

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

These condensed consolidated 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 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

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 2021, 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 2022:-

Amendments to MFRS 3: Reference to the Conceptual Framework
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments 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 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 2022.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

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 2022.

A7. Dividend

The dividend paid during the quarter and year ended 31 December 2022 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 2022.

A9. Debt and Equity Securities

During the current quarter and year ended 31 December 2022, 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 per share	Current Year Quarter Ended 31 December 2022 No of shares	Current Year Ended 31 December 2022 No of shares
	RM		
Exercise of ESOS	3.49	38,400	119,400

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 2022.

A10. Segmental Information

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

Current Year Year-To-Date 31 December 2022	Asia RM'000	Europe RM'000	USA RM'000	Others RM'000	Group RM'000
Revenue	709,356	195,346	58,120	20,206	983,028
Segment assets	1,523,587	73,237	2,146	-	1,598,970
Capital expenditure	197,927	19	4	-	197,950
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Preceding Year Year-To-Date 31 December 2021	Asia RM'000	Europe RM'000	USA RM'000	Others RM'000	Group 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
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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 2022.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

A12. Capital Commitments

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

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
Purchase of property, plant and equipment	<u>70,982</u>	<u>91,059</u>

A13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2022.

A14. Significant Events During the Reporting Period

The significant events during the current quarter and year ended 31 December 2022 are as follows:

D&O has adopted the following multiple proposals which were approved by the shareholders on 8th June 2022:

- (a) Establishment of an Employees' Share Option Scheme ("ESOS" or "Scheme") of up to 2% of the total number of issued shares of D&O at any point in time during the duration of the Scheme. The effective date for the implementation of the Scheme was 15 June 2022, being the date on which the Company fully complies with the requirements under Paragraph 6.43(1) of the Listing Requirements.
- (b) Authority to purchase up to 10% of its issued shares through stockbroker(s) to be appointed at a later date subject to compliance with Sections 112, 113 and 127 of the Company Act 2016, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("Share Buy-Back").
- (c) Issuance and allotment of new ordinary shares in wholly-owned subsidiaries of D&O, namely Dominant Electronics Sdn Bhd ("DESB") and Dominant Technologies Sdn Bhd ("DTSB") to Tay Kheng Chiong and Low Tek Beng.

The Subsidiaries, namely DESB and DTSB had on 31 March 2022, entered into 2 conditional subscription agreements respectively for the issue and allotment of new ordinary shares to the following parties:

(i) DESB

Tay Kheng Chiong and Low Tek Beng for the proposed issue and allotment of 583,691 new ordinary shares (representing 6.80% of the enlarged share capital) in DESB at an issue price of RM0.38 per DESB Share; and

(ii) DTSB

Tay Kheng Chiong and Low Tek Beng for the proposed issue and allotment of 841,092 new ordinary shares (representing 6.55% of the enlarged share capital) in DTSB at an issue price of RM0.38 per DTSB Share.

On 20 October 2022, the issuance and allotment of new ordinary shares in DESB and DTSB were completed following the receipt of the subscription consideration.

A15. Significant Event After the Reporting Period

There was no significant event subsequent to the end of the financial period reported up to 16 February 2023.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 2022.

	Current Year Quarter Ended 31 December 2022 RM'000	Preceding Year Quarter Ended 31 December 2021 RM'000	Current Year Ended 31 December 2022 RM'000	Preceding Year Ended 31 December 2021 RM'000
Purchases	67,614	73,454	276,627	260,446
Rental	<u>57</u>	<u>57</u>	<u>234</u>	<u>229</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
PART B: ADDITIONAL DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA
MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

B1. Operating Segment review

4Q Year-on-Year Earnings Performance Review

	Current Year Quarter Ended 31 December 2022 (RM mil)	Preceding Year Quarter Ended 31 December 2021 (RM mil)	% Change
Revenue			
- Automotive	240.86	250.08	-3.7%
- Non-Automotive	6.34	7.60	-16.6%
	247.20	257.68	-4.1%
Gross Profit	56.75	76.25	-25.6%
<i>Gross margin</i>	23.0%	29.6%	
Net other expense	(11.93)	(3.06)	289.9%
Distribution expenses	(4.45)	(3.41)	30.5%
Administrative expenses	(15.93)	(16.16)	-1.4%
R&D expenses	(8.74)	(8.98)	-2.7%
Finance costs	(3.22)	(0.63)	411.1%
Share of results of Joint Venture	#	#	
PBT	12.50	44.01	-71.6%
Income Tax	2.45	(0.91)	-369.2%
Net Profit	14.93	43.10	-65.4%
# - Amount less than RM10,000			
Significant other (expense)/income items			
(Loss)/Gain on foreign exchange	(2.42)	3.20	-176%
(Loss)/Gain on derivatives	(0.61)	1.06	-158%
ESOS	(0.73)	-	NM
Interest income	0.70	0.42	67%
Inventory impairment	(8.39)	(6.03)	39%

China's prolonged Zero Covid policy, such as lockdowns in tier 1 cities like Shanghai and Shenzhen, had a significant impact on the automotive industry. In November and December 2022, China's car sales fell year-on-year by 7.9% and 8.4% respectively, according to the China Association of Automobile Manufacturers (CAAM). Consequently, the Group's sales revenue for the fourth quarter of 2022 fell 4.1% year-on-year to RM247.2 million.

During the quarter under review, management reduced production to normalise the Group's inventory holding and to allow for the high inventory level at the supply chain to unwind resulting capacity underutilisation, coupled with an increase in minimum wage in May 2022 led to a 25.6% decline in gross profit to RM56.8 million and a 6.6 percentage point decrease in gross margin to 23.0%. The decline in gross profit, along with higher net other expenses as disclosed above, resulted in a 71.6% decrease in pre-tax profit to RM12.5 million.

However, the aforesaid margin contraction is expected to gradually recover from 2Q2023 as management plans to progressively increase its production, in anticipation of a recovery in China's car sales following the lifting of Zero Covid policies.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

B1. Operating Segment review (Cont'd)

12-month Year-on-Year Earnings Performance Review

	Current Year	Preceding Year	
	Ended	Ended	
	31 December	31 December	% Change
	2022	2021	
	(RM mil)	(RM mil)	
Revenue			
- Automotive	955.00	827.13	15.5%
- Non-Automotive	28.03	19.42	44.3%
	983.03	846.55	16.1%
Gross Profit	260.83	252.01	3.5%
<i>Gross margin</i>	26.5%	29.8%	
Net other expense	(52.32)	(13.68)	282.5%
Distribution expenses	(13.07)	(9.63)	35.7%
Administrative expenses	(61.92)	(60.24)	2.8%
R&D expenses	(35.35)	(28.16)	25.5%
Finance costs	(7.63)	(2.18)	250.0%
Share of results of Joint Venture	(0.01)	(0.02)	-50%
PBT	90.55	138.10	-34.4%
Income Tax	(7.09)	(14.30)	-50.4%
Net Profit	83.44	123.80	-32.6%

- Amount less than RM10,000

Significant other (expense)/income items

Loss on foreign exchange	(38.90)	(0.39)	9,874%
(Loss)/Gain on derivatives	(3.29)	2.90	-213%
ESOS	(2.46)	(5.12)	-52%
Inventory impairment	(11.93)	(10.27)	16%
Interest income	4.50	0.73	516%

Revenue for the full year increased by double digit of 16.1%, RM983.0 million despite a 1.9% year-on-year declined in global car sales volume. The Group's performance is a testament to Dominant's robust business-win pipeline and rising LED intensity in newer car designs.

Gross profit grew at a slower pace than revenue change at 3.5% mainly due to margin contraction arising from lower plant utilisation and the effects of minimum wage increase in May 2022. To lessen the impact of the minimum wage increase, management has implemented several measures to minimise overtime expenses, boost productivity and optimise headcount by automating and streamlining the production process. Through these measures, management successfully reduced the total factory headcount from >3000 in 3Q2022 to 2,740 in December 2022.

Pre-tax profit was further weighed by RM38.9 million forex loss (2021: loss RM0.4 million) arising mainly from unrealised translation loss of US Dollar denominated loans following the sharp devaluation of Ringgit Malaysia against the US Dollar. To this end, management has taken the necessary steps to rebalance the Group's currency exposure to better hedge against the impact of future foreign exchange volatility to its operations and balance sheet.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

B1. Operating Segment review (Cont'd)

Throughout the year, Dominant increased its production capacity in preparation for the anticipated high demand in 2022. However, the expected demand did not materialise as planned. Nevertheless, Dominant's high-density common manufacturing platform design provides the company with the flexibility to effectively utilise the excess capacity to support its growth in 2023. This will enable Dominant to take advantage of any unexpected increases in demand while also allowing the company to be more agile in responding to changes in market conditions. Dominant's proactive approach to increasing production capacity and its flexible manufacturing platform design position the company well for future growth opportunities.

Moreover, the CAPEX investment made by Dominant in 2022 qualifies for reinvestment allowance, which has led to a lower tax expenses in 2022. This has provided a positive impact on Group's financial performance and is expected to further bolster the Group's growth and profitability in the future.

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

	As At 31 December 2022 (RM mil)	As At 31 December 2021 (RM mil)	Explanation
Non-Current Assets			
Property, Plant and Equipment	499.32	372.8	The increase was due to RM187.7 million Capex spent on tools and equipment for new product lines, machinery upgrades, plant automation and QC improvements partially offset by RM61.3 million depreciation charge.
Current Assets			
Inventories	445.69	305.64	The increase was due to increased holding of raw materials (to hedge against supply disruption risks) and stock build-up in anticipation of stronger orders in 4Q2022. However, since the 4Q2022 forecast did not materialise as planned, management has gradually decreased production to normalise inventory levels.
Trade Receivables	274.46	224.62	Trade receivable is within normal range of credit terms.
Current Liabilities			
Trade Payables	242.80	244.75	The trade payables balance has returned to a normal level due to the gradual repayment of raw material invoices and capital expenditures, as well as stricter control over raw material purchases and capital expenditure investments.

Cash flow analysis for 12-month period ended 31 December 2022

The Group generated a positive RM192.0 million cash flow before changes in working capital from its operations in 2022. After factoring in changes in working capital and interest and income tax payments, there was a net cash outflow of RM35.9 million. The rise in working capital requirement was primarily due to higher inventory and trade receivable as explained above. To enhance the Group's operating cash flow, management has implemented measures to reduce production to normalise inventory levels and enforcing tighter control over raw material purchases and capital expenditure investments. Compared to 3Q2022, total inventory reduced from RM450 million to RM446 million in 4Q2022.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

B1. Operating Segment review (Cont'd)

Cash flow analysis for 12-month period ended 31 December 2022 (Cont'd)

In 2022, the Group spent RM198.0 million on capital expenditure and RM21.8 million on dividend payments to shareholders of the Company and minority shareholders of a subsidiary. The cash outflow from investing activities was partially financed by additional bank borrowings and RM24 million proceeds from the issuance of preference shares by Dominant. The Group's balance sheet remained healthy. Net asset rose by RM63.8 million to RM877.8 million and net debt to equity ratio stood at 0.2x.

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

	Current Year Quarter Ended 31 December 2022 (RM mil)	Current Year Quarter Ended 30 September 2022 (RM mil)	% Change
Revenue			
- Automotive	240.86	245.91	-2.1%
- Non-Automotive	6.34	6.25	1.4%
	247.20	252.16	-2.0%
Gross Profit	56.75	69.08	-17.8%
<i>Gross margin</i>	23.0%	27.4%	
Net other expense	(11.93)	(19.28)	-38.1%
Distribution expenses	(4.45)	(3.58)	24.3%
Administrative expenses	(15.93)	(15.53)	2.6%
R&D expenses	(8.74)	(9.95)	-12.2%
Finance costs	(3.22)	(2.42)	33.1%
Share of results of Joint Venture	#	#	
PBT	12.50	18.32	-31.8%
Income Tax	2.45	(0.89)	-375%
Net Profit	14.93	17.43	-14.4%

- Amount less than RM10,000

Significant other (expense)/income items

Loss on foreign exchange	(2.42)	(18.78)	-87%
Loss on derivatives	(0.61)	(0.96)	-36%
Inventory impairment	(8.39)	(1.09)	670%
Interest income	0.70	1.32	-47%

Revenue in the current quarter of RM247.2 million was 2.0% lower than RM252.2 million in the preceding quarter. The current quarter automotive order was negatively affected by China's lower car sales volume and high inventory level in the supply chain.

The Group recorded lower gross profit margin of 23.0% (3Q2022: 27.4%) due to lower production to normalise its inventory holding following lower than expected sales order during the quarter. Consequently, pre-tax profit declined 32% to RM12.5 million from RM18.3 million in the preceding quarter. Following management's rebalancing of the Group's foreign currency exposure, forex losses declined sharply from RM18.8 million to RM2.42 million.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

B3. Commentary on Prospects

The Chinese vehicle market slowed significantly in 4Q2022 due to Covid outbreaks and prolonged lockdowns in major cities. Together with the shortages of material especially semiconductor components, China's car sales declined 3.4% year-on-year in 4Q2022.

Global car sales were also affected by worldwide supply chain interruption, leading to several revisions in the 2022 sales forecast. As a result, there was an overall decline of 1.9% in global car sales compared to 2021. In spite of the challenges face by the global automotive industry, D&O's LED continued to gain traction among major automotive customers and achieved a 16% year-over-year growth in revenue.

The market remains optimistic and forecasts a 4% global car sales increase in 2023, with EVs projected to capture a market share of 17% (up from 12% in 2022). China, the world's largest automotive market, is expected to meet the global target for car sales growth. Based on an analyst forecast, China car sales will likely to be soft in 1Q2023, followed by a high growth in 2Q2023 as the negative impact of the pandemic gradually subsides and the economy recovers. 3Q2023 onward, automotive market is expected to return to normal growth.

D&O is well-positioned to capitalise on this trend, thanks to its comprehensive product portfolio and a positive long-term outlook for the automotive LED industry, driven by the growth of LED applications in the automotive sector and the rise of EVs. Barring any unforeseen circumstances, the management is optimistic of achieving double digit revenue growth in 2023.

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 2022 RM'000	Preceding Year Quarter Ended 31 December 2021 RM'000	Current Year Ended 31 December 2022 RM'000	Preceding Year Ended 31 December 2021 RM'000
Current tax	91	(3,523)	6,922	11,539
Withholding tax on dividend received	-	-	48	-
Over provision in prior year	(60)	-	(2,402)	(3,233)
Deferred tax	(2,485)	4,432	2,520	5,996
	<u>(2,454)</u>	<u>909</u>	<u>7,088</u>	<u>14,302</u>

The effective tax rate for the current quarter and year ended 31 December 2022 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 2022

B7. Earnings per Share

1. Basic

	Current Year Quarter Ended 31 December 2022	Preceding Year Quarter Ended 31 December 2021	Current Year Ended 31 December 2022	Preceding Year Ended 31 December 2021
Continuing operations				
Profit after taxation (RM'000)	14,927	43,104	83,444	123,800
Non-controlling interests (RM'000)	(1,367)	(4,465)	(8,296)	(13,271)
Profit attributable to Owners of the Company (RM'000)	13,560	38,639	75,148	110,529
Dividend on ICPS (RM'000)	(1,961)	(2,828)	(4,902)	(5,656)
	<u>11,599</u>	<u>35,811</u>	<u>70,246</u>	<u>104,873</u>
Weighted average number of ordinary shares:-				
Issued ordinary shares at 1 January ('000)	1,237,142	1,153,943	1,237,142	1,153,943
Effect of new ordinary shares issued under ESOS ('000)	112	44,700	40	28,871
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>1,237,254</u>	<u>1,211,476</u>	<u>1,237,182</u>	<u>1,186,022</u>
Basic earnings per share (sen)	<u>0.94</u>	<u>2.96</u>	<u>5.68</u>	<u>8.84</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

B7. Earnings per Share (Cont'd)

2. *Diluted*

	Current Year Quarter Ended 31 December 2022	Preceding Year Quarter Ended 31 December 2021	Current Year Ended 31 December 2022	Preceding Year Ended 31 December 2021
Continuing operations				
Profit attributable to Owners of the Company (RM'000) (as above)	13,560	38,639	75,148	110,529
Weighted average number of ordinary shares for the period ('000) (as above)	1,237,254	1,211,476	1,237,182	1,186,022
Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000)	392	-	392	-
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)	1,614,720	1,588,550	1,614,648	1,563,096
Diluted earnings per share (Sen)	0.84	2.43	4.65	7.07

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

B8. Detailed Disclosure for Statement of Comprehensive Income

	Current Year Quarter Ended 31 December 2022 RM'000	Preceding Year Quarter Ended 31 December 2021 RM'000	Current Year Ended 31 December 2022 RM'000	Preceding Year Ended 31 December 2021 RM'000
After crediting:				
Interest income	695	424	4,504	734
Reversal for impairment losses on trade receivables	337	298	337	298
After debiting:				
Impairment losses on trade receivables	497	360	497	360
Amortisation of intangible assets	399	299	1,344	1,192
Depreciation	17,112	13,212	61,301	47,158
Depreciation on right-of-use assets	298	260	1,337	1,082
Interest expense	2,851	538	6,821	1,747
Interest expense on lease liabilities	4	17	53	75
Inventories written down	8,379	6,025	11,917	10,270
Loss/(Gain) on foreign exchange	2,415	(3,204)	38,903	388
Fair value loss/(gain) on derivatives	608	(1,056)	3,288	(2,902)
Loss/(Gain) on disposal of property, plant and equipment	14	(78)	(184)	(78)
Property, plant and equipment written off	42	424	87	436

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 2022

B9. Derivatives

As at 31 December 2022, the contract amount, fair value and maturity tenor of the outstanding forward foreign currency contracts are as follows:

	As At 31 December 2022	
	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	38,458	(783)

The Group entered into forward foreign currency contracts to hedge against its future receipt of trade receivable denominated in RMB, the US Dollar and Euro. The settlement dates of the outstanding forward foreign currency contracts at the end of the reporting period range between 1 and 3 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 2021.

B10. Corporate Proposals

There was no corporate proposal announced before the end of period but not completed as at 16 February 2023, 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 2022:

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 (1.12.2021)
1. Capital expenditure	202,985	214,008	47	213,961	Within 4 years
2. Estimated expenses relating to the Proposed Private Placement	2,220	2,362	2,362	-	
	205,205	216,370	2,409	213,961	

(Note 1)

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

The unutilised funds have been placed in interest bearing deposits with licensed financial institution and short term money market instruments.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

B12. Dividend

(a) Ordinary Share

The first interim dividend of 0.78 sen per ordinary share for the financial year ended 31 December 2022 (2021: 0.75) was paid on 30 June 2022.

The second interim dividend of 0.52 sen per ordinary share for the financial year ended 31 December 2022 (2021: 0.75) was paid on 28 December 2022.

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

The first interim dividend of 0.78 sen per ICPS for the financial year ended 31 December 2022 (2021: 0.75) was paid on 30 June 2022.

The second interim dividend of 0.52 sen per ICPS for the financial year ended 31 December 2022 (2021: 0.75) was paid on 28 December 2022.

(c) Total dividend declared

The total dividend declared to-date for the current financial year is 1.30 sen (2021: 1.50 sen) per ordinary share and 1.30 sen (2021: 1.50 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 Securities at the Board meeting held on 22 February 2023.