

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**  
(The figures have not been audited)

|  | INDIVIDUAL QUARTER         |                | CUMULATIVE PERIOD          |                |
|--|----------------------------|----------------|----------------------------|----------------|
|  | THREE MONTHS ENDED 30 JUNE |                | THREE MONTHS ENDED 30 JUNE |                |
|  | 2012<br>RM'000             | 2011<br>RM'000 | 2012<br>RM'000             | 2011<br>RM'000 |
| Revenue  | 20,972                     | 15,358         | 20,972                     | 15,358         |
| Cost of sales  | (14,840)                   | (7,218)        | (14,840)                   | (7,218)        |
| Gross profits  | 6,132                      | 8,140          | 6,132                      | 8,140          |
| Other operating income   | 998                        | 1,654          | 998                        | 1,654          |
| Other operating expenses   | (5,810)                    | (7,159)        | (5,810)                    | (7,159)        |
| Finance costs  | (282)                      | (176)          | (282)                      | (176)          |
| <b>Profit before tax</b>   | <b>1,038</b>               | <b>2,459</b>   | <b>1,038</b>               | <b>2,459</b>   |
| Tax expense  | (654)                      | (499)          | (654)                      | (499)          |
| <b>Profit for the financial period</b>                               | <b>384</b>                 | <b>1,960</b>   | <b>384</b>                 | <b>1,960</b>   |
| <b>Other comprehensive loss, net of tax</b>                          |                            |                |                            |                |
| Foreign currency translation differences for foreign operations      | (486)                      | (422)          | (486)                      | (422)          |
| <b>Other comprehensive loss for the financial period, net of tax</b> | <b>(486)</b>               | <b>(422)</b>   | <b>(486)</b>               | <b>(422)</b>   |
| <b>Total comprehensive (loss) / income for the financial period</b>  | <b>(102)</b>               | <b>1,538</b>   | <b>(102)</b>               | <b>1,538</b>   |
| <b>Profit / (Loss) attributable to:-</b>                             |                            |                |                            |                |
| Owners of the Company  | 385                        | 1,956          | 385                        | 1,956          |
| Non-controlling interest   | (1)                        | 4              | (1)                        | 4              |
| <b>Profit for the financial period</b>                               | <b>384</b>                 | <b>1,960</b>   | <b>384</b>                 | <b>1,960</b>   |
| <b>Total comprehensive (loss) / income attributable to:-</b>         |                            |                |                            |                |
| Owners of the Company  | (101)                      | 1,534          | (101)                      | 1,534          |
| Non-controlling interest   | (1)                        | 4              | (1)                        | 4              |
| <b>Total comprehensive (loss) / income for the financial period</b>  | <b>(102)</b>               | <b>1,538</b>   | <b>(102)</b>               | <b>1,538</b>   |
| Earnings per ordinary share (sen)                                    |                            |                |                            |                |
| -Basic   | 0.03                       | 0.14           | 0.03                       | 0.14           |

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2012.)*

**DIVERSIFIED GATEWAY SOLUTIONS BERHAD ("DGSB") (675362-P)**  
**Incorporated in Malaysia**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

|   | <b>Unaudited<br/>As at<br/>30.06.2012<br/>RM'000</b> | <b>Audited<br/>As at<br/>31.03.2012<br/>RM'000</b> |
|---|--|--|
| <b>ASSETS</b>                                       |  |  |
| <b>Non-Current Assets</b>                           |  |  |
| Property, plant and equipment                       | 1,737  | 1,737  |
| Goodwill  | 10,928   | 10,928   |
| Deferred tax assets                                 | 67   | 67   |
|   | <u>12,732</u>  | <u>12,732</u>                                      |
| <b>Current Assets</b>                               |  |  |
| Inventories   | 11,149   | 7,824  |
| Trade receivables                                   | 8,571  | 9,751  |
| Other receivables, deposits and prepayments         | 8,747  | 11,552   |
| Amounts owing by related companies                  | 13,304   | 10,959   |
| Current tax assets                                  | 168  | 429  |
| Cash and cash equivalents                           | 18,594   | 17,804   |
|   | <u>60,533</u>  | <u>58,319</u>                                      |
| <b>TOTAL ASSETS</b>                                 | <u><u>73,265</u></u>                                 | <u><u>71,051</u></u>                               |
| <b>EQUITY AND LIABILITIES</b>                       |  |  |
| <b>Equity attributable to owners of the Company</b> |  |  |
| Share capital                                       | 135,588  | 135,588  |
| Reverse acquisition reserve                         | (115,767)  | (115,767)  |
| Exchange translation reserve                        | (282)  | 204  |
| Retained earnings                                   | 16,198   | 15,813   |
|   | <u>35,737</u>  | <u>35,838</u>                                      |
| <b>Non-controlling interest</b>                     | 45   | 46   |
| <b>TOTAL EQUITY</b>                                 | <u>35,782</u>  | <u>35,884</u>                                      |
| <b>Non-Current Liabilities</b>                      |  |  |
| Hire purchase and lease creditors                   | 151  | 172  |
| Provision for post-employment benefits              | 88   | 87   |
|   | <u>239</u>   | <u>259</u>   |
| <b>Current Liabilities</b>                          |  |  |
| Trade payables                                      | 5,874  | 8,898  |
| Other payables, deposits and accruals               | 8,993  | 12,289   |
| Amounts owing to ultimate holding company           | 808  | 680  |
| Amounts owing to related companies                  | 3,296  | 3,136  |
| Borrowings  | 18,227   | 9,813  |
| Hire purchase and lease creditors                   | 33   | 81   |
| Current tax payables                                | 13   | 11   |
|   | <u>37,244</u>  | <u>34,908</u>                                      |
| <b>TOTAL LIABILITIES</b>                            | <u>37,483</u>  | <u>35,167</u>                                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <u><u>73,265</u></u>                                 | <u><u>71,051</u></u>                               |
|   | -  | -  |
| <b>Net assets per share (sen)</b>                   | <u>2.64</u>  | <u>2.65</u>  |

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2012.)*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**  
 (The figures have not been audited)

|  | <----- Attributable to owners of the Parent -----> |                                       |  |                             |        |                 | Non-controlling interest<br>RM'000 | Total equity<br>RM'000 |
|--|--|---------------------------------------|--|-----------------------------|--------|-----------------|------------------------------------|------------------------|
|  | <----- Non-distributable ----->                    |                                       |  | Distributable               |        | Total<br>RM'000 |                                    |                        |
|  | Ordinary shares<br>RM'000                          | Reverse acquisition reserve<br>RM'000 | Exchange translation reserve<br>RM'000 | Retained earnings<br>RM'000 |        |                 |                                    |                        |
| <b>Three Months Financial Period Ended 30 June 2012</b>      |  |                                       |  |                             |        |                 |                                    |                        |
| Balance as at 1 April 2012                                   | 135,588  | (115,767)                             | 204                                    | 15,813                      | 35,838 | 46              | 35,884                             |                        |
| Profit / (Loss) after tax for the financial period           | -  | -                                     | -                                      | 385                         | 385    | (1)             | 384                                |                        |
| Foreign currency translation for foreign operations          | -  | -                                     | (486)                                  | -                           | (486)  | -               | (486)                              |                        |
| Total comprehensive (loss) / income for the financial period | -  | -                                     | (486)                                  | 385                         | (101)  | (1)             | (102)                              |                        |
| Balance as at 30 June 2012                                   | 135,588  | (115,767)                             | (282)                                  | 16,198                      | 35,737 | 45              | 35,782                             |                        |

|  | <----- Attributable to owners of the Parent -----> |                                       |  |                             |        |                 | Non-controlling interest<br>RM'000 | Total equity<br>RM'000 |
|--|--|---------------------------------------|--|-----------------------------|--------|-----------------|------------------------------------|------------------------|
|  | <----- Non-distributable ----->                    |                                       |  | Distributable               |        | Total<br>RM'000 |                                    |                        |
|  | Ordinary shares<br>RM'000                          | Reverse acquisition reserve<br>RM'000 | Exchange translation reserve<br>RM'000 | Retained earnings<br>RM'000 |        |                 |                                    |                        |
| <b>Three Months Financial Period Ended 30 June 2011</b>      |  |                                       |  |                             |        |                 |                                    |                        |
| Balance as at 1 April 2011                                   | 135,588  | (115,767)                             | 160                                    | 22,922                      | 42,903 | -               | 42,903                             |                        |
| Profit after tax for the financial period                    | -  | -                                     | -                                      | 1,956                       | 1,956  | 4               | 1,960                              |                        |
| Foreign currency translation for foreign operations          | -  | -                                     | (422)                                  | -                           | (422)  | -               | (422)                              |                        |
| Total comprehensive (loss) / income for the financial period | -  | -                                     | (422)                                  | 1,956                       | 1,534  | 4               | 1,538                              |                        |
| Balance as at 30 June 2011                                   | 135,588  | (115,767)                             | (262)                                  | 24,878                      | 44,437 | 4               | 44,441                             |                        |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2012.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**  
(The figures have not been audited)

|   | <b>THREE MONTHS ENDED 30 JUNE</b> |               |
|---|-----------------------------------|---------------|
|   | <b>2012</b>                       | <b>2011</b>   |
|   | <b>RM'000</b>                     | <b>RM'000</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |                                   |               |
| Profit before tax                                       | 1,038                             | 2,459         |
| Adjustment for non-cash items:                          |                                   |               |
| Bad debts written off no longer required                | -                                 | (160)         |
| Changes in fair value of other investments              | -                                 | 237           |
| Depreciation of property, plant and equipment           | 170                               | 84            |
| Impairment losses                                       | 369                               | 427           |
| Interest income   | (132)                             | (113)         |
| Interest expense  | 269                               | 158           |
| Net gain on disposal of property, plant and equipment   | (1)                               | -             |
| Net loss on disposal of other investments               | -                                 | 15            |
| Reversal of impairment losses                           | (223)                             | (662)         |
| Net unrealised gain on foreign currency exchange        | (224)                             | (382)         |
| Other non-cash items                                    | 47                                | -             |
|   | <u>1,313</u>                      | <u>2,063</u>  |
| Operating profit before working capital changes         | 1,313                             | 2,063         |
| Net changes in assets                                   | (1,727)                           | 1,833         |
| Net changes in liabilities                              | (5,698)                           | (1,546)       |
|   | <u>(6,112)</u>                    | <u>2,350</u>  |
| Net cash (used in) / from operations                    | (6,112)                           | 2,350         |
| Tax paid  | (440)                             | (304)         |
| Tax refunded  | 50                                | -             |
|   | <u>(6,502)</u>                    | <u>2,046</u>  |
| Net cash (used in) / from operating activities          | (6,502)                           | 2,046         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |                                   |               |
| Purchase of property, plant and equipment               | (212)                             | (106)         |
| Proceeds from disposal of property, plant and equipment | 1                                 | -             |
| Placement of fixed deposits pledged                     | (64)                              | (50)          |
| Proceed from disposal of other investments              | -                                 | 59            |
| Interest received                                       | 132                               | 113           |
|   | <u>(143)</u>                      | <u>16</u>     |
| Net cash (used in) / from investing activities          | (143)                             | 16            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |                                   |               |
| Drawdown of borrowings                                  | 6,817                             | 487           |
| Repayment of borrowings                                 | (69)                              | (23)          |
| Interest paid   | (269)                             | (158)         |
|   | <u>6,479</u>                      | <u>306</u>    |
| Net cash from financing activities                      | 6,479                             | 306           |
| Net (decrease) / increase in cash and cash equivalents  | (166)                             | 2,368         |
| Cash and cash equivalents at 1 April 2012/2011**        | (147)                             | 6,169         |
| Effect of foreign exchange on opening balance           | (705)                             | (445)         |
|   | <u>(1,018)</u>                    | <u>8,092</u>  |
| Cash and cash equivalents at 30 June 2012/2011**        | (1,018)                           | 8,092         |

\*\* Cash and cash equivalents at the beginning and end of the financial period are net of deposits pledged to banks.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2012.)

**Notes to the Interim Financial Report**  
**For the First Quarter Ended 30 June 2012**

**1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012. The explanatory notes attached to the interim financial report 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 previous financial year ended 31 March 2012.

**2 Significant Accounting Policies**

**First-time adoption of Malaysian Financial Reporting Standard ("MFRS")**

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework commencing 1 April 2012. The MFRS Framework comprises standards as issued by the International Accounting Standards Board ("IASB"). This condensed quarterly report is the Group's first MFRS compliant condensed report, hence MFRS 1 "First-time adoption of Malaysian Financial Reporting Standard" has been applied.

In accordance with MFRS1, an opening MFRS statement of financial position has been presented at the date of transition to MFRS. There are no differences between the opening MFRS statement of financial position and the statement of financial position presented under the Financial Reporting Standards ("FRS") at 31 March 2012.

The adoption of the MFRS Framework did not result in any material impact to the interim financial report as the accounting policies applicable to the Group under the MFRS Framework are consistent with the accounting policies previously adopted under the FRS in Malaysia.

**3 Qualification of independent auditors' report on preceding annual audited financial statements**

The independent auditors' report on the annual audited financial statements for the financial year ended 31 March 2012 was not qualified.

**4 Seasonal and cyclical factors**

The business of the Group was not affected by any significant seasonal and cyclical factors during the current financial period under review.

**5 Unusual items due to their nature, size or incidence**

Saved as disclosed in note 2 and note 6 of this report, there were no unusual items affecting the assets, liabilities, equity, net income, or cash flows due to their nature, size, or incidence during the current financial period under review.

**6 Material changes in estimates**

There were no material changes in estimates of amounts reported in prior financial years. Thus, there is no material effect in the financial statements of the current financial period under review.

**7 Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company during the current financial period under review.

**8 Dividends paid**

No dividends have been paid during the current financial period under review.

Notes to the Interim Financial Report  
 For the First Quarter Ended 30 June 2012

9 Segmental reporting

| Business Segments  | Networks<br>RM'000 | Solutions<br>RM'000 | Others<br>RM'000 | Adjustment/<br>Eliminations<br>RM'000 | Total<br>RM'000 |
|--|--------------------|---------------------|------------------|---------------------------------------|-----------------|
| <b><u>Three Months Financial Period<br/>Ended 30 June 2012</u></b> |                    |                     |                  |                                       |                 |
| External sales   | 15,241             | 5,731               | -                | -                                     | 20,972          |
| Inter segment sales  | -                  | 566                 | -                | (566)                                 | -               |
| Total Sales  | 15,241             | 6,297               | -                | (566)                                 | 20,972          |
| Segment results  | 2,779              | (1,407)             | (197)            | -                                     | 1,175           |
| Interest expense   |                    |                     |                  |                                       | (269)           |
| Interest Income  |                    |                     |                  |                                       | 132             |
| Profit before tax  |                    |                     |                  |                                       | 1,038           |
| Segment assets   | 49,761             | 11,361              | 12,143           | -                                     | 73,265          |
| <b><u>Three Months Financial Period<br/>Ended 30 June 2011</u></b> |                    |                     |                  |                                       |                 |
| External sales   | 5,965              | 9,393               | -                | -                                     | 15,358          |
| Inter segment sales  | 6                  | 45                  | -                | (51)                                  | -               |
| Total Sales  | 5,971              | 9,438               | -                | (51)                                  | 15,358          |
| Segment results  | 1,811              | 785                 | (92)             | -                                     | 2,504           |
| Interest expense   |                    |                     |                  |                                       | (158)           |
| Interest Income  |                    |                     |                  |                                       | 113             |
| Profit before tax  |                    |                     |                  |                                       | 2,459           |
| Segment assets   | 44,434             | 23,849              | 13,932           | -                                     | 82,215          |

10 Related Party Disclosures

Significant related party transactions are as follows:-

|   | INDIVIDUAL QUARTER         |                | CUMULATIVE PERIOD          |                |
|---|----------------------------|----------------|----------------------------|----------------|
|   | THREE MONTHS ENDED 30 JUNE |                | THREE MONTHS ENDED 30 JUNE |                |
|   | 2012<br>RM'000             | 2011<br>RM'000 | 2012<br>RM'000             | 2011<br>RM'000 |
| Sale of goods and services to related companies       | 2,917                      | -              | 2,917                      | -              |
| Purchase of goods and services from related companies | 324                        | 647            | 324                        | 647            |
| Management fees to ultimate holding company           | 120                        | 120            | 120                        | 120            |

11 Carrying amount of revalued assets

There were no changes to the valuation of property, plant and equipment during the current financial period under review.

12 Subsequent events

There were no material events announced subsequent to the end of the current financial period under review.

13 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period under review.

14 Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets of the Group since the previous financial year.

15 Capital commitments

There were no capital commitments during the current financial period under review.

**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2012**

**1 Detailed analysis of performance**

The Group recorded RM21.0 million of revenue in the current quarter under review, an increase of approximately 36.6% from RM15.4 million in the corresponding quarter of the preceding financial year.

The detailed breakdown of revenue by business segments of the Group are as follows: -

|                              | INDIVIDUAL QUARTER         |               | CUMULATIVE PERIOD          |               |
|------------------------------|----------------------------|---------------|----------------------------|---------------|
|                              | THREE MONTHS ENDED 30 JUNE |               | THREE MONTHS ENDED 30 JUNE |               |
|                              | 2012                       | 2011          | 2012                       | 2011          |
|                              | RM'000                     | RM'000        | RM'000                     | RM'000        |
| Networks                     | 15,241                     | 5,971         | 15,241                     | 5,971         |
| Solutions                    | 6,297                      | 9,438         | 6,297                      | 9,438         |
|                              | 21,538                     | 15,409        | 21,538                     | 15,409        |
| Less : Inter Segment Revenue | (566)                      | (51)          | (566)                      | (51)          |
| <b>Total Group Revenue</b>   | <b>20,972</b>              | <b>15,358</b> | <b>20,972</b>              | <b>15,358</b> |

The increase in revenue was contributed mainly by Network segment. The increase in revenue in Network segment of RM9.3 million for the current quarter is mainly due to a sizeable contract secured from a technology driven solution provider during the financial quarter under review.

For the Solutions segment, the decrease in revenue of RM3.1 million for the current quarter is mainly due to lower billing resulting from delay in obtaining sign-off for certain project milestones in two of the subsidiaries.

The detailed breakdown of profit before tax by business segments of the Group are as follows: -

|                          | INDIVIDUAL QUARTER         |              | CUMULATIVE PERIOD          |              |
|--------------------------|----------------------------|--------------|----------------------------|--------------|
|                          | THREE MONTHS ENDED 30 JUNE |              | THREE MONTHS ENDED 30 JUNE |              |
|                          | 2012                       | 2011         | 2012                       | 2011         |
|                          | RM'000                     | RM'000       | RM'000                     | RM'000       |
| Networks                 | 2,784                      | 1,905        | 2,784                      | 1,905        |
| Solutions                | (1,406)                    | 755          | (1,406)                    | 755          |
| Others                   | (340)                      | (201)        | (340)                      | (201)        |
| <b>Profit before tax</b> | <b>1,038</b>               | <b>2,459</b> | <b>1,038</b>               | <b>2,459</b> |

If compared current quarter to the corresponding quarter of the previous financial year, the profit before tax has declined by RM1.4 million. This reduction is solely contributed by the Solutions segment which recorded a loss of RM1.3 million in the current quarter under review compared to a profit of RM0.8 million in the corresponding quarter of the preceding financial year, resulting from the following factors:-

- (i) the decrease in revenue by RM3.1 million as explained above; and
- (ii) a lower gross profit margin by RM2.8 million which was largely due to lower revenue and higher cost incurred during the current quarter.

**2 Variation of results against preceding quarter**

|                            | <b>3 months ended<br/>30.06.2012<br/>RM'000</b> | <b>3 months ended<br/>31.03.2012<br/>RM'000</b> |
|----------------------------|---|---|
| Profit / (Loss) before tax | 1,038   | (1,982)   |

Compared to the results against the preceding quarter, the group's performance has improved from a loss before tax of RM2.0 million to a profit before tax of RM1.0 million. The current quarter under review's operating expenses is lower by 41.2% if compared to preceding quarter as there was a goodwill impairment loss incurred for RM3 million in the preceding quarter.

**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2012**

**3 Current year prospects**

The Group's performance is expected to improve with healthier sales pipelines in both Network and Solutions segments.

**4 Profit forecast**

Not applicable.

**5 Tax expense**

|   | INDIVIDUAL QUARTER<br>THREE MONTHS ENDED 30 JUNE |                | CUMULATIVE PERIOD<br>THREE MONTHS ENDED 30 JUNE |                |
|---|--|----------------|---|----------------|
|   | 2012<br>RM'000                                   | 2011<br>RM'000 | 2012<br>RM'000                                  | 2011<br>RM'000 |
| Current tax expense                                 |  |                |   |                |
| - Malaysian taxation                                | 688  | 421            | 688   | 421            |
| - Foreign taxation                                  | 30   | 23             | 30  | 23             |
| (Over) / Under provision in prior year              |  |                |   |                |
| - Malaysian taxation                                | -  | -              | -   | -              |
| - Foreign taxation                                  | (64)   | 55             | (64)  | 55             |
|   | <u>654</u>                                       | <u>499</u>     | <u>654</u>                                      | <u>499</u>     |
| Deferred taxation                                   |  |                |   |                |
| - origination and reversal of temporary differences |  |                |   |                |
| - Malaysian taxation                                | -  | -              | -   | -              |
| - Foreign taxation                                  | -  | -              | -   | -              |
|   | <u>654</u>                                       | <u>499</u>     | <u>654</u>                                      | <u>499</u>     |
|   | -  | -              | -   | -              |

The Group's effective tax rate for the current financial quarter is higher than the statutory tax rate as profits of certain subsidiaries cannot be set-off against losses of other subsidiaries for tax purposes as these subsidiaries are not able to satisfy the conditions for group relief and certain expenses were disallowed for tax deductions.

**6 Status of corporate proposals**

On 26 March 2012, the Company announced its proposal to undertake a Renounceable Rights Issue of up to 338,969,273 new ordinary shares of RM0.10 each in DGSB ("Rights Shares") together with up to 338,969,273 Free Detachable Warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every four (4) existing ordinary shares of RM0.10 each held in DGSB ("DGSB Shares") together with one (1) free Warrant for every one (1) Rights Share subscribed at an entitlement date, to be determined later by the Board ("Proposed Rights Issue With Warrants").

On 6 July 2012, Bursa Securities had approved the following:

- (i) Listing of and quotation for up to 338,969,273 new DGSB Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- (ii) Admission to the Official List and the listing of and quotation for up to 338,969,273 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (iii) Listing of and quotation for up to 338,969,273 new DGSB Shares to be issued pursuant to the exercise of the Warrants.

On 19 July 2012, Bank Negara Malaysia had approved the issuance of the Warrants to non-residents shareholders of the Company.

As at the date of this report, the Proposed Rights Issue With Warrants has yet to be completed.

Saved as disclosed above, there were no other corporate proposals announced or outstanding as at the date of this report.

**7 Borrowings and debts securities**

The Group's bank borrowings as at 30 June 2012 are as follows:

|                                      | RM'000        |
|--------------------------------------|---------------|
| Short term bank borrowings - secured |               |
| - Denominated in RM                  | <u>18,227</u> |



**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2012**

**8 Realised and Unrealised Profits**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Securities on 25 March 2010 and 20 December 2010, is as follows:

|   | <b>30.06.2012</b> | <b>31.03.2012</b> |
|---|-------------------|-------------------|
|   | <b>RM'000</b>     | <b>RM'000</b>     |
| Total retained profits of the Group: -                                |                   |                   |
| - Realised  | 22,883            | 22,242            |
| - Unrealised  | 55                | 311               |
|   | <hr/>             | <hr/>             |
|   | 22,938            | 22,553            |
| Less: Consolidation adjustments                                       | (6,740)           | (6,740)           |
| Total Group retained profits as per consolidated financial statements | <hr/> <hr/>       | <hr/> <hr/>       |
|   | 16,198            | 15,813            |

The determination of realised and unrealised profits is based on the Guidedance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

**9 Changes in material litigation**

Please refer to the Summary of Material Litigation attached for further details.

**10 Dividends**

No dividends have been recommended during the financial quarter under review.

**11 Earnings per ordinary share**

(a) Earnings per ordinary share

Basic earnings per ordinary share for the financial period under review is calculated based on the Group's profit after tax and minority interests divided by the weighted average ("WA") number of ordinary shares in issue during the financial period.

|  | <b>INDIVIDUAL QUARTER</b>         |                                   | <b>CUMULATIVE PERIOD</b>          |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | <b>THREE MONTHS ENDED 30 JUNE</b> | <b>THREE MONTHS ENDED 30 JUNE</b> | <b>THREE MONTHS ENDED 30 JUNE</b> | <b>THREE MONTHS ENDED 30 JUNE</b> |
|  | <b>2012</b>                       | <b>2011</b>                       | <b>2012</b>                       | <b>2011</b>                       |
| Profit after tax and minority interests (RM'000) | 385                               | 1,956                             | 385                               | 1,956                             |
| WA number of ordinary shares in issue ('000)     | 1,355,877                         | 1,355,877                         | 1,355,877                         | 1,355,877                         |
| Basic earnings per ordinary share (sen)          | <hr/>                             | <hr/>                             | <hr/>                             | <hr/>                             |
|  | 0.03                              | 0.14                              | 0.03                              | 0.14                              |

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at 30 June 2012 and therefore, diluted earnings per share has not been presented.

**DIVERSIFIED GATEWAY SOLUTIONS BERHAD ("DGSB") (675362-P)**  
**Incorporated in Malaysia**

**Additional information required by Bursa Securities Listing Requirements**  
**For the First Quarter Ended 30 June 2012**

**12 Profit before tax**

|   | INDIVIDUAL QUARTER         |        | CUMULATIVE PERIOD          |        |
|---|----------------------------|--------|----------------------------|--------|
|   | THREE MONTHS ENDED 30 JUNE |        | THREE MONTHS ENDED 30 JUNE |        |
|   | 2012                       | 2011   | 2012                       | 2011   |
|   | RM'000                     | RM'000 | RM'000                     | RM'000 |
| Profit before tax is arrived at after charging: - |                            |        |                            |        |
| Changes in fair value of other investments        | -                          | 237    | -                          | 237    |
| Depreciation of property, plant and equipment     | -                          | 84     | -                          | 84     |
| Impairment losses on trade receivables            | 369                        | 427    | 369                        | 427    |
| Interest expenses                                 | 269                        | 158    | 269                        | 158    |
| Inventories written off                           | -                          | 205    | -                          | 205    |
| Loss on disposal of:                              |                            |        |                            |        |
| - property, plant and equipment                   | -                          | -      | -                          | -      |
| - other investments                               | -                          | 15     | -                          | 15     |
| Property, plant and equipment written off         | 47                         | 2      | 47                         | 2      |
| Realised loss on foreign currency transactions    | 55                         | 35     | 55                         | 35     |
| Unrealised loss on foreign currency translation   | 146                        | 8      | 146                        | 8      |
|   |                            |        |                            |        |
| And crediting: -                                  |                            |        |                            |        |
| Dividend income                                   | -                          | -      | -                          | -      |
| Fair value gain on other investments              | -                          | -      | -                          | -      |
| Gain on disposal of property, plant and equipment | 1                          | -      | 1                          | -      |
| Interest income                                   | 132                        | 113    | 132                        | 113    |
| Reversal of impairment losses on                  |                            |        |                            |        |
| - trade receivables                               | 223                        | 662    | 223                        | 662    |
| Realised gain on foreign currency transactions    | 210                        | 88     | 210                        | 88     |
| Unrealised gain on foreign currency translation   | 370                        | 390    | 370                        | 390    |

SUMMARY OF STATUS OF MATERIAL LITIGATION AS AT 28 AUGUST 2012

MATERIAL LITIGATION FOR THE GROUP

| No. | Parties to the Suit   | Case / Summons No. | Court   | Latest Status  |
|-----|---|--------------------|---|--|
| 1   | ISS Consulting (M) Sdn Bhd ("ISS (M)") v TSH Resources Berhad |                    | Regional Centre for Arbitration at Kuala Lumpur | Pursuant to the arbitrator's directions, ISS (M) filed its Statement of Claim on 6 April 2012. TSH served its Defence and Counterclaim on 6 June 2012. Subsequent thereto, ISS (M) served its Reply to Defence and Defence to Counterclaim on 16 August 2012. The arbitrator has vide his letter dated 21 June 2012 proposed that in lieu of a preliminary meeting, parties instead agree to a timetable as proposed by the arbitrator for discovery, exchange and preparation of bundle of documents, submission of witnesses' statements and submission of issues to be tried. Both ISS(M) and TSH will revert to the arbitrator on the proposed timetable after discussion. |