

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
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
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	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 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 year ended 31 December 2021.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 year ended 31 December 2021.

A7. Dividend

The dividend paid during the quarter and year ended 31 December 2021 is disclosed in Note B12.

A8. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment for the current quarter and year ended 31 December 2021.

A9. Debt and Equity Securities

During the financial year, the issued and paid-up ordinary share capital was increased from RM191,653,570 to RM464,011,396 by way of issuance of 83,199,500 new ordinary shares pursuant to the following:

- (a) 44,699,500 new ordinary shares arising from the exercise of options under the Company's Employees' Share Option Scheme ("ESOS") as follows:-

	Issue Price per share	Current Year Ended 31 December 2021 No of shares
	RM	
Exercise of ESOS	0.170	1,624,000
Exercise of ESOS	0.280	7,685,600
Exercise of ESOS	0.300	4,386,000
Exercise of ESOS	0.495	5,695,000
Exercise of ESOS	0.725	13,915,900
Exercise of ESOS	0.740	5,237,000
Exercise of ESOS	3.810	6,156,000
Total		<u>44,699,500</u>

- (b) On 1 December 2021, the Private Placement undertaken by the Company was completed with placement, listing and quotation of 38,500,000 shares on the Main Market of Bursa Securities and the gross proceeds raised from the Private Placement was RM216,370,000.

The net proceeds derived from the Private Placement was RM214,008,495 after deducting transactions costs pursuant to the Private Placement of RM2,361,505.

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 year ended 31 December 2021.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

A10. Segmental Information

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

Current Year					
Year-To-Date	Asia	Europe	USA	Others	Group
31 December 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	596,411	166,029	63,678	20,427	846,545
Segment assets	1,230,815	57,662	1,964	-	1,290,441
Capital expenditure	164,961	26	-	-	164,987
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Preceding Year	Asia	Europe	USA	Others	Group
Year-To-Date	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	398,509	119,344	41,538	16,390	575,781
Segment assets	720,955	42,768	6,439	-	770,162
Capital expenditure	71,825	150	7	-	71,982
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and year ended 31 December 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:

	As at	As at
	31 December 2021	31 December 2020
	RM'000	RM'000
Purchase of property, plant and equipment	93,465	60,696
	<hr/>	<hr/>

A13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2021.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

A14. Significant Events During the Reporting Period

The significant events during the current quarter and year ended 31 December 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.

(d) 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) (“Proposed Private Placement”).

The Proposed Private Placement was 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 17th Annual General Meeting convened on 25 May 2021.

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 gross proceeds raised from the Private Placement was RM216,370,000. The net proceeds derived from the Private Placement was RM214,008,495 after deducting transactions costs pursuant to the Private Placement of RM2,361,505.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

A15. Significant Event After the Reporting Period

There was no significant event subsequent to the end of the financial period reported up to 18 February 2022.

A16. Significant Related Party Transaction

The Group carried out the following significant transactions with related parties during the current quarter and year ended 31 December 2021.

	Current Year Quarter Ended 31 December 2021 RM'000	Preceding Year Quarter Ended 31 December 2020 RM'000	Current Year Ended 31 December 2021 RM'000	Preceding Year Ended 31 December 2020 RM'000
Purchases	73,454	53,475	260,446	150,717
Rental	<u>57</u>	<u>57</u>	<u>229</u>	<u>208</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021
PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD
LISTING REQUIREMENTS

B1. Operating Segment review

4Q Year-on-Year Earnings Performance Review

	Current Year	Preceding Year	
	Quarter Ended	Quarter Ended	
	31 December	31 December	% Change
	2021	2020	
	(RM mil)	(RM mil)	
Revenue			
- Automotive	250.08	206.35	21.2%
- Non-Automotive	7.60	3.22	136.0%
	257.68	209.57	23.0%
Gross Profit	76.25	62.24	22.5%
<i>Gross margin</i>	29.6%	29.7%	
Net other (expense)/ income	(3.06)	0.87	-451.7%
Distribution expenses	(3.41)	(3.04)	12.2%
Administrative expenses	(16.16)	(13.02)	24.1%
R&D expenses	(8.98)	(6.66)	34.8%
Finance costs	(0.63)	(0.56)	12.5%
Share of results of Joint Venture	#	-	NM
PBT	44.01	39.89	10.5%
Income Tax	(0.91)	(6.05)	-85.0%
Net Profit	43.10	33.78	27.6%
# - Amount less than RM10,000			
Significant other (expense)/income items			
Gain on foreign exchange	3.20	5.85	-45.3%
Gain/(loss) on derivatives	1.06	(1.92)	-155.2%
ESOS	-	(0.12)	NM
Dividend income	-	1.79	NM
Inventory impairment	(6.03)	(4.14)	45.7%
Unutilised leave	(0.5)	-	NM

The Group reported a 23.0% year-on-year growth in revenue for the current quarter to RM257.7 million, led by a 21.2% growth in Automotive Segment revenue to RM250.1 million on higher global industry demand.

Gross profit margin at 29.6% was relatively stable when compared to 29.7% in the same period last year. Operating profit before other income/expense and finance cost increased 20.5% from RM39.6 million to RM47.7 million, representing a slower rate of increase than revenue growth rate mainly due to higher R&D expenses (+34.8%). The Group incurred higher R&D expenses in the current quarter as a result of new product and Integrated Circuit (“IC”) chip development.

Other income/expense, as tabled above, swung from a net other income of RM0.9 million to a net other expense of RM3.1 million (a RM4.0 million negative change) mainly as a result of higher inventory impairment, lower forex gain and the absence of dividend income, partially mitigated by higher gain on derivatives. Accordingly, pre-tax profit grew 10.5% to RM44.0 million.

Net profit however grew by 27.6% to RM43.1 million on lower effective income tax rate of 2% (4Q2020: 15%) as a result of reinvestment allowances arising from Dominant’s capital expenditure.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B1. Operating Segment review (Cont'd)

12-month Year-on-Year Earnings Performance Review

	Current Year Ended 31 December 2021 (RM mil)	Preceding Year Ended 31 December 2020 (RM mil)	% Change
Revenue			
- Automotive	827.13	562.59	47.0%
- Non-Automotive	19.42	13.19	47.2%
	846.55	575.78	47.0%
Gross Profit	252.01	157.99	59.5%
<i>Gross margin</i>	29.8%	27.4%	
Net Other Expense	(13.68)	(6.39)	114.1%
Distribution expenses	(9.63)	(8.09)	19.0%
Administrative expenses	(60.24)	(50.71)	18.8%
R&D expenses	(28.16)	(23.59)	19.4%
Finance costs	(2.18)	(2.88)	-24.3%
Share of results of Joint Venture	(0.02)	-	NM
PBT	138.10	66.33	108.2%
Income Tax	(14.30)	(10.96)	30.5%
Net Profit	123.80	55.37	123.6%
Significant other (expense)/income items			
(Loss)/Gain on foreign exchange	(0.39)	6.73	-105.8%
Gain/(loss) on derivatives	2.90	(3.29)	-188.1%
ESOS	(5.12)	(0.92)	456.5%
Inventory impairment	(10.27)	(9.55)	7.5%
Customer compensation	(1.08)	(1.36)	-20.6%

Despite production and sales interruptions from Covid-19 pandemic, the Group posted a 47.0% increase in sales revenue to RM846.5 million in 2021 attributable mainly to a 47.0% growth in LED component sales to automotive customers on continuous strong global demand growth for the Group's LED products.

Gross profit grew by 59.5% to RM252.0 million, underpinned by higher revenue and gross margin expansion from 27.4% to 29.8% on better cost management and production efficiency gains.

Results from operating activities before other income/expense and finance costs rose 103.7% from RM75.6 million to RM154.0 million as a result of a 59.5% increase in gross profit accompanied by a slower rate of increase in distribution, administration and R&D expenses at 19.0%.

During the year, the Group incurred higher net other expense amounting to RM13.7 million compared to RM6.4 million in 2020. The higher net other expense was attributable mainly to higher ESOS expense, forex loss and higher inventory impairment, partly offset by gain on derivatives, as detailed in table above.

PBT rose 108.2% to RM138.1 million, while net profit after tax increased 123.6% to RM123.8 million on lower effective income tax rate.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B1. Operating Segment review (Cont'd)

Changes in key Balance Sheet items during the 12-months period

	As At 31 December 2021 (RM mil)	As At 31 December 2020 (RM mil)	Explanation
Non-Current Assets			
Property, Plant and Equipment	372.75	255.41	RM165.0 million was spent on capital expenditure to expand production capacity, improve machine efficiencies and quality control and plant automation, partially offset by a RM47.2 million depreciation charge for the period.
Current Assets			
Inventories	305.6	179.58	Increase was 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 strong order book in 1Q2022.
Trade Receivables	224.62	176.37	Increase was due to higher revenue in 4Q2021 when compared to 4Q2020
Current Liabilities			
Trade Payables	244.75	171.33	The increase was mainly attributable to an increase in raw material purchases and CAPEX spending to support higher production output.

Cash flow analysis for 12-month period ended 31 December 2021

The Group generated RM80.9 million positive cash flow from its operations in 2021, a 20% increase from 2020. Additionally, new capital was raised from a private placement amounted RM214.0 million for the construction of a 3rd plant and RM44.0 million proceeds from the exercise of ESOS.

In the same year, the Group spent RM165.0 million on capital expenditure, RM12.7 million to acquire additional shares in Dominant and RM24.7 million on dividends paid to shareholders and minority shareholders of Dominant. Consequently, the overall cash position of the Group improved from a net debt of RM36.7 million on 31 December 2020 to a net cash of RM104.3 million as at 31 December 2021.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

	Current Year Quarter Ended 31 December 2021 (RM mil)	Current Year Quarter Ended 30 September 2021 (RM mil)	% Change
Revenue			
- Automotive	250.08	170.72	46.5%
- Non-Automotive	7.60	3.84	97.9%
	257.68	174.56	47.6%
Gross Profit	76.25	50.61	50.7%
<i>Gross margin</i>	29.6%	29.0%	
Net Other Expense	(3.06)	(4.37)	-30.0%
Distribution expenses	(3.41)	(2.21)	54.3%
Administrative expenses	(16.16)	(15.10)	7.0%
R&D expenses	(8.98)	(6.96)	29.0%
Finance costs	(0.63)	(0.53)	18.9%
Share of results of Joint Venture	#	(0.01)	-140.0%
PBT	44.01	21.43	105.4%
Income Tax	(0.91)	(0.56)	62.5%
Net Profit	43.10	20.87	106.5%

- Amount less than RM10,000

Significant other (expense)/income items

Gain/(Loss) on foreign exchange	3.20	(2.02)	-258.4%
Gain on derivatives	1.06	0.29	265.5%
ESOS	-	(2.19)	NM
Inventory impairment	(6.03)	(0.66)	813.6%
Unutilised leave	(0.5)	-	NM

Sales rebounded strongly from the preceding quarter by posting a 47.6% sequential increase to RM257.7 million. The robust performance in the current quarter was attributable to increasing global demand for the Group's LED products and a low base effect. Revenue in the previous quarter was adversely affected by a total 24-day shutdown of Dominant's factory to curb the spread of the Covid-19 virus.

Gross profit rose 50.7% to RM76.2 million, fuelled by higher revenue, better cost management and production efficiency gains. Operating profit before other income and expense and finance cost increased 81.2% compared to the preceding quarter to RM47.7 million on higher gross profit and an overall slower rate of increase in distribution, administration and R&D expenses.

Pre-tax profit more than doubled to RM44.0 million, while net profit after tax rose 106.5% to RM43.1 million.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B3. Commentary on Prospects

2021 was a robust year for the Group where revenue grew 47% and profit after tax improved 124% compared to 2020. The long-term outlook for the automotive LED industry remains bright, driven primarily by intensifying adoption of LED in future automotive designs, including the proliferation of electric vehicles, and the lack of commercially viable and cost effective alternative lighting technology.

Based on estimates of Bloomberg Quint, plug-in electric vehicle sales are expected to reach over 10 million cars in 2022 or around 14% of global vehicle sales, up from 3.2 million in 2020 and 6.6 million in 2021. (Source:<https://www.bloomberquint.com/business/electric-car-sales-could-hit-10-million-globally-in-2022>).

In another estimate by Globe Newswire, worldwide automotive LED Lighting market, worth USD 8.1 billion in 2020, is projected to grow at a 9.6% CAGR between 2021 and 2027 to reach a valuation of USD 15.4 billion by 2027. (Source:<https://www.globenewswire.com/news-release/2022/01/20/2369934/0/en/Global-Automotive-LED-Lighting-market-size-to-record-9-6-CAGR-through-2027.html>).

Management believes the Group is well positioned to capitalise on this burgeoning trend. Management has started filling up Plant 2 capacity in January 2022. To cope with projected growth in the next 3-5 years, plans are afoot to construct a third plant, Plant 3, which is expected to be completed at the end of 2024.

B4. Profit Forecast or Profit Guarantee

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

B5. Income Tax Expense

	Current Year Quarter Ended 31 December 2021	Preceding Year Quarter Ended 31 December 2020	Current Year Ended 31 December 2021 RM'000	Preceding Year Ended 31 December 2020 RM'000
Current tax	(3,523)	3,120	11,539	8,406
Withholding tax on dividend received	-	34	-	34
Over provision in prior year	-	(247)	(3,233)	(247)
Deferred tax	4,432	3,143	5,996	2,768
	<u>909</u>	<u>6,050</u>	<u>14,302</u>	<u>10,961</u>

The effective tax rate for the current quarter and year ended 31 December 2021 was lower than the Malaysia statutory tax rate of 24% mainly due to capital allowances and reinvestment allowances.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B7. Earnings per Share

1. Basic

	Current Year Quarter Ended 31 December 2021	Preceding Year Quarter Ended 31 December 2020	Current Year Ended 31 December 2021	Preceding Year Ended 31 December 2020
Continuing operations				
Profit after taxation (RM'000)	43,104	33,782	123,801	55,375
Non-controlling interests (RM'000)	(4,465)	(3,462)	(13,272)	(5,723)
Profit attributable to Owners of the Company (RM'000)	38,639	30,320	110,529	49,652
Dividend on ICPS (RM'000)	(2,828)	(2,451)	(5,656)	(2,451)
	<u>35,811</u>	<u>27,869</u>	<u>104,873</u>	<u>47,201</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)	44,700	27,278	28,871	14,096
Effect of new ordinary shares issued under Private Placement ('000)	12,833	-	3,208	-
Weighted average number of ordinary shares for the period ('000)	<u>1,211,476</u>	<u>1,146,279</u>	<u>1,186,022</u>	<u>1,133,097</u>
Basic earnings per share (sen)	<u>2.96</u>	<u>2.43</u>	<u>8.84</u>	<u>4.17</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B7. Earnings per Share (Cont'd)

2. *Diluted*

	Current Year Quarter Ended 31 December 2021	Preceding Year Quarter Ended 31 December 2020	Current Year Ended 31 December 2021	Preceding Year Ended 31 December 2020
Continuing operations				
Profit attributable to Owners of the Company (RM'000) (as above)	38,639	30,320	110,529	49,652
Weighted average number of ordinary shares for the period ('000) (as above)	1,211,476	1,146,279	1,186,022	1,133,097
Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000)	-	17,410	-	17,410
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)	1,588,550	1,540,763	1,563,096	1,527,581
Diluted earnings per share (Sen)	2.43	1.97	7.07	3.25

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B8. Detailed Disclosure for Statement of Comprehensive Income

	Current Year Quarter Ended 31 December 2021 RM'000	Preceding Year Quarter Ended 31 December 2020 RM'000	Current Year Ended 31 December 2021 RM'000	Preceding Year Ended 31 December 2020 RM'000
After crediting:				
Interest income	424	84	734	445
Reversal for impairment losses on trade receivables	298	174	298	174
After debiting:				
Impairment losses on trade receivables	359	295	359	295
Amortisation of intangible assets	299	279	1,192	1,075
Depreciation	13,212	10,076	47,158	38,640
Depreciation on right-of-use assets	260	284	1,082	1,190
Interest expense	533	452	1,742	2,483
Interest expense on lease liabilities	16	25	74	87
Inventories written Down	6,025	4,143	10,270	9,549
(Gain)/Loss on foreign Exchange	(3,204)	(5,847)	388	(6,732)
Fair value (gain)/loss on derivatives	(1,056)	1,918	(2,902)	3,288
(Gain)/Loss on disposal of property, plant and equipment	(78)	(3)	(78)	114
Property, plant and equipment written off	424	3	436	55

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B9. Derivatives

As at 31 December 2021, the contract amount, fair value and maturity tenor of the outstanding forward foreign currency contracts are as follows:

	As At 31 December 2021	
	Contract/ Nominal Amount	Fair Value of the Statement of Financial Position Asset/(Liability)
	RM'000	RM'000
Forward Foreign Currency Contracts – Less than 1 year	56,286	902

The Group entered into forward foreign currency contracts to hedge against its future receipt of trade receivable denominated in RMB and the US Dollar. The settlement dates of the outstanding forward foreign currency contracts at the end of the reporting period range between 1 to 5 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.

B10. Corporate Proposals

There was no corporate proposal announced before the end of period but not completed as at 18 February 2022, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements.

B11. Status of Utilisation of Proceeds

The Company received proceeds from the Private Placement of RM216,370,000 from the issuance of 38,500,000 D&O Shares at the issue price of RM5.62 per Placement Shares. The proceeds have been utilised in the following manner as at 31 December 2021:

Details	Proposed Utilisation RM'000	Proposed Utilisation (Revised) RM'000 (Note 1)	Actual Utilisation RM'000	Unutilised Proceeds RM'000	Intended timeframe of utilisation from the listing date of the Placement Shares
1. Capital expenditure	202,985	214,008	-	214,008	Within 4 years
2. Estimated expenses relating to the Proposed Private Placement	2,220	2,362	2,362	-	
	205,205	216,370	2,362	214,008	

(Note 1)

Revised following the actual receipt of proceeds RM216,370,000

Pending utilisation, the funds have been placed in interest bearing fixed deposit accounts with licensed financial institution.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

B12. Dividend

(a) Ordinary Share

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

The second interim dividend of 0.75 sen per ordinary share for the financial year ended 31 December 2021 was paid on 28 December 2021.

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

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

The second interim dividend of 0.75 sen per ICPS share for the financial year ended 31 December 2021 was paid on 28 December 2021.

(c) Total dividend declared

The total dividend declared to-date for the current financial year is 1.50 sen (31 December 2020: 0.65 sen) per ordinary share and 1.50 sen (31 December 2020: 0.65 sen) per ICPS.

B13. Material Litigation

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

B14. 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 February 2022.