

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 2007.

A2. Adoption of Revised Financial Reporting

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards (FRSs) and new Interpretations effective for financial periods beginning on or after 1 January 2008:

| | |
|---------------------|--|
| FRS 107 | Cash Flow Statements |
| FRS 111 | Construction Contracts |
| FRS 112 | Income Taxes |
| FRS 118 | Revenue |
| FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| FRS 134 | Interim Financial Reporting |
| FRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| IC Interpretation 8 | Scope of FRS 2 |

FRS 139 Financial Instruments: Recognition and Measurement has been deferred and has not been adopted by the Group.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group.

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. 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.

A6. Changes in Estimates

There was no change in estimates that have any material effect on the financial year-to-date results.

A7. Segmental Information

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

A7. Segmental Information (cont'd)

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 08 | Quarter Ended | 31 March 08 | Period To-Date |
| | 31 March 07 | 31 March 07 | 31 March 07 | 31 March 07 |
| Malaysia | 22,744,918 | 23,340,940 | 22,744,918 | 23,340,940 |
| Singapore | 2,621,223 | 3,461,953 | 2,621,223 | 3,461,953 |
| Others | 705,075 | 1,116,610 | 705,075 | 1,116,610 |
| | <u>26,071,216</u> | <u>27,919,503</u> | <u>26,071,216</u> | <u>27,919,503</u> |

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

A8. Dividend

At the forthcoming annual general meeting, the directors have recommended the payment of a first and final dividend of 5% (tax-exempt) on the par value per ordinary share amounting to RM3,650,000 for shareholders' approval in respect of the financial year ended 31 December 2007.

A9. Valuation of Property, Plant and Equipment

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

A10. 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.

A11. Changes in the Composition of the Group

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

A12. Discontinued Operation

There were no discontinued operations in the current quarter.

A13. Capital Commitment

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

| | As at | As at |
|-------------------------------|--------------------|--------------------|
| | 31 March 08 | 31 March 07 |
| | RM | RM |
| Property, Plant and Equipment | <u>5,388,703</u> | <u>5,566,204</u> |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

A14. Financial Commitment

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

| | As at 31 March 08 RM | As at 31 March 07 RM |
|--|-------------------------------------|-------------------------------------|
| Uncalled Balance in the Investment in an Associate | <u>9,900,000</u> | <u>14,300,000</u> |

A15. Changes in Contingent Liabilities or Contingent Assets

As at 31 March 2008, 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.

A16. Subsequent Events

There were no other material events subsequent to the current financial quarter ended 31 March 2008.

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

B1. Performance Review

The Group recorded a revenue of RM26.07 million, profit before taxation (PBT) of RM4.07 million and profit after taxation (PAT) of RM4.02 million for the current quarter and financial year to-date ended 31 March 2008 respectively.

The quarter results show a decrease of 6.6 percent in revenue, 26.3 percent in PBT and 15.3 percent in PAT as compared to preceding year corresponding quarter.

The decrease in the Group profit was from lower share of profit from associate company. The associate company performance was affected by a slow down in worldwide mobile phone market segment which resulted in soft order. The Group and associate company's performance were also affected by adverse foreign exchange movement.

B2. Comment on Material Changes in Profit Before Taxation

The Group's PBT for the current quarter ended 31 March 2008 of RM4.07 million represents a decrease of RM2.65 million or 39.43 percent than the previous quarter ended 31 December 2007.

The decrease in the Group profit was from lower Group's revenue and lower share of profit from associate company. The associate company's revenue was affected by a slow down in worldwide mobile phone market segment. The Group and associate company's performance were also affected by adverse foreign exchange movement.

B3. Commentary on Prospects

For the quarters to come, the Group will continue to focus on generating revenue from its OEM products and to enhance cost effectiveness in manufacturing by improving productivity and implementing cost saving projects.

Barring any unforeseen circumstances, the management anticipates its financial performance and the share of profit from associated company to 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 08 | 31 March 07 | 31 March 08 | 31 March 07 |
| | RM | RM | RM | RM |
| Current taxation - Ordinary Activities | 332,939 | 363,271 | 332,939 | 363,271 |
| Deferred taxation | (283,718) | 165,636 | 411,615 | 411,615 |
| | 49,221 | 774,886 | 49,221 | 774,886 |
| (Over) / under provision in previous financial period | - | - | - | - |
| | 49,221 | 774,886 | 49,221 | 774,886 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B5. Income Tax Expense (con't)

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.

B6. Quoted Securities

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

| | Current Year Quarter Ended 31 March 08 RM | Preceding Year Quarter Ended 31 March 07 RM | Current Year To-Date 31 March 08 RM | Preceding Year To-Date 31 March 07 RM |
|-----------------|--|--|--|--|
| At cost: | | | | |
| Opening balance | 4,361,941 | 4,017,295 | 4,361,941 | 4,017,295 |
| Add: | | | | |
| Purchases | - | - | - | - |
| Closing balance | 4,361,941 | 4,017,295 | 4,361,941 | 4,017,295 |
| At market value | 5,418,157 | 6,944,480 | 5,418,157 | 6,944,480 |

ii) Details of investments in quoted securities:

| | As at 31 March 08 RM | As at 31 December 07 RM |
|-----------------|-------------------------------------|--|
| At cost | 4,361,941 | 4,361,941 |
| At market value | 5,418,157 | 6,478,523 |

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 08 RM | Preceding Year Quarter Ended 31 March 07 RM | Current Year To-Date 31 March 08 RM | Preceding Year To-Date 31 March 07 RM |
|---|--|--|--|--|
| Investment in an associate - Dominant Semiconductors Sdn Bhd | | | | |
| Opening balance | 56,100,000 | 51,700,000 | 56,100,000 | 51,700,000 |
| Called during the period | - | - | - | - |
| Total at cost | 56,100,000 | 51,700,000 | 56,100,000 | 51,700,000 |
| 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 | (9,900,000) | (14,300,000) | (9,900,000) | (14,300,000) |
| Unquoted shares in an associate at cost | 56,100,000 | 51,700,000 | 56,100,000 | 51,700,000 |
| Share of post-acquisition profit | 14,155,288 | 8,049,440 | 14,155,288 | 8,049,440 |
| Total investment | 70,255,288 | 59,749,440 | 70,255,288 | 59,749,440 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B8. Investment in others unquoted shares

| | Current Year Quarter Ended 31 March 08 RM | Current Year To-Date 31 March 07 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 08 RM | As at 31 December 07 RM |
|------------------------------------|-------------------------------------|--|
| Short term borrowings - unsecured: | | |
| - bankers acceptances | 14,500,000 | 16,393,000 |
| - term loans | 473,343 | 451,645 |
| - hire purchase | - | 29,477 |
| | <u>14,973,343</u> | <u>16,874,122</u> |
| Long term borrowings | | |
| - term loans (unsecured) | 31,843 | 162,375 |
| - hire purchase (secured) | - | - |
| | <u>31,843</u> | <u>162,375</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 26 May 2008 (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 2008 (31 March 2007: Nil).

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

B14. Earnings per Share

| | Current Year Quarter Ended 31 March 08 | (Restated) Preceding Year Corresponding Quarter Ended 31 March 07 | Current Year To-Date 31 March 08 | (Restated) Preceding Year Corresponding Period To-Date 31 March 07 |
|---|---|--|---|---|
| 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 | - | - | - | - |
| Adjusted weighted average number of shares for diluted earnings per share | <u>730,000,000</u> | <u>730,000,000</u> | <u>730,000,000</u> | <u>730,000,000</u> |
| | | | | |
| Profit After Tax (RM) | 4,016,419 | 4,740,819 | 4,016,419 | 4,740,819 |
| | | | | |
| Basic Earnings Per Share (Sen) | 0.55 | 0.65 | 0.55 | 0.65 |
| | | | | |
| Diluted Earnings Per share (Sen) | 0.55 | 0.65 | 0.55 | 0.65 |

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 28 May 2008.