

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134, “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and Issuers Communication No. 1/2017 – Guidance on Disclosures in Notes to Quarterly Report issued by Bursa Securities. This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

**A2. Adoption of Revised Financial Reporting**

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2020, except for the adoption of the following Amendments and Annual improvement to Standards that came into effect for periods beginning on or after 1 January 2021:-

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

The initial applications of the above do not have any material financial impacts to the financial statements of the Group.

The following Standards were issued but not yet effective and have not been adopted by the Group:

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

**A3. Auditors’ Report on Preceding Annual Financial Statements**

The preceding annual financial statements of the Group were reported on without any qualification.

**A4. Comments about Seasonal or Cyclical Factors**

The business of the Group is not affected by any significant seasonal or cyclical factors.

**A5. Changes in Estimates**

There was no significant change in estimates of amounts reported in prior financial years which have a material effect in the current quarter and period ended 30 June 2021.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**A6. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter and period ended 30 June 2021.

**A7. Dividend**

The dividend paid during the quarter and period ended 30 June 2021 is disclosed in Note B11.

**A8. Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment for the current quarter and period ended 30 June 2021.

**A9. Debt and Equity Securities**

During the current quarter and period ended 30 June 2021, the Company has:

- (a) Issued new ordinary shares arising from the exercise of options under the Company's Employees' Share Option Scheme ("ESOS") as follows:-

	<b>Issue Price per share</b>	<b>Current Year Quarter Ended 30 June 2021 No of shares</b>	<b>Current Year Period Ended 30 June 2021 No of shares</b>
	<b>RM</b>		
Exercise of ESOS	0.170	1,520,000	1,619,000
Exercise of ESOS	0.280	2,594,500	6,053,400
Exercise of ESOS	0.300	310,000	2,271,000
Exercise of ESOS	0.495	1,545,000	3,451,000
Exercise of ESOS	0.725	3,768,700	9,398,200
Exercise of ESOS	0.740	2,442,000	3,237,000
Exercise of ESOS	3.810	955,500	955,500
Total		<u>13,135,700</u>	<u>26,985,100</u>

The new ordinary shares rank pari passu with the existing ordinary shares of the Company.

Other than the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity security during the current quarter and period ended 30 June 2021.

**A10. Segmental Information**

The Group operates primarily in the semiconductor industry. Geographical segmental information is as follows:

<b>Current Year Year-To-Date 30 June 2021</b>	<b>Asia RM'000</b>	<b>Europe RM'000</b>	<b>USA RM'000</b>	<b>Others RM'000</b>	<b>Group RM'000</b>
Revenue	290,259	85,233	28,424	10,388	414,304
Segment assets	816,086	52,468	2,426	-	870,980
Capital expenditure	<u>65,666</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>65,685</u>
<b>Preceding Year Year-To-Date 30 June 2020</b>	<b>Asia RM'000</b>	<b>Europe RM'000</b>	<b>USA RM'000</b>	<b>Others RM'000</b>	<b>Group RM'000</b>
Revenue	141,446	46,476	15,438	3,991	207,351
Segment assets	588,837	29,764	2,168	-	620,769
Capital expenditure	<u>18,650</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>18,782</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter and period ended 30 June 2021 except for:

(a) Incorporation of a new Joint Venture Company, Domi-Star Optoelectronics Corporation

Dominant Opto Technologies Sdn Bhd (“Dominant”), an 90% subsidiary of the Company, had on 10 May 2021 jointly incorporated a new 51%:49% Joint Venture Company with Lighting Investment Corporation, a wholly-owned subsidiary of Epistar Corporation (“Epistar”) known as 耀明光電股份有限公司, or Domi-Star Optoelectronics Corporation (“Domi-Star”) under the Taiwan Companies Act. Domi-Star, with an initial issued and paid-up capital of NTD1,000,000, shall be involved in the design, development, purchase and sales of LED chips for the automotive and other lighting applications.

**A12. Capital Commitments**

Capital commitments authorised but not provided for in the financial statements are as follows:

	<b>As at 30 June 2021 RM’000</b>	<b>As at 31 December 2020 RM’000</b>
Purchase of property, plant and equipment	<u>131,925</u>	<u>60,696</u>

**A13. Changes in Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets as at 30 June 2021.

**A14. Significant Event During the Reporting Period**

The significant event during the current quarter and period ended 30 June 2021 is as follows:

(a) Acquisition of additional approximately 0.205% equity interests in Dominant Opto Technologies Sdn Bhd (“Dominant”), resulting in Dominant becoming a 90%-owned subsidiary of the Company

The Company had on 18 June 2021 entered into a Share Purchase Agreement to purchase 225,000 ordinary shares or approximately 0.205% of the issued and paid-up share capital of Dominant from related party shareholders for RM12,748,500 in cash. The acquisition was completed on 3 August 2021 after the transfer of shares were registered and updated in the Register of Members of Dominant. D&O shareholding in Dominant has since increased to 99,000,000 ordinary shares or 90% of the issued and paid-up capital of Dominant.

**A15. Significant Events After the Reporting Period**

There was no significant event subsequent to the end of the financial period reported up to 19 August 2021, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements except for:-

(a) Offer by the Company to purchase 100% equity interest in Syntronixs Asia Sdn Bhd

On 9 August 2021, the Company offered (“Offer”) to acquire 100% equity interest, comprising 10,950,000 ordinary shares, in Syntronixs Asia Sdn Bhd (“Syntronixs”) from the existing shareholders of Syntronixs for an aggregate purchase consideration of RM55,000,000. The Offer, which was valid for three (3) Business Days from the date of the Offer, was fully accepted on 11 August 2021.

The Company is granted a 60-day exclusive period from 11 August 2021 to enter into a definitive Share Purchase Agreement (“SPA”).

The offer to purchase does not include the outstanding 1,095 Irredeemable Convertible Preference Shares (“ICPS”) issued by Syntronixs on 4 August 2021. These ICPS, which have a tenure of seven (7) years, are held by the Vendors, and will continue to be held by the Vendors, after the completion of the SPA.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**A15. Significant Events After the Reporting Period (Cont'd)**

The ICPS holders are entitled to a once-a-year profit distribution equivalent to a prescribed percentage of the Available Distributable Profits of Syntronixs commencing from 2022. The Available Distributable Profits shall be calculated based on the audited profit after tax of Syntronixs for the preceding year, after adjusting for certain non-operating income and/or expenses, including investment gain or loss, if any.

The prescribed percentage of the Available Distributable Profits to be distributed to the ICPS holders in each year of the tenure is as follows:

<b>Financial Year</b>	<b>Prescribed Percentage</b>	<b>Year of Payment</b>
2021	100%	2022
2022	60%	2023
2023	60%	2024
2024	50%	2025
2025	50%	2026
2026	40%	2027

Under the terms of the Offer, the Company shall on completion of the SPA, enter into a call option agreement (“Option Agreement”) with the holders of the ICPS, whereby the Company shall have the option to purchase the 1,095 ICPS at RM1 each from the Vendors within one month before the maturity of the ICPS.

**(b) Preventive shut down of factory to curb the spread of Covid-19 virus**

Under the Directive of Malaysian Ministry of Health (“MoH”), Dominant’s factory was shut from 8 July 2021 to 18 July 2021 and 9 August 2021 to 23 August 2021 to curb the spread of the Covid-19 virus.

**A16. Significant Related Party Transaction**

The Group carried out the following significant transactions with related parties during the current quarter and period ended 30 June 2021.

	<b>Current Year Quarter Ended 30 June 2021 RM'000</b>	<b>Preceding Year Quarter Ended 30 June 2020 RM'000</b>	<b>Current Year Period Ended 30 June 2021 RM'000</b>	<b>Preceding Year Period Ended 30 June 2020 RM'000</b>
Purchases	69,083	26,662	128,135	55,591
Rental	57	47	114	94

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021  
PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD  
LISTING REQUIREMENTS

B1. Operating Segment review

2Q Year-on-Year Earnings Performance Review

	Current Year Quarter Ended 30 June 2021 (RM mil)	Preceding Year Quarter Ended 30 June 2020 (RM mil)	% Change
<b>Revenue</b>			
- Automotive	203.85	85.84	137.5%
- Non-Automotive	4.79	3.32	44.3%
	<b>208.64</b>	<b>89.16</b>	<b>134.0%</b>
Gross Profit	63.79	21.20	200.9%
<i>Gross margin</i>	<b>30.6%</b>	<b>23.8%</b>	
Net Other Expense	(2.88)	(2.55)	12.9%
Distribution expenses	(1.81)	(0.97)	86.6%
Administrative expenses	(14.95)	(10.82)	38.2%
R&D expenses	(6.67)	(5.09)	31.0%
Finance costs	(0.50)	(0.78)	-35.9%
<b>PBT</b>	<b>36.98</b>	<b>0.99</b>	<b>3,635.4%</b>
Income Tax	(6.89)	(0.20)	3,345.0%
<b>Net Profit</b>	<b>30.09</b>	<b>0.79</b>	<b>3,708.9%</b>
<b>Significant other income/(expense) items</b>			
Gain/(loss) on foreign exchange	0.32	(1.29)	-24.8%
Gain on derivatives	0.38	-	NM
ESOS	(2.19)	(0.27)	711.1%
Inventory impairment	(1.53)	(0.64)	139.1%
Government subsidy	0.55	0.23	139.1%

Revenue in the current quarter increased 134% to RM208.6 million from RM89.2 million in the same quarter last year. The robust revenue growth was underpinned by increasingly strong demand for the Group's automotive LED, coupled with a low-base effect. Revenue in the second quarter last year was adversely affected by mandatory plant shutdown during MCO 1.0.

Higher sales volume and capacity utilisation, together with better cost management and productivity gains lifted gross margin by 6.8% to 30.6%, resulting in a 201% increase in gross profit to RM63.8 million. Pre-tax profit surged more than 36-fold from RM1.0 million to RM37.0 million on a slower rate of increase (when compared to gross profit growth rate) in operating expenses and net other expenses, and lower finance costs.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**B1. Operating Segment review (Cont'd)**

**1H Year-on-Year Earnings Performance Review**

	<b>Current Year Period Ended 30 June 2021 (RM mil)</b>	<b>Preceding Year Period Ended 30 June 2020 (RM mil)</b>	<b>% Change</b>
<b>Revenue</b>			
- Automotive	406.32	201.30	101.8%
- Non-Automotive	7.98	6.05	31.9%
	<b>414.30</b>	<b>207.35</b>	<b>99.8%</b>
Gross Profit	125.15	51.42	143.4%
<i>Gross margin</i>	<b>30.2%</b>	<b>24.8%</b>	
Net Other Expense	(6.26)	(6.42)	-2.5%
Distribution expenses	(4.01)	(2.77)	44.8%
Administrative expenses	(28.97)	(23.95)	21.0%
R&D expenses	(12.22)	(10.13)	20.6%
Finance costs	(1.03)	(1.68)	-38.7%
<b>PBT</b>	<b>72.66</b>	<b>6.47</b>	<b>1,023.0%</b>
Income Tax	(12.84)	(1.31)	880.2%
<b>Net Profit</b>	<b>59.82</b>	<b>5.16</b>	<b>1,059.3%</b>
<b>Significant other (expense)/income items</b>			
Loss on foreign exchange	(1.58)	(2.39)	66.1%
Gain/(loss) on derivatives	1.56	(0.6)	-260.0%
ESOS	(2.93)	(0.54)	442.6%
Inventory impairment	(3.58)	(2.00)	79.0%
Government subsidy	0.55	0.23	139.1%
Customer compensation	(0.44)	(1.02)	-56.9%

Revenue nearly doubled to RM414.3 million in the first six months of this year on the same reasons as alluded to in the second quarter earnings review.

Gross profit grew by 143% to RM125.2 million. Higher revenue aside, gross margin improved from 24.8% to 30.2% on better cost management and production efficiency gains.

Pre-tax profit jumped more than 10-fold to RM72.7 million on higher gross profit and a slower rate of increase in operating and R&D expenses.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**B1. Operating Segment review (Cont'd)**

**Changes in key Balance Sheet items during the 6-months period**

	<b>As At 30 June 2021 (RM mil)</b>	<b>As At 31 December 2020 (RM mil)</b>	<b>Explanation</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	299.03	255.41	RM65.7 million was spent on capital expenditure to expand production capacity, improve machine efficiencies and quality control and plant automation, partially offset by a RM22.0 million depreciation charge for the period.
<b>Current Assets</b>			
Inventories	231.69	179.58	Inventory increased due to higher holding of input materials aimed at lowering supply interruption risk due to Covid-19, and finished goods inventory build-up in anticipation of a stronger order book in 2H2021.
Trade Receivables	190.85	176.37	The increase was mainly due to higher sales revenue.
<b>Current Liabilities</b>			
Trade Payables	200.60	171.32	The increase was mainly attributable to an increase in raw material purchases and CAPEX spending to support higher production output.

**Cash flow analysis for 6-month period ended 30 June 2021**

Before changes in working capital, the Group generated a positive RM108.8 million cash flow from its operations (1H2020:RM34.2 million). After factoring in changes in working capital and interest and income tax payments, cash inflow was RM63.5 million. A higher working capital requirement was necessary to support the increasing sales revenue base.

During the period, RM17.2 million capital was raised from the exercise of ESOS.

In the same period, the Group spent RM65.7 million on capital expenditure, RM12.7 million to acquire additional shares in Dominant and RM12.6 million on dividends paid to shareholders and minority shareholders of Dominant. Consequently, the Group's net-debt-to-equity ratio increased slightly from 8.1% to 9.3%.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**B2. Material Changes In The Quarterly Result As Compared To The Result of The Preceding Quarter**

	<b>Current Year Quarter Ended 30 June 2021 (RM mil)</b>	<b>Current Year Quarter Ended 31 March 2021 (RM mil)</b>	<b>% Change</b>
<b>Revenue</b>			
- Automotive	203.85	202.47	0.7%
- Non-Automotive	4.79	3.18	50.6%
	<b>208.64</b>	<b>205.65</b>	<b>1.5%</b>
Gross Profit	63.79	61.35	4.0%
<i>Gross margin</i>	<b>30.6%</b>	<b>29.8%</b>	
Net Other Expense	(2.88)	(3.38)	-14.8%
Distribution expenses	(1.81)	(2.20)	-17.7%
Administrative expenses	(14.95)	(14.02)	6.6%
R&D expenses	(6.67)	(5.55)	20.2%
Finance costs	(0.50)	(0.53)	-5.7%
<b>PBT</b>	<b>36.98</b>	<b>35.67</b>	<b>3.7%</b>
Income Tax	(6.89)	(5.94)	16.0%
<b>Net Profit</b>	<b>30.09</b>	<b>29.73</b>	<b>1.2%</b>
<b>Significant other income/(expense) items</b>			
Gain/(loss) on foreign exchange	0.32	(1.89)	-16.9%
Gain on derivatives	0.38	1.18	32.2%
ESOS	(2.19)	(0.73)	200.0%
Inventory impairment	(1.53)	(2.05)	-25.4%
Government subsidy	0.55	-	NM

When compared to the preceding quarter, revenue increased marginally by 0.7% to RM208.6 million. While customer order book continues to grow sequentially, Dominant's ability to supply in the current quarter was constrained by tighter Movement Control Order measures from 1 June 2021.

Gross profit increased by 4% to RM63.8 million, a faster rate than revenue growth on margin improvements. Gross margin edged up from 29.8% to 30.6% due to tighter cost controls. Pre-tax profit rose 3.7% quarter-on-quarter to RM37.0 million mainly on higher gross profit.

**B3. Commentary on Prospects**

Dominant's customer order book continues to be healthy. Under the MITI PIKAS program, all employees have been fully vaccinated by 24 August 2021. We believed this will help to reduce the number of Covid-19 spike incidents and minimise any further plant shutdown in the future. Barring any unforeseen circumstances, management expects earnings to improve in the second half of 2021.

**B4. Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**B5. Income Tax Expense**

	<b>Current Year Quarter Ended 30 June 2021</b>	<b>Preceding Year Quarter Ended 30 June 2020</b>	<b>Current Year Period Ended 30 June 2021 RM'000</b>	<b>Preceding Year Period Ended 30 June 2020 RM'000</b>
Current tax	6,762	140	12,543	3,022
Deferred tax	130	55	292	(1,707)
	<u>6,892</u>	<u>195</u>	<u>12,835</u>	<u>1,315</u>

The effective tax rate for the current quarter and period ended 30 June 2021 was lower than the Malaysia statutory tax rate of 24% mainly due to capital allowances and reinvestment allowances.

**B6. Borrowings**

The Group's borrowings are as follows:

		<b>As at 30 June 2021</b>					
		<b>Long term</b>		<b>Short term</b>		<b>Total borrowings</b>	
		Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
<b>Secured:</b>	<b>Exchange rate*</b>						
<i>Term loan</i>							
-USD	4.15	22,616	-	21,668	-	44,284	-
-RM	-	-	13,744	-	5,938	-	19,682
<i>Revolving credit</i>							
Bankers acceptances							
-USD	4.15	-	-	33,263	-	33,263	-
		<u>22,616</u>	<u>13,744</u>	<u>54,931</u>	<u>15,090</u>	<u>77,547</u>	<u>28,834</u>
Sub-total		<u>36,360</u>		<u>70,021</u>		<u>106,381</u>	
		<b>As at 31 December 2020</b>					
		<b>Long term</b>		<b>Short term</b>		<b>Total borrowings</b>	
		Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
<b>Secured:</b>	<b>Exchange rate*</b>						
<i>Term Loan</i>							
-USD	4.02	32,339	-	22,497	-	54,636	-
-EURO	4.94	-	-	3,459	-	3,459	-
-RM	-	-	16,453	-	6,567	-	23,020
<i>Revolving credit</i>							
Bankers acceptances							
-USD	4.02	-	-	27,518	-	27,518	-
		<u>32,339</u>	<u>16,453</u>	<u>53,474</u>	<u>7,370</u>	<u>85,613</u>	<u>23,823</u>
Sub-total		<u>48,792</u>		<u>60,844</u>		<u>109,436</u>	

\*The foreign exchange rate used is expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent for the translation of the foreign currency balances at the end of the reporting period.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**B7. Earnings per Share**

*1. Basic*

	<b>Current Year Quarter Ended 30 June 2021</b>	<b>Preceding Year Quarter Ended 30 June 2020</b>	<b>Current Year Period Ended 30 June 2021</b>	<b>Preceding Year Period Ended 30 June 2020</b>
<b>Continuing operations</b>				
Profit after taxation (RM'000)	30,090	788	59,825	5,159
Non-controlling interests (RM'000)	(3,302)	(102)	(6,532)	(559)
Profit attributable to Owners of the Company (RM'000)	26,788	686	53,293	4,600
Dividend on ICPS (RM'000)	(2,828)	-	(2,828)	-
	<u>23,960</u>	<u>686</u>	<u>50,465</u>	<u>4,600</u>
Weighted average number of ordinary shares:-				
Issued ordinary shares at 1 January ('000)	1,153,943	1,119,001	1,153,943	1,119,001
Effect of new ordinary shares issued under ESOS ('000)	23,589	8,304	16,918	6,758
Weighted average number of ordinary shares for the period ( '000)	<u>1,177,532</u>	<u>1,127,305</u>	<u>1,170,861</u>	<u>1,125,759</u>
Basic earnings per share (sen)	<u>2.04</u>	<u>0.06</u>	<u>4.31</u>	<u>0.41</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**B7. Earnings per Share (Cont'd)**

2. *Diluted*

	<b>Current Year Quarter Ended 30 June 2021</b>	<b>Preceding Year Quarter Ended 30 June 2020</b>	<b>Current Year Period Ended 30 June 2021</b>	<b>Preceding Year Period Ended 30 June 2020</b>
<b>Continuing operations</b>				
Profit attributable to Owners of the Company (RM'000) (as above)	26,788	686	53,293	4,600
Weighted average number of ordinary shares for the period ('000) (as above)	1,177,532	1,127,305	1,170,861	1,125,759
Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000)	10,242	21,436	10,242	21,436
Weighted average number of shares deemed to have been issued under ICPS at no consideration ('000)	377,074	377,074	377,074	377,074
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,564,848	1,525,815	1,558,177	1,524,269
Diluted earnings per share (Sen)	1.71	0.05	3.42	0.30

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**B8. Detailed Disclosure for Statement of Comprehensive Income**

	<b>Current Year Quarter Ended 30 June 2021 RM'000</b>	<b>Preceding Year Quarter Ended 30 June 2020 RM'000</b>	<b>Current Year Period Ended 30 June 2021 RM'000</b>	<b>Preceding Year Period Ended 30 June 2020 RM'000</b>
<b>After crediting:</b>				
Interest income	102	129	215	279
<b>After debiting:</b>				
Amortisation of intangible assets	298	265	594	529
Depreciation	11,225	9,201	22,058	18,773
Depreciation on right-of-use assets	270	283	542	563
Interest expense	413	711	835	1,522
Interest expense on lease liabilities	19	6	39	20
Inventories written down	1,535	641	3,584	1,998
(Gain)/Loss on foreign exchange	(316)	1,289	1,575	2,392
Fair value (gain)/loss on derivatives	(377)	-	(1,557)	599
Property, plant and equipment written off	3	58	9	109

The company and the group do not have the following items for the respective period:

- a) gain or loss on disposal of quoted investments; and
- b) gain or loss on marketable securities

**B9. Derivatives**

As at 30 June 2021, the contract amount, fair value and maturity tenor of the outstanding forward foreign currency contracts are as follows:

	<b>As At 30 June 2021</b>	
	<b>Contract/ Nominal Amount</b>	<b>Fair Value of the Statement of Financial Position Asset/(Liability)</b>
	<b>RM'000</b>	<b>RM'000</b>
Forward Foreign Currency Contracts – Less than 1 years	121,326	(443)

The Group entered into forward foreign currency contracts to hedge against its future receipt of trade receivable denominated in RMB, Euro and the US Dollar. The settlement dates of the outstanding forward foreign currency contracts at the end of the reporting period range between 1 and 10 months.

There is no significant change in the credit risk, market risk and liquidity risk associated with the derivatives, the cash requirements of the derivatives and the risk management objectives and policies on financial derivatives since the previous financial year ended 31 December 2020.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

**B10. Corporate Proposals**

There was no corporate proposal announced but not completed as at 19 August 2021, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements.

**B11. Dividend**

**(a) Ordinary Share**

An interim single-tier dividend of 0.75 sen per ordinary share for the financial year ending 31 December 2021 (2020: nil) was paid on 30 June 2021.

**(b) Irredeemable Convertible Preference Shares (“ICPS”)**

An interim single-tier dividend of 0.75 sen per ICPS for the financial year ending 31 December 2021 (2020: nil) was paid on 30 June 2021.

**(c) Total dividend declared**

The total dividend declared to-date for the current financial year is 0.75 sen (30 June 2020: nil) per ordinary share and 0.75 sen (30 June 2020: nil) per ICPS.

**B12. Material Litigation**

The Group is not involved in any material litigation as at the date of this report.

**B13. Authorisation for Issue**

The Board of Directors of D & O approved this interim financial report announcement to the Bursa Malaysia at the Board meeting held on 25 August 2021.