

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007

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 2006.

A2. Auditors’ Report on Preceding Annual Financial Statements

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

A3. Comments about Seasonal or Cyclical Factors

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

A4. 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.

A5. Changes in Estimates

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

A6. Segmental Information

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

The revenue by geographical segment is as follows:

	Segment Revenue			
	Current	Preceding Year	Current	Preceding Year
	Quarter Ended	Corresponding	Year To-Date	Corresponding
	31 March 07	Quarter Ended	Year To-Date	Period To-Date
	31 March 07	31 March 06	31 March 07	31 March 06
Malaysia	23,340,940	21,189,155	23,340,940	21,189,155
Singapore	3,461,953	2,416,649	3,461,953	2,416,649
Others	1,116,610	402,716	1,116,610	402,716
	<u>27,919,503</u>	<u>24,008,520</u>	<u>27,919,503</u>	<u>24,008,520</u>

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

A7. Dividend

At the forthcoming annual general meeting, the directors have recommended the payment of a first and final dividend of 3% (tax-exempt) on the par value per ordinary share amounting to RM2,190,000 for shareholders’ approval in respect of the financial year ended 31 December 2006.

A8. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment for the quarter / financial period.

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A9. 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.

A10. Changes in the Composition of the Group

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

A11. Discontinued Operation

There were no discontinued operations in the current quarter.

A12. Capital Commitment

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

	As at 31 March 07 RM	As at 31 March 06 RM
Property, Plant and Equipment	5,566,204	6,802,562

A13. Financial Commitment

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

	As at 31 March 07 RM	As at 31 March 06 RM
Uncalled Balance in the Investment in an Associate	14,300,000	31,900,000

A14. Changes in Contingent Liabilities or Contingent Assets

As at 31 March 2007, 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.

A15. Subsequent Events

There were no other material events subsequent to the current financial quarter ended 31 March 2007.

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

B1. Performance Review

The Group recorded a revenue of RM27.92 million, profit before taxation (PBT) of RM5.55million and profit after taxation (PAT) of RM4.74 million for the current quarter and financial year to-date ended 31 March 2007 respectively.

The current quarter results represent an increase of 16.29 percent in revenue, 11.36 percent in PBT and 4.75 percent in PAT as compared to the previous corresponding quarter.

The increase in profit was mainly due to a higher share of profit contribution from the associated company.

B2. Comment on Material Changes in Profit Before Taxation

The Group profit before taxation for the current quarter ended 31 March 2007 of RM5.55 million represents an increase of RM4.23 million or 322 percent than the previous quarter ended 31 December 2006. This is mainly due to a higher share of profit from the associate.

B3. Commentary on Prospects

Barring any unforeseen circumstances the Group and its associate anticipate their performance will be better than the current quarter under review.

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

	(Restated)		(Restated)	
	Preceding Year		Preceding Year	
	Current	Corresponding	Current	Corresponding
	Quarter Ended	Quarter Ended	Year To-Date	Period To-Date
	31 March 07	31 March 06	31 March 07	31 March 06
	RM	RM	RM	RM
Current taxation - Ordinary Activities	363,271	232,125	363,271	232,125
- An Associate	31,336	57,939	31,336	57,939
Deferred taxation	411,615	165,636	411,615	165,635
	806,222	455,700	806,222	455,700
(Over) / under provision in previous financial period	-	-	-	-
	806,222	455,700	806,222	455,700

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.

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B6. Quoted Securities

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

	Current Year Quarter Ended 31 March 07 RM	Preceding Year Quarter Ended 31 March 06 RM	Current Year To-Date 31 March 07 RM	Preceding Year To-Date 31 March 06 RM
At cost:				
Opening balance	4,017,295	3,953,840	4,017,295	3,953,840
Add:				
Purchases	-	63,455	-	63,455
Closing balance	<u>4,017,295</u>	<u>4,017,295</u>	<u>4,017,295</u>	<u>4,017,295</u>
At market value	<u>6,944,480</u>	<u>4,253,494</u>	<u>6,944,480</u>	<u>4,253,494</u>

ii) Details of investments in quoted securities:

	As at 31 March 07 RM	As at 31 December 06 RM
At cost	<u>4,017,295</u>	<u>4,017,295</u>
At market value	<u>6,944,480</u>	<u>4,774,330</u>

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 07 RM	Preceding Year Quarter Ended 31 March 06 RM	Current Year To-Date 31 March 07 RM	Preceding Year To-Date 31 March 06 RM
Investment in an associate - Dominant Semiconductors Sdn Bhd				
Opening balance	51,700,000	25,300,000	51,700,000	25,300,000
Conversion of RCPS to ordinary share	-	-	-	-
Called during the period	-	8,800,000	-	8,800,000
Total at cost	<u>51,700,000</u>	<u>34,100,000</u>	<u>51,700,000</u>	<u>34,100,000</u>
Authorised conversion value	66,000,000	66,000,000	66,000,000	66,000,000
Less: Balance as and when Dominant Semiconductors Sdn Bhd shall make call(s) therefor	(14,300,000)	(31,900,000)	(14,300,000)	(31,900,000)
Unquoted shares in an associate at cost	<u>51,700,000</u>	<u>34,100,000</u>	<u>51,700,000</u>	<u>34,100,000</u>
Share of post-acquisition profit	8,049,440	7,146,171	8,049,440	7,146,171
Total investment	<u>59,749,440</u>	<u>41,246,171</u>	<u>59,749,440</u>	<u>41,246,171</u>

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B8. Investment in others unquoted shares

	Current Year Quarter Ended 31 March 07 RM	Current Year To-Date 31 March 06 RM
Investment in unquoted shares (outside Malaysia)		
At cost	401,400	401,400

B9. Corporate Proposals

There were no new corporate proposals by the Company during the financial year to-date.

B10. Borrowings

The Group's borrowings are as follows:

	As at 31 March 07 RM	As at 31 December 06 RM
Short term borrowings - unsecured:		
- bankers acceptances	22,182,000	27,551,000
- term loans	437,192	636,634
- hire purchase	106,500	116,672
	<u>22,725,692</u>	<u>28,304,306</u>
Long term borrowings		
- term loans (unsecured)	489,885	609,988
- hire purchase (secured)	-	18,996
	<u>489,885</u>	<u>628,984</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 25 May 2007 (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 2007 (31 March 2006: Nil).

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B14. Earnings per Share

	Current Year Quarter Ended 31 March 07	(Restated) Preceding Year Corresponding Quarter Ended 31 March 06	Current Year To-Date 31 March 07	(Restated) Preceding Year Corresponding Period To-Date 31 March 06
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	6,755,000	7,415,000	6,755,000	7,415,000
Adjusted weighted average number of shares for diluted earnings per share	<u>736,755,000</u>	<u>737,415,000</u>	<u>736,755,000</u>	<u>737,415,000</u>
Profit After Tax (RM)	4,740,819	4,525,632	4,740,819	4,525,632
Basic Earnings Per Share (Sen)	0.65	0.62	0.65	0.62
Diluted Earnings Per share (Sen)	0.64	0.61	0.64	0.61

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 the Board meeting held on 29 May 2007.