

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 MFRS 16.

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:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 September 2019.

A7. Dividend

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

A9. Debt and Equity Securities

During the current quarter and period ended 30 September 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:-

	Issue Price per share	Current Year Quarter Ended 30 September 2019 No of shares	Current Year Period Ended 30 September 2019 No of shares
	RM		
Exercise of ESOS	0.17	1,950,000	5,100,000
Exercise of ESOS	0.25	62,500	212,500
Exercise of ESOS	0.28	252,500	1,342,800
Exercise of ESOS	0.30	190,000	1,651,500
Exercise of ESOS	0.495	336,000	830,000
Total		<u>2,791,000</u>	<u>9,136,800</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 September 2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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
30 September 2019	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	225,598	79,008	37,283	11,951	353,840
Segment assets	556,350	30,837	3,403	-	590,590
Capital expenditure	58,645	8	3	-	58,656
Preceding Year					
Year-To-Date	Asia	Europe	USA	Others	Group
30 September 2018	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	233,048	69,577	36,650	10,916	350,191
Segment assets	505,990	31,975	3,643	-	541,608
Capital expenditure	41,198	25	-	-	41,223

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and period ended 30 September 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, on 30 January 2019 subscribed to seven hundred and fifty thousand (750,000) shares in DOT Semiconductor Inc (“DOT”), a company incorporated in the United States for a total consideration of USD750,000 to be paid upon call. As of 21 August 2019, Dominant has completed its capital investment commitment in DOT but the remaining 25% shareholder of DOT has yet to fulfil their investment commitment. Therefore, Dominant is currently the sole shareholder in DOT.

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 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 sell integrated circuit (“IC”) chips for LED applications.

A12. Capital Commitments

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

	As at 30 September 2019 RM'000	As at 31 December 2018 RM'000
Purchase of property, plant and equipment	33,737	34,895

A13. Changes in Contingent Liabilities or Contingent Assets

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

A14. Subsequent Material Events

There was no material event subsequent to the end of the financial year reported up to 21 November 2019, the latest practicable date which is not earlier than 7 days from the date of issue of these financial statements except for:

Strike off of a dormant overseas subsidiary, DRE Technologies Co., Ltd

DRE Technologies Co., Ltd, (“DRE”), a 51% owned subsidiary of Dominant has received the notice from Registrar of Companies in Zhuhai, Hengqin New Area in the Peoples’ Republic of China that DRE has been deregistered on 9 October 2019. DRE is a dormant company and has not commenced business or operations since incorporation. The strike off will reduce administrative resources and cost incurred for maintaining this overseas subsidiary.

A15. Significant Related Party Transaction

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

	Current Year Quarter Ended 30 September 2019 RM'000	Preceding Year Quarter Ended 30 September 2018 RM'000	Current Year Period Ended 30 September 2019 RM'000	Preceding Year Period Ended 30 September 2018 RM'000
Purchases	33,074	38,533	86,628	89,229
Rental	47	28	121	84

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019
PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD
LISTING REQUIREMENTS

B1. Operating Segment review

3Q Year-on-Year Earnings Performance Review

	Current Year	Preceding Year	
	Quarter Ended	Quarter Ended	
	30 September	30 September	
	2019	2018	% Change
	(RM mil)	(RM mil)	
Revenue			
- Automotive	121.04	117.48	3.0%
- Non-Automotive	4.71	6.37	-26.1%
	125.75	123.85	1.5%
Gross Profit	34.44	35.19	-2.1%
<i>Gross margin</i>	27.4%	28.4%	
Net Other (Expense)/Income	(4.13)	0.50	N.M.
Distribution expenses	(1.54)	(1.67)	-7.8%
Administrative expenses	(11.48)	(11.76)	-2.4%
R&D expenses	(4.75)	(8.01)	-40.7%
Finance costs	(0.83)	(0.83)	-
PBT	11.71	13.42	-12.7%
Income Tax	(1.67)	(1.85)	-9.7%
Net Profit	10.04	11.57	-13.2%
Significant other income/(expense) items			
Foreign exchange (loss)/gain	(1.15)	0.68	-269.1%
ESOS	(1.47)	(0.74)	98.6%
Dividend	0.26	0.32	-18.8%
Inventory write off	(1.65)	-	NM

When compared to the preceding year corresponding quarter, Group revenue rose 1.5% to RM125.8 million as an expanding Automotive sales revenue (+3.0%) more than offset a 26.1% decline in Non-Automotive/OEM sales revenue. Despite overall lower global car sales volume, automotive earnings of Dominant were bolstered by increased demand from commercialisation of new business wins. Revenue from Non-Automotive/OEM segment were however adversely affected by slower demand from the consumer electronics sector and a generally weaker automotive demand.

Gross profit margin came in slightly lower at 27.4%, compared to 28.4% registered in the same period last year, on lower average capacity utilisation across all manufacturing platforms. Consequently, gross profit declined 2.1% to RM34.4 million.

Profits from operating activities before other income/expenses and finance cost however improved 21.2% to RM16.7 million on the back of lower R&D expenses, as more product reliability testing is now conducted in-house (as opposed to outsourcing) following a major enhancement of Dominant's laboratory capabilities.

Pre-tax profit declined 12.7% to RM11.7 million as growth in operating profit was more than offset by higher other expense. Other expense, net of other income, amounted to RM4.1 million in the current quarter, compared to a net other income of RM0.5 million a year ago. The significant year-on-year increase in net other expense was attributable to higher forex losses, ESOS expense and inventory write-off as summarized in the table above.

B1. Operating Segment review (cont'd)

9-month period year-on-year Earnings Performance Review

	Current Year Period Ended 30 September 2019 (RM mil)	Preceding Year Period Ended 30 September 2018 (RM mil)	% Change
Revenue			
- Automotive	343.81	331.11	3.8%
- Non-Automotive	10.03	19.08	-47.4%
	353.84	350.19	1.0%
Gross Profit	96.24	97.20	-1.0%
<i>Gross margin</i>	27.2%	27.8%	
Other Income/(Expense)	(9.35)	(1.24)	654.0%
Distribution expenses	(4.69)	(4.75)	-1.3%
Administrative expenses	(35.01)	(33.15)	5.6%
R&D expenses	(16.76)	(21.22)	-21.0%
Finance costs	(2.32)	(1.75)	32.6%
PBT	28.11	35.09	-19.9%
Income Tax	(4.57)	(6.74)	-32.2%
Net Profit	23.54	28.35	-17.0%
Significant other income/(expense) items			
Foreign exchange loss	(0.58)	(0.22)	163.6%
ESOS	(4.44)	(2.27)	95.6%
Provision for inventory impairment	(5.03)	(3.70)	35.9%
Government grant	-	2.20	NM
Net gain on litigation settlement	-	3.15	NM

Despite a 3.8% growth in the Automotive Segment, turnover for the first nine months increased only marginally by 1.0% to RM353.8 million as a result of a 47.4% decline in revenue from the Non-Automotive/OEM segment. Automotive earnings were strengthened by increased orders for new projects amidst a challenging market condition, while weakness in the consumer electronics and automotive sector resulted in lower orders from the Non-Automotive/OEM segment.

Gross profit margin for the 9-month period stood at 27.2%, marginally lower than 27.8% registered in the same period last year mainly due to lower average production capacity utilization, resulting in a 1.0% decline in gross profit to RM96.2 million. Profit from operational activities before other income/expenses and finance cost increased 4.5% to RM39.8 million mainly on lower R&D expenses as more product reliability testing is now conducted in-house (previously outsourced), partially offset by higher administrative expenses.

However, overall pre-tax profit came in 19.9% lower at RM28.1 million as a result of the absence of government grant (9M2018: RM2.2 million) and litigation settlement gain (9M2018: RM3.2 million), higher inventory impairment, higher ESOS expenses and higher forex losses.

B1. Operating Segment review (cont'd)

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

	As At 30 September 2019 (RM mil)	As At 31 December 2018 (RM mil)	Explanation
Non-Current Assets			
Property, Plant and Equipment	222.7	190.5	Increase was due to RM58.7 million Capex spent on tools and equipment for new product lines, machinery upgrades, plant automation, QC improvements and construction of new factory, partially offset by RM26.1 million depreciation charge.
Current Assets			
Inventories	147.1	150.1	Decrease was due to realignment of inventory holding level in accordance to market demand.
Trade Receivables	94.9	102.4	Reduction in trade receivable was in line with lower sales revenue in 3Q2019 when compared to sales in 4Q2018.
Current Liabilities			
Trade Payables	99.8	125.2	Reduction in trade payable was due to lower purchases in accordance to lower production loading in 3Q 2019 when compared to 4Q 2018.

Cash flow analysis for 9-month period ended 30 September 2019

Before changes in working capital, the Group generated a positive RM67.8 million cash flow from its operations (9M2018:RM66.2 million). After factoring in changes in working capital and interest and income tax payments, cash inflow was RM24.4 million. The increase in working capital requirement was mainly due to the payment of payables.

In the same period, the Group spent RM58.7 million on capital expenditure and RM8.3 million on dividends paid to shareholders and minority shareholders of a subsidiary. The cash outflow from investing activities was partially financed by banking facilities and RM2.2million proceeds from the exercise of ESOS. Consequently, the Group swung from a net cash position of RM3.2 million to a net debt position of RM41.4 million.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

	Current Year Quarter Ended 30 September 2019 (RM mil)	Current Year Quarter Ended 30 June 2019 (RM mil)	% Change
Revenue			
- Automotive	121.04	113.11	7.0%
- Non-Automotive	4.71	1.93	144.0%
	125.75	115.04	9.3%
Gross Profit	34.44	31.26	10.2%
<i>Gross margin</i>	27.4%	27.2%	
Other (Expense)/Income	(4.13)	(3.24)	27.5%
Distribution expenses	(1.54)	(1.44)	6.9%
Administrative expenses	(11.48)	(11.61)	-1.1%
R&D expenses	(4.75)	(6.06)	-21.6%
Finance costs	(0.83)	(0.77)	7.8%
PBT	11.71	8.15	43.7%
Income Tax	(1.67)	(1.44)	16.0%
Net Profit	10.04	6.71	49.6%
Significant other income/expense items			
Foreign exchange loss	(1.15)	0.08	-1537.5%
ESOS	(1.47)	(1.49)	-1.3%
Inventories written off	(1.65)	(2.15)	-23.3%

Revenue in the current quarter increased 9.3% to RM125.8 million from RM115.0 million in the preceding quarter on a 7.0% increase in sales of automotive LED. The underlying quarter-on-quarter improvement was attributable to a combination of seasonality factors, industry demand growth and increased customer penetration.

Gross profit rose 10.0% to RM34.4 million, fueled by higher revenue and higher average capacity utilisation. Operating profit before other income and expense and finance cost increased 37.2% to RM16.7 million (2Q2019: RM12.2 million). In addition to higher gross profit, the results were bolstered by a 21.6% decline in R&D expenses. Consequently, the Group registered a 43.7% increase in profit before tax to RM11.7 million.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

B3. Commentary on Prospects

The global automotive industry outlook is expected to remain challenging. Uncertainties continue to linger over the US-China trade relation, and if remains unresolved, would affect consumer sentiments. This in turn would affect car sales in the world's two largest automotive markets and possibly the investment plans of major car companies.

Notwithstanding market forecast of a 4-5% year-on-year decline in global car sales volume in 2019, demand for the Group's LED has remained relatively robust year-to-date (9M 2019 automotive revenue +4%) and is expected to remain strong across core markets moving forward. This is bolstered mainly by commercialisation of new business wins. Barring any economic shock, management expects the Group to continue to register positive top line growth in the final quarter of 2019.

In the longer term, management is optimistic of the prospects of the automotive LED industry, driven mainly by increasing LED density (for both exterior and interior lighting) in future car designs, as car manufacturers pursue better safety features, aesthetic appeal and comfort. To capture a larger slice of this evolving trend, Dominant will continue to focus its resources on developing innovative products, including Smart RGB LED, to meet changing customer demands and requirements.

Renovation of the new factory is progressing as scheduled and is expected to be completed in December 2019. However due to the recent increase in customer orders, management has decided to delay the move of the company office to the new factory building from December 2019 to first quarter 2020.

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 30 September 2019	Current Year Quarter Ended 30 September 2018	Current Year Period Ended 30 September 2019 RM'000	Preceding Year Period Ended 30 September 2018 RM'000
Current tax	1,427	2,092	4,128	7,256
Withholding tax on dividend received	32	841	32	841
Over provision in prior year	(790)	(1,362)	(790)	(1,362)
Deferred tax	997	275	1,203	-
	<u>1,666</u>	<u>1,846</u>	<u>4,573</u>	<u>6,735</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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

B6. Borrowings

The Group's borrowings are as follows:

		As at 30 September 2019					
		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>		-	374	-	220	-	594
<i>Term loan</i>							
-USD	4.19	19,081	-	16,691	-	35,772	-
-EURO	4.58	-	-	3,207	-	3,207	-
-RM		-	12,726	-	5,643	-	18,369
<i>Revolving credit</i>		-	-	-	4,000	-	4,000
<i>Bankers acceptances</i>	4.19	-	-	27,960	-	27,960	-
		19,081	13,100	47,858	9,863	66,939	22,963
Sub-total		<u>32,181</u>		<u>57,721</u>		<u>89,902</u>	

		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>	4.14	-	-	7,606	-	7,606	-
		7,115	4,646	21,377	14,447	28,492	19,093
Sub-total		<u>11,761</u>		<u>35,824</u>		<u>47,585</u>	

*The foreign exchange rate used is expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent for the translation of the foreign currency balances at the end of the reporting period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

B7. Unquoted Investments

Details of investment in unquoted investments are as follows:

Other unquoted investments

	As At 30 September 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

B8. Earnings per Share

1. *Basic*

	Current Year Quarter Ended 30 September 2019	Preceding Year Quarter Ended 30 September 2018	Current Year Period Ended 30 September 2019	Preceding Year Period Ended 30 September 2018
Continuing operations				
Profit after taxation (RM'000)	10,042	11,571	23,537	28,349
Non-controlling interests (RM'000)	(1,028)	(1,199)	(2,518)	(4,714)
Profit attributable to Owners of the Company (RM'000)	9,014	10,372	21,019	23,635
Dividend on ICPS (RM'000)	-	-	(1,885)	(2,105)
	9,014	10,372	19,134	21,530
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)	7,831	6,026	5,414	4,312
Effect of new ordinary shares issued under ICPS ('000)	-	30,078	-	20,133
Weighted average number of ordinary shares for the period ('000)	1,110,265	1,040,134	1,107,848	1,028,475
Basic earnings per share (sen)	0.81	1.00	1.73	2.09

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

B8. Earnings per Share (con't)

2. *Diluted*

	Current Year Quarter Ended 30 September 2019	Preceding Year Quarter Ended 30 September 2018	Current Year Period Ended 30 September 2019	Preceding Year Period Ended 30 September 2018
Continuing operations				
Profit attributable to Owners of the Company (RM'000) (as above)	9,014	10,372	21,019	23,635
Weighted average number of ordinary shares for the period ('000) (as above)	1,110,265	1,040,134	1,107,848	1,028,475
Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000)	32,412	50,141	32,412	50,141
Weighted average number of shares deemed to have been issued under ICPS at no consideration ('000)	377,074	421,090	377,074	330,775
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,519,751	1,511,365	1,517,334	1,409,391
Diluted earnings per share (Sen)	0.59	0.69	1.39	1.68

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

B9. Detailed Disclosure for Statement of Comprehensive Income

	Current Year Quarter Ended 30 September 2019 RM'000	Preceding Year Quarter Ended 30 September 2018 RM'000	Current Year Period Ended 30 September 2019 RM'000	Preceding Year Period Ended 30 September 2018 RM'000
After crediting:				
Interest income	70	112	189	179
Gain on disposal of unquoted investment	-	28	-	44
Gain on disposal of marketable securities	-	-	-	33
Fair value gain on derivatives	<u>669</u>	<u>-</u>	<u>1,678</u>	<u>297</u>
After debiting:				
Amortisation of intangible assets	54	54	162	478
Depreciation	8,952	7,618	26,124	21,969
Depreciation of right-of-use assets	246	-	599	-
Interest expense	697	414	1,902	1,118
Interest expense on lease liabilities	3	-	28	-
Inventories written down	1,652	(181)	5,026	3,703
(Gain)/Loss on disposal of property, plant and equipment	(16)	(88)	(15)	415
Loss/(Gain) on foreign exchange	1,151	(683)	2,255	522
Property, plant and equipment written off	115	-	242	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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

B10. Corporate Proposals

There was no corporate proposal announced but not completed as at 21 November 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 21 November 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.

The Board proposed a second interim single-tier dividend of 0.5 sen per ordinary shares in respect of the financial year ending 31 December 2019. The interim dividend will be paid on 30 December 2019 to the Depositors who are registered in the Record of Depositors at the close of business on 12 December 2019. This dividend has not been included as a liability in these financial statements.

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 27 November 2019.