

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**  
**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 2018.

**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 2018, except for the adoption of the following Amendments and Annual improvement to Standards that came into effect on 1 January 2019:-

**MFRS 16 Leases**

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycles

The initial applications of the above do not have any material financial impacts to the financial statements of the Group except for MFRS16.

**MFRS 16 Leases**

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

There are recognition exemptions for short-term leases and leases of low-value items. These leases, accounting remains similar to the current standard which continues to be classified as finance or operating lease.

As allowed by the transitional provision, the Group applies MFRS 16 with effect from 1 January 2019, using the modified retrospective approach, with no restatement of comparative information. The effect from the adoption of MFRS 16 is stated in Note A16.

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>
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of a Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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

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

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

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

**A5. Changes in Estimates**

There was no significant change in estimates of amounts reported in prior financial years which have a material effect in the current quarter and period ended 30 June 2019.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter and period ended 30 June 2019.

**A7. Dividend**

The dividend paid in the current quarter and period ended 30 June 2019 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 period ended 30 June 2019.

**A9. Debt and Equity Securities**

During the current quarter and period ended 30 June 2019, the Company has:

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

	<b>Issue Price per share</b>	<b>Current Year Quarter Ended 30 June 2019 No of shares</b>	<b>Current Year Period Ended 30 June 2019 No of shares</b>
	<b>RM</b>		
Exercise of ESOS	0.17	1,380,000	3,150,000
Exercise of ESOS	0.25	-	150,000
Exercise of ESOS	0.28	251,500	1,090,300
Exercise of ESOS	0.30	320,000	1,461,500
Exercise of ESOS	0.495	54,000	494,000
Total		<u>2,005,500</u>	<u>6,345,800</u>

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

Other than the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity security during the current quarter and period ended 30 June 2019.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**A10. Segmental Information**

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

<b>Current Year</b>					
<b>Year-To-Date</b>	<b>Asia</b>	<b>Europe</b>	<b>USA</b>	<b>Others</b>	<b>Group</b>
<b>30 June 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	142,629	52,688	24,911	7,863	228,091
Segment assets	517,509	34,439	4,900	-	556,848
Capital expenditure	34,290	8	-	-	34,298
<b>Preceding Year</b>					
<b>Year-To-Date</b>	<b>Asia</b>	<b>Europe</b>	<b>USA</b>	<b>Others</b>	<b>Group</b>
<b>30 June 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	143,863	50,029	25,262	7,191	226,345
Segment assets	454,545	28,682	1,384	662	485,273
Capital expenditure	16,323	12	-	-	16,335

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

There were no changes in the composition of the Group for the current quarter and period ended 30 June 2019 except for:

Incorporation of a new subsidiary, DOT Semiconductor Inc.

Dominant Opto Technologies Sdn Bhd (“Dominant”), an 89.79% owned subsidiary of D&O, had on 30 January 2019 subscribed a total of seven hundred and fifty thousand (750,000) shares in DOT Semiconductor Inc (“DOT”), a company incorporated in United States for a total consideration of USD1,000,000 to be paid upon call. As at 30 June 2019, Dominant has completed its first call amounting to USD263,300.

The principal activity of DOT is to design and develop integrated circuit (“IC”) chips for automotive LED applications.

Incorporation of a new subsidiary, Dominant Integrated Circuits Sdn Bhd

The Company had on 15 May 2019 incorporated a new subsidiary known as Dominant Integrated Circuits Sdn Bhd (“Dominant IC”), a wholly owned subsidiary of Dominant. Dominant IC was incorporated in Malaysia under the Malaysia Companies Act 2016. The principal activity of Dominant IC is to design, develop and sales of integrated circuit (“IC”) chips for LED applications.

**A12. Capital Commitments**

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

	<b>As at</b>	<b>As at</b>
	<b>30 June 2019</b>	<b>31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of property, plant and equipment	42,546	34,895

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

There were no contingent liabilities or contingent assets as at 30 June 2019.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**A14. Subsequent Material Events**

There was no material event subsequent to the end of the financial year reported up to 15 August 2019, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements.

**A15. Significant Related Party Transaction**

The Group carried out the following significant transactions with related parties during the current quarter and period ended 30 June 2019.

	<b>Current Year Quarter Ended 30 June 2019 RM'000</b>	<b>Preceding Year Quarter Ended 30 June 2018 RM'000</b>	<b>Current Year Period Ended 30 June 2019 RM'000</b>	<b>Preceding Year Period Ended 30 June 2018 RM'000</b>
Purchases	28,772	27,012	53,554	50,696
Rental	<u>37</u>	<u>28</u>	<u>74</u>	<u>56</u>

**A16. Changes in accounting policies – Operating leases**

As of 1 January 2019, the Group has recognised right-of-use assets of RM1.51 million and a corresponding lease liability of RM1.51 million in respect of land and building, motor vehicles and information technology equipments. The Group adopted MFRS 16: Leases accounting policy as of 1 January 2019 applying the simplified transition approach, and did not restate comparative amounts for the year prior to first adoption of the standard.

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1. Operating Segment review**

**2Q Year-on-Year Earnings Performance Review**

	<b>Current Year Quarter Ended 30 June 2019 (RM mil)</b>	<b>Preceding Year Quarter Ended 30 June 2018 (RM mil)</b>	<b>% Change</b>
<b>Revenue</b>			
- Automotive	113.11	106.89	5.8%
- Non-Automotive	1.93	6.37	-69.7%
	<b>115.04</b>	<b>113.26</b>	<b>1.6%</b>
Gross Profit	31.26	31.17	0.3%
Gross margin	<b>27.2%</b>	<b>27.5%</b>	
Net Other (Expense)/Income	(3.24)	2.33	-239.1%
Distribution expenses	(1.43)	(1.61)	-10.6%
Administrative expenses	(11.61)	(10.79)	7.6%
R&D expenses	(6.06)	(8.86)	-31.6%
Finance costs	(0.77)	(0.45)	70.0%
<b>PBT</b>	<b>8.15</b>	<b>11.79</b>	<b>-30.9%</b>
Income Tax	(1.44)	(2.67)	-46.1%
<b>Net Profit</b>	<b>6.71</b>	<b>9.12</b>	<b>-26.4%</b>
<b>Significant other income/(expense) items</b>			
Foreign exchange gain/(loss)	0.07	0.40	-82.5%
ESOS	(1.49)	(0.76)	96.1%
Inventory write off	(2.15)	(2.38)	-9.7%
Customer compensation	(0.01)	(0.28)	-96.4%
Government grant	-	2.20	NM
Net gain on litigation settlement	-	3.15	NM

Despite slowing global car sales, notably in China where passenger car and commercial light vehicle sales contracted 14% year-on-year in the first half of 2019, automotive revenue rose 5.8% to RM113.1 million in the current quarter. Non-automotive and OEM sales however fell 69.7% to RM1.9 million due to global market weakness, resulting in overall Group revenue posting a 1.6% increase to RM115.0 million.

Gross profit margin declined marginally from 27.5% to 27.2% on lower capacity utilisation. However, operating profit before other income/expense and finance costs increased 22.5% to RM12.2 million mainly as a result of a 31.6% decrease in R&D expenses. R&D spending was reined in as more product reliability testing is now conducted in-house (as opposed to outsourcing) following major enhancement to laboratory capabilities.

Higher ESOS expense, coupled with the absence of government grant (2Q 2018: RM2.2 million) and litigation settlement gain (2Q 2018: RM3.2 million) in the current quarter resulted in pre-tax profit coming in 30.9% lower at RM8.2 million (2Q 2018: RM11.8 million).

Net profit was 26.4% lower at RM6.7 million. Effective tax rate in the current quarter was lower at 17.7% when compared to 22.6% in the same period last year due to capital allowance and reinvestment allowances.

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

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

	<b>Current Year Period Ended 30 June 2019 (RM mil)</b>	<b>Preceding Year Period Ended 30 June 2018 (RM mil)</b>	<b>% Change</b>
<b>Revenue</b>			
- Automotive	222.76	213.64	4.3%
- Non-Automotive	5.33	12.71	-58.1%
	<b>228.09</b>	<b>226.35</b>	<b>0.8%</b>
Gross Profit	61.80	62.01	-0.3%
Gross margin	<b>27.1%</b>	<b>27.4%</b>	
Other Income/(Expense)	(5.22)	(1.74)	200%
Distribution expenses	(3.15)	(3.08)	2.3%
Administrative expenses	(23.53)	(21.40)	10.0%
R&D expenses	(12.01)	(13.21)	-9.1%
Finance costs	(1.49)	(0.91)	63.7%
<b>PBT</b>	<b>16.40</b>	<b>21.67</b>	<b>-24.3%</b>
Income Tax	(2.91)	(4.89)	-40.5%
<b>Net Profit</b>	<b>13.49</b>	<b>16.78</b>	<b>-19.6%</b>
<b>Significant other income/(expense) items</b>			
Foreign exchange gain/(loss)	0.58	(1.20)	-148%
ESOS	(2.97)	(1.53)	94.1%
Provision for inventory impairment	(3.37)	(3.70)	-8.9%
Government grant	-	2.20	NM
Net gain on litigation settlement	-	3.15	NM

Despite a softening global automotive industry, automotive revenue grew 4.3% to RM222.8 million in the first six months of 2019, implying Dominant's market position has improved compared to a year ago. Group revenue however grew only marginally by 0.8% to RM228.1 million, weighed down by a 58.1% decline in non-automotive and OEM sales. Non-automotive and OEM sales were adversely affected by market weakness in the automotive and consumer electronic industries.

Gross profit was flat at RM62 million as gross profit margin came in slightly lower from 27.4% to 27.1% on lower capacity utilisation.

Operating profit before other income/expense and finance costs fell 5.0% to RM23.1 million on higher administrative expenses, partially offset by lower R&D spending. Pre-tax profit decreased at a faster pace of 24.3% to RM16.4 million due to higher ESOS expense and the absence of government grant (1H 2018: RM2.2 million) and gain from litigation settlement (1H 2018: RM3.2 million), partially offset by RM0.6 million forex gain (1H 2018: forex loss RM1.2 million).

Net profit declined 19.6% to RM13.5 million. Effective tax rate of 17.7% in the first half of this year was lower than 22.6% in the same period last year due to capital allowance and reinvestment allowances.

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

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

	<b>As At</b> <b>30 June 2019</b> <b>(RM mil)</b>	<b>As At</b> <b>31 December 2018</b> <b>(RM mil)</b>	<b>Explanation</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	207.4	190.5	Increase was due to RM34.3 million Capex spending on tools and equipment for new product lines, machinery upgrades, plant automation, QC improvements and construction of new factory, partially offset by RM17.2 million depreciation charge.
<b>Current Assets</b>			
Inventories	143.5	150.1	Decrease was due to realignment of inventory holding level in accordance to market demand.
Trade Receivables	89.2	102.4	Reduction in trade receivable was in line with lower sales revenue in 2Q2019 when compared to sales in 4Q2018.
<b>Current Liabilities</b>			
Trade Payables	86.9	125.2	Reduction in trade payable was due to lower purchases in accordance to lower production loading in 2Q 2019 when compared to 4Q 2018.

**Cash flow analysis for 6-month period ended 30 June 2019**

Before changes in working capital, the Group generated a positive RM41.7 million cash flow from its operations. After changes in working capital and interest and income tax payments, cash inflow was marginally positive at RM0.7 million. The increased working capital requirement was mainly due to timing differences between collection of receivables and payment of payables.

In the same period, the Group spent RM34.3 million on capital expenditure and RM8.3 million on dividends paid to shareholders and minority shareholders of subsidiaries. The cash outflow from investing activities was partially financed by banking facilities and RM1.6 million new capital raised from the exercise of ESOS. Consequently, the Group swung from a net cash position of RM3.2 million to a net debt position of RM38.3 million.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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

	<b>Current Year Quarter Ended 30 June 2019 (RM mil)</b>	<b>Preceding Year Quarter Ended 31 March 2019 (RM mil)</b>	<b>% Change</b>
<b>Revenue</b>			
- Automotive	113.11	109.66	3.1%
- Non-Automotive	1.93	3.40	-43.2%
	<b>115.04</b>	<b>113.06</b>	<b>1.8%</b>
Gross Profit	31.26	30.55	2.3%
Gross margin	<b>27.2%</b>	<b>27.0%</b>	
Other (Expense)/Income	(3.24)	(1.98)	63.3%
Distribution expenses	(1.43)	(1.72)	-16.3%
Administrative expenses	(11.61)	(11.92)	-2.6%
R&D expenses	(6.06)	(5.95)	1.8%
Finance costs	(0.77)	(0.73)	4.8%
<b>PBT</b>	<b>8.15</b>	<b>8.25</b>	<b>-1.3%</b>
Income Tax	(1.44)	(1.47)	-2.0%
<b>Net Profit</b>	<b>6.71</b>	<b>6.78</b>	<b>-1.1%</b>
<b>Significant other income/expense items</b>			
Foreign exchange gain	0.07	0.50	-86%
ESOS	(1.49)	(1.49)	-
Inventories written off	(2.15)	(1.22)	76.2%

When compared to the preceding quarter, automotive revenue increased 3.1% to RM113.1 million, while non-automotive and OEM sales weakened 43.2% sequentially to 1.9 million. Overall Group revenue rose 1.8% quarter-on-quarter to RM115.0 million.

Gross margin improved marginally from 27.0% to 27.2% on higher sales volume. Operating profit before other net income/expense rose 10.9% to RM12.2 million on higher gross profit, and lower distribution and administrative expenses. Pre-tax profit however declined 1.3% to RM8.2 million as a result of lower forex gain and higher inventory impairment. Net profit declined 1.1% to RM6.7 million.

**B3. Commentary on Prospects**

Global passenger car and commercial light vehicle sales registered its first decline of 0.5% in 2018 after more than a decade of continuous growth. The pace of decline accelerated in the first half of 2019 across all major markets due mainly to weakened consumer sentiment and a slowing global economy. Notably, passenger and commercial light vehicle sales in the largest automotive market in China contracted 14% in the first six months of 2019, while those in the EU and the US fell 2-3% during the same period. Recent economic indicators suggest a quick recovery in the global automotive industry remains remote, implying a challenging environment for the remaining part of the year for industry players.

Visibility in the remaining months of the year is poor. Further downside risk has increased due to rising geopolitical tension which could potentially derail the world economy. Amidst an uncertain market outlook, management will continue to exercise prudence and strengthen its industry position.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**B3. Commentary on Prospects (cont'd)**

Longer term, we believe the prospects of automotive LED remains bright and intact, driven primarily by rising LED adoption in automotive lighting applications in pursuit of improved safety features, better driver and passenger comfort and more attractive aesthetic appeal.

As such, despite the short term market weakness and uncertainty, the Group remains focused on developing innovative products for the future and expanding its product offering to capture a wider range of applications. Dominant has over the years developed good traction with its automotive customers, and we will leverage off these credentials to increase sales penetration amongst these customers.

Renovation of the new factory is on schedule and we expect the supporting office function to move into the new building towards the end of 2019, thus freeing up space for future production floor expansion.

**B4. Profit Forecast or Profit Guarantee**

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

**B5. Income Tax Expense**

	<b>Current Year Quarter Ended 30 June 2019</b>	<b>Current Year Quarter Ended 30 June 2018</b>	<b>Current Year Period Ended 30 June 2019 RM'000</b>	<b>Preceding Year Period Ended 30 June 2018 RM'000</b>
Current tax	1,231	2,944	2,701	5,164
Deferred tax	207	(275)	207	(275)
	<u>1,438</u>	<u>2,669</u>	<u>2,908</u>	<u>4,889</u>

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

**B6. Borrowings**

The Group's borrowings are as follows:

	Exchange rate*	<b>As at 30 June 2019</b>					
		<b>Long term</b>		<b>Short term</b>		<b>Total borrowings</b>	
		Foreign denomination <b>RM'000</b>	RM denomination <b>RM'000</b>	Foreign denomination <b>RM'000</b>	RM denomination <b>RM'000</b>	Foreign denomination <b>RM'000</b>	RM denomination <b>RM'000</b>
<b>Secured:</b>							
<i>Hire purchase</i>		-	429	-	219	-	648
<i>Term loan</i>							
-USD	4.13	21,890	-	11,107	-	32,997	-
-EURO	4.71	-	-	3,296	-	3,296	-
-RM		-	11,556	-	4,390	-	15,946
<i>Revolving credit</i>		-	-	-	5,000	-	5,000
<i>Bankers acceptances</i>		-	-	-	24,941	-	24,941
		<u>21,890</u>	<u>11,985</u>	<u>14,403</u>	<u>34,550</u>	<u>36,293</u>	<u>46,535</u>
Sub-total			<u>33,875</u>		<u>48,953</u>		<u>82,828</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**B6. Borrowings (cont'd)**

	Exchange rate*	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
<b>Secured:</b>							
<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>		-	-	-	7,606	-	7,606
		7,115	4,646	13,771	22,053	20,886	26,699
Sub-total			11,761		35,824		47,585

\*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.

**B7. Unquoted Investments**

Details of investment in unquoted investments are as follows:

Other unquoted investments

	As At 30 June 2019 RM'000	As At 31 December 2018 RM'000
Investment in unquoted shares (outside Malaysia)		
At the beginning of year, at cost	5,123	8,374
Changes in accounting policies	-	(3,147)
	5,123	5,227
Disposal of an unquoted shares	-	(104)
At the end of the period/year, at cost	5,123	5,123

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**B8. Earnings per Share**

*1. Basic*

	<b>Current Year Quarter Ended 30 June 2019</b>	<b>Preceding Year Quarter Ended 30 June 2018</b>	<b>Current Year Period Ended 30 June 2019</b>	<b>Preceding Year Period Ended 30 June 2018</b>
<b>Continuing operations</b>				
Profit after taxation (RM'000)	6,713	9,129	13,495	16,778
Non-controlling interests (RM'000)	(747)	(999)	(1,490)	(3,515)
Profit attributable to Owners of the Company (RM'000)	5,966	8,130	12,005	13,263
Dividend on ICPS (RM'000)	(1,885)	(2,105)	(1,885)	(2,105)
	<u>4,081</u>	<u>6,025</u>	<u>10,120</u>	<u>11,158</u>
Weighted average number of ordinary shares:-				
Issued ordinary shares at 1 January ('000)	1,102,434	1,004,030	1,102,434	1,004,030
Effect of new ordinary shares issued under ESOS ('000)	5,575	3,979	4,205	3,455
Effect of new ordinary shares issued under ICPS ('000)	-	30,078	-	15,161
Weighted average number of ordinary shares for the period ( '000)	<u>1,108,009</u>	<u>1,038,087</u>	<u>1,106,639</u>	<u>1,022,646</u>
Basic earnings per share (sen)	<u>0.37</u>	<u>0.58</u>	<u>0.91</u>	<u>1.09</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**B8. Earnings per Share (con't)**

2. *Diluted*

	<b>Current Year Quarter Ended 30 June 2019</b>	<b>Preceding Year Quarter Ended 30 June 2018</b>	<b>Current Year Period Ended 30 June 2019</b>	<b>Preceding Year Period Ended 30 June 2018</b>
<b>Continuing operations</b>				
Profit attributable to Owners of the Company (RM'000) (as above)	5,966	8,130	12,005	13,263
Weighted average number of ordinary shares for the period ('000) (as above)	1,108,009	1,038,087	1,106,639	1,022,646
Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000)	36,235	49,625	36,235	49,625
Weighted average number of shares deemed to have been issued under ICPS at no consideration ('000)	377,074	421,090	377,074	285,617
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,521,318	1,508,802	1,519,948	1,357,888
Diluted earnings per share (Sen)	0.39	0.54	0.79	0.98

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**B9. Detailed Disclosure for Statement of Comprehensive Income**

	<b>Current Year Quarter Ended 30 June 2019 RM'000</b>	<b>Preceding Year Quarter Ended 30 June 2018 RM'000</b>	<b>Current Year Period Ended 30 June 2019 RM'000</b>	<b>Preceding Year Period Ended 30 June 2018 RM'000</b>
<b>After crediting:</b>				
Interest income	96	47	119	67
Gain on disposal of unquoted investment	-	-	-	16
Gain on disposal of marketable securities	-	33	-	33
Fair value gain on derivatives	<u>1,169</u>	<u>1,696</u>	<u>1,009</u>	<u>1,993</u>
<b>After debiting:</b>				
Amortisation of intangible assets	54	212	108	424
Depreciation	9,283	7,251	17,172	14,351
Depreciation on right-of-use assets	159	-	353	-
Interest expense	637	354	1,205	704
Interest expense on lease liabilities	10	-	25	-
Inventories written down	2,150	2,384	3,374	3,703
Loss on disposal of property, plant and equipment	1	-	1	503
(Gain)/Loss on foreign exchange	(77)	(399)	(575)	1,204
Property, plant and equipment written off	48	-	127	85
Net fair value loss on marketable securities	-	-	-	61

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

- a) gain or loss on disposal of quoted investments

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

**B10. Corporate Proposals**

There was no corporate proposal announced but not completed as at 15 August 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 15 August 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**

An interim single-tier-tax dividend of 0.5 sen per ordinary share for the financial year ending 31 December 2019 (2018: 0.5 sen) was paid on 28 June 2019.

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

An interim single-tier-tax dividend of 0.5 sen per ICPS share for the financial year ending 31 December 2019 (2018: 0.5 sen) was paid on 28 June 2019.

**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 21 August 2019.