



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 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		6 months ended	
	30.06.08	30.06.07	30.06.08	30.06.07
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
Manufacturing	-	16	-	341
Trading	11,306	13,305	21,841	26,785
Total revenue including inter-segment sales	11,306	13,321	21,841	27,126
Elimination of inter-segment sales	(3,230)	(5,308)	(6,545)	(10,929)
Total revenue	8,076	8,013	15,296	16,197
<u>Segment Results</u>	30.06.08	30.06.07	30.06.08	30.06.07
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from operations:				
Manufacturing	(214)	(217)	(294)	(449)
Trading	303	612	467	806
	89	395	173	357
Profit/(loss) before taxation:				
Manufacturing	(214)	(223)	(294)	(459)
Trading	327	609	508	800
	113	386	214	341

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

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

During the 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 30 June 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:

	6 months ended 30.06.08 RM'000	6 months ended 30.06.07 RM'000
a) Sales of goods to		
i) <u>Subsidiaries</u>		
PCS	3,392	-
PCA	1,206	-
PST	887	-
SCEM	187	-
PC	110	-
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
PCS	10	-
PCA	32	-
PST	178	-
c) Others		
i) <u>Related Parties</u>		
Rental of premises paid to CHRB Group	94	94
Rental of premises received from CHRB Group	12	12
Management services received from an associated company of CHRB	-	3
ii) <u>Subsidiaries</u>		
Rental income received from subsidiary companies	30	15
Management fees received from subsidiary companies	57	77

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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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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		6 months ended	
	30/06/08	30/06/07	30/06/08	30/06/07
	RM'000	RM'000	RM'000	RM'000
Revenue	8,076	8,013	15,296	16,197
Profit/(Loss) before taxation	113	386	214	341

The Group's revenues for the second quarter financial period ended 30 June 2008 remained at the same level as compared to the preceding year's corresponding second quarter financial period ended 30 June 2007. The Group's revenues for the six months financial period ended 30 June 2008 has decreased by approximately 5.6% as compared to the preceding year's corresponding financial period ended 30 June 2007. This due to the lower selling prices of the Groups' range of IT consumable products.

The Group recorded profit before taxation of approximately RM113,000 and RM214,000 for the second quarter and six (6) months financial period ended 30 June 2008 respectively as compared to the corresponding financial period in the preceding financial year of approximately RM386,000 and RM341,000. The reduction in profit was mainly due to lower turnover coupled with the additional provision of obsolete stock during the period.

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

	3 months ended	
	30/06/08	31/03/08
	RM'000	RM'000
Profit/(Loss) before taxation	113	101

The profit before taxation of RM113,000 in the financial quarter under review was marginally higher compared to the preceding quarter ended 31 March 2008 of approximately RM101,000.

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**B3 Commentary on Prospects**

The Group will continue with the strategies which have contributed positively to the performance of the Group. These includes the focus on the “ESYINK” range of IT consumable products viz. compatible ink cartridges and coated paper, streamlining the Group's network of distribution/retail outlets and participation in all major Information Technology (“IT”) fairs throughout the country.

In view of the country's stable economic fundamentals and domestic demand, the Group expects growing contribution from the retailing sector of IT products. Barring unforeseen circumstances, 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		6 months ended	
	30/06/08	30/06/07	30/06/08	30/06/07
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax				
- current	37	80	64	136
- under/(over) provision in prior years	-	(1)	-	(1)
	<u>37</u>	<u>79</u>	<u>64</u>	<u>135</u>
Deferred taxation	(6)	-	(54)	-
TOTAL	<u><u>31</u></u>	<u><u>79</u></u>	<u><u>10</u></u>	<u><u>135</u></u>

The effective tax rate for the financial periods ended 30 June 2008 and 30 June 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 30 June 2008.

B8 Corporate Proposals

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

B9 Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 30 June 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 30 June 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		6 months ended	
	30/06/08	30/06/07	30/06/08	30/06/07
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	41	263	236	144
Total number of ordinary shares in issue ('000)	48,500	48,500	48,500	48,500
Basic profit/(loss) per share (sen)	0.08	0.54	0.49	0.30

There were no potential dilutive components in the shareholdings of Disccomp as at 30 June 2008 and 30 June 2007.

BY ORDER OF THE BOARD**DATO' LIM LOONG HENG
MANAGING DIRECTOR**

Date: 26 August 2008