

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 FRS134, “Interim Financial Reporting” 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 year ended 31 December 2005.

A2. Changes in Accounting Policy

The significant accounting policies adopted are consistent with those of the audited financial statement for the year 31 December 2005 except for the adoption for the following new / revised Financial Reporting Standard (FRS) effective for financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sales and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earning Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

a) FRS 3: Business Combinations

Under FRS 3, any excess of the Group’s interest in net the fair value of acquirees’ identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as “negative goodwill”), after reassessment, is now recognised immediately in profit or loss. Prior to 1 January 2006, negative goodwill was retained in the consolidated balance sheet. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM8,551,719 was derecognised with a corresponding increased in retained earnings.

The carrying value of the positive goodwill is reviewed annually and is written down for impairment where it is considered necessary. The impairment value of positive goodwill is taken to the consolidated income statement.

A3. Comparative

There are no changes in the comparative figure.

A4. Auditors’ Report on Preceding Annual Financial Statements

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

A5. Comments about Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2006

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 financial quarter and financial year to-date.

A7. Changes in Estimates

There were no changes in the estimates of amounts reported during the current financial quarter and financial year to-date.

A8. Segmental Information

The Group generates majority of its revenue from Malaysia and operates primarily in the semiconductor industry.

The revenue by segment is as follows:

	Segment Revenue	
	Current	Preceding Year
	Year To-Date	Corresponding
	31 March 06	Period To-Date
		31 March 05
Malaysia	21,189,155	22,911,245
Singapore	2,416,649	2,666,984
Others	402,715	267,484
	<u>24,008,519</u>	<u>25,845,713</u>

There is no segmental information disclosed on the Group's assets and capital expenditure as the Group is primarily situated in Malaysia.

A9. Dividend

The Company has obtained the shareholders' approval at the Second Annual General Meeting to pay the first and final tax-exempt dividend of 3 percent on the par value per ordinary share amounting to RM2,190,000 for the financial year ended 31 December 2005 on 8 June 2006.

A10. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment.

A11. Debt and Equity Securities

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity security for the current financial quarter and financial year to-date.

A12. Changes in the Composition of the Group

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

A13. Discontinued Operation

There were no discontinued operations in the current quarter.

D & O VENTURES BERHAD (645371 – V)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2006

A14. Capital Commitment

Capital commitment contracted but not provided for in the financial statement:

	<u>As at 31 March 06</u>	<u>As at 31 March 05</u>
Property, Plant and Equipment	6,802,562	10,210,186

A15. Financial Commitment

Financial commitment contracted but not provided for in the financial statement:

	<u>As at 31 March 06</u>	<u>As at 31 March 05</u>
Uncalled Balance in the Investment in an Associate	31,900,000	N / A

A16. Changes in Contingent Liabilities or Contingent Assets

As at 31 March 2006, the Company provided a total of RM70.05 million of corporate guarantees to financial institutions for all unsecured credit facilities granted to its wholly owned subsidiary, Omega Semiconductor Sdn. Bhd.

A17. Subsequent Events

There were no other material events subsequent to the current financial quarter ended 31 March 2006.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2006

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

B1. Performance Review

The Group recorded a revenue of RM24.01 million, profit before taxation (PBT) of RM4.98 million and profit after taxation (PAT) of RM4.56 million for the current quarter and financial year to-date ended 31 March 2006. These represent a corresponding quarterly reduction of 7 percent in revenue and growth of 24 percent in PBT and 21 percent in PAT. The decrease in revenue was mainly due to sales softening in certain discrete products and delay in ramping up new discrete products. The increased PBT and PAT was mainly due to the share of profit of an associate.

B2. Comment on Material Changes in Profit Before Taxation

The Group profit before taxation for the current quarter ended 31 March 2006 of RM4.98 million represents a decrease of RM2.98 million than the previous quarter ended 31 December 2005. This is mainly due to lower turnover and share of profit of an associate for the current quarter under review.

B3. Commentary on Prospects

The Group's key focus for this year is to continue the ramp up of discrete products through tooling improvements, widening our customer base and improving productivity. The Group anticipates its performance will improve in the second half year period.

B4. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

B5. Income Tax Expense

	Current	Preceding Year	Current	Preceding Year
	Quarter Ended	Corresponding	Year To-Date	Corresponding
	31 March 06	31 March 05	31 March 06	31 March 05
	RM	RM	RM	RM
Current taxation - Ordinary Activities	232,125	264,932	232,125	264,932
- An Associate	57,939	N / A	57,939	N / A
Deferred taxation	165,636	-	165,635	-
	<u>455,700</u>	<u>264,932</u>	<u>455,700</u>	<u>264,932</u>
(Over) / under provision in previous financial period	-	-	-	-
Reinvestment allowance benefits recognised as deferred asset	(37,524)	-	(37,524)	-
	<u>418,176</u>	<u>264,932</u>	<u>418,176</u>	<u>264,932</u>

The Group's effective tax rate for the current financial quarter and financial year to-date was lower than the statutory tax rate mainly due to the availability of reinvestment allowances claimed on qualifying expenditure.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2006

B6. Quoted Securities

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

	Current Year Quarter Ended 31 March 06 RM	Preceding Year Quarter Ended 31 March 05 RM	Current Year To-Date 31 March 06 RM	Preceding Year To-Date 31 March 05 RM
At cost:				
Opening balance	3,953,840	2,953,043	3,953,840	2,953,043
Add:				
Purchases	63,455	487,545	63,455	487,545
Less:				
Disposals	-	-	-	-
Closing Balance	<u>4,017,295</u>	<u>3,440,588</u>	<u>4,017,295</u>	<u>3,440,588</u>
At market value	<u>4,253,494</u>	<u>3,095,955</u>	<u>4,253,494</u>	<u>3,095,955</u>

ii) Details of investments in quoted securities:

	As at 31 March 06 RM	As at 31 December 05 RM
At Cost	4,017,295	3,953,840
At Market Value	4,253,494	3,417,840

B7. Unquoted Investments and/or Properties

There was no sale of properties for the current quarter and financial year to date. The movement of unquoted securities for the Group during the current financial quarter and financial year to-date is as follows:

Investment in an associate

	Current Year Quarter Ended 31 March 06 RM	Current Year To-Date 31 March 06 RM
Investment in an associate - Dominant Semiconductors Sdn Bhd		
Opening balance	25,300,000	25,300,000
Called during the first quarter	<u>8,800,000</u>	<u>8,800,000</u>
Total at cost	<u>34,100,000</u>	<u>34,100,000</u>
Authorised conversion value	66,000,000	66,000,000
Less: Balance as and when Dominant Semiconductors Sdn Bhd shall make call(s) therefor	<u>31,900,000</u>	<u>31,900,000</u>
Unquoted shares in an associate at cost	34,100,000	34,100,000
Share of post-acquisition profit	<u>7,146,171</u>	<u>7,146,171</u>
Total investment	<u>41,246,171</u>	<u>41,246,171</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2006

B8. Investment in others unquoted shares

	Current Year Quarter Ended 31 March 06 RM	Current Year To-Date 31 March 06 RM
Investment in unquoted shares (outside Malaysia)		
Opening balance	401,400	401,400
Add:		
Purchases	-	-
Less:		
Disposals	-	-
Total at cost	<u>401,400</u>	<u>401,400</u>

B9. Corporate Proposals

There were no new corporate proposals by the Company during the financial year to date except the successful transfer of D&O's entire issued and paid-up share capital from the Second Board to the Main Board of Bursa Securities under the "Technology" sector on a "Ready" basis pursuant to the Rules of Bursa Securities with effect from 9.00 a.m., Thursday, 18 May 2006.

B10. Borrowings

The Group's borrowings are as follows:

	As at 31 March 06 RM	As at 31 December 05 RM
Short term borrowings - unsecured:		
- bank overdraft	-	-
- bankers acceptances	10,558,000	10,715,000
- term loans	1,653,609	1,861,105
- hire purchase	110,683	110,652
	<u>12,322,292</u>	<u>12,686,757</u>
Long term borrowings		
- term loans (unsecured)	922,149	1,240,807
- hire purchase (secured)	112,489	153,666
	<u>1,034,638</u>	<u>1,394,473</u>

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet arrangements entered into nor were there any off-balance sheet financial instruments issued as at the date of this report.

B12. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at 20 May 2006 (the latest practicable date not earlier than 7 days from the date of issue of this financial result).

B13. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 31 March 2006 (31 March 2005: Nil).

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2006

B14. Earnings per Share

	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To-Date	Preceding Year Corresponding Period To-Date
	31 March 06	31 March 05	31 March 06	31 March 05
Weighted average number of shares outstanding	730,000,000	730,000,000	730,000,000	730,000,000
Adjustment for assumed exercise of share option	7,415,000	2,330,192	7,415,000	2,330,192
Adjusted weighted average number of shares for diluted earnings per share	<u>737,415,000</u>	<u>732,330,192</u>	<u>737,415,000</u>	<u>732,330,192</u>
Profit After Tax (RM)	4,563,156	3,761,077	4,563,156	3,761,077
Basic Earnings Per Share (Sen)	0.63	0.52	0.63	0.52
Diluted Earnings Per share (Sen)	0.62	0.51	0.62	0.51

a) Basic

The basic earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares.

b) Diluted

The diluted earnings per share is calculated by dividing the Group's profit attributable to shareholders by the adjusted weighted average number of ordinary shares.

B15. Authorisation for Issue

The Board of Directors of D&O approved this interim financial report announcement to the Bursa Securities at its Board meeting on 23 May 2006.