



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	94,026	85,687	352,737	297,999
Cost of sales	(62,851)	(49,677)	(232,682)	(195,006)
Gross profit	31,175	36,010	120,055	102,993
Other operating income	1,418	866	10,005	5,872
General and administrative expenses	(10,865)	(16,296)	(37,834)	(39,936)
Profit from operations	21,728	20,580	92,226	68,929
Finance costs	(86)	(161)	(329)	(705)
Share of results of associate, net of tax	791	400	2,072	1,052
Profit before tax	22,433	20,819	93,969	69,276
Income tax expense	(4,436)	(5,907)	(20,283)	(17,705)
Profit net of tax	17,997	14,912	73,686	51,571
Profit attributable to:				
Owners of the parent	17,997	14,912	73,686	51,811
Non-controlling interests	-	-	-	(240)
	17,997	14,912	73,686	51,571
Basic earnings per share (sen)	3.4	2.9	14.0	10.0
Diluted earnings per share (sen)	3.4	2.8	13.9	9.8

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 31 DECEMBER 2021

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	17,997	14,912	73,686	51,571
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	686	(512)	4,858	2,009
Total comprehensive income for the period	18,683	14,400	78,544	53,580
Total comprehensive income attributable to:				
Owners of the parent	18,683	14,400	78,544	53,820
Non-controlling interests	-	-	-	(240)
	18,683	14,400	78,544	53,580

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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NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	86	161	329	705
(b) Interest income	(365)	(91)	(675)	(488)
(c) Depreciation and amortisation	2,742	1,481	10,644	9,319
(d) (Reversal of) or expected credit losses for receivables	92	(560)	92	(560)
(e) Provision for and write off of inventories	196	468	196	468
(f) (Gain) on disposal of property, plant and equipment	(9)	(8)	(13)	(58)
(g) (Gain) on disposal of right-of-use assets	(59)		(59)	
(h) Property, plant and equipment written off	2	3	2	3
(i) Realised foreign exchange (gain)/loss	(130)	1,331	(2,721)	1,232
(j) Unrealised foreign exchange loss/(gain)	943	3,295	(109)	2,944

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.

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(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 31 Dec 2021	(Audited) As at 31 Dec 2020
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	78,454	55,144
RIGHT-OF-USE ASSETS	15,624	15,438
INVESTMENT PROPERTIES	7,731	8,301
INVESTMENT IN ASSOCIATE	7,755	4,452
INVESTMENT IN CLUB MEMBERSHIP, AT COST	44	56
DEFERRED TAX ASSETS	693	559
	<u>110,301</u>	<u>83,950</u>
CURRENT ASSETS		
Inventories	76,578	53,990
Trade and other receivables	113,753	92,690
Current tax assets	484	313
Cash and bank balances	85,010	80,083
	<u>275,825</u>	<u>227,076</u>
TOTAL ASSETS	<u>386,126</u>	<u>311,026</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	105,256	97,263
TREASURY SHARES	(3,452)	(3,452)
RESERVES	210,277	162,022
	<u>312,081</u>	<u>255,833</u>
NON- CONTROLLING INTERESTS	-	-
EQUITY FUNDS	<u>312,081</u>	<u>255,833</u>
NON-CURRENT LIABILITIES		
LOANS AND BORROWINGS	8,917	9,952
DEFERRED TAX LIABILITIES	1,188	1
	<u>10,105</u>	<u>9,953</u>
CURRENT LIABILITIES		
Loans and borrowings	9,134	7,594
Trade and other payables	47,719	30,982
Contract liability	404	901
Current tax liabilities	6,683	5,763
	<u>63,940</u>	<u>45,240</u>
TOTAL LIABILITIES	<u>74,045</u>	<u>55,193</u>
TOTAL EQUITY AND LIABILITIES	<u>386,126</u>	<u>311,026</u>
Net Assets per ordinary share (RM)	<u>0.59</u>	<u>0.49</u>

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 31 DECEMBER 2021**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Twelve Months Ended 31 December 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	-	-	-	-	73,686	73,686	-	73,686
Other comprehensive income for the period	-	-	4,858	-	-	4,858	-	4,858
	-	-	4,858	-	73,686	78,544	-	78,544
Transactions with owners:								
Dividends	-	-	-	-	(30,093)	(30,093)	-	(30,093)
Issue of shares pursuant to ESOS	5,105	-	-	-	-	5,105	-	5,105
Transfer from Share Options Reserve	2,888	-	-	(2,888)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	2,692	-	2,692	-	2,692
Total transactions with owners:	7,993	-	-	(196)	(30,093)	(22,296)	-	(22,296)
At 31 December 2021	105,256	(3,452)	(15,340)	2,364	223,253	312,081	-	312,081

Twelve Months Ended 31 December 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	-	-	-	-	51,811	51,811	(240)	51,571
Other comprehensive income for the period	-	-	2,009	-	-	2,009	-	2,009
	-	-	2,009	-	51,811	53,820	(240)	53,580
Transactions with owners:								
Dividends	-	-	-	-	(21,892)	(21,892)	-	(21,892)
Issue of shares pursuant to ESOS	6,085	-	-	-	-	6,085	-	6,085
Transfer from Share Options Reserve	3,443	-	-	(3,443)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	3,576	-	3,576	-	3,576
Acquisition of shares from non-controlling interests	-	-	-	-	(124)	(124)	(189)	(313)
Total transactions with owners:	9,528	-	-	133	(22,016)	(12,355)	(189)	(12,544)
At 31 December 2020	97,263	(3,452)	(20,198)	2,560	179,660	255,833	-	255,833

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.



**INTERIM FINANCIAL REPORT
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	12 months ended 31 Dec 2021	12 months ended 31 Dec 2020
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	93,969	69,276
Adjustments for:		
Amortisation of club membership	13	12
Depreciation	10,631	9,307
Expected/ (Reversal of) credit loss for receivables	92	(560)
Interest income	(675)	(488)
Interest expense	329	705
Inventories written (back)/down	196	468
Gain on disposal of property, plant and equipment	(13)	(58)
Gain on disposal of right-of-use assets	(59)	-
Plant and equipment written off	2	3
Loss in diluted of shares in associate	-	118
Share of results of associate	(2,072)	(1,052)
Share option granted under ESOS	2,692	3,576
Unrealised (gain)/loss on foreign exchange	(109)	2,944
Total adjustments	11,027	14,975
Operating cash flows before changes in working capital	104,996	84,251
Changes in working capital		
Net change in current assets	(44,232)	(5,351)
Net change in current liabilities	16,305	(1,062)
Total changes in working capital	(27,927)	(6,413)
Cash flows from operations	77,069	77,838
Tax paid	(18,535)	(14,915)
Net cash flow generated from operating activities	58,534	62,923
INVESTING ACTIVITIES		
Purchase of investment property	-	(315)
Purchase of property, plant and equipment	(31,925)	(10,329)
Increase investment in associate	(1,449)	-
Interest received	675	488
Proceeds from disposal of plant and equipment	53	98
Proceeds from disposal of right-of-use assets	198	-
Net cash used in investing activities	(32,448)	(10,058)
FINANCING ACTIVITIES		
Repayment of term loans	(1,613)	-
Repayment of finance lease liabilities	(580)	(470)
Dividends paid to shareholders	(30,093)	(21,893)
Change in ownership interest in subsidiary	-	(313)
Proceeds from issuance of shares	5,105	6,085
Net drawdown of term loan	767	-
Changes in bank balance pledged as security	-	(154)
Interest paid	(329)	(705)
Net (repayment)/ drawdown of short term borrowings	1,444	598
Net cash used in financing activities	(25,299)	(16,852)
NET INCREASE IN CASH AND CASH EQUIVALENTS	787	36,013
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	79,929	43,680
Effects of exchange rate changes	4,130	236
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	84,846	79,929
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	74,361	51,374
Highly liquid investments in money market funds	8,185	184
Term deposits	2,300	28,371
	84,846	79,929
Bank balance pledged as security	164	154
Cash and bank balances	85,010	80,083

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 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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 Group has also early applied the Amendment to MFRS16 *Covid-19-Related Rent Concessions beyond 30 June 2021* which is effective for annual periods beginning on or after 1 April 2021.

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 17	Initial Application of MFRS17 and MFRS 9 – Comparative Information	1 January 2023
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 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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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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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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 year ended 31 December 2021, a total of 7,345,000 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 31 December 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	7,345,000	5,105
(ii) Transfer from Share Options Reserve	-	2,888
As at 31 December 2021	542,511,734*	105,256

*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 and subsequent events at the end of the financial period ended 31 December 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 31 December 2021, the Group has no material contingent liabilities save for corporate guarantee of RM89.5 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 year ended 31 December 2021 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	310,079	286,370	62,787	(306,499)	352,737
EBDITA *	153,373	6,274	12,306	(69,083)	102,870
Depreciation	(7,747)	(125)	(2,772)	-	(10,644)
Profit from operation	145,626	6,149	9,534	(69,083)	92,226
Finance costs	(328)	(1)	-	-	(329)
Share of results of associate	2,072	-	-	-	2,072
PBT **	147,370	6,148	9,534	(69,083)	93,969
As at 31 December 2021					
Total assets	429,631	110,192	84,601	(238,298)	386,126
Total liabilities	70,550	90,400	12,181	(99,086)	74,045

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Segment information for the period ended 31 December 2020 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	268,888	251,105	54,006	(276,000)	297,999
EBDITA *	81,586	7,655	11,949	(22,942)	78,248
Depreciation	(6,322)	(96)	(2,901)	-	(9,319)
Profit from operation	75,264	7,559	9,048	(22,942)	68,929
Finance costs	(696)	(9)	-	-	(705)
Share of results of associate	1,052	-	-	-	1,052
PBT **	75,620	7,550	9,048	(22,942)	69,276
As at 31 December 2020					
Total assets	340,844	104,551	67,612	(201,981)	311,026
Total liabilities	69,065	75,222	10,036	(99,130)	55,193

* 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 – 31 December 2021

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	84,782	73,769	19,051	(83,576)	94,026
EBDITA *	63,840	1,255	3,092	(43,717)	24,470
Depreciation	(1,970)	(71)	(701)	-	(2,742)
Profit					
from operation	61,870	1,184	2,391	(43,717)	21,728
Finance costs	(85)	(1)	-	-	(86)
Share of results of associate	791	-	-	-	791
PBT **	62,576	1,183	2,391	(43,717)	22,433

Preceding Year Quarter – 30 December 2020

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	77,249	71,095	15,877	(78,534)	85,687
EBDITA *	38,101	3,653	2,836	(22,529)	22,061
Depreciation	(347)	(26)	(1,108)	-	(1,481)
Profit					
from operation	37,754	3,627	1,728	(22,529)	20,580
Finance costs	(159)	(2)	-	-	(161)
Share of results of associate	400	-	-	-	400
PBT **	37,995	3,625	1,728	(22,529)	20,819

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

** PBT – Profit/(Loss) Before Tax

Group

Group revenue for the quarter ended 31 December 2021 was RM94.0 million compared with RM85.7 million for the quarter ended 31 December 2020, an increase of 9.7%. 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

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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 quarter ended 31 December 2021 increased to RM22.4 million from RM20.8 million registered in the previous year corresponding financial quarter ended 31 December 2020. The increase in profit before taxation was mainly due to the increased in revenue.

i. Comparison between current period with corresponding period:

Current Year – 31 December 2021

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	310,079	286,370	62,787	(306,499)	352,737
EBDITA *	153,373	6,274	12,306	(69,083)	102,870
Depreciation	(7,747)	(125)	(2,772)	-	(10,644)
Profit					
from operation	145,626	6,149	9,534	(69,083)	92,226
Finance costs	(328)	(1)	-	-	(329)
Share of results of associate	2,072	-	-	-	2,072
PBT **	147,370	6,148	9,534	(69,083)	93,969

Preceding Year - 31 December 2020

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	268,888	251,105	54,006	(276,000)	297,999
EBDITA *	81,586	7,655	11,949	(22,942)	78,248
Depreciation	(6,322)	(96)	(2,901)	-	(9,319)
Profit					
from operation	75,264	7,559	9,048	(22,942)	68,929
Finance costs	(696)	(9)	-	-	(705)
Share of results of associate	1,052	-	-	-	1,052
PBT **	75,620	7,550	9,048	(22,942)	69,276

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

** PBT - Profit/(Loss) Before Tax



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NOTES TO THE INTERIM FINANCIAL REPORT

Group

The Group's revenue for the year ended 31 December 2021 was RM352.7 million compared with RM298.0 million for the year ended 31 December 2020, an increase of 18.4%. 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 year ended 31 December 2021 increased to RM94.0 million from RM69.3 million registered in the previous financial year ended 31 December 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 year as compared to the preceding year.

17. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	31.12.2021	30.09.2021	RM'000	%
	RM'000	RM'000		
Revenue	94,026	90,989	3,037	3.3
Profit before tax	22,433	25,435	(3,002)	(11.8)

Revenue for the quarter ended 31 December 2021 increased by RM3.0 million or 3.3% while profit before taxation decreased by RM3.0 million or 11.8% for the current quarter as compared to the preceding quarter. Despite the increase in revenue, the decreased in profit before taxation was mainly due to the unfavorable foreign exchange rates pertaining to the weakening of the USD against Ringgit towards 31 December 2021 fourth quarter end. The Group incurred total foreign exchange loss of RM0.8 million in current quarter as opposed to total foreign exchange gain of RM1.2 million in the preceding quarter. On top of this, the increase in raw material prices also affected the profitability reported in the quarter ended 31 December 2021.



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18. Prospects

The Group is seeing healthy order flow from its existing customers. The revenue stream from HDD remains positive 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 first quarter of year 2022 which should contribute positively towards the Group's earnings.

The Group is mindful of the emerging threat of Omicron wave and 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. 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 first quarter of 2022.

19. Variance of actual profit from profit forecast

Not applicable.

20. Taxation

	Current Quarter 3 months ended 31 December 2021 RM'000	Year-to-date 12 months ended 31 December 2021 RM'000
Income tax		
Current year	2,495	19,797
Prior year	(34)	(586)
	<hr/> 2,461	<hr/> 19,211
Deferred tax		
Current year	1,909	(497)
Prior year	66	1,569
	<hr/> 4,436	<hr/> 20,283

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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	-	364	655	1,019
Term loans	-	1,567	8,262	9,829
Bankers' acceptances	4,700	-	-	4,700
Revolving term loan	2,503	-	-	2,503
Total	<u>7,203</u>	<u>1,931</u>	<u>8,917</u>	<u>18,051</u>

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	9,722
US Dollar	7,328
RMB	655
SGD	346
Total borrowings	<u>18,051</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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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.

At the forthcoming Annual General Meeting, a single tier final dividend of 5.0 sen per ordinary share will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022. In the corresponding year, a single tier final dividend of 3.75 sen for the financial year ended 31 December 2020 was paid on 16 June 2021.

The total dividend per share to date for the current financial year is 7.0 sen (2020: 5.0 sen).

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		12 Months Period Ended	
	31 December		31 December	
	2021	2020	2021	2020
Net profit attributable to shareholders (RM'000)	17,997	14,912	73,686	51,811
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	528,349	521,374	524,544	516,768
Basic earnings per share (sen)	3.4	2.9	14.0	10.0
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	530,125	528,886	529,488	528,079
Diluted earnings per share (sen)	3.4	2.8	13.9	9.8

* 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 25th DAY OF FEBRUARY, 2022