



D&O

D & O VENTURES BERHAD

(Company No. : 645371-V)

(Incorporated in Malaysia under the Companies Act, 1965)

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of D & O Ventures Berhad (the "Company") will be held at Berjaya Hall, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 23 May 2006 at 3.00 p.m. for the following purposes:

AGENDA

1. To receive and adopt the audited Financial Statements for the financial year ended 31 December 2005 together with the Report of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve the payment of a first and final tax-exempt dividend of 3% per ordinary share in respect of the financial year ended 31 December 2005. **Ordinary Resolution 2**
3. To re-elect the following Directors who are retiring in accordance with Article 129 of the Articles of Association of the Company:
 - i) Dato' Mohammed Azlan bin Hashim **Ordinary Resolution 3**
 - ii) Lim Loi Heng **Ordinary Resolution 4**
 - iii) Cheam Dau Peng **Ordinary Resolution 5**
4. To approve the Directors' fee of RM81,000 in respect of the financial year ended 31 December 2005. **Ordinary Resolution 6**
5. To re-appoint Messrs. Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**
6. ***Special Business**
To consider and if thought fit, to pass with or without modification, the following as ordinary resolutions:

Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

Ordinary Resolution 8

"THAT, subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person/persons or party/parties whomsoever the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting."

Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 9

"That approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature as stated in Section 2.3 of the Circular to Shareholders dated 28 April 2006 which is necessary for the Group's day-to-day operations subject further to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and is not to the detriment of the minority shareholders and that such transactions are made on an arm's length basis and on normal commercial terms; and
- (ii) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the type of transactions, names of the related parties and their relationship; and



Notice of Annual General Meeting (Cont'd)

- (iii) that such approval shall continue in force until:
- a) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); or
 - c) revoked or varied by resolution passed by the shareholders in general meeting.

Whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

By Order of the Board

TAN PEI CHOO (MAICSA 7023284)
Company Secretary

Kuala Lumpur
28 April 2006

Notes:

- (1) A proxy may but need not be a member of the Company. A member shall be entitled to appoint a person, whether a member or not, as his proxy to attend and vote at a meeting of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies/Companies Commission of Malaysia.
- (2) A member may appoint up to two (2) proxies to attend and vote at the same meeting and if a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority, shall be deposited at the Registered Office of the Company at No.15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.

Notice of Annual General Meeting (Cont'd)

(5) *Explanatory notes on the Special Business

Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 8, if passed, will empower the Directors from the date of the Second Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company without having to convene a separate general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 9, if passed, will provide a new mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in section 2.3 of the Circular to Shareholders of the Company dated 28 April 2006 despatched together with the Annual Report. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next annual general meeting of the Company.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Second Annual General Meeting, a first and final tax-exempt dividend of 3% per ordinary share for the financial year ended 31 December 2005 will be paid on 8 June 2006 to the holders of ordinary shares registered in the Record of Depositors at the close of business on 26 May 2006.

A Depositor shall qualify for entitlement only in respect of:

- (i) Shares transferred into the Depositor's Securities Account on or before 4.00 p.m. on 26 May 2006, in respect of transfers; and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

TAN PEI CHOO (MAICSA 7023284)
Company Secretary

Kuala Lumpur
28 April 2006



Statement Accompanying Notice of Annual General Meeting

1. **Second Annual General Meeting of D & O Ventures Berhad**

Place : Berjaya Hall, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur
Date : 23 May 2006
Time : 3.00 p.m.

2. **Names of individuals who are standing for re-election as Directors**

To re-elect the following Directors retiring under the provision of Article 129 of the Company's Articles of Association of the Company and who being eligible offer themselves for re-election:

- (i) Dato' Mohammed Azlan bin Hashim
- (ii) Lim Loi Heng
- (iii) Cheam Dau Peng

3. **Further details of individuals who are standing for re-election as Directors**

Further details of the Directors standing for re-election at the Second Annual General Meeting are set out in pages 10 to 12 and their shareholdings are listed on page 61 of this Annual Report.

4. **Board Meetings held during the financial year ended 31 December 2005 and Details of Directors' Attendance**

A total of five (5) meeting of the Board of Directors were held during the financial year ended 31 December 2005 and the details of attendance of the Directors at the meetings are set out in the Corporate Governance Statement on pages 13 to 16 of the Annual Report.



Corporate Information

BOARD OF DIRECTORS

Non-Independent Non-Executive Chairman

Dato' Mohammed Azlan bin Hashim

Group Managing Director

Tay Kheng Chiong

Executive Director

Cheam Dau Peng

Non-Executive Directors

Goh Nan Yang

Dr Lim Thian Soo

Lim Loi Heng*

Wong Meng Tak*

Lim Chong Puang*

Lai Kin Shin

(alternate director to Goh Nan Yang)

Low Tek Beng

(alternate director to Cheam Dau Peng)

AUDIT COMMITTEE

Lim Loi Heng* (Chairman)

Wong Meng Tak*

Lim Chong Puang*

REMUNERATION COMMITTEE

Goh Nan Yang (Chairman)

Dr Lim Thian Soo

Lim Chong Puang*

(*) - Independent and Non-Executive Director

COMPANY SECRETARY

Tan Pei Choo (MAICSA 7023284)

PRINCIPAL PLACE OF BUSINESS

Lot 6 Batu Berendam Free Trade Zone
Phase III

75350 Batu Berendam

Melaka

Tel: 06-282 7101

Fax: 06-283 9608

Email : corp@omegasemicon.com.my

Website : <http://www.do.com.my>

Website : <http://www.omegasemicon.com.my>

REGISTERED OFFICE

No. 15 Bukit Ledang

Off Jalan Duta

50480 Kuala Lumpur

Tel : 03-2094 3268

Fax : 03-2094 3188

REGISTRAR

PFA Registration Services Sdn Bhd
(19234-W)

Level 13, Uptown 1

No 1 Jalan SS21/58

Damansara Uptown

47400 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-7725 4888

Fax : 03-7722 2311

REGISTER OF OPTION

Lot 6 Batu Berendam Free Trade Zone
Phase III

75350 Batu Berendam

Melaka

Tel : 06-282 7101

Fax : 06-286 4137

AUDITORS

Horwath (AF 1018)

Level 16 Tower C

Megan Avenue II

12 Jalan Yap Kwan Seng

50450 Kuala Lumpur

Tel : 03-2166 0000

Fax : 03-2166 1000

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad

HSBC Bank Malaysia Berhad

AmBank (M) Berhad

EON Bank Berhad

Public Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Second Board

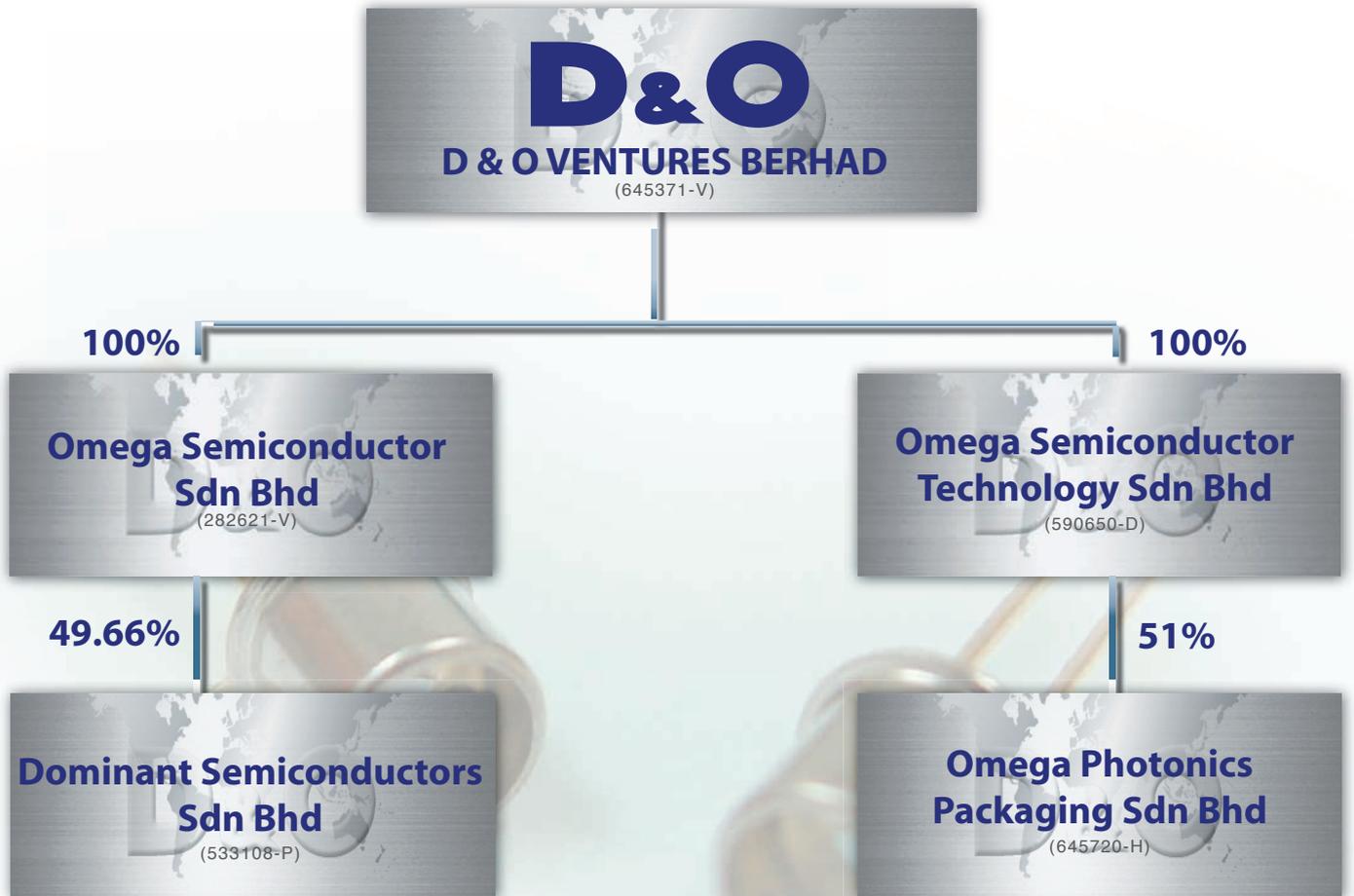
Sector : Technology

Stock code : 7204

Stock name : D&O



Corporate Structure



Five-Year Financial Highlights

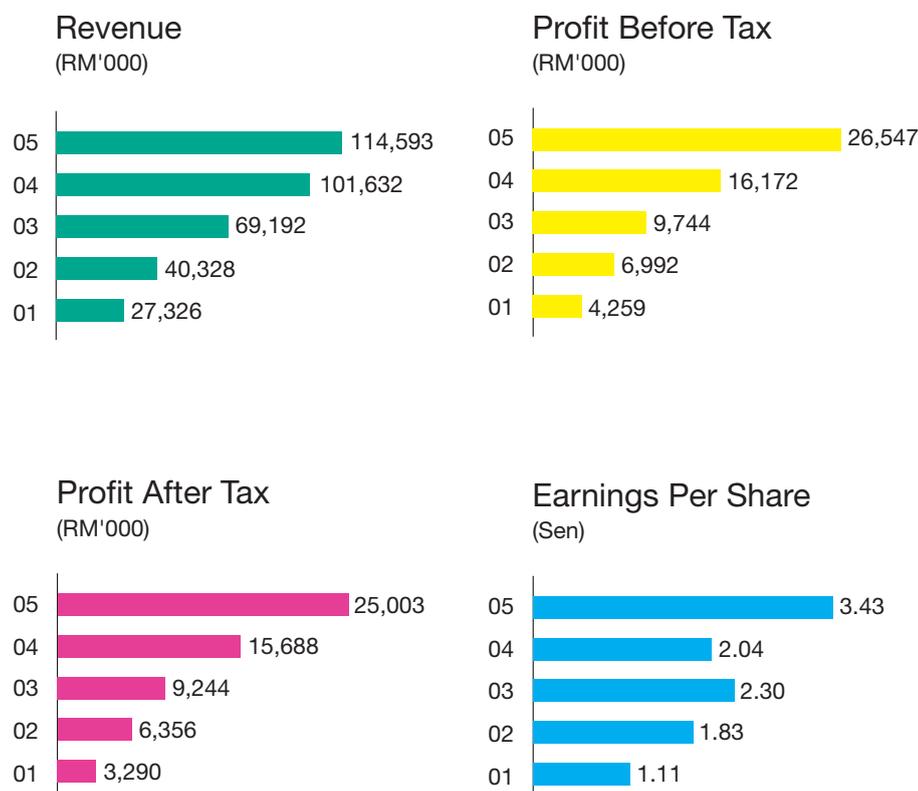
The table below sets out a summary of the proforma consolidated audited results of D&O for the financial years 2001, 2002 and 2003, prepared for illustration purposes only based on the audited financial statements of D&O and its subsidiaries and on the assumptions that the current structure of the Group had been in existence throughout the respective financial years under review, and after making such necessary adjustment. The financial results for the period/year 2004 and 2005 are based on the audited financial statements of the Group for the financial period/year ended 31 December 2004 and 31 December 2005.

	Group 2001 RM'000	Group 2002 RM'000	Group 2003 RM'000	Group 2004 RM'000	Group 2005 RM'000
Income Statement					
Revenue	27,326	40,328	69,192	101,632	114,593
Profit/(Loss) Before Tax (PBT)	4,259	6,992	9,744	16,172	26,547
Profit/(Loss) After Tax (PAT)	3,290	6,356	9,244	15,688	25,003
Weighted Average Number of Share					
In Issue ('000)	297,250	348,052	402,784	237,426	730,000
Net Earnings Per Share (EPS)	1.11*	1.83*	2.30*	2.04**	3.43**

- The proforma consolidated income statements for financial year 2001, 2002, and 2003 are prepared for illustrative purposes only and based on the audited financial statements of Omega Semiconductor Sdn Bhd and Omega Semiconductor Technology Sdn Bhd for respective financial years under review. These proforma consolidated income statements have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statements of the D&O Group.
- There were no exceptional or extraordinary items and joint ventures during the financial years/period under review.
- The share of profits from associated company for the current financial year ended 31 December 2005 is RM5,721,753.
- Net EPS has been calculated based on PAT and the weighted average number of ordinary shares in issue.

* Based on 624,404,000 ordinary shares of RM0.10 per ordinary share, assuming the acquisition of subsidiaries had been implemented and the Group had been in existence throughout the past three (3) financial years from 2001 to 2003.

** Based on number of ordinary shares in issue of 730,000,000 ordinary shares as at the end of the financial period 2004 and financial year 2005.





Chairman’s Statement

On behalf of the Board of Directors of D & O Ventures Berhad (“D&O”), we have the pleasure in presenting D&O’s first full year Annual Report as a listed company and Audited Financial Statements for the financial year ended 31 December 2005.

FINANCIAL REVIEW

For the financial year ended 2005, the Company performed well, surpassing our forecast profit after tax of RM23.1 million.

<u>Year/Period ended</u>	<u>31.12.05 RM mil</u>	<u>31.12.04 RM mil</u>	<u>% increase</u>
Group Revenue	114.59	101.63	12.75
Profit before taxation	26.55	16.17	64.16
Profit after taxation	25.00	15.69	59.38
Net Earnings per share (Basic)	3.43sen	2.04sen	67.60%

The profits are inclusive of D&O’s associated company, Dominant Semiconductors Sdn Bhd (“Dominant”).

CORPORATE EVENTS

On 1 June 2005, D&O’s wholly owned subsidiary, Omega Semiconductor Sdn Bhd (“Omega”) converted its entire investment of 22,000,000 Redeemable Convertible Preference Shares in Dominant into 22,000,000 new ordinary shares. Dominant is now an associated company of Omega, which is now its largest shareholder with a 49.66% equity interest. The rationale for this, besides economies of scale, is that the sharing of vital resources such as technical know how, research and development and marketing activities will enhance the Group’s efficiency.

On 27 February 2006, D&O announced its proposal to transfer the listing and quotation of its entire issued and paid-up share capital from the Second Board to the Main Board of Bursa Malaysia Securities Berhad. The proposed Transfer, when completed, will better reflect the current stature of the Group’s operations and enhance its prestige and reputation amongst its business partners and associates. It is also expected that the Proposed Transfer will accord the Group greater recognition and acceptance amongst investors.

PROSPECTS

Garner Inc. reported that in 2005, there was a moderate 7% increase in global semiconductor revenues. The Semiconductor Industry Association projects that the industry will grow by 7.9% in 2006 and 10.5% in 2007, indicating an industry size amounting to USD245.5 billion and USD271.3 billion respectively.

In view of the expected growth in the semiconductor industry, we are of the opinion that the D&O Group is in a good position to further improve the performance. Based on the orders in hand and the anticipated orders for existing and new products, production capacity has been increased.

Research and Development play a very important role in a company such as ours, as new products are being introduced all the time. As such, expenditure on R&D is continually on the increase. We have obtained a NON-YAG WHITE LICENCE from Japan, which ensures us a strong position in solid-state lighting. The Group has also filed several patents for new designs including a greater than 1 watt Power LED (Light Emitting Diode) package and an ultra thin side view RGB (Red, Green, Blue) LED lead frame package with a thickness of less than 0.35mm. Ongoing research and development will also increase our product range and the nature of the business.

One such product comes from the newly installed Radio Frequency Identification (RFID) tag/card production line. This line was successfully set up in December 2005 and samples have been distributed to potential key customers worldwide. Given the size and growth of the industry, we are confident that orders will be forthcoming in the second half of the year. In fact, Venture Development Corporation, UK, projects that the global market size for RFID systems and tags will grow to USD5.9billion and USD2.2billion respectively by 2008.



Chairman's Statement (Cont'd)

The strong balance sheet and the positive cash flow augers well for the future of the Company providing the requisite resources needed for growth. With an experienced and capable management team and staff we will continue to work towards increasing the profitability of the D&O Group.

The D&O Group intends to continue to focus on market development and expand further into Europe, United States and the Asia Pacific region, in particular South Korea, Taiwan and China.

DIVIDEND

For the financial year ended 31 December 2005 the Board has recommended a first and final tax exempt dividend of 3% per share, subject to the approval of shareholders at the forthcoming Second Annual General Meeting. The proposed net dividend for the financial year under review, if approved, would amount to approximately RM2.19million.

BOARD AND EMPLOYEES

The Board of Directors and the management team will continue in their efforts to promote the growth and success of the D&O Group.

On behalf of the Board of Directors, we would like to take this opportunity to thank you, the shareholders, for the confidence you have placed in us. With your continued support and the cooperation of all the management, staff, customers and suppliers, regulatory authorities and bankers, we will continue to strive further to realise our full potential.

Dato' Mohammed Azlan bin Hashim
Chairman

28 April 2006





Profile of Directors

Dato' Mohammed Azlan bin Hashim
Non-Independent and Non-Executive Chairman
Malaysian

Dato' Mohammed Azlan bin Hashim, aged 49, was appointed as the Non-Independent Non-Executive Chairman of D&O on 16 September 2004. Dato' Azlan graduated with a Bachelor of Economics degree from Monash University, Melbourne in 1978 and is a member of the Institute of Chartered Accountants, Australia, Malaysian Institute of Accountants and a Fellow of Malaysian Institute of Directors. Azlan was the former Executive Chairman of Kuala Lumpur Stock Exchange ("KLSE") (now known as Bursa Malaysia Securities Berhad). During his tenure with KLSE, he also served as Chairman of Malaysia Central Depository Sdn Bhd, Securities Clearing Automated Network Services Sdn Bhd and Labuan International Financial Exchange Inc. He was also a Board Member of Malaysia Derivatives Exchange Berhad (now known as Bursa Malaysia Derivatives Berhad) and served as a member of the Finance Committee on Corporate Governance, the Second National Economic Consultative Council and Financial Reporting Foundation. Prior to his appointment at KLSE, he had extensive experience in the corporate sector, having started his career as an auditor in 1979 with Peat, Marwick, Mitchell & Co, Melbourne and thereafter in Corporate Finance at Amanah-Chase Merchant Bank Berhad. He served as Chief Executive of Bumiputra Merchant Bank Berhad from 1989 to 1991. In 1994, he was appointed Group Managing Director of Amanah Capital Malaysia Berhad before assuming his position at KLSE in 1998. He is currently a Board Member of several government related and private sector entities, including Khazanah Nasional Berhad, Employees Provident Fund, Labuan Offshore Financial Services Authority, Scomi Group Berhad and Proton Holdings Berhad. Azlan has attended all meetings of the Board of Directors held during the financial year ended 31 December 2005.

Please refer to page 61 of this Annual Report for his securities holding.

Tay Kheng Chiong
Group Managing Director
Malaysian

Tay Kheng Chiong, aged 42, was appointed as the Group Managing Director of D&O on 16 September 2004. He is a member of the Employees' Share Option Scheme Committee. Mr Tay graduated from the University of Sunderland, England with a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics in 1989. In 1999, he obtained a Master of Business Administration from the University of Strathclyde, Scotland. Upon graduation, he joined a multinational semiconductor company in 1989 as a Development Engineer and was promoted to Director of Manufacturing in 1999. In 2001, he joined Dominant Semiconductors Sdn Bhd as Managing Director until 2005. He is a Chartered Engineer with the Institution of Electrical Engineers, United Kingdom, since 2000. He has more than 15 years of experience in the semiconductor industry. With his sound technical background and vast experience in the semiconductor industry, his forte lies in the management of the overall operations, business development and strategic direction of the D&O Group. He has attended all meetings of the Board of Directors held during the financial year ended 31 December 2005.

Please refer to page 61 of this Annual Report for his securities holding.

Cheam Dau Peng
Executive Director
Malaysian

Cheam Dau Peng, aged 53, was appointed as an Executive Director of D&O on 16 September 2004. After completing his secondary school education, he started his career as a Production Supervisor with National Semiconductor (M) Sdn Bhd. Backed by more than fourteen (14) years of experience in the semiconductor industry, he has vast hands-on experience in plant operations. He was appointed as a Director of Omega Semiconductor Sdn Bhd ("Omega") in 2001. Since then, he has played an active role in the growth and expansion of the D&O Group. Under his stewardship, Omega's operation has expanded to offer a complete 'full turnkey' contract manufacturing service to its MNC customers and diversified into assembly of various OEM packages. He has attended all meetings of the Board of Directors' meetings held during the financial year ended 31 December 2005.

Please refer to page 61 of this Annual Report for his securities holding.

Profile of Directors (Cont'd)

Goh Nan Yang
Non-Independent and Non-Executive Director
Malaysian

Goh Nan Yang, aged 43, was appointed as a Non-Independent Non-Executive Director of D&O on 16 September 2004. He is the Chairman of the Remuneration Committee and a member of the Employees' Share Option Scheme Committee. Mr Goh graduated from the University of Toledo with a Bachelor of Science (Honours) degree in Engineering. He joined a public listed company after graduation, during which period he was involved in several major infrastructure and housing projects. In the mid 1990's, he left employment and started his own business in property development and manufacturing activities in Melbourne, Australia. Since then, his business has diversified into the hospitality and student education ventures. He is the Chief Executive Officer and Director of Pearl River Tyre (Holdings) Limited, a company listed on the Hong Kong Stock Exchange. He is also a Board Member in Mega First Corporation Berhad, a main Board Listed Company in Bursa Securities. He holds directorships in several private limited companies. He has attended all meetings of the Board of Directors' meetings held during the financial year ended 31 December 2005.

Please refer to page 61 of this Annual Report for his securities holding.

Dr Lim Thian Soo
Non-Independent and Non-Executive Director
Malaysian

Dr Lim Thian Soo, aged 43, was appointed as a Non-Independent Non-Executive Director of D&O on 16 September 2004. He is a member of the Employees' Share Option Scheme Committee and a member of the Remuneration Committee. Dr. Lim graduated Bachelor of Medicine and Bachelor of Surgery in 1986 from Edinburgh University Medical School and practised for six (6) years as a doctor in the United Kingdom. He obtained a Master of Business Administration from City University Business School in 1993. He is currently the Group Managing Director of Mega First Corporation Berhad and also a Board Member of Rock Chemical Industries (Malaysia) Berhad, both of which are listed on Bursa Securities. He also holds directorships in several private limited companies. He has attended all meetings of the Board of Directors' meeting held during the financial year ended 31 December 2005.

Please refer to page 61 of this Annual Report for his securities holding.

Lim Loi Heng
Independent and Non-Executive Director
Malaysian

Lim Loi Heng, aged 55, was appointed as an Independent Non-Executive Director of D&O on 16 September 2004. He is the chairman of the Audit Committee. Mr Lim qualified as a Chartered Accountant from the Institute of Chartered Accountants, England & Wales in 1976 and was attached with KPMG, Kuala Lumpur, an international public accounting firm in 1977 and 1978. Thereafter, he joined Kuala Lumpur Kepong Bhd in 1979 and held various senior positions for 18 years until 1997. He is an Independent Director of Pearl River Tyre (Holding) Limited, a company listed on the Hong Kong Stock Exchange and holds directorships in several private limited companies. He has attended all meetings of the Board of Directors held during the financial year ended 31 December 2005.

Please refer to page 61 of this Annual Report for his securities holding.

Wong Meng Tak
Independent and Non-Executive Director
Malaysian

Wong Meng Tak, aged 59, was appointed as an Independent Non-Executive Director of D&O on 16 September 2004. He is a member of the Audit Committee. Mr Wong obtained a Bachelor of Arts (Honours) degree majoring in Economics from the University of Malaya in 1971. He began his career in 1971 with HSBC Bank (Malaysia) Berhad and held various positions within the bank. In 2002, he retired from the Bank as Senior Manager of Regional Credit. He has attended all meetings of the Board of Directors held during the financial year ended 31 December 2005.

Please refer to page 61 of this Annual Report for his securities holding.



Profile of Directors (Cont'd)

Lim Chong Puang
Independent and Non-Executive Director
Malaysian

Lim Chong Puang, aged 48, was appointed as an Independent Non-Executive Director of D&O on 16 September 2004. He is a member of the Audit Committee and Remuneration Committee. Mr Lim obtained a Bachelor of Arts (Honours) degree majoring in Economics and Accountancy from the University of Kent, United Kingdom in 1980. He began his career in 1981 with Ming Hoe Motors Sdn Bhd as a Sales Manager. He also holds various management positions in his family businesses which are involved in property development and plantations. Currently, he also holds directorships in Hock Jiong Enterprise Holdings Bhd and several private limited companies. He has attended all meetings of the Board of Directors held during the financial year ended 31 December 2005.

Please refer to page 61 of this Annual Report for his securities holding.

Lai Kin Shin (alternate director to Goh Nan Yang)
Non-Independent and Non-Executive Alternate Director
Malaysian

Lai Kin Shin, aged 38, was appointed as the alternate Director to Goh Nan Yang on 16 September 2004. Mr Lai obtained his first class honours Bachelor of Engineering degree in Electrical and Electronic from the University of Portsmouth, United Kingdom in 1993. He began his career in 1993 with a multinational semiconductor company as a Process Engineer and was promoted to Production Manager in 1998.

Please refer to page 61 of this Annual Report for his securities holding.

Low Tek Beng (alternate director to Cheam Dau Peng)
Non-Independent and Non-Executive Alternate Director
Malaysian

Low Tek Beng, aged 35, was appointed as the alternate Director to Cheam Dau Peng on 16 September 2004. He obtained his first class honours Bachelor of Mechatronic degree from the University of Leeds, United Kingdom in 1994. He began his career in that same year with a multinational semiconductor company as a Product Development Engineer and was subsequently promoted to Product Development Manager before he left the company in 2000.

Please refer to page 61 of this Annual Report for his securities holding.

Notes:

- *None of the Directors of the Company has been convicted of any offence within the past ten (10) years other than traffic offence, if any.*
- *The Group has entered into recurrent related party transactions with parties in which the Directors of the Company, namely Tay Kheng Chiong, Cheam Dau Peng, Dr Lim Thian Soo, Goh Nan Yang, Lai Kin Shin and Low Tek Beng have direct or indirect interest in the transactions presented in note 37 in the accompanying Financial Statements. Save as disclosed above, none of the other Directors have any conflict of interest within the Group.*



Corporate Governance Statement

The Board of D & O Ventures Berhad (“D&O”) is committed to ensuring that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and to improve its financial performance. Hence, the Board fully supports the Principles and Best Practices of corporate governance as promulgated by the Malaysian Code of Corporate Governance (“the Code”).

This disclosure statement sets out the manner in which the Company has applied the Principles of the Code and the extent of compliance with the Best Practices of the Code advocated therein in the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

PRINCIPLE STATEMENT

The principles of the Code are divided into four Sections:

- Section 1: The Board
- Section 2: Directors’ Remuneration
- Section 3: Shareholders
- Section 4: Accountability and Audit

SECTION 1: THE BOARD

The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, performance, standards of conduct and critical business issues. The Board comprises Directors who are entrepreneurs and experienced professionals in the fields of economics, medicine, accountancy and engineering. Together the members of the Board form an effective Board which aims to lead the Company and the Group in achieving its corporate objectives.

Composition of the Board

The Board currently has eight (8) members comprising one (1) Non-Independent Non-Executive Chairman, two (2) Executive Directors (including Group Managing Director), three (3) Independent Non-Executive Directors, and two (2) Non-Independent Non-Executive Directors. The profile of each Director is presented on pages 10 to 12 of this Annual Report.

The Board is satisfied that the current board composition fairly reflects the investment of minority shareholders in the Company and represents the required mix of skills and experience required to discharge the Board’s duties and responsibilities. It includes sufficient number of Independent, Executive and Non-Executive Directors as prescribed by the Listing Requirement of the Bursa Securities. This is to ensure that no individual or small groups of individuals dominate the Board’s decision-making process.

Although all the Board Members have equal responsibilities for the Group operations, the roles of the independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into consideration of the Group long term interest for shareholders, employees, customers, suppliers and other communities in which the Group conducts its businesses.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman heads the Board and leads the planning discussion at the Board level, while the Managing Director is responsible for the implementation of the policies and the day-to-day running of the business, as well as reporting, clarifying and communicating matters to the Board.

Board Responsibilities

The Board retains full and effective control of the Group. This includes responsibility for determining the Group’s overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board.



Corporate Governance Statement (Cont'd)

During the financial year ended 31 December 2005, the Board met five (5) times and the attendance of each Director at the Board Meetings is as follows:

Directors	Attendance
Dato' Mohammed Azlan bin Hashim	5/5
Tay Kheng Chiong	5/5
Cheam Dau Peng	5/5
Goh Nan Yang	5/5
Dr Lim Thian Soo	5/5
Lim Loi Heng	5/5
Wong Meng Tak	5/5
Lim Chong Puang	5/5

The Board plans to meet at least four (4) times a year at quarterly intervals, with additional meetings to be convened when urgent and important decisions need to be made between the scheduled meetings.

The Board has delegated specific responsibilities to three (3) subcommittees (Audit, Remuneration and Employees' Share Option Scheme). The Committees have the authority to examine particular issues within their terms of reference and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Directors' Training

All the Directors have completed the Mandatory Accreditation Programme and they are mindful that they should receive appropriate continuous training and they have attended seminars and briefings in order to broaden their perspectives and so that they keep abreast with developments in the market place and with new statutory and regulatory requirements.

The training programmes and seminars attended by the Directors in 2005 are, inter-alia, on areas relating to related industries, corporate governance and financial performance.

The following are the briefings and training/seminars that attended by the Directors in 2005:

- One-day factory tour to update the Group's operations
- One-day seminar on "Value Creation and Corporate Governance : Growth & Bottom-Line Financial Strategies in Today's Markets" by Bursatra Sdn Bhd
- One-day seminar on "Understanding Key performance Indicators" by Rating Agency Malaysia
- Half-day in house briefing on Listing Requirements on Related Party Transactions

Supply of Information

Reports providing updates on operational, financial and corporate issues are circulated to each Board Member prior to the meetings. This will enable the Directors to obtain further explanations/clarifications, where necessary, in order to be properly briefed before deliberation on the issues in the meeting.

Directors also have the rights to seek independent professional advice at the Company's expense in furtherance of their duties.

Directors have access to timely and accurate information within the Group, whether as the full Board or in their individual capacity, in furtherance of their duties. Directors also have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that Board's procedures are followed.

The Board has not appointed a senior independent non-executive director, to whom concerns can be conveyed. The Board does not believe there is such a necessity because all members of the Board actively and freely participate during Board meetings and the Board has unrestricted and timely access to the management for any information that the Board requires in discharging the duties and responsibilities.



Corporate Governance Statement (Cont'd)

Appointment and Re-election to the Board

All Directors (including the Managing Director) will retire at regular intervals by rotation at least once in every three years and shall be eligible for re-election.

Prior to any appointment of new directors, the Board is first provided with the curriculum vitae of the candidate for consideration. The appointment is then finalised after discussions at board meeting thus giving ample time for deliberations on the suitability of the candidate. In view of this, the establishment of a nomination committee has not been effected as the Board carries out this function.

SECTION 2: DIRECTORS' REMUNERATION

The composition of the Remuneration Committee is set out on Page 5. The Committee is responsible for setting the policy framework and making recommendations to the Board on all elements of the remuneration and other terms of employment of Executive Director(s). Non- Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

A summary of the remuneration of the Directors, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are disclosed below:

	Salaries, Bonuses & other emoluments RM	Benefits-in-kind RM	Fees RM
Executive Directors	450,225	28,500	0
Non-Executive Directors	0	0	81,000

The number of Directors whose remuneration fall into the following bands are as follows:

Remuneration bands per annum	Executive	Non-Executive
Below RM50,000	1	6
RM50,001 to RM100,000	1	0
RM100,001 to RM150,000	1	0
RM200,001 to RM250,000	1	0

The Code recommends detailed disclosure to be made for each director's remuneration. However, the Board is of the view that the transparency and accountability are not compromised by the band disclosure as permitted by the Bursa Securities Listing Requirements.

SECTION 3: SHAREHOLDERS

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. Shareholders are given the opportunity and are encouraged to participate in general meetings of the Company. Notice of the Annual General Meeting and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

Shareholders are kept well informed of developments and performances of the Company through disclosures to the Bursa Securities and press releases (where appropriate) as well as the Annual Report. The Annual Report contains all the necessary disclosures in addition to facts and figures about the Company. Furthermore, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Company and its operations.

The Board nevertheless welcomes and responds to inquiries and feedback from shareholders, whether verbal or written.

In addition to the above, the Company also welcomes requests for meetings and interviews with professionals from the investment community and is always willing to meet up with institutional investors when required, to elaborate or further clarify information already disclosed to the other shareholders. During the financial year ended under review, a number of institutional brokers and asset fund managers have visited the factory.



Corporate Governance Statement (Cont'd)

The Company participated in a conference called "CBRS-RHB Conference 2005 on Small/Mid Cap Stocks" jointly organised by Bursa Malaysia Berhad and RHB Securities Sdn Bhd from 6 to 7 December 2005. The conference was successful and the Company has received numerous follow up calls and visits from fund managers showing their interests on the Company.

The Company is also involved in the CMDF-Bursa Research Scheme (CBRS) which aims to enhance research coverage of companies listed on Bursa Securities and provide investors with more information to facilitate their investment decisions.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors strive to ensure that a balanced, clear and meaningful assessment of the financial position and prospects of the Group are made in all disclosure to shareholders, investors and the regulatory authorities.

All financial statements were reviewed by the Audit Committee and approved by the Board of Directors to ensure the accuracy, adequacy and completeness of information prior to release to regulatory authorities.

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2005, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have:

- a. applied the appropriate and relevant accounting policies on a consistent basis;
- b. made judgments and estimates that are reasonable and prudent; and
- c. prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

Audit Committee

The Audit Committee plays an active role in helping the Board discharge its governance responsibilities. The Committee has been established since 16 September 2004 and it works within the purview of its Terms of Reference, which have been drafted in accordance with the Listing Requirements. The role of the Committee in relation to the External Auditors is also embodied under its Terms of Reference. The composition and primary responsibilities of the Audit Committee are set out in the Audit Committee Report on pages 18 to 20.

Internal Control

The Board acknowledges its overall responsibility for maintaining the system of internal controls to safeguard shareholders' investment and the Company's assets. The Statement on Internal Control made in pursuance of paragraph 15.27(b) of the Listing Requirements is separately set out on pages 21 to 22 of this Annual Report.

Relationship with Auditors

The role of the Audit Committee in relation to the External Auditors is described in the Audit Committee Report. The Group has maintained a close and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the Approved Accounting Standards in Malaysia.

Additional Compliance Statement

Additional Information

- **Material Contracts with Related Parties**
There were no material contracts subsisting at the end of financial year ended 31 December 2005 or entered into since the end of financial year by the Company and its subsidiaries which involve interests of Directors and major shareholders.
- **Sanctions and/or Penalties imposed**
There are no sanctions or material penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.
- **Share buy-backs**
There was no share buy-back by the Company for the financial year.
- **Option, warrants or convertible securities**
During the financial year, no employee share options were issued or exercised. The Company has not issued any warrants or convertible securities during the financial year.
- **American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme**
The Company did not sponsor any ADR or GDR programme during the financial year.
- **Non-audit fees**
There were no non-audit fees paid to the External Auditors by the Group for the financial year.
- **Profit estimate, forecast, projection or unaudited results**
There were no variances of 10 percent or more between the audited results for the financial year under review and the unaudited results previously announced by the Company.
- **Profit guarantee**
The Company did not give any profit guarantee during the financial year under review.
- **Revaluation of landed properties**
There was no revaluation policy adopted on landed properties during the financial year.
- **Utilisation of proceeds**
The utilisation of the RM38,986,480 proceeds raised from the private placement and public offer on 22 December 2004, is as follows:

Description	Proposed Utilisation RM'000	Actual Utilisation		Balance RM'000
		20 February 2006	as at 20 February 2006 RM'000	
(i) Capital expenditure on factory expansion	7,850	7,850	7,850	-
(ii) Purchase of production equipment and tooling	22,005	22,005	22,005	-
(iii) Purchase of new management Information system Infrastructure	763	763	763	-
(iv) R&D Expenditure	3,000	3,000	3,000	-
(v) Working capital	3,591	3,591	3,591	-
(vi) Listing expenses	1,777	1,777	1,777	-
	<u>38,986</u>	<u>38,986</u>	<u>38,986</u>	<u>-</u>

The unutilised balance of RM223,000 for defrayment of listing expenses respectively has been utilised for the purchase of production equipment and tooling. The Board of D&O had on 23 November 2005 resolved to vary the utilisation of the remaining balance for the said purposes.



Audit Committee Report

For The Financial Year Ended 31 December 2005

Composition

The members of the Audit Committee are as follows:

Name	Position
Lim Loi Heng	Chairman
Wong Meng Tak	Member
Lim Chong Puang	Member

1. Terms of Reference

2.1 Membership

- 2.1.1 The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Securities.
- 2.1.2 In the event of any vacancy resulting in the number of members is reduced to below three, the vacancy shall be filled not later than three (3) months. A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

2.2 Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent director.

2.3 Secretary

- 2.3.1 The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.
- 2.3.2 The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

2.4 Meetings

- 2.4.1 The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.
- 2.4.2 The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of telephone conference, videophone conference or any other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 2.4.3 All decisions at such meeting shall be decided on a show of hands on a majority of votes.
- 2.4.4 The external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

Audit Committee Report

For The Financial Year Ended 31 December 2005 (Cont'd)

2.5 Rights

2.5.1 The Audit Committee shall:

- a) have authority to investigate any matter within its Terms of Reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) have the right to obtain independent professional or other advice at the Company's expense;
- f) have the right to convene meetings with the external auditors, whenever deemed necessary;
- g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Listing Requirements;
- h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- i) meet as and when required on a reasonable notice;
- j) call for a meeting upon the request of the external auditors.

2.6 Duties

2.6.1 To review with the external auditors on:

- a) the audit plan, its scope and nature;
- b) the audit report;
- c) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- d) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

2.6.2 To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.

2.6.3 To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.

2.6.4 To review the internal audit programme, process the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

2.6.5 To review with management:

- a) audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
- b) interim financial information; and
- c) the assistance given by the officers of the Company to external auditors.

2.6.6 To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the Annual Report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

2.6.7 To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:

- a) changes in or implementation of major accounting policy and practices;
- b) significant and/or unusual matters arising from the audit;
- c) the going concern assumption;
- d) compliance with accounting standards and other legal requirements.

2.6.8 To consider the appointment or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.



Audit Committee Report

For The Financial Year Ended 31 December 2005 (Cont'd)

2. Attendance of Meetings

The details of the attendance of the Audit Committee meetings by the members of the Committee during the financial year ended 31 December 2005 are as follows:

Name	Attendance of Audit Committee meeting
Lim Loi Heng	5/5
Wong Meng Tak	5/5
Lim Chong Puang	5/5

3. Summary of the activities of the Audit Committee

The followings are the activities which undertaken by the Audit Committee during the financial year ended 31 December 2005:

- a) reviewed the adequacy and relevance of the scope, functions, resources, internal audit plan and results of the internal audit processes, with the internal auditors;
- b) reviewed the quarterly financial reports for announcement to the regulatory authorities and year-end statutory accounts with management;
- c) reviewed with management their preparation for the annual financial statements prior to commencement of the annual audit;
- d) reviewed with external auditors on their audit plan (including system evaluation, audit fee, issues raised and management's response) prior to the commencement of audit;
- e) reviewed the annual statutory accounts, the audit report, issues and reservations arising from audits and the management letter, with the external auditors;
- f) reviewed the disclosure of related party transactions and any conflict of interest situation and transactions which may have an impact on management integrity;
- g) reviewed the latest changes of pronouncements issued by the accountancy, statutory and regulatory bodies;
- h) reported to and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board. Minutes of the Committee's meetings were made available to all Board members;
- i) prepared the Audit Committee Report for inclusion in the Company's Annual Report; and
- j) reviewed the disclosure statements on compliance with the Malaysian Code of Corporate Governance, Board's responsibility on the annual audited accounts and the statement of internal control and other relevant documents, for publication in the Company's Annual Report.

4. The Internal Audit Function

In discharging its duties, the Committee is supported by the internal audit undertaken by the firm engaged to provide outsourced internal audit services to the Group.

During the financial year, the outsourced internal audit function conducted periodic internal audit reviews in accordance with the internal audit plan approved by the Audit Committee. Areas of improvement in internal controls have been identified and formally tabled at the quarterly Audit Committee meetings.

None of the significant findings on the internal controls have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the Group's annual report.

Statement on Internal Control

INTRODUCTION

Pursuant to paragraph 15.27(b) of the Bursa Securities Listing Requirements, The Board is required to make a statement in the annual report on the state of their internal controls. The Malaysian Code on Corporate Governance requires that the board of directors ensure that a sound system of internal control is maintained to safeguard shareholders' investment and company's assets. In view of this, the Board of D & O Ventures Berhad is pleased to present its Statement on Internal Control prepared in accordance with the Statement on Internal Control – Guidance for Directors of Public Listed Companies issued by Kuala Lumpur Stock Exchange Berhad (now known as Bursa Malaysia Berhad).

BOARD RESPONSIBILITY

The Board is responsible and accountable for maintaining a sound system of internal control. Internal control systems are established and regularly evaluated for their adequacy and integrity. Due to inherent limitations in any system of internal control, the system is designed to manage rather than to eliminate the risk of failure to achieve the goals and business objectives of the Group. Therefore, such systems can only provide reasonable rather than absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

Risk management is regarded by the Board to be an integral part of managing business operations. On a day-to-day basis, respective heads of department are responsible for managing risks of their department. Significant risks identified and the corresponding internal controls implemented are discussed at periodic management meetings.

During the financial year ended 31 December 2005, Management with the assistance of external consultants completed the development of the Group's key risk profile which was presented to the Audit Committee on 24 August 2005. Risks identified were prioritised in terms of likelihood of their occurrence and the impact on the Group's business objectives/goals. The key risk profile shall be updated on a regular basis to ensure that all key risks are identified and adequate responses devised continue to be relevant in mitigating these risks.

The abovementioned practices/initiatives promulgated by Management serves as the on-going process used to identify, evaluate and managed significant risks.

INTERNAL CONTROL MECHANISM

The responsibility for reviewing the adequacy and integrity of internal control systems has been delegated by the Board to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the internal control systems through independent reviews conducted via reports received from External Auditors, the internal audit function and management.

The External Auditors provide assurance in the form of their annual statutory audit of the financial statements of the Group. Any areas for improvement identified during the course of the statutory audit by the External Auditors are brought to the attention of the Audit Committee at the meetings or through management letters.

The internal audit function is independent of the activities or operations of other operating units. The principal role is to undertake independent, regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such a system continue to operate satisfactory and effective manner. It is the responsibility of internal audit to provide the Audit Committee with independent and objective reports on the state of internal control or the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.



Statement on Internal Control (Cont'd)

OTHER KEY FEATURES OF INTERNAL CONTROL SYSTEM

The other key elements of the Group's internal control system are described below:

- i) Responsibilities of the Board Committees, the management and operating units of the Group are clearly defined.
- ii) Regular and comprehensive information is provided to management, covering financial performance and key business indicators.
- iii) Authority limits have been established for all aspects of the businesses. These limits will be reviewed periodically throughout the year to ensure their relevance and suitability.
- iv) Policies and procedures have been established for key business processes. The policies and procedures are reviewed on a regular basis and continuous improvements are made to ensure that they continue to support the Group's business operations.
- v) Management accounts and reports are generated on a regular, consistent and timely basis for effective monitoring and decision-making.
- vi) Issues on significant changes in operations, business and external environment are highlighted to the Board for their attention and collective decision.

CONCLUSION

The Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group. The Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control.

This statement was made in accordance with the Board of Directors resolution dated 24 February 2006.



Financial Statements

for the financial year ended 31 December 2005



D & O VENTURES BERHAD

(Company No.: 645371-V)

(Incorporated in Malaysia under the Companies Act, 1965)

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries and associate are set out in Notes 6 and 7 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit attributable to shareholders for the financial year	<u>25,003</u>	<u>1,960</u>

DIVIDENDS

Since the end of the previous financial period, the Company paid a first and final dividend of 1% (tax-exempt) on the par value per ordinary share amounting to RM730,000 in respect of the previous financial period as proposed in the director's report of that financial period.

The directors now recommend the payment of a first and final dividend of 3% (tax-exempt) on the par value per ordinary share amounting to RM2,190,000 in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Directors' Report (Cont'd)

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of the Company is governed by the ESOS By-Laws and was approved by the shareholders on 10 September 2004. The ESOS is to be in force for a period of ten years from the effective date of 15 October 2004.

The main features of the ESOS are as follows:-

- (a) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer.
- (b) The maximum number of new shares of the Company, which may be available under the Scheme, shall not exceed in aggregate fifteen percent (15%), or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the Scheme.
- (c) The option price shall be determined by the Option Committee based on the five (5)-day weighted average market price of shares of the Company immediately preceding the offer date of the option, with a discount of not more than ten percent (10%), or at the par value of shares of the Company, whichever is higher.
- (d) The option may be exercised by the Grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the Option.

The details in the movement of the options and the option price at which the employees were entitled to exercise their options were as follows:-

	OPTION PRICE	OPTIONS OVER ORDINARY SHARES OF
	RM	RM0.10 EACH '000
Balance as of 1.1.2005	0.38	8,655
Lapsed	0.38	(1,240)
Balance as of 31.12.2005		7,415

These options are exercisable 3 to 10 years from the date of offer. The options which lapsed during the financial year were due to resignations of employees.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that no allowance for doubtful debts is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.



Directors' Report (Cont'd)

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATO' MOHAMMED AZLAN BIN HASHIM
TAY KHENG CHIONG
CHEAM DAU PENG
GOH NAN YANG
LIM THIAN SOO
LIM LOI HENG
WONG MENG TAK
LIM CHONG PUANG
LOW TEK BENG (ALTERNATE TO CHEAM DAU PENG)
LAI KIN SHIN (ALTERNATE TO GOH NAN YANG)

Pursuant to Article 129 of the Articles of Association of the Company, Dato' Mohammed Azlan Bin Hashim, Cheam Dau Peng and Lim Loi Heng retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	At 1.1.2005	Bought	Sold	At 31.12.2005
DIRECT INTERESTS				
DATO' MOHAMMED AZLAN BIN HASHIM	80,609,477	-	-	80,609,477
TAY KHENG CHIONG	3,908,439	-	-	3,908,439
CHEAM DAU PENG	7,963,682	-	100,000	7,863,682
GOH NAN YANG	100,000	-	-	100,000
LIM THIAN SOO	23,740,232	-	-	23,740,232
LIM LOI HENG	100,000	-	-	100,000
WONG MENG TAK	100,000	-	-	100,000
LIM CHONG PUANG	100,000	-	-	100,000
LOW TEK BENG	100,000	-	-	100,000
LAI KIN SHIN	100,000	-	-	100,000
INDIRECT INTERESTS				
DATO' MOHAMMED AZLAN BIN HASHIM *	138,569,512	-	-	138,569,512
GOH NAN YANG **	84,587,805	-	-	84,587,805
LIM THIAN SOO ^	42,146,870	3,534,900	4,830,000	40,851,770

* Deemed interest through his spouse's shareholding and through Magna Reserve Sdn. Bhd.'s interest in the Company by virtue of Section 6A of the Companies Act, 1965.

** Deemed interest through Omega Riang Sdn. Bhd.'s interest in the Company by virtue of Section 6A of the Companies Act, 1965.

^ Deemed interest through Kema Development Sdn. Bhd.'s, Chin Bee & Sons Sdn. Bhd.'s and Geo-Mobile Asia Sdn. Bhd.'s interest in the Company by virtue of Section 6A of the Companies Act, 1965.

In addition to the above, the following executive directors are deemed to have interests in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company as follows:-

	OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH			
	At 1.1.2005	Granted	Exercised	At 31.12.2005
TAY KHENG CHIONG	700,000 *	-	-	700,000
CHEAM DAU PENG	420,000 *	-	-	420,000

* Granted on 20 December 2004.

These options are exercisable 3 to 10 years from the date of offer.



Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

By virtue of their shareholdings in the Company, Dato' Mohammed Azlan Bin Hashim, Goh Nan Yang and Lim Thian Soo are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 24 FEBRUARY 2006**

Dato' Mohammed Azlan Bin Hashim

Tay Kheng Chiong



Statement By Directors

We, Dato' Mohammed Azlan Bin Hashim and Tay Kheng Chiong, being two of the directors of D & O Ventures Berhad, state that, in the opinion of the directors, the financial statements set out on pages 31 to 59 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2005 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 24 FEBRUARY 2006**

Dato' Mohammed Azlan Bin Hashim

Tay Kheng Chiong

Statutory Declaration

I, Koay Boon Hooi, I/C No. 620219-07-5339, being the officer primarily responsible for the financial management of D & O Ventures Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 59 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Koay Boon Hooi, I/C No. 620219-07-5339,
at Kuala Lumpur in the Federal Territory
on this 24 February 2006

Before me
Wong Ah Ying (W334)
Commissioner for Oaths

Koay Boon Hooi



Report of the Auditors to the Members of D & O Ventures Berhad (Company No. 645371-v)

We have audited the financial statements set out on pages 31 to 59. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 31 December 2005 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur
24 February 2006

Poon Yew Hoe
Approval No: 956/04/06 (J)
Partner

Balance Sheets

as at 31 December 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	62,740	62,740
Investment in an associate	7	31,022	-	-	-
Other investments	8	4,355	16,973	-	-
Property, plant and equipment	9	72,798	60,043	-	-
Deferred asset	10	4,634	2,904	-	-
		<u>112,809</u>	<u>79,920</u>	<u>62,740</u>	<u>62,740</u>
CURRENT ASSETS					
Inventories	11	8,328	8,057	-	-
Trade receivables	12	13,838	20,946	-	-
Other receivables, deposits and prepayments	13	13,353	3,384	15	38
Dividend receivable		-	-	2,000	1,000
Tax recoverable		-	72	-	-
Amount owing by a subsidiary	14	-	-	23,125	-
Fixed deposits with a licensed bank	15	14,360	-	14,360	-
Cash and bank balances		4,840	38,548	3	38,370
		<u>54,719</u>	<u>71,007</u>	<u>39,503</u>	<u>39,408</u>
CURRENT LIABILITIES					
Trade payables	16	5,909	9,209	-	-
Other payables and accruals	17	4,207	5,238	94	39
Amount owing to a subsidiary	14	-	-	-	838
Provision for taxation		376	-	-	-
Short term borrowings	18	12,687	13,527	-	-
Bank overdraft	19	-	2,547	-	-
		<u>23,179</u>	<u>30,521</u>	<u>94</u>	<u>877</u>
NET CURRENT ASSETS		<u>31,540</u>	<u>40,486</u>	<u>39,409</u>	<u>38,531</u>
		<u>144,349</u>	<u>120,406</u>	<u>102,149</u>	<u>101,271</u>
FINANCED BY:-					
Share capital	22	73,000	73,000	73,000	73,000
Share premium	23	26,948	27,300	26,948	27,300
Negative goodwill	24	8,552	8,552	-	-
Retained profits	25	26,935	4,122	11	241
Dividend proposed	26	2,190	730	2,190	730
		<u>137,625</u>	<u>113,704</u>	<u>102,149</u>	<u>101,271</u>
SHAREHOLDERS' EQUITY					
		<u>137,625</u>	<u>113,704</u>	<u>102,149</u>	<u>101,271</u>
NON-CURRENT AND DEFERRED LIABILITIES					
Long term borrowings	27	1,394	3,102	-	-
Deferred taxation	28	5,330	3,600	-	-
		<u>144,349</u>	<u>120,406</u>	<u>102,149</u>	<u>107,271</u>
NET TANGIBLE ASSETS PER SHARE (SEN)	29	<u>18.9</u>	<u>15.6</u>		

The annexed notes form an integral part of these financial statements.



Income Statements

for the financial year ended 31 December 2005

	NOTE	THE GROUP		THE COMPANY	
		1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
REVENUE	30	114,593	101,632	2,125	1,000
COST OF SALES		(89,234)	(81,581)	-	-
GROSS PROFIT		25,359	20,051	2,125	1,000
OTHER OPERATING INCOME		1,000	1,427	510	14
		26,359	21,478	2,635	1,014
SELLING AND DISTRIBUTION EXPENSES		(436)	(350)	-	-
ADMINISTRATIVE EXPENSES		(4,276)	(3,831)	(665)	(43)
OTHER OPERATING EXPENSES		-	(46)	-	-
PROFIT FROM OPERATIONS		21,647	17,251	1,970	971
FINANCE COSTS		(822)	(1,079)	-	-
SHARE OF PROFIT OF AN ASSOCIATE		5,722	-	-	-
PROFIT BEFORE TAXATION	31	26,547	16,172	1,970	971
TAXATION	32	(1,544)	(484)	(10)	-
PROFIT AFTER TAXATION		25,003	15,688	1,960	971
PRE-ACQUISITION PROFIT		-	(10,836)	-	-
		25,003	4,852	1,960	971
MINORITY INTERESTS		-	#	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		25,003	4,852	1,960	971
EARNINGS PER SHARE (SEN):					
BASIC	33(a)	3.43	2.04		
DILUTED	33(b)	3.39	2.03		

RM49

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 december 2005

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	NEGATIVE GOODWILL RM'000	RETAINED PROFITS RM'000	DIVIDEND PROPOSED RM'000	TOTAL RM'000
THE GROUP							
Balance at 12.3.2004 (date of incorporation)		*	-	-	-	-	*
Shares issued pursuant to:-							
- acquisition of a subsidiary		62,740	-	8,552	-	-	71,292
- public issue		10,260	28,727	-	-	-	38,987
Listing expenses		-	# (1,427)	-	-	-	(1,427)
Profit attributable to shareholders		-	-	-	4,852	-	4,852
Dividend proposed - first and final (tax-exempt)	26	-	-	-	(730)	730	-
Balance at 31.12.2004/ 1.1.2005		73,000	27,300	8,552	4,122	730	113,704
Listing expenses		-	# (352)	-	-	-	(352)
Profit attributable to shareholders		-	-	-	25,003	-	25,003
Dividend paid		-	-	-	-	(730)	(730)
Dividend proposed - first and final (tax-exempt)	26	-	-	-	(2,190)	2,190	-
Balance at 31.12.2005		<u>73,000</u>	<u>26,948</u>	<u>8,552</u>	<u>26,935</u>	<u>2,190</u>	<u>137,625</u>

* RM200

Total gain and loss recognised directly in equity amounted to RM352,000 (2004 - RM1,427,000).

The annexed notes form an integral part of these financial statements.



Statements of Changes in Equity

for the financial year ended 31 december 2005 (cont'd)

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	DIVIDEND PROPOSED RM'000	TOTAL RM'000
THE COMPANY						
Balance at 12.3.2004 (date of incorporation)		*	-	-	-	*
Shares issued pursuant to:-						
- acquisition of a subsidiary		62,740	-	-	-	62,740
- public issue		10,260	28,727	-	-	38,987
Listing expenses		-	# (1,427)	-	-	(1,427)
Profit attributable to shareholders		-	-	971	-	971
Dividend proposed - first and final (tax-exempt)	26	-	-	(730)	730	-
Balance at 31.12.2004/ 1.1.2005		73,000	27,300	241	730	101,271
Listing expenses		-	# (352)	-	-	(352)
Profit attributable to shareholders		-	-	1,960	-	1,960
Dividend paid		-	-	-	(730)	(730)
Dividend proposed - first and final (tax-exempt)	26	-	-	(2,190)	2,190	-
Balance at 31.12.2005		<u>73,000</u>	<u>26,948</u>	<u>11</u>	<u>2,190</u>	<u>102,149</u>

Total gain and loss recognised directly in equity amounted to RM352,000 (2004 - RM1,427,000).

Cash Flow Statements

For The Financial Year Ended 31 December 2005

	1.1.2005 to 31.12.2005 RM'000	THE GROUP 12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	THE COMPANY 12.3.2004 to 31.12.2004 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
NOTE				
Profit before taxation	26,547	16,172	1,970	971
Adjustments for:-				
Depreciation of property, plant and equipment	6,058	4,979	-	-
Interest expense	595	961	-	-
Property, plant and equipment written off	-	46	-	-
Loss/(Gain) on disposal of property, plant and equipment	10	(161)	-	-
Interest income	(565)	(28)	(510)	(14)
Dividend income	(128)	(25)	(2,000)	(1,000)
Pre-acquisition profit	-	(15,055)	-	-
Share of profit of an associate	(5,722)	-	-	-
	<u>26,795</u>	<u>6,889</u>	<u>(540)</u>	<u>(43)</u>
Operating profit/(loss) before working capital changes	26,795	6,889	(540)	(43)
(Increase)/Decrease in inventories	(271)	2,031	-	-
(Increase)/Decrease in trade and other receivables	(2,861)	1,662	23	(38)
(Decrease)/Increase in trade and other payables	(4,331)	(1,363)	55	39
	<u>19,332</u>	<u>9,219</u>	<u>(462)</u>	<u>(42)</u>
CASH FROM/(FOR) OPERATIONS	19,332	9,219	(462)	(42)
Income tax paid	(1,096)	(117)	(10)	-
Interest paid	(595)	(339)	-	-
	<u>17,641</u>	<u>8,763</u>	<u>(472)</u>	<u>(42)</u>
NET CASH FROM/(FOR) OPERATING ACTIVITIES	17,641	8,763	(472)	(42)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
NOTE				
Interest received	565	28	510	14
Dividend received	128	25	1,000	-
Advances to/(from) a subsidiary	-	-	(23,963)	838
Investment in quoted shares	(1,001)	(1,702)	-	-
Investment in unquoted shares	(401)	-	-	-
Investment in preference shares	-	(5,000)	-	-
Proceeds from disposal of property, plant and equipment	10	501	-	-
Net cash inflow from the acquisition of subsidiaries	34	10,280	-	-
Purchase of property, plant and equipment	35	(11,273)	-	-
Investment in an associate	(11,280)	-	-	-
	<u>(30,462)</u>	<u>(7,141)</u>	<u>(22,453)</u>	<u>852</u>
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(30,462)	(7,141)	(22,453)	852
BALANCE CARRIED FORWARD	<u>(12,821)</u>	<u>1,622</u>	<u>(22,925)</u>	<u>810</u>

The annexed notes form an integral part of these financial statements.



Cash Flow Statements

For The Financial Year Ended 31 December 2005 (cont,d)

	NOTE	THE GROUP		THE COMPANY	
		1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
BALANCE BROUGHT FORWARD		(12,821)	1,622	(22,925)	810
CASH FLOWS (FOR)/FROM					
FINANCING ACTIVITIES					
Issues of shares		-	*	-	*
- at incorporation		-		-	
- public issue		-	38,987	-	38,987
Listing expenses		(352)	(1,427)	(352)	(1,427)
Repayment of bankers' acceptances		(791)	(257)	-	-
Repayment of term loans		(2,021)	(643)	-	-
Repayment of hire purchase obligations		(86)	-	-	-
Dividend paid by a subsidiary to its previous shareholders		-	(2,281)	-	-
Dividend paid		(730)	-	(730)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(3,980)	34,379	(1,082)	37,560
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS		(16,801)	36,001	(24,007)	38,370
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD		36,001	-	38,370	-
CASH AND CASH EQUIVALENT AT THE END OF THE FINANCIAL YEAR/PERIOD	36	19,200	36,001	14,363	38,370

* RM200

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : No. 15, Bukit Ledang, Off Jalan Duta,
50480 Kuala Lumpur.

Principal place of business : Lot 6, Batu Berendam Free Trade Zone, Phase III,
75350 Batu Berendam, Malacca.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 February 2006.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries and associate are set out in Notes 6 and 7 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign currency, interest rate, market, credit liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:

(a) Foreign Currency Risk

The Group is exposed to foreign exchange risk arising mainly from normal trading transactions that are denominated in foreign currencies.

It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

The Company's foreign currency transactions and balances are substantially denominated in United States (US) Dollar.

Foreign currency risk is managed to an acceptable level.

(b) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from borrowings. Its policy is to obtain the most favourable interest rates available.

The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

Any surplus funds of the Group will be placed with licensed financial institutions at the most favourable interest rate to generate interest income.

(c) Market Risk

The Group's principal exposure to market risk arises mainly from changes in quoted equity prices. The Group does not use derivative instruments to manage equity risk.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(d) Credit Risk

The carrying amount of trade and other receivables represent the Group's maximum exposure to credit risks in relation to financial assets, reduced by the effect of any netting arrangements with counterparties. No other financial assets carry a significant exposure to credit risk.

The Group's major concentration of credit risk related to an individual customer which represents 84% of its trade receivables.

The Group manages its exposure to credit risks by monitoring receivables regularly and by mostly trading with reputable and credit worthy customers.

(e) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

The Group's policy on liquidity and cash flow risk management is to maintain sufficient cash and have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2005.

A subsidiary is defined as a company in which the Group has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits therefrom.

All subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on the disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Goodwill or Negative Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the separable net assets of the subsidiaries at the date of acquisition. Negative goodwill represents the excess of the Group's share of the fair values of the separable net assets of the subsidiaries at the date of acquisition over the fair value of the purchase consideration.

Goodwill on consolidation is stated net of negative goodwill and is retained in the consolidated balance sheet. The carrying value of the goodwill is reviewed annually and is written down for impairment where it is considered necessary. The impairment value of goodwill is taken to the consolidated income statement.

(d) Investments

Investments are held on a long-term basis and are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation or amortisation and impairment losses, if any.

Depreciation or amortisation is calculated under the straight-line method to write off the cost or revalued amount of the other assets over their estimated useful lives. The principal annual rates used for this purpose are as follows:-

Leasehold land	Over the lease period of 90 - 97 years
Buildings	5%
Plant and machinery	10%
Motor vehicles	20%
Furniture and fittings, office equipment and electrical installation	10%
Tooling and dieset modification	33.33%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets till the date that the assets are completed and put into use.

(f) Impairment of Assets

The carrying amount of assets other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the raw materials to their present location and condition.

Cost of finished goods and work-in-progress is determined using the standard cost basis, which approximates the actual costs and includes the cost of materials, labour and an appropriate proportion of production overheads.

In arriving at net realisable value, due allowance is made for all obsolete, damaged and slow-moving items.

(h) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(i) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(j) Interest-bearing Borrowings

The interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(k) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the proposed dividend, it will be accounted for as a liability.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) Employee Benefits

(i) Short-Term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling as of that date. All exchange differences are taken to the income statement.

(o) Taxation

Taxation for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue Recognition

(i) Sale of Goods

Sales are recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(iii) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(iv) Other Income

Other income is recognised on an accrual basis.

(q) Asset Recognition

An asset is recognised when it is probable that such an asset will generate future economic benefits to the Company and when the amount can be measured reliably. Unutilised reinvestment allowances which are deemed to meet the aforesaid criteria as an asset, are recognised accordingly as a deferred asset by way of a credit to the income statement, to the extent of the amount of deferred tax liability recognised pursuant to FRS 112 - Income Taxes. When there is a reversal of a deferred tax liability, the deferred asset previously recognised will be correspondingly reversed, in part or in full, by way of a debit to the income statement to the extent of the deferred tax liability reversed.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	62,740	62,740

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Country of Incorporation	Equity Interest	Principal Activities
Omega Semiconductor Sdn. Bhd. ("OSSB")	Malaysia	100%	Provide "full turnkey" contract manufacturing of semiconductor components.
Omega Semiconductor Technology Sdn. Bhd. ("OSTB")	Malaysia	100%	Dormant.
Omega Photonics Packaging Sdn. Bhd. ("OPPS") #	Malaysia	51%	Dormant.

Held through OSTB.

7. INVESTMENT IN AN ASSOCIATE

	THE GROUP	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost		
At 1.1.2005/12.3.2004 (date of incorporation)	-	-
Transfer from other investments (Note 8)	14,020	-
Additions during the financial year/period	11,280	-
	25,300	-
Share of post-acquisition profits	5,722	-
	31,022	-
Unquoted shares at cost	66,000	-
Less: Amount not called at the balance sheet date (Note 40)	(40,700)	-
	25,300	-
Share of post-acquisition profits	5,722	-
	31,022	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

The Group's interest in the associate is as follows:-

	THE GROUP	
	2005 RM'000	2004 RM'000
Share of net assets	25,774	-
Premium on acquisition	25,736	-
Total premium on acquisition	(20,488)	-
Less: Attributable to amount not called at the balance sheet date		
	5,248	-
	31,022	-

The details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activity
	2005 %	2004 %	
Dominant Semiconductors Sdn. Bhd. #	49.66	-	Manufacturing of semiconductor components and machineries.
# Held through OSSB			

8. OTHER INVESTMENTS

	THE GROUP	
	2005 RM'000	2004 RM'000
AT COST		
Quoted shares in Malaysia	3,954	2,953
Unquoted shares outside Malaysia	401	-
Unquoted shares in Malaysia		
At 1.1.2005/12.3.2004 (date of incorporation)	14,020	-
Additions during the financial year/period	-	14,020
Transfer to investment in an associate (Note 7)	(14,020)	-
At 31.12.2005/2004	-	14,020
	4,355	16,973
AT MARKET VALUE		
Quoted shares in Malaysia	3,418	2,944

In the opinion of the directors, there is no permanent diminution in value in the carrying amount of the quoted shares in Malaysia.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

9. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2005 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	TRANSFERS RM'000	DEPRECIATION RM'000	At 31.12.2005 RM'000
THE GROUP						
NET BOOK VALUE						
Long leasehold land	4,470	-	-	-	(51)	4,419
Buildings	18,675	1,541	-	54	(1,157)	19,113
Plant and machinery	32,074	14,211	(10)	(254)	(3,721)	42,300
Motor vehicles	69	559	-	-	(120)	508
Furniture and fittings, office equipment and electrical installation	4,223	1,958	(10)	67	(579)	5,659
Tooling and dieset modification	434	564	-	-	(430)	568
Capital work-in-progress	98	-	-	133	-	231
	<u>60,043</u>	<u>18,833</u>	<u>(20)</u>	<u>-</u>	<u>(6,058)</u>	<u>72,798</u>

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
At 31.12.2005			
Long leasehold land	4,692	(273)	4,419
Buildings	24,556	(5,443)	19,113
Plant and machinery	50,322	(8,022)	42,300
Motor vehicles	803	(295)	508
Furniture and fittings, office equipment and electrical installation	7,558	(1,899)	5,659
Tooling and dieset modification	1,510	(942)	568
Capital work-in-progress	231	-	231
	<u>89,672</u>	<u>(16,874)</u>	<u>72,798</u>
At 31.12.2004			
Long leasehold land	4,692	(222)	4,470
Buildings	22,961	(4,286)	18,675
Plant and machinery	36,375	(4,301)	32,074
Motor vehicles	244	(175)	69
Furniture and fittings, office equipment and electrical installation	5,568	(1,345)	4,223
Tooling and dieset modification	945	(511)	434
Capital work-in-progress	98	-	98
	<u>70,883</u>	<u>(10,840)</u>	<u>60,043</u>

Included in motor vehicles of the Group are assets acquired under hire purchase terms with a net book value of RM466,666 (2004 - Nil).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

10. DEFERRED ASSET

	THE GROUP	
	2005 RM'000	2004 RM'000
At 1.1.2005/12.3.2004 (date of incorporation)	2,904	-
Attributable to acquisition of a subsidiary	-	2,719
Transfer from income statement (Note 32)	1,730	185
	<u>4,634</u>	<u>2,904</u>
At 31.12.2005	<u>4,634</u>	<u>2,904</u>

Deferred asset represents the tax benefits from the expected utilisation of the unutilised reinvestment allowances in the foreseeable future, based on the prevailing applicable tax rate. The amount recognised as an asset is limited to the amount of the deferred tax liability of the Group.

11. INVENTORIES

	THE GROUP	
	2005 RM'000	2004 RM'000
AT COST		
Raw materials	6,414	6,554
Work-in-progress	1,914	1,503
	<u>8,328</u>	<u>8,057</u>

None of the inventories is carried at net realisable value.

12. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:-

	THE GROUP	
	2005 RM'000	2004 RM'000
United States Dollar	<u>1,790</u>	<u>1,328</u>

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments is an amount of RM6,202,818 (2004 - RM3,878,287) owing by an associate and deposits for the purchase of plant and equipment amounting to RM5,857,750 (2004 - RM1,744,955).

The amount owing by associate is unsecured, interest-free and not subject to fixed terms of repayment.

14. AMOUNT OWING BY/TO A SUBSIDIARY

The amount owing is unsecured, interest-free and not subject to fixed terms of repayment.

15. FIXED DEPOSITS WITH A LICENSED BANK

The effective interest rate per annum of the fixed deposits at the balance sheet date was 2.75% (2004 - Nil). The fixed deposits have a maturity period of 1 to 3 months (2004 - Nil).



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

16. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days.

The foreign currency exposure profile of trade payables is as follows:-

	THE GROUP	
	2005 RM'000	2004 RM'000
United States Dollar	3,705	5,567
Singapore Dollar	47	53
	<u>3,752</u>	<u>5,620</u>

Included in trade payables is an amount owing by related parties amounting to RM60,019 (2004 - RM104,758).

The nature of the related party relationship and details of the transactions involved are disclosed in Note 37 to the financial statements.

17. OTHER PAYABLES AND ACCRUALS

The foreign currency exposure profile of other payables and accruals is as follows:-

	THE GROUP	
	2005 RM'000	2004 RM'000
United States Dollar	-	24
	<u>-</u>	<u>24</u>

18. SHORT TERM BORROWINGS

	THE GROUP	
	2005 RM'000	2004 RM'000
Bankers' acceptances	10,715	11,506
Hire purchase payables (Note 20)	111	-
Term loans (Note 21)	1,861	2,021
	<u>12,687</u>	<u>13,527</u>

The effective interest rate at the balance sheet date for bankers' acceptances was 3.04% (2004 - 2.91%) per annum. The bankers' acceptances are secured by way of a corporate guarantee by the Company.

19. BANK OVERDRAFT

The effective interest rate at the balance sheet date for the bank overdraft in respect of the previous financial period was 7.41% per annum. The facility is secured in the same manner as the bankers' acceptances disclosed in Note 18.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

20. HIRE PURCHASE PAYABLES

	THE GROUP	
	2005 RM'000	2004 RM'000
Minimum hire purchase payments:		
- not later than one year	126	-
- later than one year and not later than five years	158	-
	<u>284</u>	<u>-</u>
Less: Future finance charges	(20)	-
Present value of hire purchase liabilities	<u>264</u>	<u>-</u>

	THE GROUP	
	2005 RM'000	2004 RM'000
Current:		
- not later than one year (Note 18)	111	-
Non-current:		
- later than one year and not later than five years (Note 27)	153	-
	<u>264</u>	<u>-</u>

The hire purchase payables bore an effective interest rate at the balance sheet date of 7.8% (2004 - Nil) per annum.

21. TERM LOANS

	THE GROUP	
	2005 RM'000	2004 RM'000
Current portion:		
- repayable within one year (Note 18)	1,861	2,021
Non-current portion:		
- repayable between one and two years	636	1,867
- repayable between two and five years	605	1,235
Total non-current portion (Note 27)	<u>1,241</u>	<u>3,102</u>
	<u>3,102</u>	<u>5,123</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

21. TERM LOANS(CONT'D)

Details of the repayment terms are as follows:-

Term loan	Number of Monthly Instalments	Monthly Instalment RM	Date of Commencement of Repayment	Amount Outstanding	
				2005 RM'000	2004 RM'000
1	60	38,000	1 July 2001	159	587
2	72	115,000	1 April 2002	1,529	2,755
3	60	10,000	18 March 2004	353	455
4	60	30,000	18 March 2004	1,061	1,326
				<u>3,102</u>	<u>5,123</u>

The weighted average effective interest rate at the balance sheet date for the term loans was 7.25% (2004 - 7.33%) per annum. The term loans are secured in the same manner as the bankers' acceptances as disclosed in Note 18.

22. SHARE CAPITAL

	PAR VALUE RM	2005 NUMBER OF SHARES '000	THE COMPANY 2004 NUMBER OF SHARES '000	2005 RM'000	2004 RM'000
ORDINARY SHARES					
AUTHORISED					
At 1.1.2005/ 12.3.2004 (date of incorporation)	0.10/1.00	1,000,000	2,500	100,000	2,500
Sub-division of par value of RM1.00 each into RM0.10 each	0.10	-	22,500	-	-
Increase during the financial year/period	0.10	-	975,000	-	97,500
At 31.12.2005/ 2004	0.10	<u>1,000,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>100,000</u>
ISSUED AND FULLY PAID-UP					
At 1.1.2005/ 12.3.2004 (date of incorporation)	0.10/1.00	730,000	*	73,000	**
Sub-division of par value of RM1.00 each into RM0.10 each	0.10	-	2	-	-
Allotment of shares for the acquisition of subsidiaries	0.10	-	627,402	-	62,740
Allotment by way of public issue	0.10	-	102,596	-	10,260
At 31.12.2005/ 2004		<u>730,000</u>	<u>730,000</u>	<u>73,000</u>	<u>73,000</u>

* 200

** RM200

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

23. SHARE PREMIUM

	THE GROUP/THE COMPANY	
	2005	2004
	RM'000	RM'000
At 1.1.2005/12.3.2004 (date of incorporation)	27,300	-
Arising from public issue	-	28,727
Listing expenses written off	(352)	(1,427)
	<u>26,948</u>	<u>27,300</u>
At 31.12.2005/2004	<u>26,948</u>	<u>27,300</u>

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965.

24. NEGATIVE GOODWILL

	THE GROUP	
	2005	2004
	RM'000	RM'000
At 1.1.2005/12.3.2004 (date of incorporation)	8,552	-
Negative goodwill arising from acquisition of subsidiaries	-	8,552
	<u>8,552</u>	<u>8,552</u>
At 31.12.2005/2004	<u>8,552</u>	<u>8,552</u>

The amount was not distributable by way of cash dividends.

25. RETAINED PROFITS

Subject to agreement with tax authorities, the Company has sufficient tax-exempt income for the distribution of dividends out of its entire retained profits.

26. DIVIDEND PROPOSED

	THE GROUP/THE COMPANY	
	2005	2004
	RM'000	RM'000
Dividend proposed in respect of current financial year/period:		
- first and final tax-exempt dividend of 3% (2004 - 1%) on the par value per ordinary share	2,190	730
	<u>2,190</u>	<u>730</u>

27. LONG TERM BORROWINGS

	THE GROUP	
	2005	2004
	RM'000	RM'000
Hire purchase payables (Note 20)	153	-
Term loans (Note 21)	1,241	3,102
	<u>1,394</u>	<u>3,102</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

28. DEFERRED TAXATION

	THE GROUP	
	2005 RM'000	2004 RM'000
At 1.1.2005/12.3.2004 (date of incorporation)	3,600	-
Acquisition of a subsidiary	-	3,415
Transfer from income statement (Note 32)	1,730	185
	5,330	3,600
At 31.12.2005/2004	5,330	3,600

The deferred taxation relates to temporary differences between depreciation and capital allowances on the qualifying cost of property, plant and equipment.

29. NET TANGIBLE ASSETS PER SHARE

The net tangible assets per share of the Group is calculated based on the net tangible assets value at the balance sheet date of RM137,679,000 (2004 - RM113,704,000) divided by the number of ordinary shares in issue at the balance sheet date of 730,000,000 (2004 - RM730,000,000) shares.

30. REVENUE

Revenue of the Group represents the invoiced value of the goods sold less returns and trade discounts.

31. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Profit before taxation is arrived at after charging/ (crediting) the following:-				
Audit fee				
- for the financial year/period	25	22	8	6
- underprovision in previous financial year/period	-	1	-	-
Amortisation of deferred expenditure	-	2	-	-
Depreciation of property, plant and equipment	6,058	4,979	-	-
Directors' non-fee emoluments	398	161	163	-
Directors' fee	81	20	81	20
Interest expense				
- bank overdraft	13	86	-	-
- bankers' acceptances	281	475	-	-
- hire purchase	7	-	-	-
- term loans	294	400	-	-
Loss on foreign exchange - realised	34	23	-	-
Loss/(Gain) on disposal of property, plant and equipment	10	(161)	-	-
Property, plant and equipment written off	-	46	-	-
Rental of cylinder	46	49	-	-
Staff costs	21,645	21,016	241	-
Dividend income	(128)	(25)	(2,000)	(1,000)
Interest income	(565)	(28)	(510)	(14)
Factory rental income	(359)	(359)	-	-
	(359)	(359)	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

32. TAXATION

	THE GROUP		THE COMPANY	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Income tax for the financial year/period	1,223	520	4	-
Deferred taxation (Note 28)	1,730	185	-	-
	2,953	705	4	-
Under/(Over)provision in previous financial year/period	321	(36)	6	-
Reinvestment allowance benefits recognised as deferred asset (Note 10)	(1,730)	(185)	-	-
	1,544	484	10	-

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Profit before taxation	26,547	16,172	1,970	971
Tax at the statutory tax rate of 28%	7,433	4,528	552	272
Tax effects of:-				
Non-deductible expenses	6	207	-	12
Share of associate's tax exempted profit	(1,602)	-	-	(280)
Non-taxable income	-	-	(560)	-
Utilisation of reinvestment allowances	(2,906)	(2,514)	-	-
Unutilised reinvestment allowance benefits recognised as deferred asset	(1,730)	(185)	-	-
Pre-acquisition unutilised reinvestment allowance benefits recognised as deferred asset	-	(1,459)	-	-
Under/(Over)provision in prior year/period				
- current tax	321	(36)	6	-
Others	22	(57)	12	(4)
Tax for the financial year/period	1,544	484	10	-



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

33. EARNINGS PER SHARE

	THE GROUP	
	1.1.2005 to 31.12.2005 '000	12.3.2004 to 31.12.2004 '000
Weighted average number of ordinary shares in issue during the financial year/period	730,000	237,426
Effect of assumed exercise of share options	<u>7,415</u>	<u>1,803</u>
Adjusted assumed weighted average number of shares in issue during the financial year/period	<u><u>737,415</u></u>	<u><u>239,229</u></u>

- (a) The basic earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year/period.
- (b) The diluted earnings per share is calculated by dividing the Group's profit attributable to shareholders by the assumed weighted average number of ordinary shares in issue, adjusted on the assumption that all outstanding options granted pursuant to the ESOS will be exercised.

34. ACQUISITION OF SUBSIDIARIES

The effects of the acquisition of the subsidiaries, OSSB, OSTB and OPPS on the financial results of the Group at the end of the previous financial period are as follows:-

	THE GROUP	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Revenue	-	101,632
Cost of sales	-	(81,581)
Gross profit	-	20,051
Other operating income	-	1,427
Operating costs	-	21,478
Net profit before tax	-	<u><u>16,172</u></u>

The effects of the acquisition of the subsidiaries on the financial position of the Group at the end of the previous financial period are as follows:-

	THE GROUP	
	2005 RM'000	2004 RM'000
Property, plant and equipment	-	60,043
Investment in shares	-	16,973
Deferred asset	-	2,904
Inventories	-	8,057
Receivables	-	25,221
Cash and bank balances	-	177
Payables	-	(15,426)
Short term loans	-	(16,074)
Long term borrowings	-	(3,102)
Deferred tax	-	(3,600)
Group's share of net assets	<u><u>-</u></u>	<u><u>75,173</u></u>

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

34. ACQUISITION OF SUBSIDIARIES (CONT'D)

The details of net assets acquired and cash flow arising from the acquisition of the subsidiaries are as follows:-

	THE GROUP	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Property, plant and equipment	-	51,165
Deferred assets	-	2,719
Investment in shares	-	10,271
Inventories	-	10,088
Receivables	-	25,899
Cash and bank balances	-	10,280
Payables	-	(18,090)
Provision for taxation	-	(97)
Short term borrowings	-	(13,999)
Long term borrowings	-	(3,529)
Deferred taxation	-	(3,415)
Fair value of net assets acquired	-	71,292
Negative goodwill	-	(8,552)
Total purchase consideration	-	62,740
Satisfied by the issuance ordinary shares	-	(62,740)
	-	-
Add: Cash and bank balances of subsidiaries acquired	-	10,280
Net cash inflow from acquisition of subsidiaries	-	10,280

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Cost of plant and equipment purchased	18,833	11,273
Amount financed through hire purchase	(350)	-
Cash disbursed for purchase of property, plant and equipment	18,483	11,273

36. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Fixed deposits with a licensed bank	14,360	-	14,360	-
Cash and bank balances	4,840	38,548	3	38,370
Bank overdraft (Note 19)	-	(2,547)	-	-
	19,200	36,001	14,363	38,370



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

NAME OF RELATED PARTIES	NOTE	NATURE OF TRANSACTIONS	TRANSACTION VALUE	
			1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Hexachase Labels Sdn. Bhd. ("HLSB")	(a)	Purchases of raw materials - printing materials	241	196
Hexachase Packaging Sdn. Bhd. ("HPSB")	(b)	Purchases of raw materials - packaging materials	600	422
Dominant Semiconductors Sdn. Bhd. ("Dominant")	(c)	Die sorting income	4,637	5,113
		Sales of OEM products	143	32
		Rental income	359	359
		Purchases of production machinery and equipment	1,766	-
GA Technologies Sdn. Bhd. ("GA")	(d)	Purchases of production machinery and equipment, production and logistic software, and fabricated tool and jig	894	-

NAME OF RELATED PARTIES	NOTE	RECEIVABLE		PAYABLE	
		1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
HLSB	(a)	-	-	18	39
HPSB	(b)	-	-	42	66
Dominant	(c)	6,203	3,878	-	-
GA	(d)	-	-	20	-
		<u>6,203</u>	<u>3,878</u>	<u>80</u>	<u>105</u>

(a) A company in which:

- (i) Cheam Dau Peng, who is a director and shareholder of the Company, is also a director of HLSB and is deemed to have substantial interest by virtue of his shareholding in Hexachase Corporation Sdn. Bhd. ("HCSB"), the holding company of HLSB;
- (ii) Lim Thian Soo, who is a director and shareholder of the Company, is deemed to have substantial interest via HCSB by virtue of his indirect substantial shareholding in Mega First Corporation Berhad ("MFCB"), a substantial shareholder of HCSB; and
- (iii) Goh Nan Yang, who is a director and shareholder of the Company, is also a director of HCSB.

(b) A company in which:

- (i) Cheam Dau Peng, who is a director and shareholder of the Company, is deemed to have substantial interest by virtue of his shareholding in HCSB, the holding company of HPSB;
- (ii) Lim Thian Soo, who is a director and shareholder of the Company, is deemed to have substantial interest via HCSB by virtue of his indirect substantial shareholding in MFCB, a substantial shareholder of HCSB; and
- (iii) Goh Nan Yang, who is a director and shareholder of the Company, is also a director of HCSB.

(c) A company in which:

- (i) Tay Kheng Chiong, Lim Thian Soo, Lai Kin Shin and Low Tek Beng, who are directors and shareholders of the Company, are also directors and shareholders of Dominant;
- (ii) Lim Thian Soo is deemed to have substantial interest by virtue of his indirect shareholding in Rubber Thread Industries (M) Sdn Berhad; and
- (iii) Goh Nan Yang is deemed to have substantial interest by virtue of his indirect shareholding in Thames Electronics Sdn. Bhd.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(d) A company in which:

- (i) *Tay Kheng Chiong and Lai Kin Shin, who are directors and shareholders of the Company, are also directors and shareholders of GA.*

In the opinion of directors, the above transactions have been entered into in the ordinary course of business on terms mutually agreed between the parties.

38. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by Directors of the Group and the Company during the financial year/period are as follows:-

	THE GROUP		THE COMPANY	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Executive directors - basic salaries, bonus and Employees Provident Fund	450	119	215	-
Non-executive directors - basic salaries, bonus and Employees Provident Fund - fee	- 81	42 20	- 81	- 20
	<u>531</u>	<u>181</u>	<u>296</u>	<u>20</u>

The details of directors' remuneration received/receivable for the financial period in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Executive directors				
- Below RM50,000	1	1	-	-
- RM50,001 - RM100,000	1	1	-	-
- RM100,001 - RM150,000	1	-	-	-
- RM150,001 - RM200,000	-	-	-	-
- RM200,001 - RM250,000	1	-	1	-
Non-executive directors - Below RM50,000	6	6	6	6
	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

39. CAPITAL COMMITMENT

Capital commitment contracted but not provided for in the financial statements:-

	THE GROUP	
	2005 RM'000	2004 RM'000
Property, plant and equipment	<u>6,296</u>	<u>2,198</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

40. FINANCIAL COMMITMENT

Financial commitment contracted but not provided for in the financial statements:-

	THE GROUP	
	2005 RM'000	2004 RM'000
Uncalled balance in the investment in an associate (Note 7)	40,700	-

41. 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:

	REVENUE	
	1.1.2005 to 31.12.2005 RM'000	12.3.2004 to 31.12.2004 RM'000
Malaysia	100,068	88,317
Singapore	12,931	11,841
Others	1,594	1,474
	<u>114,593</u>	<u>101,632</u>

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

42. NUMBER OF EMPLOYEES

The number of employees of the Group at the balance sheet date was 1,224 (2004 - 1,249) and the number of employees for the Company at the balance sheet date was 3 (2004 - Nil).

43. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the balance sheet date are as follows:-

	THE GROUP	
	2005 RM'000	2004 RM'000
United States Dollar	3.78	3.80
Singapore Dollar	2.27	2.30

Notes to the Financial Statements

For The Financial Year Ended 31 December 2005 (Cont'd)

44. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Bank Balances and Other Liquid Funds and Short Term Receivables

The carrying amounts approximated their fair values due to the relatively short term maturity of these investments.

(b) Quoted and Unquoted Investments

The fair values of quoted investments are estimated based on quoted market prices for these investments.

For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined. However, the Group believes that the carrying amount represents the recoverable amount.

(c) Short Term Borrowings and Other Current Liabilities

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

(d) Long Term Bank Loans

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

45. COMPARATIVE FIGURES

The comparative figures are in respect of the financial period from 12 March 2004 to 31 December 2004.



List of Properties Held as at 31 December 2005

No	Name of Registered Owner/ Location	Description/ Existing Use	Land Area (Sq Ft)	Built-up Area (Sq Ft)	Approximate Age of Building	Date of Issuance	Tenure	Audited Net Book Value as at 31 Dec 2005 RM'000
1	HS(D) 21091 PT4623 Mukim Bachang Daerah Melaka Tengah Melaka Postal Address Lot 6 8726 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise	231,862	189,686	15 years	27.08.1990	Leasehold 99 years Expiring on 16.02.2091	13,405
2	HS(D) 30783 PT4748 Mukim Bachang Daerah Melaka Tengah Melaka Postal Address Lot 3 8756 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise	24,510	19,021	12 years	20.05.1993	Leasehold 99 years Expiring on 17.09.2094	3,236
3	HS(D) 30784 PT4749 Mukim Bachang Daerah Melaka Tengah Melaka Postal Address Lot 4 8758 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise	31,733	27,433	12 years	20.05.1993	Leasehold 99 years Expiring on 17.09.2094	2,677
4	HS(D) 30785 PT4750 Mukim Bachang Daerah Melaka Tengah Melaka Postal Address Lot 8 8760 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise	24,575	25,374	12 years	20.05.1993	Leasehold 99 years Expiring on 17.09.2094	2,608
5	HS(D) 30786 PT4751 Mukim Bachang Daerah Melaka Tengah Melaka Lot 7 8762 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise	16,631	19,215	12 years	20.05.1993	Leasehold 99 years Expiring on 17.09.2094	1,606

Statistic on Shareholdings

Substantial Shareholders

as at 12 April 2006

No	Name of Substantial Shareholder	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1	PRT Capital Pte Ltd	121,143,900	16.60	0	0.00
2	Magna Reserve Sdn Bhd	105,903,927	14.51	0	0.00
3	Pearl River Tyre (Holdings) Limited	0	0	121,143,900	a 16.60
4	Ruang Kirana Sdn Bhd	0	0	105,903,927	b 14.51
5	Omega Riang Sdn Bhd	84,587,805	11.59	0	0.00
6	Dato' Mohammed Azlan bin Hashim	80,609,477	11.04	138,569,512	c 18.98
7	Datin Nonadiah binti Abdullah	32,665,585	4.47	186,513,404	d 25.55
8	Dr Lim Thian Soo	23,740,232	3.25	40,851,770	e 5.60
9	Lim Thiam Cheok	23,640,232	3.24	40,851,770	e 5.60
10	Lim Yam Poh	2,200,601	0.30	40,851,770	e 5.60
11	Lim Yam Chiew	2,200,601	0.30	103,703,739	f 14.21
12	Goh Nan Yang	100,000	0.01	84,587,805	g 11.59

Directors' Interest

as at 12 April 2006

Shares in the Company

No	Name of Director	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1	Dato' Mohammed Azlan bin Hashim	80,609,477	11.04	138,569,512	c 18.98
2	Tay Kheng Chiong	3,908,439	0.54	0	0.00
3	Cheam Dau Peng	7,863,682	1.08	0	0.00
4	Goh Nan Yang	100,000	0.01	84,587,805	g 11.59
5	Dr Lim Thian Soo	23,740,232	3.25	40,851,770	e 5.60
6	Lim Loi Heng	100,000	0.01	0	0.00
7	Wong Meng Tak	100,000	0.01	0	0.00
8	Lim Chong Puang	100,000	0.01	0	0.00
9	Lai Kin Shin (alternate to Goh Nan Yang)	100,000	0.01	0	0.00
10	Low Tek Beng (alternate to Cheam Dau Peng)	100,000	0.01	0	0.00

NOTES:

- Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through PRT Capital Pte Ltd)
- Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through Magna Reserve Sdn Bhd)
- Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through his spouse, Datin Nonadiah binti Abdullah and the latter's shareholding in Ruang Kirana Sdn Bhd ("RKSB").
- Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through RKSB and her spouse, Dato' Mohammed Azlan bin Hashim)
- Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through Kema Development Sdn Bhd, Chin Bee & Sons Sdn Bhd and Geo-Mobile Asia Sdn Bhd)
- Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through Omega Riang Sdn Bhd and Chin Bee & Sons Sdn Bhd)
- Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through Omega Riang Sdn Bhd)

Save as disclosed below, there are no other relationship or associations amongst the other substantial shareholders and Directors:

- Goh Nan Yang is the brother-in-law of Lim Yam Chiew
- Lim Yam Chiew, Lim Thiam Cheok, Lim Yam Poh and Dr Lim Thian Soo are siblings
- Datin Nonadiah binti Abdullah is the spouse of Dato' Mohammed Azlan bin Hashim; and Azlina binti Hashim is the sister of Dato' Mohammed Azlan bin Hashim



Statistic on Shareholdings (Cont'd)

Thirty Largest Shareholders

as at 12 April 2006

No.	Name of Securities Account Holder	No. of shares held	%
1	PRT Capital Pte Ltd	121,143,900	16.60
2	ABB Nominee (Tempatan) Sdn Bhd (account for Magna Reserve Sdn Bhd)	105,903,927	14.51
3	Omega Riang Sdn Bhd	84,587,805	11.59
4	Southern Nominees (Tempatan) Sdn Bhd (account for Dato' Mohammed Azlan bin Hashim)	80,459,477	11.02
5	Southern Nominees (Tempatan) Sdn Bhd (account for Datin Nonadiah binti Abdullah)	32,665,585	4.47
6	Dr Lim Thian Soo	23,740,232	3.25
7	Lim Thiam Cheok	23,640,232	3.24
8	Kema Development Sdn Bhd	21,730,936	2.98
9	Lim Soo Kiow	19,912,414	2.73
10	Chin Bee & Sons Sdn Bhd	19,115,934	2.62
11	Chu Beng Han	16,217,876	2.22
12	Ong Chize Wee	14,628,033	2.00
13	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for the Hwang-DBS Select Opportunity Fund (3969)	9,768,000	1.34
14	HSBC Nominees (Asing) Sdn Bhd TNTC for DBS Malaysia Equity Fund	7,000,000	0.96
15	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Hwang-DBS Select Small Caps Fund (4579)	6,331,600	0.87
16	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	6,205,400	0.85
17	Cheam Dau Peng	5,535,682	0.76
18	Low Swee Cheng	4,810,400	0.66
19	Gary Lim Boon Cheong	4,551,836	0.62
20	Goh Chye Keat	4,141,000	0.57
21	Chu Beng Chin	4,063,709	0.56
22	Tay Kheng Chiong	3,908,439	0.53
23	Prima Utama Holdings Sdn Bhd	3,767,841	0.52
24	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Hwang-DBS Dana Izdihar (4207)	3,510,000	0.48
25	Employees Provident Fund Board	3,460,000	0.47
26	Wee Hu Shing	3,298,410	0.45
27	CK Goh Holdings Sdn Bhd	3,010,000	0.41
28	A.A Assets Nominees (Tempatan) Sdn Bhd DMG & Partners Securities Pte Ltd for Goh Nam Seng	3,000,000	0.41
29	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	2,756,900	0.38
30	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Smart Treasure Fund (4694-002)	2,600,000	0.36
	Total	645,465,568	88.43

Statistic on Shareholdings (Cont'd)

as at 12 April 2006

Analysis of Shareholdings

Authorised Capital : RM100,000,000 divided into 1,000,000,000 ordinary shares of RM0.10 each.
 Issued and Paid-up Capital : RM73,000,000 divided into 730,000,000 ordinary shares of RM0.10 each.

Size of Holdings	No. of Holders	No. of Securities	%
Less than 100	4	198	0.00
100 to 1,000	132	119,300	0.02
1,001 to 10,000	542	2,908,500	0.40
10,001 to 100,000	299	11,624,600	1.59
100,001 to less than 5% of issued shares	149	323,252,293	44.28
5% and above of issued shares	4	392,095,109	53.71
Total	1,130	730,000,000	100.00

NOTE:

There is only one class of shares in the issued and paid-up share capital of the Company, that is Ordinary Shares of RM0.10 each. Each share entitles the holder to one vote.

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PROXY FORM

ONLY ORIGINAL PROXY FORM WILL BE ACCEPTED

Number Of Shares Held

* I/We
of.....
being a Member/Members of D & O VENTURES BERHAD (645371-V), hereby appoint
..... of
..... or
failing him/her.....of.....
.....or failing him/her, the Chairman of the meeting as
*my/our proxy to vote for *me/us on *my/our behalf at the Second Annual General Meeting of the Company to be held at Berjaya Hall, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 23 May 2006 at 3.00 p.m. or at any adjournment thereof and to vote as indicated below :-

Ordinary Resolution	For	Against
1		
2		
3		
4		
5		
6		
7		
8		
9		

Please indicate with an "X" how you wish your vote to be cast. In the absence of specific directions, your Proxy may vote or abstain at his/her discretion.

* Delete if not applicable.

Dated this..... day of 2006

.....
Signature / Common Seal of member

Note

- (1) A proxy may but need not be a member of the Company. A member shall be entitled to appoint a person, whether a member or not, as his proxy to attend and vote at a meeting of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies/Companies Commission of Malaysia.
- (2) A member may appoint up to two (2) proxies to attend and vote at the same meeting and if a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at No. 15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.



Please fold here to seal



The Secretary
D & O VENTURES BERHAD
(Company No.: 645371-V)
No. 15 Bukit Ledang
Off Jalan Duta
50480 Kuala Lumpur

STAMP

Please fold here to seal