

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 2013.

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 2013, except for the following:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

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 2014.

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 2014.

A7. Dividend

No dividend has been declared or paid in the current quarter and year ended 31 December 2014.

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 2014.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

A9. Debt and Equity Securities

During the current quarter and year ended 31 December 2014, the Company issued 1,917,700 new ordinary shares of RM0.10 each at an issue price of RM0.17 for cash arising from the exercise of options under the Company's Employees' Share Option Scheme ("ESOS"). The new ordinary shares rank pari passu with the other 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 2014.

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 2014	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	328,512	71,455	15,252	8,963	424,182
Segment assets	338,009	23,882	311	170	362,372
Capital expenditure	23,665	109	-	-	23,774
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Preceding Year					
Year-To-Date	Asia	Europe	USA	Others	Group
31 December 2013	RM'000	RM'000	RM'000	RM'000	RM'000
(Restated)					
Revenue	245,884	53,960	19,865	8,575	328,284
Segment assets	340,822	20,854	120	170	361,966
Capital expenditure	21,443	182	-	-	21,625

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review, except for the following:-

Aeopto Technologies (HK) Company Limited ("Aeopto HK"), a wholly owned dormant company of the Company was deregistered from the Company Registry of Hong Kong on 24 December 2014.

The notification received from the Registry was on 31 December 2014 and the Company had subsequently made the said announcement to Bursa Malaysia Securities Berhad on 2 January 2015.

A12. Capital Commitments

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

	As at	As at
	31 December 2014	31 December 2013
	RM'000	RM'000
Property, Plant and Equipment		
- Contracted	22,872	3,616
- Not contracted	9,241	4,971
Purchase of shares in subsidiary		
- Contracted but not provided for	598	1,234
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	32,711	9,821
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

A13. Discontinued Operation

The Group's wholly-owned subsidiary, Omega Semiconductor Sdn Bhd ("Omega"), discontinued its Metal Can business in third quarter 2014. The decision was consistent with the Group's strategy to focus on its LED Component business.

An analysis of the results of the discontinued operations are as follows:

	2014 RM'000
Revenue	4,388
Cost of sales	(4,532)
Gross profit	(144)
Other income	20
Distribution expenses	(50)
Administrative expenses	(239)
Finance cost	(44)
Loss before tax	(457)
Income tax refund	24
Loss after tax	(433)

A14. Changes in Contingent Liabilities

	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Contingent Liabilities		
Corporate guarantees given to financial institutions for credit facilities (utilised amount) extended to subsidiary, Omega Semiconductor Sdn Bhd	-	1,896

A15. Subsequent Events

There was no material event subsequent to the end of the period reported up to 19 February 2015, 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:

	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Total retained profits		
- realised	44,965	38,976
- unrealised	(48,054)	(45,933)
	(3,089)	(6,957)
Total share of retained profits of associate:		
- realised	1,409	2,770
	(1,680)	(4,187)
Add: Consolidation adjustments	19,322	21,106
	17,642	16,919

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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 2014.

	Current Year Quarter Ended 31 December 2014 RM'000	Preceding Year Quarter Ended 31 December 2013 RM'000	Current Year Ended 31 December 2014 RM'000	Preceding Year Ended 31 December 2013 RM'000
Sales	154	129	580	698
Purchases	89	151	442	667
Others	28	28	112	112

A18. Deferred Income

	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Non-current		
- Government grant	715	1,001
Current		
- Government grant	286	286
Total Deferred Income	<u>1,001</u>	<u>1,287</u>

The Group received a government grant in year 2013 for a patent licence agreement. The grant is being amortised over 5 years. During the period, RM285,939 (2013 – nil) has been amortised and recognised as other income in profit or loss.

A19. Comparative Figures

The following comparative figures in the statement of comprehensive income have been reclassified to conform with the presentation for the current quarter and financial year ended 31 December 2014:

	Preceding Year Quarter Ended 31 December 2013		Preceding Year Ended 31 December 2013	
	Previously reported RM'000	Restated RM'000	Previously reported RM'000	Restated RM'000
<u>Statement of comprehensive income(extract)</u>				
Revenue	108,394	105,256	340,922	328,284
Cost of sales	(92,378)	(89,880)	(289,731)	(278,387)
Other income/(expenses)	(4,748)	(4,123)	(5,110)	(4,884)
Distribution expenses	(917)	(895)	(3,659)	(3,536)
Administrative expenses	(7,860)	(7,650)	(28,822)	(27,786)
Finance costs	(849)	(802)	(3,557)	(3,345)
Income tax expense	448	437	(1,176)	(1,187)
Discontinued operations	-	(253)	-	(292)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD
LISTING REQUIREMENTS

B1. Operating Segment review

4th Q 2014 versus 4th Q 2013

Despite an 11% decrease in sales revenue, the Group's core pre-tax profit before finance charges, associate contribution and ESOS expense rose 52% year-on-year to RM3.47 million in 4Q14 (4Q13: RM2.29 million) on gross margin improvements.

Revenue in the current quarter at RM93.8 million was adversely affected by a 42% decline in General Lighting Segment sales to RM28.7 million, as Dominant shifted its segmental focus from low value low margin mid-power LED to higher value higher margin products towards the end of 3Q14. The decline in General Lighting Segment was mitigated by a robust 26% increase in sales in the Automotive Segment to a record level of RM63.4 million.

Gross margin rose to 17.6% in 4Q14 (4Q13: 14.6%), bolstered by a favourable change in sales mix and a strengthening US Dollar against the Malaysia Ringgit.

Net profit from Continuing Operation however fell 12% to RM 1.46 million, weighed down by share of loss from associate of RM 0.54 million compared to a share of profit of RM0.93 million in the same period last year, and higher tax expense.

12 months 2014 versus 12 months 2013

In 2014, the Group recorded a consolidated revenue of RM424.2 million, representing a 29% year-on-year increase. The improvement was mainly contributed by a 54% growth in General Lighting Segment and a 23% increase in the Automotive Segment. In line with management's strategy, contribution from BLU segment declined further to less than 1% of Group sales.

For the whole year of 2014, gross profit margin was sustained at around 15%. Profit before tax from Continuing Operation improved from RM4.7 million to RM5.8 million in 2014 mainly due to the increase in turnover despite higher ESOS expenses of RM4.0 million (2013:RM2.9 million) and a negative contribution of RM1.4 million from associate (2013: profit of RM0.3 million). Excluding ESOS expense, associate contribution and finance charges, core pre-tax profit rose 34% to RM14.3 million in 2014, compared to RM10.7 million in the preceding year.

During the year, the Group exited the metal can business. The termination of metal can business resulted in a net loss of RM 0.4 million, as presented in Discontinued Operation.

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

Compared to the preceding quarter, revenue from Continuing Operations in the current quarter fell 11% to RM93.8 million. This was mainly caused by lower sales from General Lighting Segment at RM28.7 million, partially offset by a 26% growth in the Automotive Segment to RM 63.4 million.

Gross profit margin from Continuing Operations improved to 17.6% in the current quarter from 13.1% in the preceding quarter as a result of a favourable change in sales mix and a strengthening US Dollar against the Malaysia Ringgit. Despite lower revenue, core pre-tax profit before associate contribution, ESOS and finance charges rose 56% to RM 3.5 million (3Q14: RM 2.2 million).

B3. Commentary on Prospects

The operating environment is expected to remain challenging, especially in the fast paced consumer electronics sector and General Lighting Segment. To cope with this situation, management is continuing to improve the product mix, focusing on the high value and more stable segments. . Management will also be more cautious in embarking on new capital projects to conserve cash and better manage Dominant's inventory holdings.

With these initiatives in place, the Group's core financial performance is expected to be satisfactory in 2015.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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 2014 RM'000	Preceding Year Quarter Ended 31 December 2013 RM'000	Current Year Ended 31 December 2014 RM'000	Preceding Year Ended 31 December 2013 RM'000
Current taxation				
- Ordinary Activities	146	(791)	1,584	833
Withholding tax on dividend received	1	310	166	310
Deferred taxation	-	48	-	48
	<u>147</u>	<u>(433)</u>	<u>1,750</u>	<u>1,191</u>
Over provision	-	(4)	(2)	(4)
	<u>147</u>	<u>(437)</u>	<u>1,748</u>	<u>1,187</u>

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

B6. Borrowings

The Group's borrowings are as follows:

	As At 31 December 2014 RM'000	As At 31 December 2013 RM'000
<u>Short term borrowings</u>		
Secured denominated in Ringgit Malaysia:		
- bankers acceptances	29,871	34,097
- term loans	383	1,937
- hire purchase	161	156
- revolving credit	30,000	30,000
	<u>60,415</u>	<u>66,190</u>
Secured denominated in Euro Dollars:		
- term loans (EUR250,000)	1,063	-
	61,478	66,190
<u>Long term borrowings</u>		
Secured denominated in Ringgit Malaysia:		
- term loans	-	385
- hire purchase	185	349
	185	734
<u>Bank overdraft</u>		
Secured denominated in Ringgit Malaysia	3,640	2,692
Total Borrowings	<u>65,303</u>	<u>69,616</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

B7. Unquoted Investments and/or Properties

There was no sale or purchase of properties for the current quarter and year ended 31 December 2014. Details of movements in investment in unquoted investments are as follows:

Other unquoted investments

	As At 31 December 2014 RM'000	As At 31 December 2013 RM'000
Investment in unquoted shares (outside Malaysia)		
At beginning of year, at cost	401	7,545
Transfer to investment in quoted shares	-	(4,682)
Allowance for impairment loss on unquote shares	-	(2,462)
At end of year, at cost	<u>401</u>	<u>401</u>

Investment in an associate

	As At 31 December 2014 RM'000	As At 31 December 2013 RM'000
At beginning of year	13,465	13,147
Share of (loss)/profit in an associate	(1,361)	318
At end of year	<u>12,104</u>	<u>13,465</u>

B8. Earnings per Share

	Current Year Quarter Ended 31 December 2014	Preceding Year Quarter Ended 31 December 2013	Current Year Ended 31 December 2014	Preceding Year Ended 31 December 2013
Weighted average number of ordinary shares in issue ('000)	977,531	975,613	977,531	975,613
Weighted average number of shares deemed to have been issued at no consideration ('000)	<u>26,337</u>	<u>16,695</u>	<u>26,337</u>	<u>16,695</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>1,003,868</u>	<u>992,308</u>	<u>1,003,868</u>	<u>992,308</u>
Profit for the period attributable to the owners of the Company (RM'000)	132	701	699	401
Basic earnings per share (sen)	<u>0.01</u>	<u>0.07</u>	<u>0.07</u>	<u>0.04</u>
Diluted earnings Per share (sen)	<u>0.01</u>	<u>0.07</u>	<u>0.07</u>	<u>0.04</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

B9. Detailed Disclosure for Statement of Comprehensive Income

	Current Year Quarter Ended 31 December 2014 RM'000	Preceding Year Quarter Ended 31 December 2013 RM'000	Current Year Ended 31 December 2014 RM'000	Preceding Year Ended 31 December 2013 RM'000
After crediting:-				
Interest income	10	22	37	48
Gain on disposal of marketable securities	-	-	-	508
(Loss)/Gain on disposal of property, plant and equipment	-	(17)	35	(17)
Writeback of allowance for impairment losses on receivables	-	6	43	38
Writeback of allowance for impairment losses on assets	-	38	1,435	135
After debiting:-				
Amortisation	213	220	849	561
Depreciation	4,769	5,087	21,319	19,275
Interest expense	637	884	2,644	3,140
Loss/(Gain) on foreign exchange	258	(107)	797	(1,774)
Net fair value loss on marketable securities	2	129	199	230
Property, plant and equipment written off	72	461	72	592
Allowance for impairment losses on assets	716	396	716	396
Allowance/(Reversal) for impairment losses on inventories	260	377	3,524	(74)
Allowance for impairment losses on receivables	187	114	380	130
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

B10. Corporate Proposals

There was no corporate proposal announced but not completed as at 19 February 2015, the latest practical 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 19 February 2015, 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”)

The case is fixed for mention on 27 February 2015. The trial will commence after the conclusion of the Melaka High Court Civil Suit No: 22-132-2010.

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

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

The trial had concluded and submissions had been made by all parties. The Court has fixed 27 February 2015 for its decision.

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 25 February 2015.