



Dreamgate Corporation Bhd (603831-K)

(Incorporated in Malaysia)

Interim Unaudited Financial Statements
31 March 2008



Dreamgate Corporation Bhd (603831-K)

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**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008**

	Note	3 MONTHS ENDED		3 MONTHS ENDED	
		31 MAR	31 MAR	31 MAR	31 MAR
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
Revenue	10	43,636	58,897	43,636	58,897
Cost of sales		(24,746)	(40,539)	(24,746)	(40,539)
- Depreciation		(12,214)	(8,158)	(12,214)	(8,158)
- Others		(12,532)	(32,381)	(12,532)	(32,381)
Gross profit		18,890	18,358	18,890	18,358
Other income		197	130	197	130
Administrative expenses		(9,551)	(7,366)	(9,551)	(7,366)
- Depreciation		(585)	(421)	(585)	(421)
- Others		(8,966)	(6,945)	(8,966)	(6,945)
Selling and marketing expenses		(968)	(1,036)	(968)	(1,036)
Other (expenses)/ gains, net		(1,325)	519	(1,325)	519
Operating profit		7,243	10,605	7,243	10,605
Finance costs		(2,271)	(1,216)	(2,271)	(1,216)
Share of loss of jointly controlled entities		(63)	-	(63)	-
Share of profit of associates		641	405	641	405
Profit before tax		5,550	9,794	5,550	9,794
Income tax expense	21	(32)	(255)	(32)	(255)
Profit for the period		<u>5,518</u>	<u>9,539</u>	<u>5,518</u>	<u>9,539</u>
Attributable to:					
Equity holders of the Company		5,569	9,539	5,569	9,539
Minority interests		(51)	-	(51)	-
		<u>5,518</u>	<u>9,539</u>	<u>5,518</u>	<u>9,539</u>
Earnings per share attributable to equity holders of the Company:					
Basic, for profit for the period (sen)	30	<u>0.64</u>	<u>1.12</u>	<u>0.64</u>	<u>1.12</u>
Diluted, for profit for the period (sen)	30	<u>0.63</u>	<u>1.10</u>	<u>0.63</u>	<u>1.10</u>



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	Note	AS AT 31 MAC 2008 RM'000	AS AT 31 DEC 2007 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	227,084	203,608
Prepaid land lease payments		1,417	1,422
Investments in jointly controlled entities		1,531	1,593
Investments in associates		2,621	3,860
Other investment		4	4
Development costs		1,564	1,749
Long term lease receivables		4,370	4,804
Other receivables		388	715
Gaming licenses		1,272	-
Goodwill		268	-
		<u>240,519</u>	<u>217,755</u>
Current assets			
Inventories		7,925	7,446
Trade Receivables		91,046	103,257
Short term lease receivables		1,921	1,921
Other Receivables, Deposits and Prepayments		27,328	20,213
Tax Recoverable		562	490
Due from jointly controlled entities		693	247
Due from associates		7,190	8,361
Deposits with licensed banks		8,012	7,937
Cash and bank balances		37,110	35,000
		<u>181,787</u>	<u>184,872</u>
TOTAL ASSETS		<u>422,306</u>	<u>402,627</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	8	87,204	87,165
Share premium		938	651
Foreign exchange translation reserve		(20,227)	(13,730)
Share option reserve		2,947	2,998
Retained earnings		104,445	98,876
		<u>175,307</u>	<u>175,960</u>
Minority interest		-	51
Total equity		<u>175,307</u>	<u>176,011</u>
Non-current liabilities			
Borrowings	25	36,364	41,448
Deferred tax liabilities		634	634
		<u>36,998</u>	<u>42,082</u>
Current liabilities			
Borrowings	25	119,409	99,382
Trade payables		57,061	69,209
Other payables		32,163	14,612
Due to a jointly controlled entity		717	586
Tax payable		651	745
		<u>210,001</u>	<u>184,534</u>
Total liabilities		<u>246,999</u>	<u>226,616</u>
TOTAL EQUITY AND LIABILITIES		<u>422,306</u>	<u>402,627</u>
Net assets per share (sen)		<u>20</u>	<u>20</u>



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008**

|------ Attributable to Equity Holders of the Parent -----|
|------ Non-Distributable -----| Distributable

	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share Option Reserve	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	28,255	30,594	(6,419)	3,043	83,226	138,699
Foreign currency translation, representing net expenses recognised directly in equity	-	-	(2,265)	-	-	(2,265)
Profit for the period	-	-	-	-	9,539	9,539
Total recognised income and expense for the period	-	-	(2,265)	-	9,539	7,274
Issue of ordinary shares pursuant to ESOS	343	3,561	-	(231)	-	3,673
Share options granted under ESOS	-	-	-	216	-	216
At 31 March 2007	28,598	34,155	(8,684)	3,028	92,765	149,862



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

|----- Attributable to Equity Holders of the Parent -----|
 |----- Non-Distributable -----| Distributable

	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share Option Reserve	Retained Earnings	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	87,165	651	(13,730)	2,998	98,876	175,960	51	176,011
Foreign currency translation, representing net expenses recognised directly in equity	-	-	(6,497)	-	-	(6,497)	-	(6,497)
Profit for the period	-	-	-	-	5,569	5,569	(51)	5,518
Total recognised income and expense for the period	-	-	(6,497)	-	5,569	(928)	(51)	(979)
Issue of ordinary shares pursuant to ESOS	39	287	-	(176)	-	150	-	150
Share options granted under ESOS	-	-	-	125	-	125	-	125
At 31 March 2008	87,204	938	(20,227)	2,947	104,445	175,307	-	175,307



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008**

	3 MONTHS ENDED	
	31 MAR 2008 RM'000	31 MAR 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,550	9,794
Adjustments for:		
Amortisation of development costs	185	72
Depreciation	12,799	8,579
Amortisation of prepaid land lease payments	5	5
Reversal of provision for doubtful debts	(130)	-
Reversal of impairment of property, plant and equipment	(31)	-
Gain on disposal of equipment	-	(5)
Equipment written off	3	1
Share options granted under ESOS	125	216
Share of loss of jointly controlled entities	63	-
Share of profit of associates	(641)	(405)
Interest expense	2,241	1,166
Interest income	(214)	(123)
Operating profit before working capital changes	19,955	19,300
Net changes in receivables, amount due from associates, jointly controlled entities and inventories	10,073	7,693
Net changes in payables and amount due to a jointly controlled entity	(166)	(7,826)
Interest paid	(1,292)	(1,166)
Taxes paid	(198)	(22)
Net cash flow from operating activities	28,372	17,979



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2008

	12 MONTHS ENDED	
	31 MAR	31 MAR
	2008	2007
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(41,067)	(13,675)
Prepayment of land lease	-	(715)
Proceeds from disposal of property, plant and equipment	1,946	894
Net cash from acquisition of subsidiary companies	(351)	-
Acquisition of gaming licenses	(323)	-
Investment in associates	(255)	-
Acquisition of jointly controlled entities	-	-
Expenditure on development costs	-	(275)
Interest received	214	123
Net cash flow from investing activities	(39,836)	(13,648)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bankers' acceptance	7,200	1,280
Net drawdown of term loan and commercial papers	8,647	8,118
Repayment of hire purchase	(15)	(4)
Proceeds from issuance of ordinary shares	150	3,912
Net cash flow from financing activities	15,982	13,306
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,518	17,637
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(497)	83
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	41,029	18,632
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD *	45,050	36,352
* Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	37,110	34,067
Deposits with licensed banks	8,012	4,794
Less: Bank Overdrafts	(72)	(2,509)
	45,050	36,352



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**PART A - EXPLANATORY NOTES PERSUANT TO FINANCIAL REPORTING STANDARD
(FRS) NO. 134**

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared under the historical cost convention and in accordance with the requirements of FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. 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 year ended 31 December 2007.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007.

At the date of authorization of these financial statements, the following new and revised FRS, amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investments in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members’ Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS129 ²⁰⁰⁴
IC Interpretation 8	Financial Reporting in Hyperinflationary Economies Scope of FRS 2



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2. Changes in Accounting Policies (Contd.)

The above new and revised FRS, amendments to FRS and Interpretations except for FRS 139 are expected to have no significant impact on the financial statements of the Group upon their initial application.

The Group is exempted from disclosing the possible impact, if any, upon the initial application of FRS 139 in the Unaudited Interim Financial Statements of the Group for the period ended 31 March 2008.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2007 was not qualified.

4. Significant Event

During the quarter under review, there were no other significant events that have not been reflected in the financial statements.

5. Comments about Seasonal or Cyclical Factors

The overall business of the Group was not affected by any significant seasonal factors. However, the sales of machines are subject to seasonal fluctuation.

6. Unusual Items due to their Nature, Size or Incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows during the interim period.

7. Changes in Estimates

There were no changes in the nature and amount of estimates reported that will have a material effect in the current quarter.



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8. Changes in Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

- **Employee Share Options Scheme (“ESOS”)**

Grant Date	Adjusted Exercise Price RM	Number of Options Over Ordinary Shares of RM0.10 each			
		1 Jan 2008 '000	Exercised '000	Lapsed '000	Balance 31 Mar 2008 '000
19 Oct 2005	0.35	24,311	271	105	23,935
7 July 2006	0.43	5,698	110	120	5,468
29 July 2006	0.42	4,700	-	-	4,700
29 June 2007	0.48	2,085	17	25	2,043
		<u>36,794</u>	<u>398</u>	<u>250</u>	<u>36,146</u>

All the above options expire on 18 Oct 2010.

- **Share Capital**

	Number of Ordinary Shares ('000) of RM0.10 each	
	2008	2007
As at 1 January	871,647	282,545
Ordinary shares issued pursuant to ESOS	398	9,196
Bonus Issue	-	579,906
As at 31 March/ 31 December	<u>872,045</u>	<u>871,647</u>

9. Dividend Paid

No dividend was paid during the financial period to date.



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10. Segmental Information

Segment information is presented in respect of the Group's business segments:

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Sales and Marketing	10,694	32,157	10,694	32,157
Technical Support and Management	32,213	25,195	32,213	25,195
Others	1,603	1,635	1,603	1,635
	<u>44,510</u>	<u>58,987</u>	<u>44,510</u>	<u>58,987</u>
Eliminations	(874)	(90)	(874)	(90)
Revenue	<u>43,636</u>	<u>58,897</u>	<u>43,636</u>	<u>58,897</u>
Segment Results				
Sales and Marketing	184	2,735	184	2,735
Technical Support and Management	9,924	8,829	9,924	8,829
Others	(411)	22	(411)	22
	<u>9,697</u>	<u>11,586</u>	<u>9,697</u>	<u>11,586</u>
Unallocated	(2,454)	(981)	(2,454)	(981)
- Foreign exchange loss/ (gain)	1,353	(509)	1,353	(509)
- Others	1,101	1,490	1,101	1,490
Operating profit	<u>7,243</u>	<u>10,605</u>	<u>7,243</u>	<u>10,605</u>

"Others" under Segment Revenue consist of revenue from manufacturing activities, gaming and leisure activities and inter- segment transaction.

11. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.



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12. Subsequent Events

- **Subsidiary Company**

- (a) On 9 April 2008, RGB Ltd acquired at par, a 65% equity interest in RGB OMMCO Ltd. (“ROML”), a company incorporated in the Federal Territory of Labuan, Malaysia. The issued and paid up capital of ROML is USD100,000. (1 MYR: USD 0.3137). ROML is principally involved in technical support and management of gaming and amusement machines and equipment. ROML is a joint venture between RGB Ltd and OMMCO Investment Co., Ltd., a corporation incorporated in Japan.

13. Changes in the Composition of the Group

- **Change from Associate to Subsidiary Company**

- (a) On 19 February 2008, Macrocept Sdn Bhd (“MCSB”) acquired an additional 20% equity interest, at par, in Chateau de Bavet Club Co., Ltd. (“CDBC”), a company incorporated in Cambodia for a total consideration of USD1,000. The issued and registered share capital of CDBC is 20,000,000 Riels. (1MYR: Riel 1,100). As a result, CDBC became a 60% owned subsidiary of MCSB.

CDBC is principally involved in gaming and leisure industry, international standard hotel, restaurant, modern night club, fun club, spa centre and such other business activities.

- **Acquisition of Subsidiary Companies**

- (a) On 19 February 2008, DCB acquired a 100% equity interest, at par, in Frontier Wish International Limited (“FWIL”), a company incorporated in Hong Kong. FWIL is currently dormant and the issued and paid up share capital of FWIL is HKD1.00. (1 MYR: HKD2)

The intended activities for FWIL are investment and property holding, entertainment and leisure as well as international business.

- (b) On 25 March 2008, Macrocept Sdn. Bhd. (“MCSB”) acquired a 100% equity interest in Club 88 Co., Ltd. (“Club 88”) for a total consideration of USD145,000. (1 MYR: USD 0.3127). Club 88 has a license to operate gaming machines in Cambodia.



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14. Changes in Contingent Liabilities and Contingent Assets

As at 21 May 2008 (being a date not earlier than 7 days from the date of this announcement), there were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2007.

15. Capital Commitments

The amount of capital commitments approved but not provided for in the interim financial statements is as follows:

	AS AT 31 MAR 2008 RM'000
Property, plant and equipment	72,600
Investment in associates	1,800
Share of capital commitments of jointly controlled entities	700
	<u>75,100</u>



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16. Significant Related Party Transactions

	1.1.2008 to 31.03.2008 RM'000	1.1.2007 to 31.03.2007 RM'000
Sales of gaming and amusement machines, spare parts and accessories to:		
- Standard RGB Pte Ltd	2	484
- Euro Computer Engineering & Parts Sdn Bhd	60	-
- Fort-Garden Marketing Sdn Bhd	12	-
Purchase of gaming and amusement machines and accessories from:		
- Standard RGB Pte Ltd	-	324
- Denver System Sdn. Bhd.	26	-
- Dreamgate (M) Sdn. Bhd.	92	-
Purchase of fixed assets from:		
- Standard RGB Pte Ltd	-	18
Purchase of spare parts and services from:		
- Standard RGB Pte Ltd	23	-
Repair and maintenance services provided to:		
- Denver System Sdn. Bhd.	23	20
- Dreamgate (Malaysia) Sdn. Bhd.	20	20
- Euro Computer Engineering & Parts Sdn. Bhd.	13	12
- Standard RGB Pte Ltd	22	-
Renting of premises from Dreamgate (Malaysia) Sdn Bhd	45	45

The abovementioned corporations are regarded as related parties of the Group as certain directors of the Group and/ or their family members have substantial interest in these corporations.

The directors are of the opinion that the related party transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.



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B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

17. Performance Review

	3 MONTHS ENDED			3 MONTHS ENDED		
	31 MAR 2008	31 MAR 2007	%	31 MAR 2008	31 MAR 2007	%
	RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue						
Sales and Marketing	10,653	32,157	-67%	10,653	32,157	-67%
Technical Support and Management	32,213	25,195	+ 28%	32,213	25,195	+ 28%
Others	770	1,545	-50%	770	1,545	-50%
Total	43,636	58,897	-26%	43,636	58,897	-26%
Profit before tax						
Sales and Marketing	184	2,735	-93%	184	2,735	-93%
Technical Support and Management	9,924	8,829	+ 12%	9,924	8,829	+ 12%
Others	167	427	-61%	167	427	-61%
	10,275	11,991	-14%	10,275	11,991	-14%
Unallocated	(4,725)	(2,197)	+ 115%	(4,725)	(2,197)	+ 115%
- Finance cost	2,271	1,216	+ 87%	2,271	1,216	+ 87%
- Foreign exchange loss/ (gain)	1,353	(509)	+ 366%	1,353	(509)	+ 366%
- Others	1,101	1,490	-26%	1,101	1,490	-26%
Profit before tax	5,550	9,794	-43%	5,550	9,794	-43%

The Group registered revenue and profit before tax of RM43.6 million and RM5.6 million respectively for the current quarter. This is a decrease of 26% and 43% respectively compared with the previous year's corresponding quarter.



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17. Performance Review (Continued)

The revenue from Sales and Marketing division decreased by 67% because certain customers who have outlets in Philippines and Cambodia have opted to place their orders of machines under Technical Support and Management arrangement and the delay in delivery of 400 machines to a customer in Philippines. The summary of number of machines sold for quarter ended 31 Mar 2008 and 2007 are as follows:-

Country	Number of machines sold	
	31 Mar 2008	31 Mar 2007
	(Unit)	(Unit)
Cambodia	-	54
Macau	12	27
Malaysia	-	122
Philippines	50	280
Singapore	-	30
Vietnam	37	7
Grand Total:	99	520

The revenue from Technical Support and Management division increased by 28% due to the better performance of existing outlets and the opening of new outlets. The summary of outlets in operations and the number of machines placed as at 31 March 2008 and 2007 are as follows:-

Country	Number of outlets as at	
	31 Mar 2008	31 Mar 2007
Cambodia	53	39
Vietnam	3	3
Laos	1	-
Philippines	12	9
Grand Total:	69	51

Country	Number of machines placed as at	
	31 Mar 2008	31 Mar 2007
	(Unit)	(Unit)
Cambodia	4,414	2,454
Vietnam	194	224
Laos	59	-
Philippines	1,172	899
Grand Total:	5,839	3,577



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18. Comparison with previous quarter's results

	CURRENT QUARTER RM'000	PREVIOUS QUARTER RM'000	% +/(-)
Revenue			
Sales and Marketing	10,653	46,912	-77%
Technical Support and Management	32,213	32,433	-1%
Others	770	1,017	-24%
	<u>43,636</u>	<u>80,362</u>	<u>-46%</u>
Profit before taxation			
Sales and Marketing	184	8,015	-98%
Technical Support and Management	9,924	9,557	+ 4%
Others	167	(1,503)	+ 111%
	<u>10,275</u>	<u>16,069</u>	<u>-36%</u>
Unallocated expenses	(4,725)	(5,579)	-15%
- Finance cost	2,271	1,590	+ 43%
- Foreign exchange loss	1,353	973	+ 39%
- Others	1,101	3,016	-63%
	<u>5,550</u>	<u>10,490</u>	<u>-47%</u>
Profit before tax	<u>5,550</u>	<u>10,490</u>	<u>-47%</u>

Revenue and Profit before tax for the Sales and Marketing division decreased substantially as compared to the previous quarter as explained in Note 17.

Profit before tax for the Technical Support and Management division increased due to the continued increase in number of machines placed in the outlets.

The profit before taxation from the other divisions increased mainly due to the impact from the capitalisation of the cost of gaming licenses amounting to approximately RM555,000 which had been expensed in the previous quarter.



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19. Commentary on Prospect

Notwithstanding the explanation in Note 17, the Sales and Marketing division expects the sales of machines to pick up in the 2nd half of this year.

The Technical Support and Management division expects to open 25 new outlets with 2,500 units of machines by end of year 2008.

Barring unforeseen circumstances, the Group will continue to achieve positive results in 2008.

20. Profit Forecast

No profit forecast was announced hence there was no comparison between actual results and forecast.

21. Income Tax Expense

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 MAR 2008	31 MAR 2007	31 MAR 2008	31 MAR 2007
	RM'000	RM'000	RM'000	RM'000
Income Tax				
- Current period	32	255	32	255

Domestic income tax is calculated at the Malaysian statutory rate of 26% (2007: 27%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

22. Profit on sale of Investments and/or Properties

There was no disposal of investment or properties during the quarter under review.

23. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the quarter under review.



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24. Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this announcement:

(a) Status of utilization of listing proceeds

Purpose	Proposed Utilisation	Actual Utilisation as at 31 MAR 2008	Expected Utilisation by 12 JAN 2009
	RM'000	RM'000	RM'000
Purchase of plant and machinery	4,000	2,465	1,535
Research & development	5,000	3,770	1,230
Overseas expansion	15,000	15,000	-
Regional Trade Mark registration	1,000	82	918
Advertising, promotion and branding	3,000	3,000	-
Working capital	7,461	7,461	-
Estimated listing expenses	1,753	1,753	-
Total	37,214	33,531	3,683

(b) Status Of Employee Share Option Scheme (“ESOS”)

**Number of Options Over
Ordinary Shares of RM0.10 each**

Grant Date	Adjusted Exercise Price RM	Balance 1 Jan 2008 '000	Exercised '000	Lapsed '000	Balance 31 Mar 2008 '000
19 Oct 2005	0.35	24,311	271	105	23,935
7 July 2006	0.43	5,698	110	120	5,468
29 July 2006	0.42	4,700	-	-	4,700
29 June 2007	0.48	2,085	17	25	2,043
		36,794	398	250	36,146

All the above options expire on 18 October 2010.



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24. Corporate Proposals (Continued)

- (c) **Issuance of Commercial Paper (“CP”) and/ or Medium Term Notes (“MTN”) with an aggregate nominal value of RM200 million (“CP/ MTN” Programme)**

CPs outstanding as at 31/3/08:-

	Issue Date	Face Amount RM	Roll Over Date	Maturity Date	Tenure
2nd Tranch	2/11/2007	30,000,000	-	2/5/2008	6 months
3rd Tranch	16/1/2008	15,000,000	-	16/4/2008	3 months
4th Tranch*	29/8/2007	50,000,000	29/2/2008	29/5/2008	3 months
		95,000,000			

* The above CP is rolled over upon its maturity date.

25. Borrowings

	AS AT 31 MAR 2008 RM'000	AS AT 31 DEC 2007 RM'000
Short Term Borrowings:		
<u>Secured</u>		
Bank overdrafts	72	1,908
Bankers' acceptances	7,200	-
Term loans	17,559	18,151
Hire purchase payable	55	56
<u>Unsecured</u>		
Commercial Papers	94,523	79,267
	119,409	99,382
Long Term Borrowings:		
<u>Secured</u>		
Term loans	36,364	41,434
Hire Purchase payable	-	14
	36,364	41,448
Total borrowings	155,773	140,830

Borrowings denominated in foreign currency as at 31 March 2008:

	USD'000	RM'000 Equivalent
Total borrowings	12,475	39,903



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26. Off Balance Sheet Financial Instruments

The Group does not have any financial instrument with off balance sheet risk as at the date of this report.

27. Material Litigation

The Group does not have any material litigation, which in the opinion of the Directors, would have a material impact on the financial results of the Group.

28. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2008	2007	2008	2007
Profit attributable to ordinary equity holders of the Company (RM'000)	<u>5,569</u>	<u>9,539</u>	<u>5,569</u>	<u>9,539</u>
Weighted average number of ordinary shares in issue ('000)	<u>871,955</u>	<u>854,722</u>	<u>871,955</u>	<u>854,722</u>
Basic earnings per share (sen)	<u>0.64</u>	<u>1.12</u>	<u>0.64</u>	<u>1.12</u>



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28. Earnings Per Share (Continued)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of share options granted to employees.

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MAR	31 MAR	31 MAR	31 MAR
	2008	2007	2008	2007
Profit attributable to ordinary equity holders of the Company (RM'000)	<u>5,569</u>	<u>9,539</u>	<u>5,569</u>	<u>9,539</u>
Weighted average number of ordinary shares in issue ('000)	871,955	854,722	871,955	854,722
Effect of dilution of share options	<u>8,916</u>	<u>14,542</u>	<u>8,916</u>	<u>14,542</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>880,871</u>	<u>869,264</u>	<u>880,871</u>	<u>869,264</u>
Diluted earnings per share (sen)	<u>0.63</u>	<u>1.10</u>	<u>0.63</u>	<u>1.10</u>

Weighted average number of ordinary shares in issue was adjusted pursuant to the Bonus Issue on 27 September 2007, as if it occurred prior to 1 January 2006.

29. Authorisation For Issue

On 28 May 2008, the Board of Directors authorised the issue of these interim financial statements.

By Order of the Board
Dreamgate Corporation Bhd. (603831-K)

Datuk Chuah Kim Seah, JP
Managing Director
28 May 2008