

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014  
 (The figures have not been audited)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2014 RM'000 Unaudited	2013 RM'000 Unaudited	2014 RM'000 Unaudited	2013 RM'000 Unaudited
Revenue	17,443	13,876	17,443	13,876
Cost of sales	(9,611)	(9,097)	(9,611)	(9,097)
Gross profits	7,832	4,779	7,832	4,779
Other operating income	305	435	305	435
Other operating expenses	(8,687)	(5,211)	(8,687)	(5,211)
Finance costs	(264)	(297)	(264)	(297)
<b>Loss before tax</b>	<b>(814)</b>	<b>(294)</b>	<b>(814)</b>	<b>(294)</b>
Tax expense	(137)	(485)	(137)	(485)
<b>Loss for the financial period</b>	<b>(951)</b>	<b>(779)</b>	<b>(951)</b>	<b>(779)</b>
<b>Other comprehensive income / (loss), net of tax</b> <b>- Item that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	445	(159)	445	(159)
<b>Other comprehensive income / (loss) for the financial period, net of tax</b>	<b>445</b>	<b>(159)</b>	<b>445</b>	<b>(159)</b>
<b>Total comprehensive loss for the financial period</b>	<b>(506)</b>	<b>(938)</b>	<b>(506)</b>	<b>(938)</b>
<b>Loss attributable to:-</b>				
Owners of the Company	(951)	(779)	(951)	(779)
Non-controlling interest	-	-	-	-
<b>Loss for the financial period</b>	<b>(951)</b>	<b>(779)</b>	<b>(951)</b>	<b>(779)</b>
<b>Total comprehensive loss attributable to:-</b>				
Owners of the Company	(506)	(938)	(506)	(938)
Non-controlling interest	-	-	-	-
<b>Total comprehensive loss for the financial period</b>	<b>(506)</b>	<b>(938)</b>	<b>(506)</b>	<b>(938)</b>
Loss per ordinary share (sen)				
-Basic	(0.07)	(0.06)	(0.07)	(0.06)

*(The Condensed Consolidated Statement of Profit or Loss and Other 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 2014.)*

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2014**

	<b>As at 30.06.2014 RM'000 Unaudited</b>	<b>As at 31.03.2014 RM'000 Audited</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	1,726	1,809
Goodwill	8,025	8,025
Deferred tax assets	238	242
	<u>9,989</u>	<u>10,076</u>
<b>Current Assets</b>		
Inventories	13,854	10,592
Trade receivables	12,267	15,367
Other receivables, deposits and prepayments	13,128	14,010
Amounts owing by related companies	8,108	6,596
Current tax assets	1,822	1,525
Cash and cash equivalents	15,297	17,543
	<u>64,476</u>	<u>65,633</u>
<b>TOTAL ASSETS</b>	<u><u>74,465</u></u>	<u><u>75,709</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	177	(268)
Retained earnings	17,364	18,315
	<u>37,362</u>	<u>37,868</u>
<b>Non-controlling interest</b>	21	21
<b>TOTAL EQUITY</b>	<u>37,383</u>	<u>37,889</u>
<b>Non-Current Liabilities</b>		
Borrowings	470	493
Provision for post-employment benefits	1,188	1,210
Deferred tax liabilities	12	12
	<u>1,670</u>	<u>1,715</u>
<b>Current Liabilities</b>		
Trade payables	7,085	7,460
Other payables, deposits and accruals	10,733	12,152
Amounts owing to ultimate holding company	3,681	3,230
Amounts owing to related companies	2,351	2,324
Borrowings	11,562	10,918
Current tax payables	-	21
	<u>35,412</u>	<u>36,105</u>
<b>TOTAL LIABILITIES</b>	<u>37,082</u>	<u>37,820</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>74,465</u></u>	<u><u>75,709</u></u>
<b>Net assets per share (sen)</b>	<u>2.76</u>	<u>2.79</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 2014.)*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**  
(The figures have not been audited)

	<----- Attributable to owners of the Parent ----->						Total equity RM'000
	<----- Non-distributable ----->			Distributable		Non- controlling interest RM'000	
	Ordinary shares RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>Unaudited</b> <b>Three Months Financial Period Ended 30 June 2014</b>							
Balance as at 1 April 2014	135,588	(115,767)	(268)	18,315	37,868	21	37,889
Loss after tax for the financial period	-	-	-	(951)	(951)	-	(951)
Other comprehensive loss for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	445	-	445	-	445
Total comprehensive income / (loss) for the financial period	-	-	445	(951)	(506)	-	(506)
Balance as at 30 June 2014	135,588	(115,767)	177	17,364	37,362	21	37,383

	<----- Attributable to owners of the Parent ----->						Total equity RM'000
	<----- Non-distributable ----->			Distributable		Non- controlling interest RM'000	
	Ordinary shares RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>Unaudited</b> <b>Three Months Financial Period Ended 30 June 2013</b>							
Balance as at 1 April 2013	135,588	(115,767)	245	16,712	36,778	19	36,797
Loss after tax for the financial period	-	-	-	(779)	(779)	-	(779)
Other comprehensive loss for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	(159)	-	(159)	-	(159)
Total comprehensive loss for the financial period	-	-	(159)	(779)	(938)	-	(938)
Balance as at 30 June 2013	135,588	(115,767)	86	15,933	35,840	19	35,859

(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 2014.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**  
**(The figures have not been audited)**

	<b>THREE MONTHS ENDED 30 JUNE</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(814)	(294)
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	141	129
Impairment losses on trade receivables	-	49
Interest income	(29)	(68)
Interest expense	229	257
Inventories written off	261	-
Property, plant and equipment written off	-	68
Reversal of impairment losses on trade receivables	(157)	(19)
Net unrealised loss on foreign exchange	541	(108)
	<hr/>	<hr/>
Operating profit before working capital changes	172	14
Net changes in assets	(1,194)	3,782
Net changes in liabilities	(1,732)	(546)
	<hr/>	<hr/>
Net cash (used in) / generated from operations	(2,754)	3,250
Tax paid	(475)	(666)
	<hr/>	<hr/>
Net cash (used in) / from operating activities	<u>(3,229)</u>	<u>2,584</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(25)	(131)
Placement of fixed deposits pledged	(15)	(27)
Interest received	29	68
	<hr/>	<hr/>
Net cash used in investing activities	<u>(11)</u>	<u>(90)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of borrowings	(1,000)	(2,611)
Interest paid	(229)	(257)
	<hr/>	<hr/>
Net cash used in financing activities	<u>(1,229)</u>	<u>(2,868)</u>
Net decrease in cash and cash equivalents	(4,469)	(374)
Cash and cash equivalents at 1 April 2014/2013**	(2,113)	(1,887)
Effect of foreign exchange on opening balance	608	160
	<hr/>	<hr/>
Cash and cash equivalents at 30 June 2014/2013**	<u>(5,974)</u>	<u>(2,101)</u>

\*\* 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 2014.)

**Notes to the Interim Financial Report**  
**For the First Quarter Ended 30 June 2014**

**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 2014. 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 2014.

**2 Significant Accounting Policies**

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 March 2014, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS during the current financial period: -

<u>MFRSs / IC Interpretations</u>		<u>Effective for financial periods beginning on or after</u>
Amendments to MFRS 10	Consolidated Financial Statements	1 January 2014
Amendments to MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
Amendments to MFRS 127 (2011)	Consolidated and Separate Financial Statements	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

The adoption of the above standards that are applicable from the financial period beginning on 1 April 2014 is not expected to result in any material impact on the financial position and results of the Group and Company.

**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 2014 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 2014**

**9 Segmental reporting**

The Group's reportable segments were identified as follows: -

- Business Performance Services - Provision of business performance improvement related services
- Trading & Distribution Services - Distribution and reselling of hardware and software and related services
- Digital & Infrastructure Services - Provision of a comprehensive range of tele/data communication, networking solutions and related services

Other non-reportable comprise operations related to investment holding.

<b>Business Segments</b>	<b>Business Performance Services RM'000</b>	<b>Trading &amp; Distribution Services RM'000</b>	<b>Digital &amp; Infrastructure Services RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b><u>Three Months Financial</u></b>						
<b><u>Period Ended 30 June 2014</u></b>						
External sales	8,327	92	9,024	-	-	17,443
Inter segment sales	-	-	4	-	(4)	-
<b>Total Sales</b>	<b>8,327</b>	<b>92</b>	<b>9,028</b>	<b>-</b>	<b>(4)</b>	<b>17,443</b>
Segment results	(634)	(31)	593	(542)	-	(614)
Interest expense						(229)
Interest Income						29
Loss before tax						(814)
Segment assets	15,010	1,951	48,648	8,856	-	74,465

<b><u>Three Months Financial</u></b>						
<b><u>Period Ended 30 June 2013</u></b>						
External sales	5,471	139	8,266	-	-	13,876
Inter segment sales	-	-	20	-	(20)	-
<b>Total Sales</b>	<b>5,471</b>	<b>139</b>	<b>8,286</b>	<b>-</b>	<b>(20)</b>	<b>13,876</b>
Segment results	(1,403)	(25)	1,538	(215)	-	(105)
Interest expense						(257)
Interest Income						68
Loss before tax						(294)
Segment assets	16,710	280	41,397	8,676	-	67,063

**10 Related Party Disclosures**

Significant related party transactions are as follows:-

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>THREE MONTHS ENDED 30 JUNE</b>		<b>THREE MONTHS ENDED 30 JUNE</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Sale of goods and services to related companies	3,905	4,489	3,905	4,489
Purchase of goods and services from related companies	30	-	30	-
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 up to the date of this announcement.

**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 during the current financial period under review.

**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 2014**

**1 Detailed analysis of performance**

The Group recorded RM17.4 million of revenue in the current quarter under review, an increase by RM3.57 million from RM13.9 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		
	2014	2013	Variance	2014	2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	8,327	5,471	52.2	8,327	5,471	52.2
Trading & Distribution Services	92	139	(33.8)	92	139	(33.8)
Digital & Infrastructure Services	9,028	8,286	9.0	9,028	8,286	9.0
Others	-	-	-	-	-	-
	<u>17,447</u>	<u>13,896</u>	25.6	<u>17,447</u>	<u>13,896</u>	25.6
Less : Inter Segment Revenue	(4)	(20)		(4)	(20)	
Total Group Revenue	<u>17,443</u>	<u>13,876</u>	25.7	<u>17,443</u>	<u>13,876</u>	25.7

The increase in revenue in Business Performance Services segment of RM2.86 million for the current quarter mainly due to higher billings contributed from a subsidiary in Thailand.

The Trading & Distribution Services segment recorded a decrease in revenue of RM0.05 million in the current quarter compared to the corresponding quarter of the preceding financial year. This was due to lesser orders secured in the current quarter.

For the Digital & Infrastructure Services segment, the revenue for the current quarter increased by RM0.74 million. The increase in revenue was mainly due to a sizeable purchase order secured from a new customer in the current quarter.

The detailed breakdown of loss 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		
	2014	2013	Variance	2014	2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	(694)	(1,465)	52.6	(694)	(1,465)	52.6
Trading & Distribution Services	(31)	(25)	-	(31)	(25)	-
Digital & Infrastructure Services	558	1,563	(64.3)	558	1,563	(64.3)
Others	(647)	(367)	(76.3)	(647)	(367)	(76.3)
Loss before tax	<u>(814)</u>	<u>(294)</u>	(176.9)	<u>(814)</u>	<u>(294)</u>	(176.9)

Comparing the current quarter against the corresponding quarter of the preceding financial year, the Group's loss before tax increased by RM0.52 million. Despite the increase in revenue, the Digital and Infrastructure Services segment recorded a decrease of RM1.00 million in the profit before tax for the current quarter which was mainly due to the lower gross profit margin recorded as well as inventories written off of RM0.26 million. However, the Business Performance Services segment's loss before tax reduced by RM0.77 million during the current quarter mainly attributable to the increase in revenue and improved gross profit margin.

**2 Variation of results against preceding quarter**

	3 months ended 30.06.2014 RM'000	3 months ended 31.03.2014 RM'000
Revenue	17,443	23,527
(Loss) / Profit before tax	(814)	651

The Group recorded a loss before tax of RM0.81 million for the current quarter under review against a profit before tax of RM0.65 million in the immediate preceding quarter. The decrease in profit was due to lower revenue as well as lower gross profit margin recorded in the current quarter compared to the immediate preceding quarter.

**3 Prospects**

The Board is cautiously optimistic that the Group's performance will improve through the remaining quarters of the current financial year.



**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2014**

**4 Profit forecast**

Not applicable.

**5 Tax expense**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax expense				
- Malaysian taxation	137	423	137	423
- Foreign taxation	-	62	-	62
	<u>137</u>	<u>485</u>	<u>137</u>	<u>485</u>

The Group's effective tax rate for the current financial period 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**

There were no 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 2014 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	10,031
- Denominated in Thai Baht	1,531
Long term bank borrowings - secured	
- Denominated in RM	345
- Denominated in Thai Baht	<u>125</u>
	<u><u>12,032</u></u>

**Additional information required by Bursa Securities Listing Requirements  
 For the First Quarter Ended 30 June 2014**

**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>30.06.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Group: -		
- Realised	26,833	27,762
- Unrealised	174	196
	<u>27,007</u>	<u>27,958</u>
Less: Consolidation adjustments	(9,643)	(9,643)
Total Group retained profits as per consolidated financial statements	<u><u>17,364</u></u>	<u><u>18,315</u></u>

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**

There is no pending material litigation as at the date of this announcement.

**10 Dividends**

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

**11 Loss per ordinary share**

(a) Basic loss per ordinary share

Basic loss per ordinary share for the financial period under review is calculated based on the Group's loss after tax and non-controlling 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>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Loss after tax and non-controlling interests (RM'000)	(951)	(779)	(951)	(779)
WA number of ordinary shares in issue ('000)	1,355,877	1,355,877	1,355,877	1,355,877
Basic loss per ordinary share (sen)	<u>(0.07)</u>	<u>(0.06)</u>	<u>(0.07)</u>	<u>(0.06)</u>

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at 30 June 2014 and therefore, diluted earnings per share has not been presented.

**12 Loss before tax**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>THREE MONTHS ENDED 30 JUNE</b>		<b>THREE MONTHS ENDED 30 JUNE</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss before tax is arrived at after charging: -				
Depreciation of property, plant and equipment	141	129	141	129
Impairment losses on trade receivables	-	49	-	49
Interest expenses	229	257	229	257
Inventories written off	261	-	261	-
Property, plant and equipment written off	-	68	-	68
Realised loss on foreign currency transactions	21	1	21	1
Unrealised loss on foreign currency translation	639	43	639	43
	<u>98</u>	<u>151</u>	<u>98</u>	<u>151</u>
And crediting: -				
Interest income	29	68	29	68
Reversal of impairment losses on	-	-	-	-
- trade receivables	157	19	157	19
Realised gain on foreign currency transactions	-	74	-	74
Unrealised gain on foreign currency translation	98	151	98	151