



DISCCOMP GROUP

DISCCOMP BERHAD

Condensed Consolidated Financial Statements
For the Quarter and Three Months Ended
31 March 2012

Condensed Consolidated Statement of Comprehensive Income
For the quarter and three months ended 31 March 2012
 (The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	31/03/12	31/03/11	31/03/12	31/03/11
	RM'000	RM'000	RM'000	RM'000
Revenue	14,429	10,521	14,429	10,521
Operating expenses	(14,326)	(10,087)	(14,326)	(10,087)
Other income	224	74	224	74
Operating profit	327	508	327	508
Depreciation and amortization	(124)	(81)	(124)	(81)
Interest expenses	(5)	(1)	(5)	(1)
Interest income	11	29	11	29
Provision for and write off of receivables	(1)	(1)	(1)	(1)
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
Profit before tax	208	454	208	454
Taxation	(61)	(129)	(61)	(129)
Profit for the period	147	325	147	325
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	147	325	147	325
Profit attributable to:-				
Owner of the parent	121	297	121	297
Non-controlling interest	26	28	26	28
Profit for the period	147	325	147	325
Earning per share (sen):-				
Basic earning per share	0.25	0.61	0.25	0.61
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 2011 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 March 2012

(The figures below have not been audited)

	Unaudited	Audited
	As at	As at
	31-Mar-12	31-Dec-11
	RM'000	RM'000
ASSETS		
Non-Current assets		
Property, plant and equipment	2,493	1,764
	<u>2,493</u>	<u>1,764</u>
Current assets		
Inventories	8,110	7,671
Trade and others receivables	9,059	15,476
Fixed deposits with licensed banks	3,261	1,053
Cash and bank balances	7,052	7,781
	<u>27,482</u>	<u>31,981</u>
TOTAL ASSETS	<u>29,975</u>	<u>33,745</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Accumulated losses	(386)	(507)
	<u>24,742</u>	<u>24,621</u>
Non-controlling interest	1,165	1,139
Total equity	<u>25,907</u>	<u>25,760</u>
Non-current liabilities		
Deferred liabilities	407	71
Deferred tax liabilities	295	292
	<u>702</u>	<u>363</u>
Current liabilities		
Trade and other payables	3,366	7,622
Taxation	-	-
	<u>3,366</u>	<u>7,622</u>
Total liabilities	<u>4,068</u>	<u>7,985</u>
TOTAL EQUITY AND LIABILITIES	<u>29,975</u>	<u>33,745</u>
Net assets per share attributable to ordinary Owner of the parent (RM)	0.51	0.51

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and accompanying explanatory notes attached to the interim financial statements.

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



Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2012
 (The figures below have not been audited)

	← 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 2012	24,250	878	(507)	24,621	1,139	25,760
Total comprehensive income for the financial period	-	-	121	121	26	147
At 31 March 2012	24,250	878	(386)	24,742	1,165	25,907
At 1 January 2011	24,250	878	(1,902)	23,226	1,017	24,243
Total comprehensive income for the financial period	-	-	297	297	28	325
At 31 March 2011	24,250	878	(1,605)	23,523	1,045	24,568

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 2011 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the three months ended 31 March 2012
 (The figures below have not been audited)

	3 months ended	
	31-Mar-12	31-Mar-11
	RM'000	RM'000
Cash flows from operating activities		
Net profit before tax	208	454
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	124	81
Interest expenses	5	1
Interest income	(11)	(29)
Provision for and write off of receivables	1	1
Provision for and write off of inventories	-	-
Non-cash items	(124)	2
Operating profit before working capital changes	203	510
(Increase)/ decrease in inventories	(439)	(865)
(Increase)/ decrease in receivables	6,480	1,271
Increase/ (decrease) in payables	(4,354)	(278)
Net cash (used)/ generated from operations	1,890	638
Interest paid	(5)	(1)
Tax paid	(122)	(82)
Net cash generated from operating activities	1,763	555
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	124	-
Purchase of property, plant and equipment	(393)	(39)
Interest received	11	29
Net cash used in investing activities	(258)	(10)
Cash flows from financing activities		
Repayment of finance lease liabilities	(26)	(5)
Increase in fixed deposit pledged	(7)	-
Net cash used in financing activities	(33)	(5)
Net increase in cash and cash equivalents	1,472	540
Cash and cash equivalents at beginning of the period	8,780	12,870
Cash and cash equivalents at end of the period	10,252	13,410

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and accompanying explanatory notes attached to the interim financial statements

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2012

1. Basis of Preparation

This interim financial statements of the Group are not audited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134 (Interim Financial Reporting) and paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. 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 2011.

The accounting policies, methods of computation and basis of consolidation adopted by the Group in these interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2011, save as follows:-

- (a) On 1 January 2012, the Group adopted the following applicable new accounting standards and interpretations (including the consequential amendments) for annual financial periods beginning on or after 1 January 2012
- FRS 124 (Revised) Related Party Disclosures
 - Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
 - Amendments to FRS 7: Disclosures – Transfers of Financial Assets
 - Amendments to FRS 112: Recovery of Underlying Assets
 - IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
 - Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Adoption of the above standards and interpretation did not have any effect on the financial performance or position of the Group.

- (b) On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysia Financial Reporting Standards (“MFRS”). The MFRS is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and IC Interpretation 15 – Agreement for Construction of Real Estate, including its parent, significant investor and venture (herein referred to as “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS for an additional year, i.e. to annual periods beginning on or after 1 January 2013 after which the MFRS will become mandatory.

1. Basis of Preparation (cont'd)

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS to 1 January 2013. Accordingly, the Group will be required to prepare its first MFRS financial statements for the financial year commencing 1 January 2013. In representing its first MFRS financial statements, the Company will quantify the financial effects of the differences between the current FRS and MFRS.

The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to ongoing assessment by the management. Accordingly, the statements of financial position and the statements of comprehensive income as disclosed in these financial statements for the 3-month period ended 31 March 2012 could be different if prepared under MFRSs.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2013.

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in preparing this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2011.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not qualified.

3. Seasonality or Cyclicity of interim operations

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

4. 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 three months ended 31 March 2012.

5. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and three months ended 31 March 2012.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and three months ended 31 March 2012.

7. Dividends Paid

No dividend has been paid during the three months ended 31 March 2012.

8. 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.

9. 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.

10. 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.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter and three months ended 31 March 2012. , save for the following:-

- (a) the Company had on 3 May 2012 entered into a Sale and Purchase Agreement ("SPA") with Direct Communications Holdings Sdn. Bhd. to acquire the remaining 49% stake in Pineapple Computer Utara Sdn Bhd ("PCU") for RM5,000. The exercise involved the acquisition of 147,000 ordinary shares of RM1.00 each in the capital of PCU. Subsequent to the completion of the SPA, PCU has become a wholly-owned subsidiary of the Company.

12. Contingent Liabilities/Contingent Assets

There were no changes in contingent liabilities/contingent assets since the last annual balance sheet date as at 31 December 2011.

13. Capital Commitments

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

14. 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:

	3 months ended 31/03/12 RM’000	3 months ended 31/03/11 RM’000
a) Sales of goods to		
i) <u>Subsidiaries</u>		
PCS	3,804	2,651
PCA	801	931
PST	1,810	1,692
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
PCS	0	0
PCA	0	0
PST	0	73
c) Others		
i) <u>Related Parties</u>		
Rental of premises paid to CHRB Group	45	45
Rental of premises received from CHRB Group	18	12
Water & electricity received from CHRB Group	6	5
ii) <u>Subsidiaries</u>		
Rental income received from subsidiary companies	15	8
Management fees received from subsidiary companies	23	15

14. Related Party Transactions (Cont'd)

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.

15. Cash and Cash Equivalents

	3 months ended	
	31/03/12	31/03/11
	RM'000	RM'000
Fixed deposit with a licensed bank	3,261	10,038
Cash and bank balances	7,052	3,410
	<u>10,313</u>	<u>13,448</u>
Less : Fixed Deposits pledged	(61)	(38)
	<u>10,252</u>	<u>13,410</u>

16. Review of Performance

The Group's revenue for the three (3) months financial period ended 31 March 2012 have increased by approximately 37.1% to RM14.4 as compared to the corresponding periods of the preceding financial year of RM10.5. The increase in revenue was mainly due to improved performance from the retail outlets, Information Technology ("IT") fairs and sales of new products such as personal computers and mobile phones.

	3 months ended		Change %
	31/03/12	31/03/11	
	RM'000	RM'000	
Revenue			
Trading and distribution	<u>14,429</u>	<u>10,521</u>	37.1%
Profit before taxation			
Trading and distribution	<u>208</u>	<u>454</u>	-54.2%

Despite reported higher revenue during the period under review, the Group achieved a profit before tax of RM208,000 for the three (3) months period ended 31 March 2012 as compared to RM454,000 in the corresponding financial period. This was mainly due to lower profit margin for new products such as personal computers and mobile phones.

17. Material changes in profit before taxation against preceding quarter

The current quarter revenue and PBT decreased by RM6.98 million or 32.6% and RM0.65 million or 75.6% respectively mainly due to fewer trade fairs and road shows during the quarter under review.

	31/03/12 RM'000	31/12/11 RM'000	Change %
Revenue			
Trading and distribution	14,429	21,404	-32.6%
Profit before taxation			
Trading and distribution	208	854	-75.6%

18. Commentary on Prospects

With the addition of new products such as tablet personal computers, mobile phones and internet related devices and the opening of 2 additional retail outlets, the Group is expecting an increase in its revenue.

The Group will continue with its aggressive product promotions and participations in all major IT/PC fairs and road shows.

19. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast or profit guarantee for the financial year ending 31 December 2012.

20. Income Tax Expenses

	3 months ended	
	31/03/12 RM'000	31/03/11 RM'000
Malaysia income tax		
-current year	57	125
-under/(over) provision in prior years	1	-
	58	125
Deferred taxation	3	4
TOTAL	61	129

The effective tax rate for the financial year ended 31 March 2012 and 31 March 2011 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.

21. Corporate Proposals

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

22. Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 31 March 2012.

23. Realised and Unrealised Profits/(Losses)

	As At 31/03/2012 RM'000	As At 31/12/2011 RM'000
Total (accumulated losses) of the Company and its subsidiaries:		
-Realised	(124)	(213)
-Unrealised	38	6
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	(86)	(207)
Less: Consolidation adjustments	(300)	(300)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total Group (accumulated losses) as per consolidated accounts	(386)	(507)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

24. Off Balance Sheet Financial Instruments

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

25. Changes in Material Litigation

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

26. Dividend

No dividend has been declared or recommended for payment for the quarter ended 31 March 2012.

27. 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 number of ordinary shares of the Company in issue for the respective period as follows:

	3 months ended	
	31/03/12	31/03/11
Profit attributable to the owners of the parent (RM'000)	121	297
Total number of ordinary Shares in issue ('000)	48,500	48,500
Basic earnings per share (sen)	0.25	0.61

There were no potential dilutive components in the shareholdings of Disccomp as at 31 March 2012 and 31 March 2011.

28. 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 May 2012