



DUFU TECHNOLOGY CORP. BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED INCOME STATEMENTS

(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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	74,720	90,989	252,834	258,711
Cost of sales	(52,779)	(58,926)	(163,246)	(169,831)
Gross profit	21,941	32,063	89,588	88,880
Other operating income	7,830	2,761	19,713	8,587
General and administrative expenses	(8,742)	(9,710)	(27,741)	(26,969)
Profit from operations	21,029	25,114	81,560	70,498
Finance costs	(74)	(63)	(199)	(243)
Share of results of associate, net of tax	220	384	1,164	1,281
Profit before tax	21,175	25,435	82,525	71,536
Income tax expense	(4,757)	(5,185)	(18,532)	(15,847)
Profit net of tax	16,418	20,250	63,993	55,689
Profit attributable to:				
Owners of the parent	16,418	20,250	63,993	55,689
Non-controlling interests	-	-	-	-
	16,418	20,250	63,993	55,689
Basic earnings per share (sen)	3.1	3.8	12.1	10.6
Diluted earnings per share (sen)	3.1	3.8	12.1	10.5

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021.

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 2022

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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	16,418	20,250	63,993	55,689
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	828	744	2,572	4,172
Total comprehensive income for the period	17,246	20,994	66,565	59,861
Total comprehensive income attributable to:				
Owners of the parent	17,246	20,994	66,565	59,861
Non-controlling interests	-	-	-	-
	17,246	20,994	66,565	59,861

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021.

The accompanying notes are an integral part of this statement.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest expense	74	63	199	243
(b) Interest income	(204)	(118)	(299)	(310)
(c) Depreciation and amortisation	2,904	2,612	8,548	7,902
(d) Reversal of credit losses for receivables	(2)	-	(97)	-
(e) Provision for and write off of inventories	-	-	-	-
(f) (Gain)/Loss on disposal of property, plant and equipment	(117)	5	(117)	(4)
(g) (Gain) on disposal of right-of-use assets	-	-	-	-
(h) Property, plant and equipment written off	1	-	6	-
(i) Realised foreign exchange gain	(3,729)	(1,242)	(6,334)	(2,591)
(j) Unrealised foreign exchange (gain)/loss	(2,178)	78	(6,498)	(1,052)

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 2021.

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**DUFU TECHNOLOGY CORP. BERHAD**Registration No. 200201013949 (581612-A)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) As at 30 Sep 2022	(Audited) As at 31 Dec 2021
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	99,365	78,454
RIGHT-OF-USE ASSETS	15,203	15,624
INVESTMENT PROPERTIES	7,303	7,731
INVESTMENT IN ASSOCIATE	8,766	7,755
INVESTMENT IN CLUB MEMBERSHIP, AT COST	42	44
DEFERRED TAX ASSETS	605	693
	<u>131,284</u>	<u>110,301</u>
CURRENT ASSETS		
Inventories	111,577	76,578
Trade and other receivables	105,262	113,753
Current tax assets	360	484
Cash and bank balances	85,827	85,010
	<u>303,026</u>	<u>275,825</u>
TOTAL ASSETS	<u>434,310</u>	<u>386,126</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	106,557	105,256
TREASURY SHARES	(3,452)	(3,452)
RESERVES	238,308	210,277
	<u>341,413</u>	<u>312,081</u>
NON- CONTROLLING INTERESTS	-	-
EQUITY FUNDS	<u>341,413</u>	<u>312,081</u>
NON-CURRENT LIABILITIES		
LOANS AND BORROWINGS	36,282	8,917
DEFERRED TAX LIABILITIES	677	1,188
	<u>36,959</u>	<u>10,105</u>
CURRENT LIABILITIES		
Loans and borrowings	8,308	9,134
Trade and other payables	35,246	47,719
Contract liability	1,111	404
Current tax liabilities	11,273	6,683
	<u>55,938</u>	<u>63,940</u>
TOTAL LIABILITIES	<u>92,897</u>	<u>74,045</u>
TOTAL EQUITY AND LIABILITIES	<u>434,310</u>	<u>386,126</u>
Net Assets per ordinary share (RM)	0.64	0.59

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Report for the year ended 31 December 2021.

The accompanying notes are an integral part of this statement.



**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Nine Months Ended 30 September 2022

	← 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 2022	105,256	(3,452)	(15,340)	2,364	223,253	312,081	-	312,081
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	63,993	63,993	-	63,993
Other comprehensive income for the period	-	-	2,572	-	-	2,572	-	2,572
	-	-	2,572	-	63,993	66,565	-	66,565
Transactions with owners:								
Dividends	-	-	-	-	(39,706)	(39,706)	-	(39,706)
Issue of shares pursuant to ESOS	831	-	-	-	-	831	-	831
Transfer from Share Options Reserve	470	-	-	(470)	-	-	-	-
Share Options granted/ vested under ESOS	-	-	-	1,642	-	1,642	-	1,642
Total transactions with owners:	1,301	-	-	1,172	(39,706)	(37,233)	-	(37,233)
At 30 September 2022	106,557	(3,452)	(12,768)	3,536	247,540	341,413	-	341,413

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
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	-
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

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Report for the year ended 31 December 2021.

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(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

(The figures have not been audited)

	9 months ended 30 Sep 2022	9 months ended 30 Sep 2021
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	82,525	71,536
Adjustments for:		
Amortisation of club membership	2	9
Depreciation	8,546	7,893
Expected/ (Reversal of) credit loss for receivables	(97)	-
Interest income	(299)	(310)
Interest expense	199	243
Gain on disposal of property, plant and equipment	(117)	(4)
Plant and equipment written off	6	-
Share of results of associate	(1,164)	(1,281)
Share option granted under ESOS	1,642	802
Unrealised gain on foreign exchange	(6,498)	(1,052)
Total adjustments	2,220	6,300
Operating cash flows before changes in working capital	84,745	77,836
Changes in working capital		
Net change in current assets	(22,764)	(30,072)
Net change in current liabilities	(12,173)	7,600
Total changes in working capital	(34,937)	(22,472)
Cash flows from operations	49,808	55,364
Tax paid	(14,389)	(9,450)
Net cash flow generated from operating activities	35,419	45,914
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(29,021)	(3,151)
Interest received	299	310
Proceeds from disposal of plant and equipment	150	55
Net cash used in investing activities	(28,572)	(2,786)
FINANCING ACTIVITIES		
Repayment of term loans	(1,403)	(1,193)
Repayment of finance lease liabilities	(198)	(253)
Dividends paid to shareholders	(39,706)	(30,093)
Proceeds from issuance of shares	831	4,055
Net drawdown of term loan	29,192	-
Changes in bank balance pledged as security	-	-
Interest paid	(199)	(243)
Net (repayment)/ drawdown of short term borrowings	(928)	1,913
Net cash used in financing activities	(12,411)	(25,814)
NET (DECREASE)/ INCREASE IN CASH AND CASH CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(5,564)	17,314
Effects of exchange rate changes	6,382	4,426
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	85,664	101,823
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	84,577	85,666
Highly liquid investments in money market funds	1,087	184
Term deposits	-	15,812
Bank balance pledged as security	163	161
Cash and bank balances	85,827	101,823

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Report for the year ended 31 December 2021.

The accompanying notes are an integral part of this statement.



DUFU TECHNOLOGY CORP. BERHAD

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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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 2021. 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 2021.

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 2021 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 January 2022:

(i) Amendments/Improvements to MFRSs

MFRS 3	Reference to the Conceptual Framework
MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

(ii) Annual Improvements to MFRS Standards 2018-2020

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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NOTES TO THE INTERIM FINANCIAL REPORT

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 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 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 and 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.

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.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

NOTES TO THE INTERIM FINANCIAL REPORT

(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 2021 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 30 September 2022, a total of 1,195,000 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 2022 are as follows:

	No. of shares	RM'000
As at 1 January 2022	542,511,734	105,256
Ordinary Shares issued pursuant to the ESOS		
(i) Cash receipts from exercise of ESOS	1,195,000	831
(ii) Transfer from Share Options Reserve	-	470
As at 30 September 2022	543,706,734*	106,557

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

9. Dividend paid

A single tier interim dividend of 2.5 sen per share for the year ending 31 December 2022 was paid on 23 September 2022.

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 30 September 2022 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 2022, the Group has no material contingent liabilities save for corporate guarantee of RM90.0 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 30 September 2022 are as follows:

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	215,910	200,161	47,420	(210,657)	252,834
EBDITA *	107,822	8,623	9,156	(35,493)	90,108
Depreciation	(6,119)	(83)	(2,346)	-	(8,548)
Profit from operation	101,703	8,540	6,810	(35,493)	81,560
Finance costs	(189)	(10)	-	-	(199)
Share of results of associate	1,164	-	-	-	1,164
PBT **	102,678	8,530	6,810	(35,493)	82,525
As at 30 September 2022					
Total assets	432,945	104,691	116,151	(219,477)	434,310
Total liabilities	58,556	75,183	38,473	(79,315)	92,897

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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

* 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 2022

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	63,394	54,519	12,993	(56,186)	74,720
EBDITA *	33,248	1,537	2,486	(13,338)	23,933
Depreciation	(2,078)	(27)	(799)	-	(2,904)
Profit					
from operation	31,170	1,510	1,687	(13,338)	21,029
Finance costs	(71)	(3)	-	-	(74)
Share of results of associate	220	-	-	-	220
PBT **	31,319	1,507	1,687	(13,338)	21,175

Preceding 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

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

** PBT – Profit/(Loss) Before Tax

Group

Group revenue for the quarter ended 30 September 2022 was RM74.7 million compared with RM91.0 million for the quarter ended 30 September 2021, a decrease of 17.9%. The decrease in revenue was mainly due to the decrease in revenue related to Hard Disk Drives (“HDD”) components.

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The Group's Profit Before Taxation for the quarter ended 30 September 2022 decreased to RM21.2 million from RM25.4 million registered in the previous year corresponding financial quarter ended 30 September 2021. The decrease in profit before taxation was mainly due to the decreased in revenue in HDD components.

i. Comparison between current period with corresponding period:

Current Period – 30 September 2022

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	215,910	200,161	47,420	(210,657)	252,834
EBDITA *	107,822	8,623	9,156	(35,493)	90,108
Depreciation	(6,119)	(83)	(2,346)	-	(8,548)
Profit					
from operation	101,703	8,540	6,810	(35,493)	81,560
Finance costs	(189)	(10)	-	-	(199)
Share of results of associate	1,164	-	-	-	1,164
PBT **	102,678	8,530	6,810	(35,493)	82,525

Preceding 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

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

** PBT - Profit/(Loss) Before Tax



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

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NOTES TO THE INTERIM FINANCIAL REPORT

Group

The Group's revenue for the period ended 30 September 2022 was RM252.8 million compared with RM258.7 million for the period ended 30 September 2021, a decrease of 2.3%. The decrease in revenue was mainly due to inventory correction by customers related to Hard Disk Drives ("HDD") components in the third quarter of this financial year end.

The Group's profit before taxation for the period ended 30 September 2022 increased to RM82.5 million from RM71.5 million registered in the previous financial period ended 30 September 2021. Despite the slight drop in revenue, the increase in profit before taxation was mainly due to the continual strengthening of the United States (US) Dollar against other currencies.

17. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	30.09.2022	30.06.2022		
	RM'000	RM'000	RM'000	%
Revenue	74,720	91,785	(17,065)	(18.6)
Profit before tax	21,175	37,608	(16,433)	(43.7)

Revenue for the quarter ended 30 September 2022 decreased by RM17.1 million or 18.6% while profit before taxation decreased by RM16.4 million or 43.7% for the current quarter as compared to the preceding quarter. The decreased in profit before taxation was mainly due to the decreased in revenue and lower production output which has resulted in higher fixed absorption overhead costs in the current financial quarter as compared to the preceding quarter.

18. Prospects

Demand for Hard Disk Drive (HDD) has deteriorated throughout the current quarter with our major customers revising their outlook of late. Based on the forecast in hand, we foresee HDD demand will continue to remain weak inline with our recent industry checks suggesting inventory adjustments will likely continue at least for the next quarter towards end of 2022. On top of that, demand is seasonally weak in the first-quarter of 2023.

The Group's non-HDD revenue segment remains resilient with growth expected as the semiconductor and medical related equipment capital spending remains strong. However, due to the weighting from the HDD revenue, we are expecting the Group's revenue to wane towards the final quarter of 2022.



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We are expecting a prolong weakness beyond this financial quarter reporting as weakening in demand and inventory correction intensified in line with the financial guidance by major semiconductor multinational conglomerates. The attributable factors to the current global conjuncture are the intensifying interest rates in United States (“USA”) to subdue rampant inflation worldwide, the continuing lockdowns in China, weaknesses in Europe and the ongoing Russia and Ukraine conflict. An escalation of the trade war between USA and China which includes stopping the transfer of advanced chip technologies to China may threaten a wider spillover of its effects on the supply chain of the chip-based semiconductor equipment and its related peripherals.

In order to cope with the associated risks on the unpredictability and uncertainty posed by various challenges arising from the above-mentioned events, the Group will be cautious in its operation and capital spending. We are expecting a satisfactory financial performance for the financial year ending 2022 although the final quarter results at the close of the financial year is anticipated to be weaker than the previous year’s financial quarter end.

19. Variance of actual profit from profit forecast

Not applicable.

20. Taxation

	Current Quarter 3 months ended 30 September 2022 RM’000	Year-to-date 9 months ended 30 September 2022 RM’000
Income tax		
Current year	4,656	18,958
Prior year	-	-
	4,656	18,958
Deferred tax		
Current year	101	(426)
Prior year	-	-
	4,757	18,532

21. Status on corporate proposals

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



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NOTES TO THE INTERIM FINANCIAL REPORT

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	-	331	450	781
Term loans	-	1,488	35,832	37,320
Bankers' acceptances	-	-	-	-
Revolving term loan	6,489	-	-	6,489
Total	6,489	1,819	36,282	44,590

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	8,220
US Dollar	6,489
RMB	29,549
SGD	332
Total borrowings	44,590

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.

25. Dividend

A single tier interim dividend of 2.5 sen in respect of the financial year ending 31 December 2022 was paid on 23 September 2022. In the corresponding period, a single tier interim dividend of 2.0 sen in respect of the financial year ended 31 December 2021 was paid on 24 September 2021.

A single tier final dividend of 5 sen for the year ended 31 December 2021 was paid to shareholders on 16 June 2022. In the corresponding period, a single tier final dividend of 3.75 sen in respect of the financial year ended 31 December 2020 was paid to the shareholders on 16 June 2021.

The total dividend per share to date for the current financial period is 7.5 sen (2021: 5.75 sen).

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FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

NOTES TO THE INTERIM FINANCIAL REPORT**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		9 Months Period Ended	
	30 September		30 September	
	2022	2021	2022	2021
Net profit attributable to shareholders (RM'000)	16,418	20,250	63,993	55,689
Weighted average number of ordinary shares in issue ('000) for basic earnings per share	529,914	526,977	529,329	523,262
Basic earnings per share (sen)	3.1	3.8	12.1	10.6
Weighted average number of ordinary shares in issue ('000) for diluted earnings per share	530,585	529,891	530,393	529,264
Diluted earnings per share (sen)	3.1	3.8	12.1	10.5

DATED THIS 1st DAY OF NOVEMBER, 2022