

**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 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 2012.

**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 2012, except for the following:

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurements	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 - 2011 Cycle	1 January 2013

The initial applications of the aforesaid applicable standards, amendments or interpretation do not have any material financial impacts to the current and prior period financial statements upon their first adoption.

**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 31 March 2013.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

**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>31 March 2013</b>					
Revenue	36,832	13,369	6,876	2,765	59,842
Segment assets	295,366	16,300	296	3,666	315,628
Capital expenditure	1,609	35	-	-	1,644
<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>31 March 2012</b>					
Revenue	31,053	11,536	2,371	905	45,865
Segment assets	294,374	15,210	-	226	309,810
Capital expenditure	2,204	22	-	-	2,226

**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 31 March 2013.

**A8. Dividend**

No dividend has been declared or paid in the current quarter and period ended 31 March 2013.

**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 31 March 2013.

**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 31 March 2013.

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

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

**A12. Capital Commitments**

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

	<b>As at</b>	<b>As at</b>
	<b>31 March 2013</b>	<b>31 December 2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, Plant and Equipment		
- Contracted	3,959	2,984
- Not contracted	8,033	7,636
	<u>11,992</u>	<u>10,620</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

**A13. Discontinued Operation**

There were no discontinued operations in the current quarter and period ended 31 March 2013.

**A14. Changes in Contingent Liabilities**

	<b>As at 31 March 2013 RM'000</b>	<b>As at 31 December 2012 RM'000</b>
<b>Contingent Liabilities</b>		
Corporate guarantees given to financial institutions for credit facilities (utilised amount) extended to subsidiaries	3,364	4,454

The Company provided corporate guarantees to financial institutions for credit facilities granted to its wholly-owned subsidiary, Omega.

**A15. Subsequent Events**

There was no material event subsequent to the end of the period reported up to 23 May 2013, 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 31 March 2013 RM'000</b>	<b>As at 31 December 2012 RM'000</b>
Total retained profits		
- realised	8,026	8,194
- unrealised	(12,380)	(11,919)
	(4,354)	(3,725)
Total share of retained profits of associate:		
- realised	1,283	2,452
	(3,071)	(1,273)
Less: Consolidation adjustments	27,778	28,042
	24,707	26,769

**A17. Significant Related Party Transaction**

The Group carried out the following significant transactions with related parties during the current quarter and period ended 31 March 2013.

	<b>Current Quarter/ Period Ended 31 March 2013 RM'000</b>
Sales	424
Purchases	131
Others	28

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

**B1. Operating Segment review**

**1Q2013 versus 1Q2012**

Turnover surged 30% year-on year to RM59.8 million, due to a 50% increase in LED component sales to automotive customers amounting to RM38.9 million. In the general lighting segment, our jointly developed LED products with several large global lighting companies have begun to contribute to the revenue of the Group. Sales in this segment improved by 18% to RM7 million. Orders in the BLU segment was affected by the Lunar New Year holiday and inventory overhang in China. As a result, sales were reduced by 15% to RM5.1 million.

Results from operating activities increased from RM0.03 million to RM1.3 million on the back of higher revenue when compared to the same period last year. However, the group posted a pre-tax loss of RM0.7 million in the current quarter mainly attributable to share of loss from associate of RM1.2 million.

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

Compared to the preceding quarter, revenue increased 17% to RM59.8 million led by a 27% growth in sales by LED Component Group. Automotive revenue continued its growth momentum, posting a 16% increase in sales to RM38.9 million. With the jointly developed LED products with several large global lighting companies, sales from General Lighting segment surged 81% to RM7.1 million. BLU sales were however 5% lower due to lower production output by China's TV manufacturers during the Lunar New Year.

Group profit before tax swung into the red, registering a loss of RM0.7 million versus a profit of RM1.9 million in the preceding quarter primarily due to share of loss from an associate of RM1.2 million in current quarter versus a profit of RM0.9 million in the previous quarter.

**B3. Commentary on Prospects**

Management expects the Group's revenue to continue with its growth momentum in the remaining quarters of 2013 underpinned by the Automotive and General Lighting segments. For the BLU segment, management will continue the business strategy of maintaining selective long term partnership/collaboration with large reputable customers in the highly challenging market.

**B4. Profit Forecast or Profit Guarantee**

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

**B5. Income Tax Expense**

	<b>Current Quarter Ended 31 March 2013</b>	<b>Preceding Year Quarter Ended 31 March 2012</b>	<b>Current Period Ended 31 March 2013</b>	<b>Preceding Year Period Ended 31 March 2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current taxation - Ordinary Activities	784	450	784	450

Dominant has been granted pioneer status in 2007 which will expire in 2017. For the current quarter and period ended 31 March 2013, the Group reported a pre-tax loss of RM0.73million. The current taxation was derived mainly from two profitable overseas subsidiaries.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

**B6. Borrowings**

The Group's borrowings are as follows:

	<b>As At 31 March 2013 RM'000</b>	<b>As At 31 December 2012 RM'000</b>
Short term borrowings		
Secured denominated in Ringgit Malaysia:		
- bankers acceptances	32,499	28,522
- term loans	3,234	3,194
- hire purchase	154	148
- revolving credit	30,000	30,000
	<u>65,887</u>	<u>61,864</u>
Long term borrowings		
Secured denominated in Ringgit Malaysia:		
- term loans	1,498	2,322
- hire purchase	456	505
	<u>1,954</u>	<u>2,827</u>
Bank overdraft		
Secured denominated in Ringgit Malaysia	<u>4,304</u>	<u>6,103</u>

**B7. Corporate Proposals**

There was no corporate proposal announced but not completed as at 23 May 2013, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

**B8. Earnings per Share**

**a) Basic**

	<b>Current Year Quarter Ended 31 March 2013</b>	<b>Preceding Year Corresponding Quarter Ended 31 March 2012</b>	<b>Current Period Ended 31 March 2013</b>	<b>Preceding Year Corresponding Period Ended 31 March 2012</b>
<b>Basic earnings per share</b>				
Loss for the period attributable to owners of the Company (RM'000)	(2,069)	(2,366)	(2,069)	(2,366)
Weighted average number of ordinary shares in issue ('000)	<u>975,613</u>	<u>975,613</u>	<u>975,613</u>	<u>975,613</u>
Basic earnings per share (sen)	<u>(0.21)</u>	<u>(0.24)</u>	<u>(0.21)</u>	<u>(0.24)</u>

**b) Diluted**

The diluted earning per share is not presented as the effect of assuming all outstanding ESOS being exercised will be anti-dilutive and the company has no other potential dilutive ordinary share in issue at the end of the reporting period.

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

	<b>Current Quarter Ended 31 March 2013 RM'000</b>	<b>Preceding Year Corresponding Period Ended 31 March 2012 RM'000</b>
<b>After crediting:-</b>		
Interest income	6	8
Gain on disposal of quoted shares	508	754
Gain on foreign exchange	1,169	-
Writeback of allowance for impairment losses on receivables	32	51
Writeback of allowance for impairment losses on assets	-	985
Writeback of allowance for impairment losses on inventories	250	-
<b>After debiting:-</b>		
Amortisation	61	61
Depreciation	4,619	4,689
Interest expense	743	816
Loss on foreign exchange	-	1,071
Impairment of quoted shares	125	808
Property, plant and equipment written off	53	-

The company and the group do not have the following items for the current quarter and financial year to date:

- a) gain or loss on derivatives; and
- b) gain or loss on disposal of unquoted investments or properties.

**B10. Unquoted Investments and/or Properties**

There was no sale or purchase of properties for the current quarter and period ended 31 March 2013.

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

Other unquoted investments

	<b>For The Period Ended 31 March 2013 RM'000</b>	<b>For The Preceding Year Ended 31 December 2012 RM'000</b>
Investment in unquoted shares (outside Malaysia)		
At beginning of year, at cost	7,545	7,036
Addition	-	509
Transfer to investment in quoted shares	(4,682)	-
At end of period/year, at cost	2,863	7,545

**B10. Unquoted Investments and/or Properties (Con't)**

*Investment in an associate*

	<b>For The Period Ended 31 March 2013</b>	<b>For The Preceding Year Ended 31 December 2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	13,147	12,055
Share of (loss)/profit in an associate	(1,169)	1,092
At end of period/year	<u>11,978</u>	<u>13,147</u>

**B11. Material Litigation**

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

No further development since the last announcement made on 21 February 2013.

**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”)**

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

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

The trial proceeded as scheduled on 3 May 2013 with the cross examination on Mr Robert Chan. His cross examination will continue on 5 June 2013.

The trial is fixed on 5 June 2013, 6 June 2013 and 7 June 2013.

**Melaka High Court Civil Suit No. 22NCVC-51-05/2012**

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

On 26 April 2013, the Learned Deputy Registrar struck out the Plaintiff’s claim with liberty to file afresh on grounds that the Plaintiff failed to comply with case management directions given on the last case management date on 10 April 2013.

**B12. Off Balance Sheet Financial Instruments**

There was no financial instrument with off balance sheet risk as at 23 May 2013, 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 Malaysia at the Board meeting held on 29 May 2013.