

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2021.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2021.

**A7. Dividend**

The dividend paid during the quarter and period ended 30 September 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 September 2021.

**A9. Debt and Equity Securities**

During the current quarter and period ended 30 September 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:-

|                  | Issue Price<br>per share | Current Year<br>Quarter Ended<br>30 September 2021<br>No of shares | Current Year<br>Period Ended<br>30 September 2021<br>No of shares |
|------------------|--------------------------|--|---|
|                  | RM                       |  |   |
| Exercise of ESOS | 0.170                    | 5,000  | 1,624,000   |
| Exercise of ESOS | 0.280                    | 1,632,200  | 7,685,600   |
| Exercise of ESOS | 0.300                    | 2,115,000  | 4,386,000   |
| Exercise of ESOS | 0.495                    | 2,244,000  | 5,695,000   |
| Exercise of ESOS | 0.725                    | 4,517,700  | 13,915,900  |
| Exercise of ESOS | 0.740                    | 2,000,000  | 5,237,000   |
| Exercise of ESOS | 3.810                    | 5,200,500  | 6,156,000   |
| Total            |                          | 17,714,400   | 44,699,500  |

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 September 2021.

**A10. Segmental Information**

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

| <b>Current Year<br/>Year-To-Date<br/>30 September 2021</b>   | <b>Asia<br/>RM'000</b> | <b>Europe<br/>RM'000</b> | <b>USA<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|--|------------------------|--------------------------|-----------------------|--------------------------|-------------------------|
| Revenue  | 409,606                | 122,376                  | 41,473                | 15,414                   | 588,869                 |
| Segment assets   | 881,136                | 52,839                   | 2,021                 | -                        | 935,996                 |
| Capital expenditure  | 107,286                | 20                       | -                     | -                        | 107,306                 |
| <b>Preceding Year<br/>Year-To-Date<br/>30 September 2020</b> | <b>Asia<br/>RM'000</b> | <b>Europe<br/>RM'000</b> | <b>USA<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
| Revenue  | 246,114                | 80,789                   | 28,085                | 11,248                   | 366,209                 |
| Segment assets   | 635,833                | 40,802                   | 1,379                 | -                        | 678,014                 |
| Capital expenditure  | 38,877                 | 147                      | -                     | -                        | 39,024                  |

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2021 except for:

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

Dominant Opto Technologies Sdn Bhd (“Dominant”), a 90%-owned 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<br/>30 September 2021<br/>RM’000</b> | <b>As at<br/>31 December 2020<br/>RM’000</b> |
|---|---|--|
| Purchase of property, plant and equipment | <u>121,969</u>                                | <u>60,696</u>                                |

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

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

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

The significant events during the current quarter and period ended 30 September 2021 are as follows:

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

On 18 June 2021, the Company 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.

(b) 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 was fully accepted on 11 August 2021 (“Acceptance”). The Offer and Acceptance were subject to the execution of a definitive Share Purchase Agreement (“SPA”).

On 9 September 2021, the Parties agreed to mutually terminate the Offer and Acceptance after the Parties were unable to agree on certain terms and conditions of the SPA. The Earnest Deposit paid by the Company together with interest accrued was subsequently refunded to the Company. Henceforth, the Parties shall have no further claims against each other.

(c) 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

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

There was no significant event subsequent to the end of the financial period reported up to 22 November 2021, except for:-

Private Placement

On 12 November 2021, Maybank Investment Bank Berhad (“Maybank IB”), on behalf of the Company, announced a proposed private placement of up to 38,500,000 ordinary shares (“Placement Shares”), representing approximately 3.2% of the total number of issued shares of the Company to independent third-party investor(s) to be identified at a later date (“Proposed Private Placement”).

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75(1) and 76(1) of the Companies Act 2016 obtained from the shareholders of the Company at its 17<sup>th</sup> Annual General Meeting convened on 25 May 2021.

The final issue price per Placement Share shall be fixed based on a discount of not more than 3% to the volume weighted average market price of the Company shares for the 5 market days immediately prior to the price-fixing date.

The application for the listing and quotation of the Placement Shares on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) was submitted to Bursa Securities on 12 November 2021.

Bursa Securities has via its letter dated 18 November 2021 resolved to approve the listing and quotation of the Placement Shares on the Main Market of Bursa Securities.

The issue price of the Placement Shares was fixed at RM5.62 per Placement Share on 22 November 2021, representing a discount of approximately 0.84% to the 5-day VWAP of D&O Shares up to and including 19 November 2021, being the market day immediately prior to the price-fixing date, of RM5.6677 per D&O Share. The Proposed Placement, which is expected to raise gross proceeds of RM216.37 million, was oversubscribed.

**A16. Significant Related Party Transaction**

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

|           | <b>Current Year<br/>Quarter Ended<br/>30 September<br/>2021<br/>RM'000</b> | <b>Preceding Year<br/>Quarter Ended<br/>30 September<br/>2020<br/>RM'000</b> | <b>Current Year<br/>Period Ended<br/>30 September<br/>2021<br/>RM'000</b> | <b>Preceding Year<br/>Period Ended<br/>30 September<br/>2020<br/>RM'000</b> |
|-----------|--|--|---|---|
| Purchases | 58,857   | 41,651   | 186,992   | 97,242  |
| Rental    | 57   | 47   | 171   | 141   |

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

B1. Operating Segment review

3Q Year-on-Year Earnings Performance Review

|   | Current Year<br>Quarter Ended<br>30 September<br>2021<br>(RM mil) | Preceding Year<br>Quarter Ended<br>30 September<br>2020<br>(RM mil) | % Change     |
|---|---|---|--------------|
| <b>Revenue</b>                                  |   |   |              |
| - Automotive                                    | 170.72  | 154.94  | 10.2%        |
| - Non-Automotive                                | 3.84  | 3.92  | -2.1%        |
|   | <b>174.56</b>   | <b>158.86</b>   | <b>9.9%</b>  |
| Gross Profit                                    | 50.61   | 44.34   | 14.1%        |
| <i>Gross margin</i>                             | <b>29.0%</b>  | <b>27.9%</b>  |              |
| Net Other Expense                               | (4.37)  | (0.85)  | 414.1%       |
| Distribution expenses                           | (2.21)  | (2.29)  | -3.5%        |
| Administrative expenses                         | (15.10)   | (13.73)   | 10.0%        |
| R&D expenses                                    | (6.96)  | (6.80)  | 2.4%         |
| Finance costs                                   | (0.53)  | (0.64)  | -17.2%       |
| Share of results of Joint Venture               | (0.01)  | -   | NM           |
| <b>PBT</b>                                      | <b>21.43</b>  | <b>20.03</b>  | <b>7.0%</b>  |
| Income Tax                                      | (0.56)  | (3.60)  | -84.4%       |
| <b>Net Profit</b>                               | <b>20.87</b>  | <b>16.43</b>  | <b>27.0%</b> |
| <b>Significant other (expense)/income items</b> |   |   |              |
| (Loss)/Gain on foreign exchange                 | (2.02)  | 3.28  | -161.6%      |
| Gain/(loss) on derivatives                      | 0.29  | (0.77)  | -137.7%      |
| ESOS  | (2.19)  | (0.27)  | 711.1%       |
| Inventory impairment                            | (0.66)  | (3.41)  | -80.6%       |

Despite a total 24-day shutdown of Dominant's factory 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, the Group posted a 9.9% year-on-year increase in revenue to RM174.6 million, underscored by underlying strong growth in global automotive LED demand and progressive commercialisation of new business wins.

Gross profit rose 14.1% to RM50.6 million, fuelled by higher revenue and margin expansion. Gross profit margin posted a 1.1 percentage point increase to 29.0% on better cost management and production efficiency improvements.

Operating profit before net other expense and finance cost expanded 22.4% to RM26.3 million on higher gross profit and slower increase in R&D, distribution and administrative expenses, which collectively grew 6.3% to RM24.3 million. The increase in administrative expenses was partly due to additional expenses incurred in the implementation of Covid-19 preventive measures.

Pre-tax profit growth at 7.0% to RM21.4 million was however moderated by higher net other expense. Significant other income and expense items for both periods are disclosed in the earnings table above. After reversal of the over provision of 2020 income tax expense in the current quarter, net profit grew 27.0% to RM20.9 million.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

B1. Operating Segment review (Cont'd)

9-month Year-on-Year Earnings Performance Review

|   | Current Year<br>Period Ended<br>30 September<br>2021<br>(RM mil) | Preceding Year<br>Period Ended<br>30 September<br>2020<br>(RM mil) | % Change      |
|---|--|--|---------------|
| <b>Revenue</b>                                  |  |  |               |
| - Automotive                                    | 577.04   | 356.24   | 62.0%         |
| - Non-Automotive                                | 11.83  | 9.97   | 18.7%         |
|   | <b>588.87</b>  | <b>366.21</b>  | <b>60.8%</b>  |
| Gross Profit                                    | 175.76   | 95.76  | 83.5%         |
| <i>Gross margin</i>                             | <b>29.8%</b>   | <b>26.1%</b>   |               |
| Net Other Expense                               | (10.63)  | (7.27)   | 46.2%         |
| Distribution expenses                           | (6.22)   | (5.06)   | 22.9%         |
| Administrative expenses                         | (44.07)  | (37.68)  | 17.0%         |
| R&D expenses                                    | (19.18)  | (16.93)  | 13.3%         |
| Finance costs                                   | (1.56)   | (2.32)   | -32.8%        |
| Share of results of Joint Venture               | (0.01)   | -  | NM            |
| <b>PBT</b>                                      | <b>94.09</b>   | <b>26.50</b>   | <b>255.1%</b> |
| Income Tax                                      | (13.39)  | (4.91)   | 172.7%        |
| <b>Net Profit</b>                               | <b>80.70</b>   | <b>21.59</b>   | <b>273.8%</b> |
| <b>Significant other (expense)/income items</b> |  |  |               |
| (Loss)/Gain on foreign exchange                 | (3.59)   | 0.89   | -503.4%       |
| Gain/(loss) on derivatives                      | 1.85   | (1.37)   | -235.0%       |
| ESOS  | (5.12)   | (0.80)   | 540.0%        |
| Inventory impairment                            | (4.24)   | (5.41)   | -21.6%        |
| Customer compensation                           | (0.70)   | (1.05)   | -33.3%        |

Revenue in the 9-month period was 60.8% higher year-on-year at RM588.9 million. 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.

Gross profit margin for the 9-month period stood at 29.8%, a 3.7 percentage point improvement from 26.1% registered in the same period last year. The margin improvement was achieved on the back of better cost management and productivity improvements. Consequently, gross profit rose 83.5% to RM175.8 million.

Pre-tax profit rose 255% from RM26.5 million to RM94.1 million on higher gross profit and a slower rate of increase in R&D, distribution and administrative expenses and net other expenses.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

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

**Changes in key Balance Sheet items during the 9-months period**

|                               | As At<br>30 September 2021<br>(RM mil) | As At<br>31 December 2020<br>(RM mil) | Explanation   |
|-------------------------------|--|---------------------------------------|---|
| <b>Non-Current Assets</b>     |  |                                       |   |
| Property, Plant and Equipment | 328.72                                 | 255.41                                | RM107.3 million was spent on capital expenditure to expand production capacity, improve machine efficiencies and quality control and for plant automation, partially offset by a RM33.9 million depreciation charge for the period. |
| <b>Current Assets</b>         |  |                                       |   |
| Inventories                   | 266.95                                 | 179.58                                | Inventory increased due to higher holding of input materials aimed at lowering supply interruption risk due to Covid-19, and an increase in semi-finished and finished goods inventory to support a stronger order book in 4Q2021.  |
| Trade Receivables             | 160.39                                 | 176.37                                | Decrease was due to lower revenue in 3Q2021 when compared to 4Q2020. Revenue in 3Q2021 was adversely affected by Covid-19 related plant shutdown.   |
| <b>Current Liabilities</b>    |  |                                       |   |
| Trade Payables                | 186.63                                 | 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 9-month period ended 30 September 2021**

The Group generated a positive RM146.0 million cash flow before changes in working capital from its operations in the first 9-month period ended 30 September 2021, a 128% increase from the same period last year. After factoring in changes in working capital and interest and income tax payments, cash inflow was reduced to RM73.6 million weighed by a RM91.6 million increase in inventory in preparation for a stronger 4Q2021.

During the period, RM44.0 million capital was raised from the exercise of ESOS and RM6.8 million was received as capital repayment from an investment in unquoted shares.

In the same period, the Group spent RM107.3 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 8.2%.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

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

|   | <b>Current Year<br/>Quarter Ended<br/>30 September 2021<br/>(RM mil)</b> | <b>Current Year<br/>Quarter Ended<br/>30 June 2021<br/>(RM mil)</b> | <b>% Change</b> |
|---|--|---|-----------------|
| <b>Revenue</b>                                  |  |   |                 |
| - Automotive                                    | 170.72   | 203.85  | -16.3%          |
| - Non-Automotive                                | 3.84   | 4.79  | -19.8%          |
|   | <b>174.56</b>  | <b>208.64</b>   | <b>-16.3%</b>   |
| Gross Profit                                    | 50.61  | 63.79   | -20.7%          |
| <i>Gross margin</i>                             | <b>29.0%</b>   | <b>30.6%</b>  |                 |
| Net Other Expense                               | (4.37)   | (2.88)  | 51.7%           |
| Distribution expenses                           | (2.21)   | (1.81)  | 22.1%           |
| Administrative expenses                         | (15.10)  | (14.95)   | 1.0%            |
| R&D expenses                                    | (6.96)   | (6.67)  | 4.3%            |
| Finance costs                                   | (0.53)   | (0.50)  | 6.0%            |
| Share of results of Joint Venture               | (0.01)   | -   | NM              |
| <b>PBT</b>                                      | <b>21.43</b>   | <b>36.98</b>  | <b>-42.0%</b>   |
| Income Tax                                      | (0.56)   | (6.89)  | -91.9%          |
| <b>Net Profit</b>                               | <b>20.87</b>   | <b>30.09</b>  | <b>-30.6%</b>   |
| <b>Significant other (expense)/income items</b> |  |   |                 |
| (Loss)/Gain on foreign exchange                 | (2.02)   | 0.32  | -731.1%         |
| Gain on derivatives                             | 0.29   | 0.38  | -23.7%          |
| ESOS  | (2.19)   | (2.19)  | -               |
| Inventory impairment                            | (0.66)   | (1.53)  | -56.7%          |

The Group posted a 16.3% sequential decline in revenue to RM174.6 million from RM208.6 million in the preceding quarter due to a total 24-day plant shutdown in the July-August 2021 period to contain the spread of Covid-19 virus.

Gross profit declined 20.7% to RM50.6 million. Gross margin registered a 1.6 percentage point reduction to 29.0% due to capacity underutilisation during the plant shutdown. Lower gross profit, coupled with higher R&D, distribution and administrative expenses and net other expenses as disclosed above, resulted in a 42% decline in pre-tax profit to RM21.4 million.

**B3. Commentary on Prospects**

Management expects a strong sequential rebound in sales revenue and profit in the last quarter of 2021. Dominant's expanded capacity have been fully booked on 4Q2021.

All employees have completed two (2) doses of vaccination under the MITI PIKAS program. On 11 November 2021, Dominant had kicked off the booster vaccination programme (3rd dose). The completion of the vaccination programme, coupled with robust internal Covid-19 preventive measures in place, is expected to substantially reduce the risk of further production disruption.

**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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

**B5. Income Tax Expense**

|                              | Current Year<br>Quarter Ended<br>30 September<br>2021 | Preceding Year<br>Quarter Ended<br>30 September<br>2020 | Current Year<br>Period Ended<br>30 September<br>2021<br>RM'000 | Preceding Year<br>Period Ended<br>30 September<br>2020<br>RM'000 |
|------------------------------|---|---|--|--|
| Current tax                  | 2,519   | 2,264   | 15,062   | 5,286  |
| Over provision in prior year | (3,233)   | -   | (3,233)  | -  |
| Deferred tax                 | 1,272   | 1,332   | 1,564  | (375)  |
|                              | <u>558</u>  | <u>3,596</u>  | <u>13,393</u>  | <u>4,911</u>   |

The effective tax rate for the current quarter and period ended 30 September 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:

|                                |                   | As at 30 September 2021           |                              |                                   |                              |                                   |                              |
|--------------------------------|-------------------|-----------------------------------|------------------------------|-----------------------------------|------------------------------|-----------------------------------|------------------------------|
|                                |                   | Long term                         |                              | Short term                        |                              | Total borrowings                  |                              |
|                                |                   | Foreign<br>denomination<br>RM'000 | RM<br>denomination<br>RM'000 | Foreign<br>denomination<br>RM'000 | RM<br>denomination<br>RM'000 | Foreign<br>denomination<br>RM'000 | RM<br>denomination<br>RM'000 |
| Secured:                       | Exchange<br>rate* |                                   |                              |                                   |                              |                                   |                              |
| <i>Term loan</i>               |                   |                                   |                              |                                   |                              |                                   |                              |
| -USD                           | 4.19              | 39,980                            | -                            | 32,994                            | -                            | 72,974                            | -                            |
| -RM                            | -                 | -                                 | 12,544                       | -                                 | 5,455                        | -                                 | 17,999                       |
| <i>Revolving<br/>credit</i>    |                   |                                   |                              |                                   |                              |                                   |                              |
| -USD                           | 4.19              | -                                 | -                            | 16,748                            | -                            | 16,748                            | -                            |
| -RM                            | -                 | -                                 | -                            | -                                 | 5,000                        | -                                 | 5,000                        |
| <i>Bankers<br/>acceptances</i> |                   |                                   |                              |                                   |                              |                                   |                              |
| -USD                           | 4.19              | -                                 | -                            | 30,146                            | -                            | 30,146                            | -                            |
|                                |                   | <u>39,980</u>                     | <u>12,544</u>                | <u>79,888</u>                     | <u>10,455</u>                | <u>119,868</u>                    | <u>22,999</u>                |
| Sub-total                      |                   |                                   | <u>52,524</u>                |                                   | <u>90,343</u>                |                                   | <u>142,867</u>               |
|                                |                   | As at 31 December 2020            |                              |                                   |                              |                                   |                              |
|                                |                   | Long term                         |                              | Short term                        |                              | Total borrowings                  |                              |
|                                |                   | Foreign<br>denomination<br>RM'000 | RM<br>denomination<br>RM'000 | Foreign<br>denomination<br>RM'000 | RM<br>denomination<br>RM'000 | Foreign<br>denomination<br>RM'000 | RM<br>denomination<br>RM'000 |
| Secured:                       | Exchange<br>rate* |                                   |                              |                                   |                              |                                   |                              |
| <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<br/>credit</i>    |                   |                                   |                              |                                   |                              |                                   |                              |
| -                              | -                 | -                                 | -                            | -                                 | 803                          | -                                 | 803                          |
| <i>Bankers<br/>acceptances</i> |                   |                                   |                              |                                   |                              |                                   |                              |
| -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 THIRD QUARTER ENDED 30 SEPTEMBER 2021**

**B7. Earnings per Share**

*1. Basic*

|   | <b>Current Year<br/>Quarter Ended<br/>30 September<br/>2021</b> | <b>Preceding Year<br/>Quarter Ended<br/>30 September<br/>2020</b> | <b>Current Year<br/>Period Ended<br/>30 September<br/>2021</b> | <b>Preceding Year<br/>Period Ended<br/>30 September<br/>2020</b> |
|---|---|---|--|--|
| <b>Continuing operations</b>  |   |   |  |  |
| Profit after taxation<br>(RM'000)   | 20,872  | 16,434  | 80,697   | 21,593   |
| Non-controlling interests<br>(RM'000)                                     | (2,274)   | (1,703)   | (8,806)  | (2,261)  |
| Profit attributable to<br>Owners of the<br>Company (RM'000)               | 18,598  | 14,731  | 71,891   | 19,332   |
| Dividend on ICPS<br>(RM'000)  | -   | -   | (2,828)  | -  |
|   | <u>18,598</u>   | <u>14,731</u>   | <u>69,063</u>  | <u>19,332</u>  |
| Weighted average<br>number of ordinary<br>shares:-                        |   |   |  |  |
| Issued ordinary shares at<br>1 January ('000)                             | 1,153,943   | 1,119,001   | 1,153,943  | 1,119,001  |
| Effect of new ordinary<br>shares issued under<br>ESOS ('000)              | 36,947  | 15,591  | 23,594   | 9,702  |
| Weighted average<br>number of ordinary<br>shares for the period<br>(‘000) | <u>1,190,890</u>  | <u>1,134,592</u>  | <u>1,177,537</u>   | <u>1,128,703</u>   |
| Basic earnings per share<br>(sen)   | <u>1.56</u>   | <u>1.30</u>   | <u>5.87</u>  | <u>1.71</u>  |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

B7. Earnings per Share (Cont'd)

2. *Diluted*

|  | Current Year<br>Quarter Ended<br>30 September<br>2021 | Preceding Year<br>Quarter Ended<br>30 September<br>2020 | Current Year<br>Period Ended<br>30 September<br>2021 | Preceding Year<br>Period Ended<br>30 September<br>2020 |
|--|---|---|--|--|
| <b>Continuing operations</b>   |   |   |  |  |
| Profit attributable to Owners of the Company (RM'000) (as above)                                   | 18,598  | 14,731  | 71,891   | 19,332   |
| Weighted average number of ordinary shares for the period ('000) (as above)                        | 1,190,890   | 1,134,592   | 1,177,537  | 1,128,703  |
| Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000) | -   | 18,856  | -  | 18,856   |
| 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)       | 1,567,964   | 1,530,522   | 1,554,611  | 1,524,633  |
| Diluted earnings per share (Sen)   | 1.19  | 0.96  | 4.62   | 1.27   |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

|   | <b>Current Year<br/>Quarter Ended<br/>30 September<br/>2021<br/>RM'000</b> | <b>Preceding Year<br/>Quarter Ended<br/>30 September<br/>2020<br/>RM'000</b> | <b>Current Year<br/>Period Ended<br/>30 September<br/>2021<br/>RM'000</b> | <b>Preceding Year<br/>Period Ended<br/>30 September<br/>2020<br/>RM'000</b> |
|---|--|--|---|---|
| <b>After crediting:</b>   |  |  |   |   |
| Interest income   | 95   | 82   | 310   | 361   |
| <b>After debiting:</b>  |  |  |   |   |
| Amortisation of intangible assets                                   | 299  | 267  | 893   | 796   |
| Depreciation  | 11,888   | 9,791  | 33,946  | 28,564  |
| Depreciation on right-of-use assets                                 | 280  | 343  | 822   | 906   |
| Interest expense  | 374  | 509  | 1,209   | 2,031   |
| Interest expense on lease liabilities                               | 19   | 42   | 58  | 62  |
| Inventories written down  | 661  | 3,408  | 4,245   | 5,406   |
| Loss/(Gain) on foreign exchange                                     | 2,017  | (3,278)  | 3,592   | (885)   |
| Fair value (gain)/loss on derivatives                               | (289)  | 771  | (1,846)   | 1,370   |
| Loss on disposal of property, plant and equipment                   | -  | 117  | -   | 117   |
| Property, plant and equipment written off/(Reversal) of written off | 3  | (57)   | 12  | 52  |

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

|   | <b>As At 30 September 2021</b>      |  |
|---|-------------------------------------|--|
|   | <b>Contract/<br/>Nominal Amount</b> | <b>Fair Value of the<br/>Statement of<br/>Financial Position<br/>Asset/(Liability)</b> |
|   | <b>RM'000</b>                       | <b>RM'000</b>  |
| Forward Foreign Currency Contracts – Less than 1 year | 76,719                              | (154)  |

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 7 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 THIRD QUARTER ENDED 30 SEPTEMBER 2021**

**B10. Corporate Proposals**

There was no corporate proposal announced before the end of period but not completed as at 18 November 2021, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements.

Subsequent to the end of the reporting period, the Company on 12 November 2021 announced a proposed Private Placement, details of which are disclosed in Note A15.

**B11. Dividend**

**(a) Ordinary Share**

The first interim dividend of 0.75 sen per ordinary share for the financial year ending 31 December 2021 was paid on 30 June 2021.

The Board of Directors proposed a second interim dividend of 0.75 sen per ordinary share in respect of the financial year ending 31 December 2021. The entitlement and payment dates of the proposed dividend are 10 December 2021 and 28 December 2021 respectively. The proposed dividend has not been included as a liability in these financial statements.

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

The first interim dividend of 0.75 sen per ICPS share for the financial year ending 31 December 2021 was paid on 30 June 2021.

The Board of Directors proposed a second interim dividend of 0.75 sen per ICPS in respect of the financial year ending 31 December 2021 based on the terms of the ICPS. The entitlement and payment dates of the dividend are 10 December 2021 and 28 December 2021 respectively. The proposed dividend has not been included as a liability in these financial statements.

**(c) Total dividend declared**

The total dividend declared to-date for the current financial year is 1.50 sen (30 September 2020: 0.65) per ordinary share and 1.50 sen (30 September 2020: 0.65) 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 24 November 2021.