tier interim dividend of 1.25 sen in respect of the financial year ended 31 December 2020 was paid on 25 September 2020.

A single tier final dividend of 3.75 sen for the year ended 31 December 2020 was paid to shareholders on 16 June 2021. In the corresponding period, a single tier final dividend of 6 sen in respect of the financial year ended 31 December 2019 was paid to the shareholders on 15 July 2020.

26. Earnings per share

Earnings per share is calculated by dividing the net profit for the quarter/period by the weighted average number of ordinary shares during the financial quarter/period.

	3 Months Quarter Ended 30 September		9 Months Period Ended 30 September	
	2021	2020	2021	2020
Net profit attributable to shareholders (RM'000)	20,250	12,856	55,689	36,899
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	526,977	519,239	523,262	514,795
Basic earnings per share (sen)	3.8	2.5	10.6	7.2
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	529,891	515,597	529,264	515,153
Diluted earnings per share (sen)	3.8	2.5	10.5	7.2

** Basic and diluted earnings per share are calculated based on the weighted average of ordinary shares which has been adjusted for bonus issue retrospectively.*

DATED THIS 2nd DAY OF November, 2021