

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
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:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
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 year ended 31 December 2013.

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 2013.

A7. Dividend

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

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A8. Segmental Information

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

Current Year	Asia	Europe	USA	Others	Group
Year Ended	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2013					
Revenue	258,522	53,960	19,865	8,575	340,922
Segment assets	340,823	20,853	119	170	361,965
Capital expenditure	21,443	182	-	-	21,625
Preceding Year	Asia	Europe	USA	Others	Group
Year Ended	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2012					
Revenue	130,579	45,863	11,608	4,175	192,225
Segment assets	294,489	14,113	-	226	308,828
Capital expenditure	7,910	586	-	-	8,496

A9. 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 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 year ended 31 December 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:

	As at	As at
	31 December 2013	31 December 2012
	RM'000	RM'000
Property, Plant and Equipment		
- Contracted	3,616	2,984
- Not contracted	4,971	7,636
	<u>8,587</u>	<u>10,620</u>

A13. Changes in Contingent Liabilities

	As at	As at
	31 December 2013	31 December 2012
	RM'000	RM'000
Contingent Liabilities		
Corporate guarantees given to financial institutions for credit facilities (utilised amount) extended to subsidiaries	<u>1,896</u>	<u>4,454</u>

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

A14. Discontinued Operation

There were no discontinued operations in the current quarter and year ended 31 December 2013.

A15. Subsequent Events

There was no material event subsequent to the end of the year reported up to 20 February 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 year is as follows:

	As at 31 December 2013 RM'000	As at 31 December 2012 RM'000
Total retained profits		
- realised	17,014	8,194
- unrealised	(19,299)	(11,919)
	<hr/>	<hr/>
	(2,285)	(3,725)
Total share of retained profits of associate:		
- realised	2,770	2,452
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	485	(1,273)
Less: Consolidation adjustments	16,473	28,042
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	16,958	26,769
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A17. Significant Related Party Transaction

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

	Current Quarter Ended 31 December 13 RM'000	Preceding Year Quarter Ended 31 December 12 RM'000	Current Year Ended 31 December 13 RM'000	Preceding Year Ended 31 December 12 RM'000
Sales	129	148	698	736
Purchases	151	103	667	520
Others	28	28	112	112

A18. Deferred Income

	As at 31 December 2013 RM'000	As at 31 December 2012 RM'000
Non-current		
- Government grant	1,001	-
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Current		
- Government grant	286	-
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The group received a government grant in year 2013 for a patent license agreement. The grant is being amortised over the agreement term. During the financial year, RM142,969.50 (2012: NIL) has been amortised and recognised as other income in statement of comprehensive income..

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

B1. Operating Segment review

4Q2013 versus 4Q2012

Turnover more than doubled to RM108.4 million for the current quarter under review as compared to preceding year corresponding quarter. The increase was due to a 52% increase in automotive sales at RM51million and a 12-fold increase in General Lighting Segment at RM49.7million. This is in spite of a decline in the BLU Segment by 46% at RM2.9million.

The significant growth was supported by an accelerating worldwide adoption of LED in general lighting applications, timely capacity expansion and strong off-take by our key customers.

While Gross profit increased, the overall gross profit margins declined to 14.8% due to stronger growth in lower margin General Lighting segment. With higher revenues, the Group's profit before tax excluding other income and expenses increased from RM0.2 million in the preceding year corresponding quarter to a profit of RM5.7 million in the current quarter under review.

2013 versus 2012

For the financial year ended 31 December 2013, the Group recorded revenue of RM340.9 million; representing a 77% increase compared to the previous year. The surge in revenue was mainly contributed by the growth in General Lighting and Automotive segment sales by 591% and 44% respectively.

On the other hand, the BLU segment contracted 45% in sales due to the difficult business environment as disclosed in previous quarters. To remedy this, some capacity has been diverted to the growing segments, namely, General Lighting and Automotive.

The growth in General Lighting segment however resulted in a reduction of the Group's overall gross margins to 15.0%. The increase in revenue has helped the Group's profit before tax to swing from a loss of RM3.6 million to a profit of RM4.4 million as compare to 2012.

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

Revenue registered an 8% increase to RM108.4 million, driven primarily by 21% and 37% increase in the Automotive segment and BLU segment sales respectively. General Lighting segment sales was marginally lowered by 3% when compared to the preceding quarter.

Gross margins increased to 14.8%. The Group's profit before tax was reduced to RM1 million as a result of a one-off impairment of RM2.5 million in unquoted share investment.

B3. Commentary on Prospects

Despite global economic uncertainties, the management remains optimistic and continues to work diligently to take advantage of the strong demand from the General Lighting and Automotive segments.

The strategy to channel the BLU segment resources to strengthen the Automotive and General Lighting business will continue. Further research and development efforts focusing on the high value and high margin products will be undertaken.

Intense price competition is foreseen in 2014. The Group will continue to strictly monitor material and production costs. High volume but low margin production will be transferred to Dominant group's manufacturing plant in Laos.

The Board expects the Group's financial performance to improve in 2014.

B4. Profit Forecast or Profit Guarantee

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

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B5. Income Tax Expense

	Current Quarter Ended 31 December 2013	Preceding Year Quarter Ended 31 December 2012	Current Year Ended 31 December 2013	Preceding Year Year Ended 31 December 2012
	RM'000	RM'000	RM'000	RM'000
Current taxation - Ordinary Activities	(795)	(146)	829	1,386
Withholding tax on dividend received	310	42	310	42
Deferred taxation	48	(1,196)	48	(1,196)
	(437)	(1,300)	1,187	223
(Over)/Under provision	(11)	9	(11)	9
	(448)	(1,291)	1,176	232

Dominant has been granted pioneer status in 2007 which will expire in 2017. The current taxation was derived mainly from two profitable overseas subsidiaries.

B6. Borrowings

The Group's borrowings are as follows:

	As At 31 December 2013 RM'000	As At 31 December 2012 RM'000
Short term borrowings		
Secured denominated in Ringgit Malaysia:		
- bankers acceptances	34,097	28,522
- term loans	1,934	3,194
- hire purchase	160	148
- revolving credit	30,000	30,000
	66,191	61,864
Long term borrowings		
Secured denominated in Ringgit Malaysia:		
- term loans	388	2,322
- hire purchase	345	505
	733	2,827
Bank overdraft		
Secured denominated in Ringgit Malaysia	2,692	6,103

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B7. Earnings per Share

	Current Year Quarter Ended 31 December 13	Preceding Year Quarter Ended 31 December 12	Current Year Ended 31 December 13	Preceding Year Ended 31 December 12
Weighted average number of ordinary shares in issue (ø000)	975,613	975,613	975,613	975,613
Adjustment for assumed Exercise of share option (-ø00)	69,012	-	73,313	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (ø000)	1,044,625	975,613	1,048,926	975,613
Profit/(Loss) for the period attributable to the owners of the Company (RMø000)	701	1,939	440	(5,819)
Diluted effects of outstanding employee's share options (RMø000)	365	-	1,027	-
Diluted Earnings/(Loss)	1,066	1,939	1,467	(5,819)
Basic Earnings per share (sen)	0.07	0.20	0.05	(0.60)
Diluted Earnings Per share (sen)	0.10	N/A	0.14	N/A

B8. Unquoted Investments and/or Properties

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

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

Other unquoted investments

	For The Year Ended 31 December 2013 RM'000	For The Preceding Year Ended 31 December 2012 RM'000
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)	-
Allowance for impairment loss on unquoted shares	(2,462)	-
At end of year, at cost	401	7,545

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B8. Unquoted Investments and/or Properties (cont'd)

Investment in an associate

	For The Year Ended 31 December 2013	For The Preceding Year Ended 31 December 2012
	RM'000	RM'000
At beginning of year	13,147	12,055
Share of profit in an associate	318	1,092
At end of year	13,465	13,147

B9. Detailed Disclosure for Statement of Comprehensive Income

	Current Quarter Ended 31 December 2013	Preceding Year Quarter Ended 31 December 2012	Current Year Ended 31 December 2013	Preceding Year Ended 31 December 2012
	RM'000	RM'000	RM'000	RM'000
After crediting:-				
Interest income	22	71	48	95
Gain on disposal of marketable securities	-	912	508	1,666
(Loss)/Gain on foreign exchange	(18)	(384)	1,649	(165)
Writeback of allowance for impairment losses on receivables	6	100	38	151
Writeback of allowance for impairment losses on assets	38	-	135	1,076
After debiting:-				
Amortisation	220	61	561	244
Depreciation	5,087	4,652	19,275	19,140
Interest expense	884	778	3,140	3,302
Net fair value loss on marketable securities	129	1,162	230	1,775
Property, plant and equipment written off	461	-	592	4
Allowance for impairment losses on assets	396	360	396	4,385
Allowance/(Reversal) for impairment losses on inventories	377	(3,241)	(74)	(2,293)
Allowance for impairment losses on receivables	114	127	130	236
Allowance for impairment losses on unquoted shares	2,462	-	2,462	-

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

B10. Corporate Proposals

There were no corporate proposals but not completed as at the reporting date.

B11. Off Balance Sheet Financial Instruments

There was no financial instrument with off balance sheet risk as at 20 February 2014, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

B12. Material Litigation

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”)

To date, 5 witnesses have been called to testify on behalf of the Defendant for Civil Suit No. 22-132-2010. The action is scheduled for continued hearing on 11 March 2014 for the examination of the Defendant’s 6th witness.

The Court has also fixed 18 March 2014 and 19 March 2014 for trial.

The trial for Civil Suit No. 22-125-2010 will only commence upon completion of the trial for Civil Suit No. 22-132-2010.

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 26 February 2013.