

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134, “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa Securities) Listing Requirements. This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010.

**A2. Adoption of Revised Financial Reporting**

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2010 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) which are applicable to the Group with effect from 1 January 2011, as disclosed below:

FRS 1: First-time Adoption of Financial Reporting Standards  
FRS 3: Business Combinations (revised)  
FRS 127: Consolidated and Separate Financial Statements  
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters  
Amendments to FRS 1: Additional Exemptions for First-time Adopters  
Amendments to FRS 2: Share-based Payment  
Amendments to FRS 2: Share-based Payment - Group Cash-settled Share-based Payment Transactions  
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations  
Amendments to FRS 7: Improving Disclosures about Financial Instruments  
Amendments to FRS 132: Financial Instruments : Presentation- Classification of Rights Issues  
Amendments to FRS 138: Intangible Assets  
Amendments to FRSs ‘Improvements to FRSs (2010)’  
IC Interpretation 4: Determining Whether An Arrangement contains a Lease  
IC Interpretation 12: Service Concession Arrangements  
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17: Distributions of Non-cash Assets to Owners  
IC Interpretation 18: Transfers of Assets from Customers  
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

The adoption of the above pronouncements does not have significant impact to the Group, except as described below

**(a) FRS 127 Consolidated and Separate Financial Statements**

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

The Group re-phrased its minority interests as non-controlling interests and remeasured the non-controlling interests prospectively in accordance with the transitional provisions of the revised FRS 127.

The adoption of the revised FRS 127 did not have an impact on the Group's consolidated financial statements.

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

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

**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 2011.

**A6. Segmental Information**

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

<b>Current Year</b>	<b>Asia</b>	<b>Europe</b>	<b>USA</b>	<b>Others</b>	<b>Group</b>
<b>Year-To-Date</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2011</b>					
Revenue	75,368	38,156	15,234	274	129,032
Segment assets	304,715	15,644	-	225	320,584
Capital expenditure	10,940	127	-	-	11,067
<b>Preceding Year</b>	<b>Asia</b>	<b>Europe</b>	<b>USA</b>	<b>Others</b>	<b>Group</b>
<b>Year-To-Date</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2010</b>					
Revenue	119,905	25,232	12,145	617	157,899
Segment assets	348,584	8,131	-	211	356,926
Capital expenditure	49,037	2	-	-	49,039

**A7. 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 2011.

**A8. Dividend**

No dividend has been declared or paid in the current quarter and period ended 30 September 2011.

**A9. 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 2011.

**A10. Debt and Equity Securities**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity security during the current quarter and period ended 30 September 2011.

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

There were no changes in the composition of the Group for the current quarter under review

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

**A12. Capital Commitments**

Capital commitment authorised but not provided for in the financial statements:

	<b>As at 30 September 2011 RM'000</b>	<b>As at 31 December 2010 RM'000</b>
Property, Plant and Equipment		
- Contracted	1,753	865
- Not contracted	4,276	1,252
	<u>6,029</u>	<u>2,117</u>

**A13. Discontinued Operation**

There were no discontinued operations in the current quarter and period ended 30 September 2011.

**A14. Changes in Contingent Liabilities or Contingent Assets**

	<b>As at 30 September 2011 RM'000</b>	<b>As at 31 December 2010 RM'000</b>
<b>Contingent Liabilities</b>		
Corporate guarantees given to financial institutions for credit facilities (utilized amount) extended to subsidiaries	<u>15,357</u>	<u>15,390</u>

The Company provided a total of RM39.25 million and RM7.7 million of corporate guarantees to financial institutions for credit facilities granted to its wholly-owned subsidiary, Omega and to its 63.46% owned subsidiary, Dominant, respectively.

**A15. Subsequent Events**

There was no material event subsequent to the end of the period reported up to 20 November 2011, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements

**A16. Retained Profits**

The breakdown of retained profits of the Group into realised and unrealised as at the end of the reporting period is as follows:

	<b>As at 30 September 2011 RM'000</b>	<b>As at 31 December 2010 RM'000</b>
Total retained profits		
- realised	35,591	35,710
- unrealised	(3,946)	(701)
	<u>31,645</u>	<u>34,469</u>
Total share of accumulated profit/(loss) of associate:		
- realised	372	(15)
	<u>32,017</u>	<u>34,454</u>

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

**B1. Review of Performance of the Company And Its Principal Subsidiaries**

Group turnover rose 30% year-on-year to RM46.46 million despite the disposal of subsidiary Aeopto Technologies Co., Ltd (“Aeopto Technologies”) in the fourth quarter last year. Excluding the results of Aeopto Technologies in the corresponding period last year, revenue in the current quarter registered an 81% year-on-year improvement. The sharp increase in revenue in the current quarter was achieved on the back of increased sales of LED component in the automotive and BLU segments.

The Group recorded a Loss Before Tax of RM1.52 million in the current quarter, which included a RM2.23 million loss from revaluation of marketable securities as a result of FRS 139. Excluding this loss, the Group would have been marginally profitable. The Group’s principal subsidiary, Dominant Opto Technologies Sdn Bhd (“Dominant”) achieved a group Profit Before Tax of RM2.48 million, compared to a loss of RM14.7 million in the same period last year. The significant Loss Before Tax of RM18.18 million recorded in the corresponding period last year was mainly attributable to lower sales revenue and provisions for slow-moving and obsolete inventory.

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

In the quarter under review, Group turnover rose 5% quarter-on-quarter to RM46.46 million. Although there was a slowdown in the automotive segment due to inventory overhang in some of our automotive customers, the decline was more than offset by higher BLU sales from new customers.

Group Profit Before Tax swung from a profit of RM0.75 million in the preceding quarter to a loss of RM1.52 million in the current quarter due mainly to a RM2.23 million loss from revaluation of marketable securities.

**B3. Prospect For The Current Financial Year**

The Board is cautiously optimistic of the remaining last quarter of this year. Whilst global LED demand is expected to be adversely affected by the expected global economic slowdown, its impact will likely be negated by increased sales to new and existing BLU customers and revenue stream from new product launches in the General Lighting segment, including Dominant’s new high power product lines. To defend margins, management will continue with its effort to lower manufacturing costs and keep a tight rein on overhead expenses. Given the uncertain global economic environment, management will also adopt a conservative approach to new investment plans.

Longer term, the Board is confident the Group will continue in its growth path. The automotive segment should continue to see increased customer penetration through several design wins this year and partnership with a major multi-national lighting company. The introduction of new products for General Lighting should enable Dominant to broaden its customer base by offering a more comprehensive range of solutions to various lighting applications.

**B4. Income Tax Expense**

	<b>Current Quarter Ended 30 September 2011</b>	<b>Preceding Year Quarter Ended 30 September 2010</b>	<b>Current Year-To-Date 30 September 2011</b>	<b>Preceding Year Year-To-Date 30 September 2010</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Current taxation - Ordinary Activities	282	49	1,434	66
Deferred taxation	-	(202)	-	(202)
	282	(153)	1,434	(136)
Under provision in previous Financial period	60	(58)	154	204
	<b>342</b>	<b>(211)</b>	<b>1,588</b>	<b>68</b>

Dominant has been granted pioneer status in 2007 which will expire in 2017. For the current quarter ended 30 September 2011, the income tax expense was mainly attributable to two profitable overseas subsidiaries.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

**B5. Profit Forecast or Profit Guarantee**

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

**B6. Quoted Securities**

a) Details of purchases and disposals of quoted securities are as follows:

	<b>Current Year Quarter Ended 30 September 2011 RM'000</b>	<b>Preceding Year Quarter Ended 30 September 2010 RM'000</b>	<b>Current Year-To-Date 30 September 2011 RM'000</b>	<b>Preceding Year-To-Date 30 September 2010 RM'000</b>
i) Acquisition of quoted investments				
Purchases consideration	-	-	-	8,533
ii) Disposal of quoted investments				
Sale proceeds	133	182	867	42,434
Cost of quoted securities disposed	153	142	686	42,467
Profit/(Loss) on disposal	(20)	40	181	(33)

b) Details of investments in quoted securities:

	<b>As at 30 September 2011</b>		
	<b>Cost RM'000</b>	<b>Book Value RM'000</b>	<b>Market Value RM'000</b>
Quoted in Malaysia	6,600	7,660	7,660
Quoted outside Malaysia	2,954	2,307	2,307
	9,554	9,967	9,967
	<b>As at 31 December 2010</b>		
	<b>Cost RM'000</b>	<b>Book Value RM'000</b>	<b>Market Value RM'000</b>
Quoted in Malaysia	7,285	10,497	10,497
Quoted outside Malaysia	2,947	3,306	3,306
	10,232	13,803	13,803

**B7. Corporate Proposals**

There was no corporate proposal announced but not completed as at 20 November 2011, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

**B8. Unquoted Investments and/or Properties**

There was no sale or purchase of properties for the current quarter and financial year to-date.

Details of movements in investment in unquoted investments are as follows:

Other unquoted investments

	<b>As at 30 September 2011 RM'000</b>	<b>As At 31 December 2010 RM'000</b>
Investment in unquoted shares (outside Malaysia)		
At beginning of period, at cost	6,892	9,995
Addition during the period	144	9,242
Disposal during the period	-	(1,650)
Transfer to associate	-	(10,695)
	7,036	6,892

Investment in an associate

	<b>As At 30 September 2011 RM'000</b>	<b>As At 31 December 2010 RM'000</b>
At beginning of period, at cost	10,680	-
Transfer from Other investments	-	10,695
Share of profit /( Loss)	387	(15)
	11,067	10,680

**B9. Borrowings**

The Group's borrowings are as follows:

	<b>As At 30 September 2011 RM'000</b>	<b>As At 31 December 2010 RM'000</b>
Secured denominated in Ringgit Malaysia:		
- bankers acceptances	29,936	23,326
- term loans	3,014	2,891
- revolving credit	30,000	30,000
	62,950	56,217
Long term borrowings		
Secured denominated in Ringgit Malaysia:		
- term loans	6,282	8,553
	6,282	8,553
Bank overdraft		
Secured denominated in Ringgit Malaysia	7,278	10,079
	7,278	10,079

**B10. Material Litigation**

**Osram Opto Semiconductors GmbH (“OOS” or “Plaintiff”) vs Dominant Opto Technologies Sdn Bhd (formerly known as Dominant Semiconductors Sdn Bhd) (“DOT” or “Defendant”)**

The Plaintiff has extended the infringement suit by filing two additional patent infringement suits (claims of in total 16 patents involved) in 3<sup>rd</sup> quarter 2011. DOT contends that it has not infringed any patents as alleged and has engaged legal counsel to defend and nullify the patents involved. The status of the claims of 16 patents are as follows:

- a) The Higher Regional Court of Karlsruhe has condemned DOT concerning the infringement of claims deriving from 7 patents. 5 out of 7 patents are obsolete products. .
- b) The Higher Regional Court of Karlsruhe rejected 8 claims from deriving from 8 patents of OSS, particularly concerning on new products.
- c) The Regional Court of Mannheim rejected 1 claim deriving from 1 patent of OSS
- d) The Higher Regional Court separated the proceeding with regard of 3 claims deriving from 3 patents of OSS which will be further running under new proceeding number. One of these claims expects to be rejected after the Federal Patent Court declared this patent was invalid.
- e) 2 oppositions (2 patents involved) filed to the European Patent Office (EPO) for request of cancellation and 1 nullity action (1 patent involved) and 1 request of cancellation (1 patent involved) are pending before the Federal Patent Court.

The value in dispute for the patent and utility model infringement is preliminarily estimated at approximately EUR500,000, being the court fees and legal fees incurred by OOS in the event OOS wins the issue in full. However, the compensation for the damages in question which is being claimed by OOS cannot define at this stage.

**Melaka High Court Civil Suit No. 22-125-2010**

**Dominant Opto Technologies Sdn Bhd (“Plaintiff”) vs Lai Kin Shin (“1st Defendant”), Goh Poh Lee (“2nd Defendant”), Lee Seng Khoon (3rd Defendant”), Geepar Enterprise Sdn Bhd (“4th Defendant”), Robert Chan Siew Kong (“5th Defendant”) and Lim Siew Yek (“6th Defendant”)**

The Plaintiff’s appeal against the order given by the Deputy Registrar on 15 June 2011 (“the Appeal”) which was fixed for hearing on 14 September 2011 was adjourned to 2 November 2011 wherein the Court directed for both parties to file and serve their respective Written Submissions simultaneously on 8 December 2011.

In so far as the case management of the action is concerned, it is now fixed on 8 December 2011 pending disposal of the Appeal.

**Melaka High Court Civil Suit No. 22-132-2010**

**Geepar Enterprise Sdn Bhd (“Plaintiff”) vs Dominant Opto Technologies Sdn Bhd (“Defendant”)**

The application for summary judgment which was fixed for delivery of decision on 14 September 2011 was adjourned to 14 October 2011. On 14 October 2011, the Court dismissed the Plaintiff’s application with costs to be paid to the Defendant after the trial of the action.

In view that the Plaintiff’s application for summary judgment was dismissed, the Court fixed the action for case management on 2 November 2011. On the said date, the Court directed for the following to be filed:

1. Common Bundle of Documents
2. Issues to be Tried
3. Agreed Facts
4. Summary of Case

The action is now fixed for further case management on 8 December 2011.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

**B11. Earnings per Share**

	<b>Current Year Quarter Ended 30 September 2011</b>	<b>Preceding Year Corresponding Quarter Ended 30 September 2010</b>	<b>Current Year-To-Date 30 September 2011</b>	<b>Preceding Year Corresponding Year-To-Date 30 September 2010</b>
<b>Basic earnings per share</b>				
Profit/(Loss) for the period attributable to ordinary equity holders of the Company (RM'000)	(3,047)	(31,015)	(2,439)	(28,813)
Weighted average number of ordinary shares in issue ('000)*	975,613	975,613	975,613	812,946
Basic earnings per share (sen)	(0.31)	(3.18)	(0.25)	(3.54)

\* The weighted average number of ordinary shares has been adjusted for bonus issue retrospectively.

**B12. Off Balance Sheet Financial Instruments**

There was no financial instrument with off balance sheet risk as at 20 November 2011, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

**B13. Authorisation for Issue**

The Board of Directors of D&O approved this interim financial report announcement to the Bursa Securities at the Board Meeting held on 23 November 2011.