



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

A. Explanatory Notes Pursuant to Financial Reporting Standard (“FRS”) No.134

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market and in compliance with the requirements of FRS 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board.

These interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007. It contains condensed consolidated financial statements and selected explanatory notes. These notes include explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007. The condensed consolidated interim financial statements and notes thereon do not include all information required for the full set of financial statements prepared in accordance with FRSs.

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the applications of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

A2 Changes in Accounting Policies

This interim financial statement has been prepared in accordance with the same accounting policies adopted in audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following new/revised FRS which are applicable to the Group effective for financial periods beginning on or after 1 January 2008:

- | | | |
|------|---------|--|
| i) | FRS 107 | Cash Flow Statements |
| ii) | FRS 112 | Income Taxes |
| iii) | FRS 118 | Revenue |
| iv) | FRS 134 | Interim Financial Reporting |
| v) | FRS 137 | Provisions, Contingent Liabilities and Contingent Assets |

The adoptions of these FRSs do not have significant financial impact on the Group for the current quarter under review.

A3 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2007 was not qualified.

DISCCOMP BERHAD(Company No. 55420-P)
(Incorporated in Malaysia)**A4 Segment Information**

	3 months ended	
	31.03.08	31.03.07
	RM'000	RM'000
<u>Segment Revenue</u>		
Manufacturing	-	325
Trading	10,535	13,480
Total revenue including inter-segment sales	10,535	13,805
Elimination of inter-segment sales	(3,315)	(5,621)
Total revenue	7,220	8,184
<u>Segment Results</u>		
Profit/(loss) from operations:		
Manufacturing	(80)	(232)
Trading	164	194
	84	(38)
Profit/(loss) before taxation:		
Manufacturing	(80)	(236)
Trading	181	191
	101	(45)

A5 Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter under review, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

A6 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current quarter under review.

A7 Seasonal or Cyclical Factors

The Group's performance was not affected by any significant seasonal or cyclical factors in the current quarter under review.

A8 Dividends Paid

No dividend has been paid in the current quarter and the financial year-to-date.

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A9 Carrying Amount of Property, Plant and Equipment

There were no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group did not adopt a revaluation on its property, plant and equipment.

A10 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

A11 Changes in Composition of the Group

During the current financial quarter and financial year to date, the Company, had on 11 March 2008, entered into a Sale and Purchase Agreement of shares ("SPA") with Chuah Beng Lee, for the disposal by the Company of 240,000 ordinary shares of RM1.00 each in Trident Point Sdn Bhd ("TPSB"), representing the entire 80% equity interest in TPSB held by the Company, for a total cash consideration of RM11,386.32. Upon the disposal of TPSB by the Company, TPSB would cease to be a subsidiary of Disccomp.

A12 Capital Commitments

There were no capital commitments for the current financial year-to-date.

A13 Changes in Contingent Liabilities/Contingent Assets

There were no changes in contingent liabilities/contingent assets since the last annual balance sheet date as at 31 December 2007.

A14 Subsequent Events

There were no material events subsequent to the financial quarter ended 31 March 2008 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

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**A15 Related party transactions**

The related parties of the Group and of the Company comprise the following:

Related companies being subsidiary companies of Disccomp Berhad ("Disccomp"):

- i) Pineapple Computer Systems Sdn Bhd ("PCS"), a 92.16%-owned subsidiary company;
- ii) Pineapple Computers & Accessories Sdn Bhd ("PCA"), a wholly-owned subsidiary company of PCS;
- iii) Pine System Technology Sdn Bhd ("PST"), a 51%-owned subsidiary company of PCS;
- iv) SC Multimedia (EM) Sdn Bhd ("SCEM"), a 51%-owned subsidiary company; and
- v) Pine Computer Sdn Bhd ("PC"), a 55%-owned subsidiary company of PST.

Other related parties included:

- i) Chuan Huat Resources Berhad ("CHRB") group of companies ("CHRB Group");

The significant related party transactions are as follows:

	3 months ended 31.03.08 RM'000	3 months ended 31.03.07 RM'000
a) Sales of goods to		
i) <u>Subsidiaries</u>		
PCS	1,622	-
PCA	648	-
PST	488	-
SCEM	71	-
PC	55	-
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
PCS	6	-
PCA	28	-
PST	41	-
c) Others		
i) <u>Related Parties</u>		
Rental of premises paid to CHRB Group	47	47
Rental of premises received from CHRB Group	6	6
Management services received from an associated company of CHRB	-	2
ii) <u>Subsidiaries</u>		
Rental income received from subsidiary companies	15	7
Management fees received from subsidiary companies	29	29

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CHRB holds 100% equity interest in Chuan Huat Hardware Holdings Sdn Bhd, which in turn holds 63.86% equity interest in Disccomp.

In the opinion of the Directors, the above related party transactions have been entered into in the normal course of business and have been established under terms that are no more favourable than those arranged with independent third parties.

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FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

B. Explanatory Notes Pursuant to rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market**B1 Performance Review**

	3 months ended	
	31/03/08	31/03/07
	RM'000	RM'000
Revenue	7,220	8,184
Profit/(Loss) before taxation	101	(45)

The Group's revenue for the three (3) months financial period ended 31 March 2008 have decreased by approximately 11.8% as compared to the preceding year's corresponding period in the preceding financial year. The reduction in revenue was due to the lower selling prices and the slow down in the distribution channel.

Despite the lower turnover, the Group recorded a better performance with a profit before taxation of approximately RM101,000 for the three (3) months financial period ended 31 March 2008 compared to the losses before taxation for the corresponding period in the preceding financial year of approximately RM45,000. This was due to the better gross profit margin from the range of consumables products and the lower operating cost as a result of the efforts to streamline the retailing operations of the Group by the closing of non-performing outlets.

B2 Comment on Material Change in Profit/(Loss) Before Taxation

	3 months ended	
	31/03/08	31/12/07
	RM'000	RM'000
Profit/(Loss) before taxation	101	(37)

During the financial quarter under review, the Group made a profit before taxation of approximately RM101,000 as compared to a loss before taxation of approximately RM37,000 for the preceding quarter ended 31 December 2007.

The Group's profit before taxation in the quarter under review was due to the sustainable profit margins from the range of consumables products while the preceding quarter ended 31 December 2007 incurred the write-off of obsolete stocks subsequent to the annual stock-take coupled with the provision for diminution in value of unquoted investment.

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**B3 Commentary on Prospects**

The Group will remain focus on the “ESYINK” range of IT consumable products viz. compatible ink cartridges and coated paper, and will continue the efforts to streamline the Group’s network of distribution/retail outlets throughout the country by critically identifying the performing locations while shifting the non-performing operations to better locations. These strategies have proven to have contributed positive results to the performance of the Group

In view of the country’s stable economic fundamentals and strong domestic demand, the Group expect growing contribution from the retailing sector of IT products. Barring unforeseen circumstance, the Board is optimistic that the Group’s core division of trading and retailing will contribute positively.

B4 Profit Forecast and Profit Guarantee

Not applicable as the Group did not announce any profit forecast or profit guarantee.

B5 Income Tax Expenses

	3 months ended	
	31/03/08	31/03/07
	RM’000	RM’000
Malaysia income tax		
- current	27	56
- under/(over) provision in prior years	-	-
	<hr/>	<hr/>
	27	56
Deferred taxation	(48)	-
	<hr/>	<hr/>
TOTAL	(21)	56

The effective tax rate for the financial periods ended 31 March 2008 and 31 March 2007 are not reflective of the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purposes.

B6 Sale of Unquoted Investment and Properties

There were no sales of unquoted investments and properties during the quarter under review and financial year-to-date.

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B7 Quoted Securities

- (a) There were no purchases or disposals of quoted securities during the quarter under review and financial year-to-date.
- (b) There were no investments in quoted securities as at 31 March 2008.

B8 Corporate Proposals

Save as disclosed below, the Group does not have any corporate proposals announced but not completed as at 20 May 2008 (the latest practical date which is not earlier than 7 days from the date of this report).

On 28 April 2008, the Board of Company announced that the Company proposes to seek the approval of its shareholders at the forthcoming Twenty-eighth Annual General Meeting ("AGM") of the Company on the renewal of shareholders' mandate to enter into recurrent related party transactions ("RRPT") of a revenue or trading nature which are necessary for the day-to-day operations of the Company and its subsidiary companies and new shareholders' mandate for additional RRPT from the period commencing from the conclusion of the forthcoming AGM to the date of the next AGM.

B9 Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 31 March 2008.

B10 Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B11 Changes in Material Litigation

There was no material litigation involving the Group as at the date of this report.

B12 Dividend Payable

No dividend has been declared or recommended for payment for the quarter ended 31 March 2008.

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**B13 Profit/(Loss) Per Share****Basic**

The basic profit/(loss) per share is calculated by dividing profit/(loss) after taxation and minority interests by the total number of ordinary shares in issue for the respective periods as follows:

	3 months ended	
	31/03/08	31/03/07
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	195	(119)
Total number of ordinary shares in issue ('000)	48,500	48,500
Basic profit/(loss) per share (sen)	0.40	(0.25)

There were no potential dilutive components in the shareholdings of Disccomp as at 31 March 2008 and 31 March 2007.

BY ORDER OF THE BOARD

DATO' LIM LOONG HENG
MANAGING DIRECTOR

Date: 26 May 2008