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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 DEC 2008**

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**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		12 months ended	
	31.12.08	31.12.07	31.12.08	31.12.07
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
Manufacturing	2	4	2	361
Trading	12,211	11,371	46,661	52,280
Total revenue including inter-segment sales	12,213	11,375	46,663	52,641
Elimination of inter-segment sales	(3,687)	(4,109)	(13,776)	(19,865)
Total revenue	8,526	7,266	32,887	32,776
<u>Segment Results</u>	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from operations:				
Manufacturing	5	(905)	(441)	(1,371)
Trading	148	857	1,021	1,945
	153	(48)	580	574
Profit/(loss) before taxation:				
Manufacturing	5	(905)	(441)	(1,381)
Trading	171	853	1,095	1,934
	176	(52)	654	553

**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, the Group had on 23 December 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 (116645-K) ("SC-PNP"), a wholly-owned subsidiary of the Company of 50,000 Ordinary Shares of RM1.00 each representing 100% of the issued and paid-up share capital of Interactive Office Supplies Sdn Bhd (424895-X) ("IOS"), for a total cash consideration of RM142,979. Upon the disposal of IOS by the SC-PNP, IOS would ceased 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 500,000 ordinary shares of RM1.00 each in ESYink Remanufacturing Sdn. Bhd. ("ERSB"), representing the entire 100% equity interest in ERSB held by EITSB, for a total cash consideration of RM540,750. Upon the disposal of ERSB by the EITSB, ERSB would ceased to be a subsidiary of Disccomp and;
- iii. for the disposal by the Company of 2 Ordinary Shares of RM1.00 each representing 100% of the issued and paid-up share capital of Empties Trading Connections Sdn Bhd (446960-H) ("ETCSB"), for a total cash consideration of RM1. Upon the disposal of ETCSB by the Company, ETCSB would ceased to be a subsidiary of Disccomp.

During the financial year to date, the Group:-

- i. 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 ceased to be a subsidiary of Disccomp;

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- ii. on 27 September 2008 entered into a Sale and Purchase Agreement of shares ("SPA") with Mr. Chen Thiam Kwee @ Tan Thiam Kwee 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 Discomp and;
- iii. on 27 September 2008 entered into a Sale and Purchase Agreement of shares ("SPA") with Mr. Chen Thiam Kwee @ Tan Thiam Kwee 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 Discomp.

### 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 December 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 Discomp Berhad ("Discomp"):

- 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");

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The significant related party transactions are as follows:

	12 months ended 31.12.08 RM'000	12 months ended 31.12.07 RM'000
<b>a) Sales of goods to</b>		
i) <u>Subsidiaries</u>		
PCS	7,239	-
PCA	1,992	-
PST	1,924	-
SCEM	385	-
PC	152	-
<b>b) Purchase of goods from</b>		
i) <u>Subsidiaries</u>		
PCS	19	-
PCA	40	-
PST	274	-
<b>c) Others</b>		
i) <u>Related Parties</u>		
Rental of premises paid to CHRB Group	180	188
Rental of premises received from CHRB Group	24	24
Water & electricity received from CHRB Group	10	11
Management services received from an associated company of CHRB	-	3
ii) <u>Subsidiaries</u>		
Rental income received from subsidiary companies	45	45
Management fees received from subsidiary companies	86	138

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		12 months ended	
	31/12/08	31/12/07	31/12/08	31/12/07
	RM'000	RM'000	RM'000	RM'000
Revenue	8,526	7,266	32,887	32,776
Profit/(Loss) before taxation	176	(52)	654	553

The Group's revenue for the fourth quarter and twelve months financial year ended 31 December 2008 has increased by approximately 17.3% and 0.3% respectively as compared to the preceding year's corresponding financial year ended 31 December 2007. The increase in revenue for the quarter under review was mainly from retail outlets, Information Technology ("IT") fairs and road shows.

During the fourth quarter ended 31 December 2008, the Group recorded a profit before taxation of approximately RM176,000, a turnaround as compared to the corresponding fourth quarter financial year ended 31 December 2007 which recorded a loss of approximately RM52,000. This was mainly due to the higher turnover and improved profit margin. In the twelve (12) months financial year ended 31 December 2008, the Group recorded a profit before taxation of approximately RM654,000 as compared to the preceding financial year ended 31 December 2007's profit before tax of RM553,000, an improvement of 21.7%. This was mainly due to better profit margin as a result of the consolidation of the Group's operations during the year under review.

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

	3 months ended	
	31/12/08	30/09/08
	RM'000	RM'000
Profit before taxation	176	264

During the financial quarter under review, the Group recorded a profit before taxation of approximately RM176,000 as compared to a profit before taxation of approximately RM264,000 for the preceding quarter ended 30 September 2008. The marginal decrease of profit is mainly due to decrease of turnover.

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### B3 Commentary on Prospects

The Group will maintain focus on the strategies which have contributed positively to the performance of the Group. These include 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 IT fairs and road shows throughout the country.

In view of the uncertainties and slowdown in the global economic trend which could result in the reduction of domestic consumer spending, the Group is focusing on organising more promotions and events to maintain a positive contribution from the retailing sector. Barring unforeseen circumstances, the Board is optimistic that the Group will be able to maintain the revenue and profit for the year.

### 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		12 months ended	
	31/12/08	31/12/07	31/12/08	31/12/07
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax				
- current	41	(41)	140	92
- under/(over) provision in prior years	(9)	4	6	1
	<hr/>	<hr/>	<hr/>	<hr/>
	32	(37)	146	93
Deferred taxation	56	19	40	19
TOTAL	<hr/>	<hr/>	<hr/>	<hr/>
	88	(18)	186	112

The effective tax rate for the financial years ended 31 December 2008 and 31 December 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 December 2008.

### **B8 Corporate Proposals**

The Group does not have any corporate proposals announced but not completed as at 17 February 2009 (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 31 December 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 December 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		12 months ended	
	31/12/08	31/12/07	31/12/08	31/12/07
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	126	(41)	505	340
Total number of ordinary shares in issue ('000)	48,500	48,500	48,500	48,500
Basic profit/(loss) per share (sen)	0.26	(0.08)	1.04	0.70

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

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

Date: 24 February 2009