

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	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 FOURTH QUARTER ENDED 31 DECEMBER 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 year ended 31 December 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 year ended 31 December 2019.

A7. Dividend

The dividend paid in the current quarter and year ended 31 December 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 year ended 31 December 2019.

A9. Debt and Equity Securities

During the current quarter and year ended 31 December 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 31 December 2019 No of shares	Current Year Ended 31 December 2019 No of shares
	RM		
Exercise of ESOS	0.17	4,140,000	9,240,000
Exercise of ESOS	0.25	-	212,500
Exercise of ESOS	0.26	60,000	60,000
Exercise of ESOS	0.28	1,000,700	2,343,500
Exercise of ESOS	0.30	2,140,000	3,791,500
Exercise of ESOS	0.495	90,000	920,000
Total		7,430,700	16,567,500

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 2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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
31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	335,362	104,475	49,168	15,300	504,305
Segment assets	597,527	35,784	1,108	-	634,419
Capital expenditure	75,772	9	3	-	75,784
Preceding Year					
Year-To-Date	Asia	Europe	USA	Others	Group
31 December 2018	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	336,945	90,052	48,542	15,236	490,775
Segment assets	527,641	29,564	3,333	-	560,538
Capital expenditure	55,362	91	7	-	55,460

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 2019 except for:

(a) 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 for 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.

(b) Incorporation of a new subsidiary, Dominant Technologies Sdn Bhd (formerly known as Dominant Integrated Circuits Sdn Bhd)

D&O 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. On 13 December 2019, the name of Dominant IC was changed to Dominant Technologies Sdn Bhd (“Dominant Tech”). The principal activity of Dominant Tech is to design, develop and sell integrated circuit (“IC”) chips for LED applications.

(c) 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 the 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 dormant and has not commenced business or operations since its incorporation. The strike off will reduce administrative resources and cost incurred for maintaining this overseas subsidiary.

(d) Disposal of Equity Group Investments Limited by Omega Semiconductor Sdn Bhd

Omega Semiconductor Sdn Bhd (“Omega”) had on 30 May 2019, disposed its entire equity interest in Equity Group Investments Limited (“EGIL”) to Mr Teng Beng Wan for a total consideration of RM100.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

A12. Capital Commitments

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

	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Purchase of property, plant and equipment	<u>26,524</u>	<u>34,895</u>

A13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2019.

A14. Subsequent Material Events

There was no material event subsequent to the end of the financial year reported up to 20 February 2020, 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 year ended 31 December 2019.

	Current Year Quarter Ended 31 December 2019 RM'000	Preceding Year Quarter Ended 31 December 2018 RM'000	Current Year Ended 31 December 2019 RM'000	Preceding Year Ended 31 December 2018 RM'000
Purchases	36,105	34,221	122,733	123,450
Rental	<u>47</u>	<u>28</u>	<u>167</u>	<u>112</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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
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 2019 (RM mil)	Preceding Year Quarter Ended 31 December 2018 (RM mil)	% Change
Revenue			
- Automotive	146.46	135.92	7.8%
- Non-Automotive	4.01	4.66	-13.9%
	150.47	140.58	7.0%
Gross Profit	44.69	41.78	7.0%
<i>Gross margin</i>	29.7%	29.7%	
Net Other Expense	(3.05)	(3.70)	-17.6%
Distribution expenses	(2.70)	(1.65)	63.6%
Administrative expenses	(13.16)	(10.73)	22.8%
R&D expenses	(5.75)	(8.09)	-29.0%
Finance costs	(1.07)	(0.57)	87.7%
PBT	18.96	17.04	11.3%
Income Tax	(3.44)	(3.19)	7.8%
Net Profit	15.52	13.85	12.1%
Significant other income/(expense) items			
Foreign exchange gain/(loss)	2.49	(1.52)	-263.8%
ESOS	(1.18)	(3.18)	-62.9%
Amortisation	(0.89)	(0.05)	1,680%
Customer compensation	(0.40)	(0.42)	-4.76%
Inventory write off	(2.82)	-	NM
Government R&D grant	-	0.99	NM

The Group reported a 7.0% year-on-year growth in revenue for the current quarter to RM150.5 million, led by a 7.8% growth in Automotive LED sales to RM146.5 million, despite slower global car sales volume. The performance was underpinned by increasing customer penetration amidst a weak market.

Gross profit margin at 29.7% was stable year-on-year, resulting in a 7.0% increase in gross profit to RM44.7 million. Pre-tax profit from operating activities before other income/(expenses) and finance costs rose 8.3% from RM21.3 million to RM23.1 million on the back of higher revenue and lower R&D expenses, partially offset by higher administrative and distribution expenses.

R&D expenses came in lower on fewer outsourced product reliability testing following a major upgrade of Dominant's in-house laboratory capabilities. Distribution expenses were higher due to a one-off distributor compensation, while administrative expenses increased as a result of overseas sales office expansion and Dominant's expansion into module manufacturing and integrated circuit design.

The major other income/(expense) items are disclosed in table above. Overall other loss of RM3.1 million was RM0.6 million lower than the same quarter last year mainly due to higher forex gain and lower ESOS expense, partially offset by additional inventory write off and absence of government grant. Finance costs nearly doubled to RM1.1 million in line with higher bank borrowings to fund capex and renovation of new factory.

B1. Operating Segment review (cont'd)

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

	Current Year Ended 31 December 2019 (RM mil)	Preceding Year Ended 31 December 2018 (RM mil)	% Change
Revenue			
- Automotive	490.27	467.03	5.0%
- Non-Automotive	14.04	23.75	-40.9%
	504.31	490.78	2.8%
Gross Profit	142.02	138.99	2.2%
<i>Gross margin</i>	28.2%	28.3%	
Net Other Expense	(12.40)	(4.95)	150.5%
Distribution expenses	(7.39)	(6.40)	15.5%
Administrative expenses	(49.26)	(43.89)	12.2%
R&D expenses	(22.51)	(29.31)	-23.2%
Finance costs	(3.39)	(2.32)	46.1%
PBT	47.07	52.12	-9.7%
Income Tax	(8.01)	(9.92)	-19.3%
Net Profit	39.06	42.20	-7.4%
Significant other income/(expense) items			
Foreign exchange gain/(loss)	1.90	(1.74)	-209.2%
ESOS	(5.62)	(5.44)	3.3%
Customer compensation	(0.51)	(0.70)	-27.1%
Provision for inventory impairment	(7.85)	(3.70)	112.2%
Loss from asset realisation	(0.53)	(1.03)	-49.5%
Government grant	-	3.18	NM
Net gain on litigation settlement	-	3.15	NM

Despite an overall 4.4% decline in global car sales volume, the Automotive revenue grew 5.0% to RM490.3 million on increased LED demand from the commercialisation of new business wins. Overall Group turnover rose at a slower pace of 2.8% to RM504.3 million as automotive revenue growth was partly negated by a 40.9% decline in Non-Automotive/OEM sales. Revenue from Non-Automotive/OEM segment was adversely affected by slower demand from the consumer electronics sector and a generally weaker automotive demand from OEM customers.

Gross profit margin in 2019 was marginally lower at 28.2%, compared to 28.3% in 2018. Accordingly, gross profit grew 2.2% to RM142.0 million, underpinned by higher revenue.

Results from operating activities before other income/(expense) and finance cost increased 5.8% to RM62.9 million on higher gross profit and lower R&D expenses (as explained earlier), partially offset by higher administrative and distribution expenses (as explained earlier).

Pre-tax profit however came in 9.7% lower at RM47.1 million as growth in operating profit was more than offset by higher inventory impairment and the absence of government grant (2018: RM3.2 million) and gain from litigation settlement (2018: RM3.2 million).

B1. Operating Segment review (cont'd)

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

	As At 31 December 2019 (RM mil)	As At 31 December 2018 (RM mil)	Explanation
Non-Current Assets			
Property, Plant and Equipment	230.1	190.5	Increase was due to RM75.8 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 RM35.6 million depreciation charge.
Current Assets			
Inventories	151.6	150.1	No significant change in inventory holding.
Trade Receivables	117.2	102.4	Increase due to higher revenue in 4Q2019 when compared to preceding year corresponding quarter.
Current Liabilities			
Trade Payables	113.9	125.2	Reduction in trade payable was mainly due to the timing of repayment of CAPEX

Cash flow analysis for 12-month period ended 31 December 2019

The Group generated a positive RM100.6 million cash flow from its operations (2018:RM89.5 million) before taking account of the changes in working capital. After factoring in changes in working capital and interest and income tax payments, cash inflow was RM52.7 million (2018:RM65.5 million). The increase in working capital requirement was mainly due to the payment of payables.

In 2019, the Group spent RM75.8 million on capital expenditure and RM16.7 million on dividends paid to shareholders and minority shareholders of a subsidiary. The cash outflow from investing activities was partially financed by additional banking facilities and RM3.9million 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 RM37.1 million.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

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

	Current Year Quarter Ended 31 December 2019 (RM mil)	Current Year Quarter Ended 30 September 2019 (RM mil)	% Change
Revenue			
- Automotive	146.46	121.04	21.0%
- Non-Automotive	4.01	4.71	-14.9%
	150.47	125.75	19.7%
Gross Profit	44.69	34.82	28.3%
<i>Gross margin</i>	29.7%	27.7%	
Net Other Expense	(3.05)	(4.13)	-26.2%
Distribution expenses	(2.70)	(1.54)	75.3%
Administrative expenses	(13.16)	(11.86)	11.0%
R&D expenses	(5.75)	(4.75)	21.1%
Finance costs	(1.07)	(0.83)	28.9%
PBT	18.96	11.71	61.9%
Income Tax	(3.44)	(1.67)	106.0%
Net Profit	15.52	10.04	54.6%
Significant other income/expense items			
Foreign exchange loss	2.49	(1.15)	-316.5%
ESOS	(1.18)	(1.47)	-19.7%
Amortisation	(0.89)	(0.05)	1,680.0%
Customer compensation	(0.40)	(0.07)	471.4%
Inventories written off	(2.82)	(1.65)	70.9%

Revenue in the current quarter increased 19.7% to RM150.5 million from RM125.7 million in the preceding quarter on a 21.0% increase in sales of automotive LED. The final quarter is seasonally the strongest quarter as customers increase orders to fulfil higher year end and Chinese New Year demands.

Gross profit rose 28.3% to RM44.7 million on the back of higher revenue and margin expansion. Gross profit margin edged up from 27.7% in the preceding quarter to 29.7% in the current quarter mainly due to higher sales volume and better cost management.

Operating profit before other income/expense and finance cost increased 38.4% to RM23.1 million (3Q10'9: RM16.7 million). In addition to higher gross profit, the results were bolstered by a slower rate of increase of 19.1% in R&D, distribution and administrative expenses.

Pre-tax profit expanded 61.9% to RM19.0 million on higher earnings from operations and lower other income/(expense) [breakdown as provided in the table above].

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

B3. Commentary on Prospects

The corona virus outbreak which started in January 2020 in Wuhan if persists unabated will likely severely disrupt global automotive supply chain on extended production shut down by Chinese manufacturers. This will in turn affect near term sales of the Group especially to China and to a lesser extent the rest of the world.

Longer term, we are positive of the outlook of the automotive LED industry. Despite continued weakness expected in global car sales volume this year (projected to decline 0.3% in 2020 after a 4.4% contraction in 2019), automotive LED demand is expected to grow robustly on increasing LED volume intensity in new car designs in pursuit of better safety features, aesthetic appeal and comfort.

To stay ahead, Dominant will continue to focus its resources in developing innovative products, including Smart RGB LED to meet changing customer demands and requirements. While the market remains challenging, we believe Dominant with its full range of interior and exterior automotive lighting solutions couple with Smart RGB LED for new application is well positioned to capitalise on future growth opportunities.

Renovation of the new factory was completed on schedule. Office relocation to the new building is underway and will be completed before the end of 1Q2020.

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 2019	Current Year Quarter Ended 31 December 2018	Current Year Ended 31 December 2019 RM'000	Preceding Year Ended 31 December 2018 RM'000
Current tax	1,531	952	5,659	8,209
Withholding tax on dividend received	-	-	32	841
Over provision in prior year	-	-	(790)	(1,362)
Deferred tax	1,908	2,233	3,112	2,233
	<u>3,439</u>	<u>3,185</u>	<u>8,013</u>	<u>9,921</u>

The effective tax rate for the current quarter and year ended was lower than the 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 2019

B6. Borrowings

The Group's borrowings are as follows:

	Exchange rate*	As at 31 December 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:							
<i>Hire purchase</i>		-	326	-	213	-	539
<i>Term loan</i>							
-USD	4.09	22,342	-	26,781	-	49,123	-
-EURO	4.59	-	-	3,213	-	3,213	-
-RM		-	15,007	-	6,835	-	21,842
<i>Revolving credit</i>		-	-	-	2,000	-	2,000
<i>Bankers acceptances</i>	4.09	-	-	22,932	-	22,932	-
		22,342	15,333	52,926	9,048	75,268	24,381
Sub-total			37,675		61,974		99,649
	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
Secured:							
<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			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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

B7. Unquoted Investments

Details of unquoted investments are as follows:

Unquoted investments

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

B8. Earnings per Share

1. Basic

	Current Year Quarter Ended 31 December 2019	Preceding Year Quarter Ended 31 December 2018	Current Year Ended 31 December 2019	Preceding Year Ended 31 December 2018
Continuing operations				
Profit after taxation (RM'000)	15,521	13,854	39,057	42,202
Non-controlling interests (RM'000)	(1,668)	(1,527)	(4,186)	(6,241)
Profit attributable to Owners of the Company (RM'000)	13,853	12,327	34,871	35,961
Dividend on ICPS (RM'000)	(1,885)	(1,885)	(3,770)	(3,991)
	11,968	10,442	31,101	31,970
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)	12,616	21,090	6,384	8,506
Effect of new ordinary shares issued under ICPS ('000)	-	74,094	-	33,624
Weighted average number of ordinary shares for the period ('000)	1,115,050	1,099,214	1,108,818	1,046,160
Basic earnings per share (sen)	1.07	0.95	2.81	3.06

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

B8. Earnings per Share (con't)

2. *Diluted*

	Current Year Quarter Ended 31 December 2019	Preceding Year Quarter Ended 31 December 2018	Current Year Ended 31 December 2019	Preceding Year Ended 31 December 2018
Continuing operations				
Profit attributable to Owners of the Company (RM'000) (as above)	13,853	12,327	34,871	35,961
Weighted average number of ordinary shares for the period ('000) (as above)	1,115,050	1,099,214	1,108,818	1,046,160
Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000)	26,359	40,002	26,359	40,002
Weighted average number of shares deemed to have been issued under ICPS at no consideration ('000)	377,074	377,074	377,074	342,350
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,518,483	1,516,289	1,512,251	1,428,512
Diluted earnings per share (Sen)	0.91	0.81	2.31	2.52

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

B9. Detailed Disclosure for Statement of Comprehensive Income

	Current Year Quarter Ended 31 December 2019 RM'000	Preceding Year Quarter Ended 31 December 2018 RM'000	Current Year Ended 31 December 2019 RM'000	Preceding Year Ended 31 December 2018 RM'000
After crediting:				
Interest income	102	28	291	207
Gain on disposal of unquoted investment	-	-	-	44
Gain on disposal of marketable securities	-	-	-	33
Reversal for impairment losses on trade receivables	130	149	130	149
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After debiting:				
Allowance for impairment losses on trade receivable	169	700	169	700
Amortisation of intangible assets	885	54	1,047	532
Depreciation	9,458	8,126	35,582	30,094
Depreciation of right-of-use assets	190	-	789	-
Interest expense	974	439	2,876	1,557
Interest expense on lease liabilities	17	-	45	-
Inventories written down	2,820	-	7,846	3,703
(Gain)/Loss on disposal of property, plant and equipment	(3)	-	(18)	390
(Gain)/Loss on foreign exchange	(2,492)	1,516	(1,903)	1,740
Property, plant and equipment written off	302	550	544	635
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 FOURTH QUARTER ENDED 31 DECEMBER 2019

B10. Corporate Proposals

There was no corporate proposal announced but not completed as at 20 February 2020, 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 20 February 2020, 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) The first interim single-tier-tax dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2019 (2018: 0.5 sen) was paid on 28 June 2019.
- (b) The second interim single-tier-tax dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2019 (2018: nil) was paid on 30 December 2019.

Irredeemable Convertible Preference Shares (“ICPS”)

- (a) The first interim single-tier-tax dividend of 0.5 sen per ICPS share for the financial year ended 31 December 2019 (2018: 0.5 sen) was paid on 28 June 2019, based on the terms of the ICPS.
- (b) The second interim single-tier-tax dividend of 0.5 sen per ICPS for the financial year ended 31 December 2019 (2018: nil) was paid on 30 December 2019, 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 26 February 2020.