

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
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 2017.

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 2017, except for the adoption of the following Amendments and Annual improvement to Standards that came into effect on 1 January 2018:-

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140 - Transfer of Investment Property

Annual Improvement to MFRS Standards 2014 - 2016 Cycles:

- Amendment to MFRS 1: Deletion of Short-term Exemptions for First- time Adopters
- Amendment to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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 16 Leases	1 January 2019
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: (Plan Amendment, Curtailment or Settlement)	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycles	1 January 2019
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
Amendments to IC Interpretation 12 Service Concession Arrangements	1 January 2020

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

A2. Adoption of Revised Financial Reporting (Cont'd)

The following Standards were issued but not yet effective and have not been adopted by the Group (Cont'd):

MFRSs and IC Interpretations (Including The Consequential Amendments	Effective Date
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets – Web Site Costs	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2018.

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 2018.

A7. Dividend

The dividend paid in the current quarter and year ended 31 December 2018 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 2018.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

A9. Debt and Equity Securities

During the current quarter and year ended 31 December 2018, 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 RM	Current Year Quarter Ended 31 December 2018 No of shares	Current Year Ended 31 December 2018 No of shares
Exercise of ESOS	0.17	10,464,000	13,731,000
Exercise of ESOS	0.25	25,000	162,500
Exercise of ESOS	0.26	60,000	60,000
Exercise of ESOS	0.28	2,332,000	3,186,000
Exercise of ESOS	0.30	4,314,000	6,747,000
Exercise of ESOS	0.495	320,000	320,000
Exercise of ESOS	0.725	103,000	103,000
Total		17,618,000	24,309,500

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

- (b) Issued new ordinary shares arising from the conversion of ICPS:

	Current Year Quarter Ended 31 December 2018 No of shares	Current Year Ended 31 December 2018 No of shares
Conversion of ICPS	44,016,393	74,094,261

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 2018.

A10. Segmental Information

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

Current Year Year-To-Date 31 December 2018	Asia RM'000	Europe RM'000	USA RM'000	Others RM'000	Group RM'000
Revenue	336,945	90,052	48,542	15,236	490,775
Segment assets	530,221	29,531	3,333	-	563,085
Capital expenditure	63,526	91	-	-	55,460
Preceding Year Year-To-Date 31 December 2017	Asia RM'000	Europe RM'000	USA RM'000	Others RM'000	Group RM'000
Revenue	310,386	97,961	43,619	11,371	463,337
Segment assets	455,121	27,379	644	185	483,329
Capital expenditure	47,936	134	26	-	48,096

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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 2018 except for:

- (i) Incorporation of a new subsidiary, Dominant Electronics Sdn Bhd

Dominant Opto Technologies Sdn Bhd (“Dominant”), a 89.79% subsidiary of the Company, had on 7 May 2018 incorporated a new wholly owned subsidiary known as Dominant Electronics Sdn Bhd (“Dominant Electronics”). Dominant Electronics was incorporated in Malaysia under the Malaysia Companies Act 2016 with its intended activities of design, production and sales of automotive LED modules and provision of engineering services.

- (ii) Incorporation of a new subsidiary, Dominant Opto Technologies Japan K.K.

Dominant had on 12 June 2018 incorporated a new wholly owned subsidiary known as Dominant Opto Technologies Japan K.K. (“Dominant Japan”). Dominant Japan was incorporated in Japan under the Japanese Companies Act with its intended activities of merchandising semiconductor components including wholesale and retail of semiconductor devices, electronic components, electrical equipment for lighting, electronic display screen, lighting fittings; and import and export and receiving sales commission income of related products.

A12. Capital Commitments

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

	As at 31 December 2018 RM’000	As at 31 December 2017 RM’000
Purchase of property, plant and equipment	12,822	4,491
Renovations	22,073	16,709
	34,895	21,200

A13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2018.

A14. Subsequent Material Events

There was no material event subsequent to the end of the financial year reported up to 14 February 2019, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements except for:

- Dominant Opto Technologies Sdn Bhd (“Dominant”), a 89.79% owned subsidiary of D&O, had on 30 January 2019 invested seven hundred and fifty thousand (750,000) shares, which represents seventy five percentage (75%) of the total share capital in DOT Semiconductor Inc (“DOT”) at a total consideration of USD1,000,000 or RM4,107,000 equivalent. The principal activity of DOT is design, develop and sell integrated circuit (“IC”) chips that work with LEDs directly or LED application.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

A15. Significant Related Party Transaction

The Group carried out the following significant transactions with related parties during the current quarter and year ended 31 December 2018.

	Current Year Quarter Ended 31 December 2018 RM'000	Preceding Year Quarter Ended 31 December 2017 RM'000	Current Year Ended 31 December 2018 RM'000	Preceding Year Ended 31 December 2017 RM'000
Sales	7	2	127	205
Purchases	89,230	27,779	178,459	99,896
Others	28	28	112	112
	<u>28</u>	<u>28</u>	<u>112</u>	<u>112</u>

A16. Deferred Income

	As at 31 December 2018 RM'000	As at 31 December 2017 RM'000
Current		
- Government grant	-	143
Total Deferred Income	<u>-</u>	<u>143</u>

The Group received a government grant in year 2013 for a patent licence agreement. The grant is being amortised over 5 years. During the current year ended 31 December 2018, RM142,970 (2017 – RM142,970) has been amortised and recognised as other income in the profit or loss.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
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 Quarter Ended 31 December 2018 (RM mil)	Preceding Year Quarter Ended 31 December 2017 (RM mil)	% Change
Revenue			
- Automotive	135.92	126.86	7.10%
- Non-Automotive	4.66	5.67	-17.80%
	140.58	132.53	6.10%
Gross Profit	41.78	34.63	20.60%
Gross margin	29.70%	26.10%	
Net Other Expense	(3.7)	(1.85)	99.50%
Distribution expenses	(1.65)	(1.49)	10.70%
Administrative expenses	(10.72)	(11.2)	-4.30%
R&D expenses	(8.1)	(4.62)	75.30%
Finance costs	(0.57)	(0.46)	23.90%
PBT	17.04	15.01	13.50%
Income Tax	(3.19)	(3.43)	-7.00%
Net Profit	13.85	11.58	19.60%
Significant other income/(expense) items			
Foreign exchange gain/(loss)	(1.52)	(2.26)	-32.70%
ESOS	(3.18)	(0.82)	287.80%
Inventory write off	-	(1.55)	NM
Insurance claim	-	2.84	NM
Government R&D grant	0.99	-	

The Group reported a 6.1% year-on-year growth in revenue for the current quarter to RM140.6 million, spurred by a 7.1% growth in Automotive LED sales to RM135.9 million. With constant exchange rate, Group revenue expanded 7.2% year-on-year. The top line growth rate in the current quarter was negatively impacted by a slowdown in vehicle sales in China and the European Union. Vehicle sales in China fell 13% year-on-year in the final quarter of last year as consumer sentiments took a beating from the on-going trade tension with the USA. In the European Union, vehicle sales were momentarily affected (down 10-12% in 4Q2018) by the introduction of WLTP car emission regulation.

Gross profit however grew by 21% to RM41.8 million, bolstered by margin improvements. Gross profit margin rose 3.6% point to 29.7% on better sales mix, cost management and efficiency gains.

Results from operating activities excluding other income/expenses increased 23.1% to RM21.3 million on the back of higher revenue and better GP margin, partially offset by higher R&D expenses. R&D expense rose 75.3% to RM8.1 million mainly due to new product development (new headlamp and Smart LED packages) and additional product stress test qualifications to comply with the new AEC-Q102 specifications and other automotive stress test standards as specified by customers.

Pre-tax profit however expanded at a slower pace of 13.5% to RM17.0 million owing to higher other expenses. Significant other income/expense items were disclosed in the table above.

B1. Operating Segment review (cont'd)

12-Month period year-on-year Earnings Performance Review

	Current Year	Preceding Year	
	Ended	Ended	
	31 December	31 December	% Change
	2018	2017	
	(RM mil)	(RM mil)	
Revenue			
- Automotive	467.03	441.92	5.7%
- Non-Automotive	23.75	21.42	10.9%
	490.78	463.34	5.9%
Gross Profit	138.99	117.61	18.2%
Gross margin	28.3%	25.4%	
Net Other Expense	(4.95)	(1.65)	199.4%
Distribution expenses	(6.40)	(5.38)	19.0%
Administrative expenses	(43.89)	(42.71)	2.8%
R&D expenses	(29.31)	(20.05)	46.2%
Finance costs	(2.32)	(2.11)	10%
PBT	52.12	45.71	14.0%
Income Tax	(9.92)	(9.46)	4.9%
Net Profit	42.20	36.25	16.4%
Significant other income/expense items			
Foreign exchange loss	(2.04)	(3.77)	-45.9%
ESOS	(5.44)	(2.63)	106.8%
Customer compensation	(0.70)	(0.82)	-14.6%
Provision for inventory impairment	(3.70)	(3.04)	21.7%
Loss from asset realisation	(1.05)	(0.84)	25.0%
Government R&D grant	3.18	2.04	55.9%
Net gain on litigation settlement	3.15	-	NM
Insurance claim	-	8.79	NM

Revenue for the full year grew 5.9% to RM490.8 million. Growth in Ringgit term was negatively impacted by a 5% appreciation of the Ringgit against the export currencies. With constant exchange rate, revenue grew by 11.2% year-on-year on growth in automotive LED sales.

Gross profit however grew by 18.2% to RM139.0 million, underpinned by gross margin improvements from 25.4% to 28.3% on currency effects, better cost management, sales mix change and production efficiency gains.

Results from operating activities before other income/expense increased 20.0% to RM59.4 million on higher gross profit and a slower rate of increase in operating expenses (+4.6%), partially offset by a sharper 46.2% rise in R&D expenses to RM29.3 million. R&D expenses increased significantly in 2018 due to new product developments and additional product stress test qualifications to comply with the new AEC-Q102 specifications and other automotive stress test standards as specified by customers.

Pre-tax profit increased at a slower pace at 14.0% to RM52.1 million as growth in operating profit was mitigated by higher net other expenses. Significant other income/expense items for both periods were disclosed in the earnings table above.

B1. Operating Segment review (cont'd)

Changes in key Balance Sheet items during the 12 months period

	As At 31 December 2018 (RM mil)	As At 31 December 2017 (RM mil)	Explanation
Non-Current Assets			
Property, Plant and Equipment	190.5	166.1	Total capital expenditure of RM55.5 million for the year 2018 on equipments or tools purchase for new products, capacity expansion, machine upgrade, plant automation, lab facility and quality control process improvements, and new factory renovation was partially offset by RM30.1 million depreciation charge and RM1.2 million asset disposal/ write off.
Current Assets			
Inventories	150.1	113.3	Inventory increased due to a) Unexpected slower offtake in China due to vehicles sales slowdown; and b) Increased minimum stock level (“MSL”) for key material to manage the risk of supply intermittent interruptions
Trade Receivables	102.4	101.2	Increase due to higher revenue in 4 th Quarter 2018 when compared to preceding year corresponding quarter.
Current Liabilities			
Trade Payables	125.2	92.0	Trade payable increased by RM33.2 million due to higher purchases of raw material and higher capital expenditure as explained earlier.

Cash flow analysis for 12-month period ended 31 December 2018

The Group generated RM67.3million in after tax cash from its operations in 2018 (after payment of RM10.1 million to long outstanding trade payable following the settlement of a civil suit). Additionally, RM5.5 million new capital was raised from the exercise of ESOS and government grant of RM3.1 million was received during the year.

In the same period, the Group spent RM55.5 million on capital expenditure which was partially financed by term loan, RM8.2 million on phosphor patent acquisition and RM16.4 million on dividends paid to shareholders of the Company and minority shareholders of subsidiaries.

Net cash position marginally reduced from RM5.6 million on 31 December 2017 to RM2.6 million as at 31 December 2018.

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

	Current Year Quarter Ended 31 December 2018 (RM mil)	Current Year Quarter Ended 30 September 2018 (RM mil)	% Change
Revenue			
- Automotive	135.92	117.48	15.7%
- Non-Automotive	4.66	6.37	-26.8%
	140.58	123.85	13.5%
Gross Profit	41.78	35.19	18.7%
Gross margin	29.7%	28.4%	
Other (Expense)/Income	(3.70)	0.50	-840.0%
Distribution expenses	(1.65)	(1.67)	-1.2%
Administrative expenses	(10.72)	(11.76)	-8.8%
R&D expenses	(8.10)	(8.01)	1.1%
Finance costs	(0.57)	(0.83)	-31.3%
PBT	17.04	13.42	27.0%
Income Tax	(3.19)	(1.85)	72.4%
Net Profit	13.85	11.57	19.7%
Significant other income/expense items			
Foreign exchange (loss)/gain	(1.52)	0.68	-323.5%
ESOS	(3.18)	(0.74)	329.70%
Dividend income	-	0.32	NM
Government R&D grant	0.99	-	NM

Compared to the preceding quarter, revenue in the current quarter was 13.5% higher at RM140.6 million driven mainly by a 15.7% increase in Automotive Segment revenue. With constant exchange rate, revenue increased 12.5% quarter-on-quarter. The final quarter is seasonally the strongest quarter as customers increase orders to fulfill higher year end and Chinese New Year demands.

Gross profit margin improved from 28.4% in the preceding quarter to 29.7% in the current quarter mainly due to an increase in sales volume, better cost management, improved sales mix and productivity improvements. Results from operating activities excluding other income/expenses increased from RM13.8 million to RM21.3 million on the back of higher revenue and gross profit margin when compared to the preceding quarter.

Profit before tax expanded at a faster pace of 27.0% compared to gross profit growth rate to RM17.0 million on lower distribution and administrative expenses and slower increase in R&D expenses, which grew 1% to RM8.1 million, partially offset by higher net other expenses. ESOS expenses increased due to new grant of ESOS on 1 November 2018.

B3. Commentary on Prospects

We expect the Group to continue with its earnings growth trend in 2019 amidst uncertainties over trade tensions between the USA and China and their impact to consumer sentiment, vehicle demand, supply chain and investment plans. As it is, China's slowdown in vehicle demand which started in July 2018 has accelerated in 4Q2018 on consumer jitters, forcing Chinese car makers to cut vehicle production and purchases including LED in order to clear excessive inventories within the supply chain. This accelerated negative growth rate effectively exposes Dominant to short term risk on its LED exports to China.

Notwithstanding, the Group expects healthy top line growth for 2019. While lower car sales volume and supply chain adjustment may dampen revenue growth in the short term, the medium to long term growth fundamentals of LED remain intact as the primary demand drivers of automotive LED are the introduction of new LED lighting applications and increased LED adoption as the preferred lighting. We believe Dominant with its comprehensive range of visible lighting solutions will be well positioned to capitalise on this growth opportunities.

Capex over the next few years is expected to remain high as Dominant continues to build capacity, improve machine efficiencies and quality control processes, automate certain labour-intensive processes and strengthen in-house test capabilities.

Renovation works at the new factory building next to Dominant's existing plant is on schedule. Phase 1 of the renovation plan, comprising the office building is expected to be completed by 2Q2019.

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 2018 RM'000	Preceding Year Quarter Ended 31 December 2017 RM'000	Current Year Ended 31 December 2018 RM'000	Preceding Year Ended 31 December 2017 RM'000
Current tax	952	2,296	8,209	6,446
Withholding tax on dividend received	-	-	841	-
Deferred tax	2,233	1,141	2,233	3,074
Over provision in prior year	-	-	(1,362)	(56)
	<u>3,185</u>	<u>3,437</u>	<u>9,921</u>	<u>9,464</u>

Dominant Opto Technologies Sdn Bhd was granted pioneer status incentive under the Promotion of Investment Act 1986 in 2007. The pioneer status expired on 31 March 2017. The effective tax rate for the current quarter and year ended was lower than Malaysia statutory tax rate of 24% due to capital allowances and reinvestment allowance.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

B6. Borrowings

The Group's borrowings are as follows:

		As at 31 December 2018					
		Long term		Short term		Total borrowings	
		Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured:	Exchange rate*						
<i>Hire purchase</i>		-	539	-	220	-	759
<i>Term loan</i>							
-USD	4.14	7,115	-	10,461	-	17,576	-
-EURO	4.80	-	-	3,310	-	3,310	-
-RM		-	4,107	-	1,727	-	5,834
<i>Revolving credit</i>		-	-	-	12,500	-	12,500
<i>Bankers acceptances</i>		-	-	-	7,607	-	7,607
		7,115	4,646	13,771	22,054	20,886	26,700
Sub-total			11,761		35,825		47,586
		As at 31 December 2017					
		Long term		Short term		Total borrowings	
		Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured:	Exchange rate*						
<i>Hire purchase</i>		-	219	-	104	-	323
<i>Term loan</i>							
-USD	4.05	4,981	-	5,100	-	10,081	-
-EURO	4.84	-	-	3,391	-	3,391	-
-RM		-	5,827	-	1,656	-	7,483
<i>Revolving credit</i>		-	-	-	10,000	-	10,000
Unsecured:							
<i>Bankers acceptances</i>							
-USD	4.05	-	-	7,033	-	7,033	-
		4,981	6,046	15,524	11,760	20,505	17,806
Sub-total			11,027		27,284		38,311

*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.

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B7. Unquoted Investments

Details of investment in unquoted investments are as follows:

Other unquoted investments

	As At 31 December 2018 RM'000	As At 31 December 2017 RM'000
Investment in unquoted shares (outside Malaysia)		
At the beginning of year, at cost	8,374	8,453
Disposal of an unquoted shares	(242)	(79)
At the end of the year, at cost	8,132	8,374

B8. Earnings per Share

1. *Basic*

	Current Year Quarter Ended 31 December 2018	Preceding Year Quarter Ended 31 December 2017	Current Year Ended 31 December 2018	Preceding Year Ended 31 December 2017
Continuing operations				
Profit after taxation (RM'000)	13,854	11,576	42,202	36,255
Non-controlling interests (RM'000)	(1,527)	(4,636)	(6,241)	(13,886)
Profit attributable to Owners of the Company (RM'000)	12,327	6,940	35,961	22,369
Weighted average number of ordinary shares:-				
Issued ordinary shares at 1 January ('000)	1,004,030	989,826	1,004,030	989,826
Effect of new ordinary shares issued under ESOS ('000)	21,090	12,549	8,506	7,391
Effect of new ordinary shares issued under ICPS ('000)	74,094	-	33,624	-
Weighted average number of ordinary shares for the period (‘000)	1,099,214	1,002,375	1,046,160	997,217
Basic earnings per share (sen)	1.12	0.69	3.44	2.24

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

B8. Earnings per Share (con't)

2. *Diluted*

	Current Year Quarter Ended 31 December 2018	Preceding Year Quarter Ended 31 December 2017	Current Year Ended 31 December 2018	Preceding Year Ended 31 December 2017
Continuing operations				
Profit attributable to Owners of the Company (RM'000) (as above)	12,327	6,940	35,961	22,369
Weighted average number of ordinary shares for the period ('000) (as above)	1,099,214	1,002,375	1,046,160	997,217
Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000)	38,550	49,223	38,550	49,223
Weighted average number of shares deemed to have been issued under ICPS at no consideration ('000)	377,074	-	342,350	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,514,838	1,051,598	1,427,060	1,046,440
Diluted earnings per share (Sen)	0.81	0.66	2.52	2.14

B9. Detailed Disclosure for Statement of Comprehensive Income

	Current Year Quarter Ended 31 December 2018 RM'000	Preceding Year Quarter Ended 31 December 2017 RM'000	Current Year Ended 31 December 2018 RM'000	Preceding Year Ended 31 December 2017 RM'000
After crediting:				
Interest income	28	53	207	149
Gain on disposal of unquoted investment	-	-	44	14
Gain on disposal of marketable securities	-	-	33	-
Reversal for impairment losses on trade receivables	149	153	149	153
Net fair value (loss)/gain on marketable securities	-	-	(61)	63
After debiting:				
Amortisation of intangible assets	54	212	532	848
Depreciation	8,126	7,001	30,095	27,051
Interest expense	439	335	1,557	1,600
Inventories written down	1,911	1,546	5,614	3,306
Allowance for impairment losses on trade receivable	700	153	700	153
(Gain)/Loss on disposal of property, plant and equipment	-	(15)	415	695
Loss on foreign exchange	1,515	2,257	2,037	3,766
Property, plant and equipment written off	550	144	635	145

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

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

B10. Corporate Proposals

There was no corporate proposal announced but not completed as at 14 February 2019, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements.

B11. Off Balance Sheet Financial Instruments

There was no financial instrument with off balance sheet risk as at 14 February 2019, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements.

B12. Dividend

Ordinary Share

- (a) A final single-tier-tax dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2017 (2016 : NIL) amounting to RM5,194,334.82 was paid on 28 June 2018.
- (b) A interim single-tier-tax dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2018 (31 December 2017: 0.5 sen) amounting to RM5,512,167.84 was paid on 28 December 2018.

Irredeemable Convertible Preference Shares (“ICPS”)

- (a) A final single-tier-tax dividend of 0.5 sen per ICPS for the financial year ended 31 December 2017 (2016 : NIL) amounting to RM2,105,450.82 was paid to ICPS holders on 28 June 2018, based on the terms of the ICPS.
- (b) A interim single-tier-tax dividend of 0.5 sen per ICPS for the financial year ended 31 December 2018 (31 December 2017: 0.5 sen) amounting to RM1,885,368.84 was paid to ICPS holders on 28 December 2018, based on the terms of the 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 20 February 2019.