
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPT 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		9 months ended	
	30.09.08	30.09.07	30.09.08	30.09.07
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
Manufacturing	-	16	-	357
Trading	12,609	14,124	34,450	40,909
Total revenue including inter-segment sales	12,609	14,140	34,450	41,266
Elimination of inter-segment sales	(3,544)	(4,827)	(10,089)	(15,756)
Total revenue	9,065	9,313	24,361	25,510
<u>Segment Results</u>	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from operations:				
Manufacturing	(152)	(17)	(446)	(466)
Trading	406	282	873	1,088
	254	265	427	622
Profit/(loss) before taxation:				
Manufacturing	(152)	(17)	(446)	(476)
Trading	416	281	924	1,081
	264	264	478	605

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.

DISCCOMP BERHAD

(Company No. 55420-P)
(Incorporated in Malaysia)



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 Group had on 27 September 2008 entered into the following Sale and Purchase Agreement of shares ("SPA") with Mr. Chen Thiam Kwee @ Tan Thiam Kwee:-

- i. for the disposal by SC-PNP Edaran Sdn. Bhd. ("SC-PNP"), a wholly-owned subsidiary of Company of 144,998 ordinary shares of RM1.00 each in Vibrant Innovations Sdn. Bhd. ("VISB"), representing the entire 98.31% equity interest in VISB held by SC-PNP, for a total cash consideration of RM83,950.41. Upon the disposal of VISB by the SC-PNP, VISB would cease to be a subsidiary of Disccomp
- ii. for the disposal by Esy Ink Technology Sdn. Bhd ("EITSB"), a wholly-owned subsidiary of the Company of 25,500 ordinary shares of RM1.00 each in Esytech Export Sdn. Bhd. ("EESB"), representing the entire 51% equity interest in EESB held by EITSB, for a total cash consideration of RM1.00. Upon the disposal of EESB by the EITSB, EESB would cease to be a subsidiary of Disccomp

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.

DISCCOMP BERHAD

(Company No. 55420-P)
(Incorporated in Malaysia)



A14 Subsequent Events

There were no material events subsequent to the financial quarter ended 30 September 2008 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

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:

	9 months ended 30.09.08 RM'000	9 months ended 30.09.07 RM'000
a) Sales of goods to		
i) <u>Subsidiaries</u>		
PCS	5,360	-
PCA	1,542	-
PST	1,437	-
SCEM	309	-
PC	178	-
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
PCS	14	-
PCA	35	-
PST	266	-

DISCCOMP BERHAD

(Company No. 55420-P)
(Incorporated in Malaysia)

**c) Others**i) Related Parties

Rental of premises paid to CHRB Group	141	141
Rental of premises received from CHRB Group	18	18
Management services received from an associated company of CHRB	-	3

ii) Subsidiaries

Rental income received from subsidiary companies	38	30
Management fees received from subsidiary companies	74	86

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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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPT 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		9 months ended	
	30/09/08	30/09/07	30/09/08	30/09/07
	RM'000	RM'000	RM'000	RM'000
Revenue	9,065	9,313	24,361	25,510
Profit/(Loss) before taxation	264	264	478	605

The Group's revenues for the third quarter and nine months financial period ended 30 September 2008 has decreased by approximately 2.7% and 4.5% respectively as compared to the preceding year's corresponding financial period ended 30 September 2007. This was due to the lower selling prices of the Groups' range of IT consumable products.

The Group recorded profit before taxation of approximately RM264,000 and RM478,000 for the third quarter and nine (9) months financial period ended 30 September 2008 respectively as compared to the corresponding financial period in the preceding financial year of approximately RM264,000 and RM605,000. The reduction in profit for the cumulative 9 months under review was mainly due to lower turnover coupled with the additional provision of obsolete stock during the current period.

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

	3 months ended	
	30/09/08	30/06/08
	RM'000	RM'000
Profit/(Loss) before taxation	264	113

During the financial quarter under review, the Group recorded a profit before taxation of approximately RM264,000 as compared to a profit before taxation of approximately RM113,000 for the preceding quarter ended 30 June 2008. This is mainly due to increase of turnover.

DISCCOMP BERHAD

(Company No. 55420-P)
(Incorporated in Malaysia)

**B3 Commentary on Prospects**

The Group will focus on 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 current global economic downtrend which could result in the dampening of domestic consumer confidence, the Group is working to improve retailing efficiencies to maintain a positive 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		9 months ended	
	30/09/08	30/09/07	30/09/08	30/09/07
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax				
- current	35	(3)	99	133
- under/(over) provision in prior years	15	(2)	15	(3)
	<hr/>	<hr/>	<hr/>	<hr/>
	50	(5)	114	130
Deferred taxation	38	-	(16)	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	88	(5)	98	130

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

DISCCOMP BERHAD

(Company No. 55420-P)
(Incorporated in Malaysia)



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 September 2008.

B8 Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at 18 November 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 September 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 September 2008.

DISCCOMP BERHAD

(Company No. 55420-P)
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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		9 months ended	
	30/09/08	30/09/07	30/09/08	30/09/07
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	143	237	379	381
Total number of ordinary shares in issue ('000)	48,500	48,500	48,500	48,500
Basic profit/(loss) per share (sen)	0.29	0.49	0.78	0.79

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

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

Date: 25 November 2008