



DISCCOMP GROUP

DISCCOMP BERHAD

Condensed Consolidated Financial Statements
For the Quarter and Twelve Months Ended
31 December 2010

DISCCOMP BERHAD(Company No. 55420-P)
(Incorporated in Malaysia)**Condensed Consolidated Statement of Comprehensive Income
For the quarter and twelve months ended 31 December 2010**

(The figures below are unaudited)

	Individual quarter		Cumulative quarter	
	31-Dec-10 RM'000	31-Dec-09 RM'000	31-Dec-10 RM'000	31-Dec-09 RM'000
Revenue	12,310	10,384	44,526	37,519
Operating expenses	(11,704)	(10,186)	(42,684)	(36,520)
Depreciation and amortisation	(94)	(102)	(373)	(436)
Other income	88	51	185	117
Operating profit	600	147	1,654	680
Interest expenses	(1)	(2)	(4)	(11)
Interest income	22	26	87	127
Profit before taxation	621	171	1,737	796
Taxation	(155)	(66)	(484)	(358)
Profit for the period	466	105	1,253	438
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	466	105	1,253	438
Profit attributable to:				
Owner of the parent	420	92	1,107	366
Non-Controlling Interest	46	13	146	72
Profit for the period	466	105	1,253	438
Total comprehensive income attributable to:				
Owner of the parent	420	92	1,107	366
Non-Controlling Interest	46	13	146	72
Total comprehensive income for the period	466	105	1,253	438
Earning per share (sen)				
Basic earning per share	0.87	0.19	2.28	0.75
Diluted earning per share	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements.

DISCCOMP BERHAD(Company No. 55420-P)
(Incorporated in Malaysia)**Condensed Consolidated Statement of Financial Position****As at 31 December 2010**

(The figures below are unaudited)

	Unaudited As at 31-Dec-10 RM'000	Audited As at 31-Dec-09 RM'000
ASSETS		
Non-Current assets		
Property, plant and equipment	1,546	1,581
Investment	-	4
	<u>1,546</u>	<u>1,585</u>
Current assets		
Inventories	4,800	6,627
Trade and others receivables	8,109	7,904
Fixed deposits with licensed banks	8,538	6,230
Cash and bank balances	4,370	3,554
	<u>25,817</u>	<u>24,315</u>
TOTAL ASSETS	<u>27,363</u>	<u>25,900</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Accumulated losses	(1,993)	(2,946)
	<u>23,135</u>	<u>22,182</u>
Non-controlling interest	1,016	881
Total equity	<u>24,151</u>	<u>23,063</u>
Non-current liabilities		
Deferred liabilities	9	30
Deferred tax liabilities	222	209
	<u>231</u>	<u>239</u>
Current liabilities		
Trade and other payables	2,932	2,589
Taxation	49	9
	<u>2,981</u>	<u>2,598</u>
Total liabilities	<u>3,212</u>	<u>2,837</u>
TOTAL EQUITY AND LIABILITIES	<u>27,363</u>	<u>25,900</u>
Net assets per share attributable to ordinary Owner of the parent (RM)	0.48	0.46

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements.

DISCCOMP BERHAD

(Company No. 55420-P)
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**Condensed Consolidated Statement of Changes in Equity**

For the twelve months ended 31 December 2010

(The figures below are unaudited)

	← Attributable to owner of the Parent →					
	Share capital RM'000	Non - distributable Capital reserves RM'000	Distributable Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2010	24,250	878	(2,946)	22,182	881	23,063
Effects of applying FRS 139			(154)	(154)	-	(154)
At 1 January 2010, restated balance	24,250	878	(3,100)	22,028	881	22,909
Total comprehensive income for the financial period	-	-	1,107	1,107	146	1,253
Dividend paid to minority shareholders	-	-	-	-	(11)	(11)
At 31 Dec 2010	24,250	878	(1,993)	23,135	1,016	24,151
At 1 January 2009	24,250	28	(2,462)	21,816	1,007	22,823
Total comprehensive income for the financial period	-	-	366	366	72	438
Disposal of subsidiary companies	-	-	-	-	(198)	(198)
Capitalisation of bonus issue by a subsidiary company	-	850	(850)	-	-	-
At 31 Dec 2009	24,250	878	(2,946)	22,182	881	23,063

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements.

DISCCOMP BERHAD(Company No. 55420-P)
(Incorporated in Malaysia)**Condensed Consolidated Statement of Cash Flows
For the twelve months ended 31 December 2010**

(The figures below are unaudited)

	12 months ended	
	31-Dec-10	31-Dec-09
	RM'000	RM'000
Cash flows from operating activities		
Net profit before tax	1,737	796
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	373	436
Interest expenses	4	11
Interest income	(87)	(127)
Non-cash items	281	650
Operating profit before changes in working capital	2,308	1,766
Changes in working capital:		
Net change in current assets	1,165	(4,145)
Net change in current liabilities	352	984
Net cash generated from operations	3,825	(1,395)
Interest paid	(4)	(11)
Tax paid	(409)	(346)
Net cash generated from/ (used in) operating activities	3,412	(1,752)
Cash flows from investing activities		
Purchase of property, plant and equipment	(339)	(236)
Proceeds from disposal of property, plant and equipment	-	39
Proceeds from disposal of quoted shares	4	-
Net cash outflow from disposal of a subsidiary company	-	70
Interest received	87	127
Net cash (used in)/ generated from investing activities	(248)	-
Cash flows from financing activities		
Repayment of hire purchase liabilities	(29)	(79)
Dividend paid to minority shareholders	(11)	-
Increase in fixed deposit pledged	(8)	-
Net cash used in financing activities	(48)	(79)
Net increase/(decreased) in cash and cash equivalents	3,116	(1,831)
Cash and cash equivalents at beginning of the period	9,754	11,585
Cash and cash equivalents at end of the period	12,870	9,754

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements

DISCCOMP BERHAD

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PART A- EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS"), FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an 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 2009.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2009, EXCEPT for the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretation which are applicable to its financial statements:

FRS 7	Financial Instruments: Disclosures.
FRS 8	Operating Segments.
FRS 101	Presentation of Financial Statements.(revised)
FRS 123	Borrowing Costs (revised).
FRS 139	Financial Instruments: Recognition and Measurement.
Amendments to FRS 7	Financial Instruments: Disclosure
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events after Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interest in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The Principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

(a) FRS 8, Operating Segments

FRS 8, requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segment. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101, Presentation of Financial Statements

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

(c) FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dated. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dated when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

	Category	Measurement basis
1	Financial instruments at fair value through profit loss	At fair value through profit or loss
2	Held –to-maturity investments	At amortised costs effective interest method
3	Loans and receivables	At amortised costs effective interest method
4	Available-for-sale investment	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
5	Loans and other financial liabilities	At amortised cost effective interest method

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010. The effects of the remeasurement on 1 January 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained earnings as disclosed in the statement of changes in equity.

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The adoption of the above new policies has the following effects:

	Retained Profit/ (loss) RM'000
At 1 January 2010, as previously stated	(2,946)
Adjustments arising from adoption of FRS 139:	
-Loan and receivables	(154)
At 1 January 2010, as restated	<u>(3,100)</u>

The adoption of the other new and revised FRSs, IC Interpretations and Amendments has no material effect to the Group's consolidated financial statements of the quarter or the comparative consolidated financial statements of the prior financial year.

2. Realised and Unrealised Profits/ (Losses)

	Accumulated Quarter Ended 31/12/2010 RM'000	Accumulated Quarter Ended 30/09/2010 RM'000
Total retained profits/ (accumulated losses) of the Company and its subsidiaries:		
- Realised	(1,984)	(2,518)
-Unrealised	291	371
	<u>(1,693)</u>	<u>(2,147)</u>
Less: Consolidation adjustments	(300)	(300)
Total Group retained profits/ (accumulated losses) as per consolidated accounts	<u>(1,993)</u>	<u>(2,447)</u>

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not qualified.

4. Seasonality or Cyclicity of interim operations

The Group's operations were not significantly affected by any unusual seasonal or cyclical factors.

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5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter and twelve months ended 31 December 2010.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and twelve months ended 31 December 2010.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and twelve months ended 31 December 2010.

8. Dividends Paid

No dividend has been paid during the quarter and twelve months ended 31 December 2010.

9. Segmental Information

As the Group is principally involved in the trading and distribution of full range of computer peripherals and accessories within Malaysia, therefore there is no segment information has been presented.

10. Carrying Amount of Revalued Assets

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.

11. Material Events Subsequent to the Balance Sheet Date

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement.

12. Changes in the Composition of the Group

There were no significant changes in the composition of the Group during the quarter and twelve months ended 31 December 2010.

13. Contingent Liabilities/Contingent Assets

There were no changes in contingent liabilities/contingent assets since the last annual balance sheet date as at 31 December 2009.

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14. Capital Commitments

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

15. 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;

Other related parties included:

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

The significant related party transactions are as follows:

	12 months ended 31/12/10 RM'000	12 months ended 31/12/09 RM'000
a) Sales of goods to		
i) <u>Subsidiaries</u>		
PCS	10,759	8,952
PCA	2,950	2,648
PST	5,008	3,225
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
PCS	7	19
PCA	1	4
PST	48	49
c) Others		
i) <u>Related Parties</u>		
Rental of premises paid to CHRB Group	180	180
Rental of premises received from CHRB Group	48	36
Water & electricity received from CHRB Group	22	16
ii) <u>Subsidiaries</u>		
Rental income received from subsidiary companies	30	30
Management fees received from subsidiary companies	60	60

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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.

16. Cash and Cash Equivalents

	12 months ended	
	31/12/10	31/12/09
	RM'000	RM'000
Fixed deposit with a licensed bank	8,538	6,230
Cash and bank balances	4,370	3,554
	<hr/>	<hr/>
	12,908	9,784
Less : Fixed Deposits pledged	(38)	(30)
	<hr/>	<hr/>
	12,870	9,754

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****17. Performance Review**

	3 months ended		12 months ended	
	31/12/10	31/12/09	31/12/10	31/12/09
	RM'000	RM'000	RM'000	RM'000
Revenue	12,310	10,384	44,526	37,519
Profit before taxation	621	171	1,737	796

The Group's revenues for both the fourth quarter and twelve (12) months for the financial year ended 31 December 2010 have increased by approximately 18.6% compared to the corresponding periods of the preceding financial year. These increases in revenue were mainly from the improved performance from the retail outlets, Information Technology ("IT") fairs and road shows held during the periods under review.

The Group achieved a profit before tax of RM621,000 for the fourth quarter of 2010 as compared to RM171,000 in the corresponding financial period, while for the twelve (12) months of the financial year ended 31 December 2010 it was RM1,737,000 as compared to RM796,000 in the corresponding financial year ended 31 December 2009. These were mainly due to the increases in revenue during the periods under review.

18. Variation of Results Against Preceding Quarter

	3 months ended	
	31/12/10	30/09/10
	RM'000	RM'000
Revenue	12,310	9,172
Profit before taxation	621	345

The Group recorded a profit before taxation of approximately RM621,000 as compared to RM345,000 for the preceding quarter ended 30 September 2010. This was mainly due to the increase in revenue during the financial quarter under review.

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19. Commentary on Prospects

The Malaysian economy has registered a growth of 7.2% during the fiscal year 2010 and the growth for 2011 is expected to be maintained. This will strengthen domestic demand and stronger consumer spending.

In anticipation of the continuing growth in the retail industry, the Group will continue with the expansion plan of adding more retail outlets, especially in outstation areas. The Board is optimistic that these will contribute to the Group's performance.

The Group will also continue with the proven strategies of focusing on its core products of printing peripherals and consumables by improving its quality and services to the customers.

20. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast or profit guarantee for the financial year ending 31 December 2010.

21. Income Tax Expenses

	3 months ended		12 months ended	
	31/12/10	31/12/09	31/12/10	31/12/09
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax				
- current	148	51	497	320
- under/(over) provision in prior years	6	-	(26)	19
	<u>154</u>	<u>51</u>	<u>471</u>	<u>339</u>
Deferred taxation	1	15	13	19
TOTAL	<u>155</u>	<u>66</u>	<u>484</u>	<u>358</u>

The effective tax rate for the financial year ended 31 December 2010 and 31 December 2009 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.

22. Sale of Unquoted Investment and Properties

There were no sales of unquoted investments and properties during the quarter and twelve months ended 31 December 2010.

23. Quoted Securities

- (a) There were no purchases of quoted securities during the quarter and twelve months ended 31 December 2010.
- (b) There were no investments in quoted securities as at 31 December 2010.

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24. Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at the date of this report.

25. Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 31 December 2010.

26. Off Balance Sheet Financial Instruments

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

27. Changes in Material Litigation

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

28. Dividend

No dividend has been declared or recommended for payment for the quarter ended 31 December 2010.

29. Earnings Per Share

Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the total average number of ordinary shares of the Company in issue for the respective period as follows:

	3 months ended		12 months ended	
	31/12/10	31/12/09	31/12/10	31/12/09
Profit attributable to the owners of the parent (RM'000)	420	92	1,107	366
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	48,500
Basic earnings per share (sen)	0.87	0.19	2.28	0.75

There were no potential dilutive components in the shareholdings of Disccomp as at 31 December 2010 and 31 December 2009.

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30. Authorisation For Issue

This interim financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

BY ORDER OF THE BOARD

DATO' LIM LOONG HENG

MANAGING DIRECTOR

Date: 25 February 2011