

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2014 RM'000 Unaudited	2013 RM'000 Unaudited	2014 RM'000 Unaudited	2013 RM'000 Unaudited
Revenue	28,469	21,022	45,912	34,898
Cost of sales	(16,010)	(9,895)	(25,621)	(18,992)
Gross profits	12,459	11,127	20,291	15,906
Other operating income	184	966	489	1,401
Other operating expenses	(7,688)	(8,610)	(16,375)	(13,821)
Finance costs	(302)	(273)	(566)	(570)
Profit before tax	4,653	3,210	3,839	2,916
Tax expense	(971)	(519)	(1,108)	(1,004)
Profit for the financial period	3,682	2,691	2,731	1,912
Other comprehensive income / (loss), net of tax - Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	81	(43)	526	(202)
Other comprehensive income / (loss) for the financial period, net of tax	81	(43)	526	(202)
Total comprehensive income for the financial period	3,763	2,648	3,257	1,710
Profit attributable to:-				
Owners of the Company	3,682	2,691	2,731	1,912
Non-controlling interest	-	-	-	-
Profit for the financial period	3,682	2,691	2,731	1,912
Total comprehensive income attributable to:-				
Owners of the Company	3,763	2,648	3,257	1,710
Non-controlling interest	-	-	-	-
Total comprehensive income for the financial period	3,763	2,648	3,257	1,710
Earnings per ordinary share (sen)				
-Basic	0.27	0.20	0.20	0.14

(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 SEPTEMBER 2014**

	As at 30.09.2014 RM'000 Unaudited	As at 31.03.2014 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,616	1,809
Goodwill	8,025	8,025
Deferred tax assets	243	242
	<u>9,884</u>	<u>10,076</u>
Current Assets		
Inventories	14,604	10,592
Trade receivables	17,439	15,367
Other receivables, deposits and prepayments	7,962	14,010
Amounts owing by related companies	16,134	6,596
Current tax assets	1,579	1,525
Cash and cash equivalents	17,233	17,543
	<u>74,951</u>	<u>65,633</u>
TOTAL ASSETS	<u><u>84,835</u></u>	<u><u>75,709</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	135,588	135,588
Reverse acquisition reserve	(115,767)	(115,767)
Exchange translation reserve	258	(268)
Retained earnings	21,046	18,315
	<u>41,125</u>	<u>37,868</u>
Non-controlling interest	21	21
TOTAL EQUITY	<u>41,146</u>	<u>37,889</u>
Non-Current Liabilities		
Borrowings	424	493
Provision for post-employment benefits	1,214	1,210
Deferred tax liabilities	12	12
	<u>1,650</u>	<u>1,715</u>
Current Liabilities		
Trade payables	11,703	7,460
Other payables, deposits and accruals	6,936	12,152
Amounts owing to ultimate holding company	3,992	3,230
Amounts owing to related companies	2,408	2,324
Borrowings	17,000	10,918
Current tax payables	-	21
	<u>42,039</u>	<u>36,105</u>
TOTAL LIABILITIES	<u>43,689</u>	<u>37,820</u>
TOTAL EQUITY AND LIABILITIES	<u><u>84,835</u></u>	<u><u>75,709</u></u>
Net assets per share (sen)	<u>3.03</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 SEPTEMBER 2014**
 (The figures have not been audited)

	<----- Attributable to owners of the Parent ----->						Non- controlling interest RM'000	Total equity RM'000
	<----- Non-distributable ----->			Distributable		Total RM'000		
	Ordinary shares RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000				
Unaudited Six Months Financial Period Ended 30 September 2014								
Balance as at 1 April 2014	135,588	(115,767)	(268)	18,315	37,868	21	37,889	
Profit after tax for the financial period	-	-	-	2,731	2,731	-	2,731	
Other comprehensive income for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	526	-	526	-	526	
Total comprehensive income for the financial period	-	-	526	2,731	3,257	-	3,257	
Balance as at 30 September 2014	135,588	(115,767)	258	21,046	41,125	21	41,146	

	<----- Attributable to owners of the Parent ----->						Non- controlling interest RM'000	Total equity RM'000
	<----- Non-distributable ----->			Distributable		Total RM'000		
	Ordinary shares RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000				
Unaudited Six Months Financial Period Ended 30 September 2013								
Balance as at 1 April 2013	135,588	(115,767)	245	16,712	36,778	19	36,797	
Profit after tax for the financial period	-	-	-	1,912	1,912	-	1,912	
Other comprehensive loss for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	(202)	-	(202)	-	(202)	
Total comprehensive (loss) / income for the financial period	-	-	(202)	1,912	1,710	-	1,710	
Balance as at 30 September 2013	135,588	(115,767)	43	18,624	38,488	19	38,507	

(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 SEPTEMBER 2014
(The figures have not been audited)

	SIX MONTHS ENDED 30 SEPTEMBER	
	2014	2013
	RM'000	RM'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,839	2,916
Adjustment for non-cash items:		
Bad debts written off	2	-
Depreciation of property, plant and equipment	277	247
Impairment losses on trade receivables	273	40
Interest income	(56)	(111)
Interest expense	484	462
Inventories written down	-	573
Inventories written off	616	-
Property, plant and equipment written off	27	406
Reversal of impairment losses on trade receivables	(159)	(310)
Net unrealised loss on foreign exchange	568	15
	<u>5,871</u>	<u>4,238</u>
Operating profit before working capital changes	5,871	4,238
Net changes in assets	(10,326)	(382)
Net changes in liabilities	(841)	(1,249)
	<u>(5,296)</u>	<u>2,607</u>
Net cash (used in) / generated from operations	(5,296)	2,607
Tax paid	(1,181)	(1,346)
	<u>(6,477)</u>	<u>1,261</u>
Net cash (used in) / from operating activities	(6,477)	1,261
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(70)	(416)
Placement of fixed deposits pledged	(1,882)	(52)
Interest received	56	111
	<u>(1,896)</u>	<u>(357)</u>
Net cash used in investing activities	(1,896)	(357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown / (repayment) of borrowings	3,122	(2,040)
Interest paid	(484)	(462)
	<u>2,638</u>	<u>(2,502)</u>
Net cash from / (used in) financing activities	2,638	(2,502)
Net decrease in cash and cash equivalents	(5,735)	(1,598)
Cash and cash equivalents at 1 April 2014/2013**	(2,113)	(1,887)
Effect of foreign exchange on opening balance	695	345
	<u>(7,153)</u>	<u>(3,140)</u>
Cash and cash equivalents at 30 September 2014/2013**	(7,153)	(3,140)

** 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 Second Quarter Ended 30 September 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 Second Quarter Ended 30 September 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.

Business Segments	Business Performance Services RM'000	Trading & Distribution Services RM'000	Digital & Infrastructure Services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>Six Months Financial Period Ended 30 September 2014</u>						
External sales	16,731	313	28,868	-	-	45,912
Inter segment sales	-	-	462	-	(462)	-
Total Sales	16,731	313	29,330	-	(462)	45,912
Segment results	1,172	(80)	3,934	(759)	-	4,267
Interest expense						(484)
Interest Income						56
Profit before tax						3,839
Segment assets	15,845	931	58,799	9,260	-	84,835

<u>Six Months Financial Period Ended 30 September 2013</u>						
External sales	13,908	2,166	18,834	(10)	-	34,898
Inter segment sales	-	-	20	-	(20)	-
Total Sales	13,908	2,166	18,854	(10)	(20)	34,898
Segment results	(561)	145	3,670	13	-	3,267
Interest expense						(462)
Interest Income						111
Profit before tax						2,916
Segment assets	15,973	441	43,356	9,318	-	69,088

10 Related Party Disclosures

Significant related party transactions are as follows:-

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Sale of goods and services to related companies	10,599	6,034	14,504	10,523
Purchase of goods and services from related companies	37	92	67	92
Management fees to ultimate holding company	120	120	240	240

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 Second Quarter Ended 30 September 2014

1 Detailed analysis of performance

The Group recorded RM28.5 million of revenue in the current quarter under review, an increase by RM7.45 million from RM21.0 million in the corresponding quarter of the preceding financial year.

For the financial period under review, the Group's revenue increased by RM11.0 million compared to the corresponding financial period 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 SEPTEMBER			SIX MONTHS ENDED 30 SEPTEMBER		
	2014	2013	Variance	2014	2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	8,404	8,437	(0.4)	16,731	13,908	20.3
Trading & Distribution Services	221	2,027	(89.1)	313	2,166	(85.5)
Digital & Infrastructure Services	20,302	10,568	92.1	29,330	18,854	55.6
Others	-	(10)	-	-	(10)	-
	<u>28,927</u>	<u>21,022</u>	<u>37.6</u>	<u>46,374</u>	<u>34,918</u>	<u>32.8</u>
Less : Inter Segment Revenue	(458)	-		(462)	(20)	
Total Group Revenue	<u>28,469</u>	<u>21,022</u>	<u>35.4</u>	<u>45,912</u>	<u>34,898</u>	<u>31.6</u>

The revenue in Business Performance Services segment for the current quarter remained constant as compared to the corresponding quarter of the preceding financial year. The increase in revenue during the current financial period compared against the corresponding period of the financial year was mainly due to higher billings contributed from a subsidiary in Thailand.

The Trading & Distribution Services segment recorded a decrease in revenue by RM1.81 million and RM1.85 million during the current quarter and financial period respectively due to lower orders secured.

The Digital & Infrastructure Services segment has a significant improvement in the revenue recorded during the current quarter and financial period respectively. The increase in revenue was mainly due to the fulfilment of a sizeable order secured from a new customer during the current quarter.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 SEPTEMBER			SIX MONTHS ENDED 30 SEPTEMBER		
	2014	2013	Variance	2014	2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	1,742	784	122.2	1,048	(681)	253.9
Trading & Distribution Services	(50)	170	-	(81)	145	-
Digital & Infrastructure Services	3,300	2,144	53.9	3,858	3,707	4.1
Others	(339)	112	(402.7)	(986)	(255)	(286.7)
Profit before tax	<u>4,653</u>	<u>3,210</u>	<u>45.0</u>	<u>3,839</u>	<u>2,916</u>	<u>31.7</u>

Comparing the current quarter against the corresponding quarter of the preceding financial year, the Group's profit before tax has increased by RM1.44 million. The Digital and Infrastructure Services segment achieved a significant increase in the profit before tax for the current quarter mainly due to higher revenue recorded. The Business Performance Services segment's profit before tax increased during the current quarter mainly attributable to the improved gross profit margin. The Trading & Distribution Services segment recorded a loss before tax against a profit before tax which was due to lower revenue recorded during the current quarter and period compared to the preceding financial year.

2 Variation of results against preceding quarter

	3 months ended 30.09.2014	3 months ended 30.06.2014
	RM'000	RM'000
Revenue	<u>28,469</u>	<u>17,443</u>
Profit / (Loss) before tax	<u>4,653</u>	<u>(814)</u>

The Group recorded a profit before tax of RM4.65 million for the current quarter under review against a loss before tax of RM0.81 million in the immediate preceding quarter. The increase in profit was mainly attributable to higher revenue recorded in the Digital and Infrastructure Services segment and margin improvement from the Business Performance Services segment.

3 Prospects

The Board is cautiously optimistic that the Group's performance will remain positive through the second half of the current financial year.

**Additional information required by Bursa Securities Listing Requirements
 For the Second Quarter Ended 30 September 2014**

4 Profit forecast

Not applicable.

5 Tax expense

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Malaysian taxation	816	519	953	942
- Foreign taxation	155	-	155	62
	<u>971</u>	<u>519</u>	<u>1,108</u>	<u>1,004</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 September 2014 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	14,339
- Denominated in Thai Baht	2,661
Long term bank borrowings - secured	
- Denominated in RM	320
- Denominated in Thai Baht	104
	<u>17,424</u>

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:

	30.09.2014 RM'000	30.06.2014 RM'000
Total retained profits of the Group: -		
- Realised	30,595	26,833
- Unrealised	94	174
	<u>30,689</u>	<u>27,007</u>
Less: Consolidation adjustments	(9,643)	(9,643)
Total Group retained profits as per consolidated financial statements	<u>21,046</u>	<u>17,364</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.

**Additional information required by Bursa Securities Listing Requirements
For the Second Quarter Ended 30 September 2014**

11 Earnings per ordinary share

(a) Basic earnings per ordinary share

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2014	2013	2014	2013
	Profit after tax and non-controlling interests (RM'000)	3,682	2,691	2,731
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)	0.27	0.20	0.20	0.14

(b) Fully diluted earnings per ordinary share

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

12 Profit before tax

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
	Profit before tax is arrived at after charging: -			
Bad debts written off	2	-	2	-
Depreciation of property, plant and equipment	136	118	277	247
Impairment losses on trade receivables	273	(9)	273	40
Interest expenses	255	205	484	462
Inventories written down	-	573	-	573
Inventories written off	355	-	616	-
Property, plant and equipment written off	27	338	27	406
Realised loss on foreign currency transactions	-	82	1	48
Unrealised loss on foreign currency translation	-	123	210	396
And crediting: -				
Interest income	27	43	56	111
Reversal of impairment losses on - trade receivables	-	-	-	-
Realised gain on foreign currency transactions	2	291	159	310
Unrealised gain on foreign currency translation	59	-	39	39
	1,109	-	778	381