

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**  
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2015 RM'000 Unaudited	2014 RM'000 Unaudited	2015 RM'000 Unaudited	2014 RM'000 Unaudited
Revenue	12,394	17,443	12,394	17,443
Cost of sales	(4,831)	(9,611)	(4,831)	(9,611)
Gross profits	7,563	7,832	7,563	7,832
Other operating income	1,021	305	1,021	305
Other operating expenses	(8,446)	(8,687)	(8,446)	(8,687)
Finance costs	(248)	(264)	(248)	(264)
<b>Loss before tax</b>	(110)	(814)	(110)	(814)
Tax expense	(596)	(137)	(596)	(137)
<b>Loss for the financial period</b>	(706)	(951)	(706)	(951)
<b>Other comprehensive (loss) / income, net of tax</b> <b>- Item that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	(892)	445	(892)	445
<b>Other comprehensive (loss) / income for the financial period, net of tax</b>	(892)	445	(892)	445
<b>Total comprehensive loss for the financial period</b>	(1,598)	(506)	(1,598)	(506)
<b>Loss attributable to:-</b>				
Owners of the Company	(706)	(951)	(706)	(951)
Non-controlling interest	-	-	-	-
<b>Loss for the financial period</b>	(706)	(951)	(706)	(951)
<b>Total comprehensive loss attributable to:-</b>				
Owners of the Company	(1,598)	(506)	(1,598)	(506)
Non-controlling interest	-	-	-	-
<b>Total comprehensive loss for the financial period</b>	(1,598)	(506)	(1,598)	(506)
Loss per ordinary share (sen)				
-Basic	(0.05)	(0.07)	(0.05)	(0.07)

*(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 2015.)*

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	<b>As at 30.06.2015 RM'000 Unaudited</b>	<b>As at 31.03.2015 RM'000 Audited</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	1,533	1,624
Goodwill	7,375	7,375
Deferred tax assets	491	498
	<u>9,399</u>	<u>9,497</u>
<b>Current Assets</b>		
Inventories	12,139	9,643
Trade receivables	8,883	17,755
Other receivables, deposits and prepayments	8,273	9,677
Amounts owing by related companies	10,806	13,114
Current tax assets	1,899	2,073
Cash and cash equivalents	24,656	22,114
	<u>66,656</u>	<u>74,376</u>
<b>TOTAL ASSETS</b>	<u><u>76,055</u></u>	<u><u>83,873</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	(1,118)	(226)
Retained earnings	22,751	23,457
	<u>41,454</u>	<u>43,052</u>
<b>Non-controlling interest</b>	78	78
<b>TOTAL EQUITY</b>	<u>41,532</u>	<u>43,130</u>
<b>Non-Current Liabilities</b>		
Borrowings	300	327
Provision for post-employment benefits	1,730	1,763
	<u>2,030</u>	<u>2,090</u>
<b>Current Liabilities</b>		
Trade payables	5,748	8,078
Other payables, deposits and accruals	8,990	11,806
Amounts owing to ultimate holding company	5,369	4,158
Amount due to holding company	1	532
Amounts owing to related companies	2,107	2,101
Borrowings	10,240	11,960
Current tax payables	38	18
	<u>32,493</u>	<u>38,653</u>
<b>TOTAL LIABILITIES</b>	<u>34,523</u>	<u>40,743</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>76,055</u></u>	<u><u>83,873</u></u>
<b>Net assets per share (sen)</b>	<u>3.06</u>	<u>3.18</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 2015.)*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**  
 (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				
<b>Unaudited</b> <b>Three Months Financial Period Ended 30 June 2015</b>								
Balance as at 1 April 2015	135,588	(115,767)	(226)	23,457	43,052	78	43,130	
Loss after tax for the financial period	-	-	-	(706)	(706)	-	(706)	
Other comprehensive loss for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	(892)	-	(892)	-	(892)	
Total comprehensive loss for the financial period	-	-	(892)	(706)	(1,598)	-	(1,598)	
Balance as at 30 June 2015	135,588	(115,767)	(1,118)	22,751	41,454	78	41,532	

	<----- 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				
<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 income 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	

*(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 2015.)*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**  
**(The figures have not been audited)**

	<b>THREE MONTHS ENDED 30 JUNE</b>	
	<b>2015</b>	<b>2014</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	(110)	(814)
Adjustment for non-cash items:		
Bad debts recovered	(3)	-
Depreciation of property, plant and equipment	132	141
Impairment losses on trade receivables	495	-
Interest income	(42)	(29)
Interest expense	231	229
Inventories written off	305	261
Reversal of impairment losses on trade receivables	(103)	(157)
Net unrealised (gain) / loss on foreign exchange	(788)	541
	<u>117</u>	<u>172</u>
Operating profit before working capital changes	117	172
Net changes in assets	9,224	(1,194)
Net changes in liabilities	(4,358)	(1,732)
	<u>4,983</u>	<u>(2,754)</u>
Net cash generated from / (used in) operations	4,983	(2,754)
Tax paid	(598)	(475)
Tax refunded	161	-
	<u>4,546</u>	<u>(3,229)</u>
Net cash from / (used in) operating activities	4,546	(3,229)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(50)	(25)
Proceeds from disposal of property, plant and equipment	-	-
Placement of fixed deposits pledged	(176)	(15)
Interest received	42	29
	<u>(184)</u>	<u>(11)</u>
Net cash used in investing activities	(184)	(11)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of borrowings	921	(1,000)
Interest paid	(231)	(229)
	<u>690</u>	<u>(1,229)</u>
Net cash from / (used in) financing activities	690	(1,229)
Net increase / (decrease) in cash and cash equivalents	5,052	(4,469)
Cash and cash equivalents at 1 April 2015/2014**	(3,581)	(2,113)
Effect of foreign exchange on opening balance	(20)	608
	<u>1,451</u>	<u>(5,974)</u>
Cash and cash equivalents at 30 June 2015/2014**	1,451	(5,974)

\*\* 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 2015.)

**Notes to the Interim Financial Report  
For the First Quarter Ended 30 June 2015**

**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 2015. 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 2015.

**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 2015, 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 3	Business Combinations (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)	1 July 2014
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010 – 2012 Cycle)	1 July 2014
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2011 – 2013 Cycle)	1 July 2014
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)	1 July 2014
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)	1 July 2014

The adoption of the above standards that are applicable from the financial period beginning on 1 April 2015 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 2015 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 2015

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
<b>Three Months Financial Period Ended 30 June 2015</b>						
External sales	6,682	82	5,630	-	-	12,394
Inter segment sales	-	-	-	-	-	-
Total Sales	6,682	82	5,630	-	-	12,394
Segment results	(1,187)	(52)	1,175	143	-	79
Interest expense						(231)
Interest Income						42
Loss before tax						(110)
Segment assets	18,573	1,149	48,167	8,166	-	76,055

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
<b>Three Months Financial Period Ended 30 June 2014</b>						
External sales	8,327	92	9,024	-	-	17,443
Inter segment sales	-	-	4	-	(4)	-
Total Sales	8,327	92	9,028	-	(4)	17,443
Segment results	(634)	(31)	593	(542)	-	(614)
Interest expense						(229)
Interest Income						29
Profit before tax						(814)
Segment assets	15,010	1,951	48,648	8,856	-	74,465

10 Related Party Disclosures

Significant related party transactions are as follows:-

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods and services to related companies	2,766	3,905	2,766	3,905
Purchase of goods and services from related companies	26	30	26	30
Management fees to ultimate holding company	120	120	120	120

**Notes to the Interim Financial Report  
For the First Quarter Ended 30 June 2015**

**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 2015**

**1 Detailed analysis of performance**

The Group recorded RM12.39 million of revenue in the current quarter under review, a decrease by RM5.05 million from RM17.44 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		
	2015	2014	Variance	2015	2014	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	6,682	8,327	(19.8)	6,682	8,327	(19.8)
Trading & Distribution Services	82	92	(10.9)	82	92	(10.9)
Digital & Infrastructure Services	5,630	9,028	(37.6)	5,630	9,028	(37.6)
Others	-	-	-	-	-	-
	<u>12,394</u>	<u>17,447</u>	(29.0)	<u>12,394</u>	<u>17,447</u>	(29.0)
Less : Inter Segment Revenue	-	(4)		-	(4)	
Total Group Revenue	<u>12,394</u>	<u>17,443</u>	(28.9)	<u>12,394</u>	<u>17,443</u>	(28.9)

The decrease in revenue of Business Performance Services segment by RM1.65 million in the current quarter was mainly due to lower billings contributed from a subsidiary in Thailand and Singapore.

The Trading & Distribution Services segment recorded a slight decrease in revenue by RM0.01 million during the current quarter was due to lower orders secured.

Digital & Infrastructure Services segment recorded a decrease revenue by RM3,398 million during the quarter under review compared to the corresponding quarter of the immediate preceding year due to a sizeable order fulfilment from a new customer in the corresponding quarter of the preceding financial year.

The detailed breakdown of (loss) / 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		
	2015	2014	Variance	2015	2014	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	(1,200)	(694)	(72.9)	(1,200)	(694)	(72.9)
Trading & Distribution Services	(52)	(31)	-	(52)	(31)	-
Digital & Infrastructure Services	1,128	558	102.2	1,128	558	102.2
Others	14	(647)	102.2	14	(647)	102.2
Loss before tax	<u>(110)</u>	<u>(814)</u>	86.5	<u>(110)</u>	<u>(814)</u>	86.5

For the quarter under review, the Group recorded a loss before tax of RM0.11 million compared to the corresponding quarter of the immediate preceding year's loss before tax of RM0.81 million. While the improved profitability of the Digital & Infrastructure segment during the quarter under review had been mainly attributable to better margins, the Business Performance Services segment's performance had been weighed down by its Singapore operations.

**2 Variation of results against preceding quarter**

	3 months ended 30.06.2015 RM'000	3 months ended 31.03.2015 RM'000
Revenue	<u>12,394</u>	<u>22,179</u>
Loss before tax	<u>(110)</u>	<u>(557)</u>

The Group recorded a lower loss before tax of RM0.11 million for the quarter under review against a loss before tax of RM0.56 million in the immediate preceding quarter due mainly to a charge of RM0.65 million arising from impairment of goodwill that was recognized during the immediate preceding quarter.

**3 Prospects**

The Board is cautiously optimistic that the Group's financial performance for the current financial year will remain positive.



**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2015**

**4 Profit forecast**

Not applicable.

**5 Tax expense**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
- Malaysian taxation	373	137	373	137
Under provision in prior year	-	-	-	-
- Foreign taxation	223	-	223	-
	<u>596</u>	<u>137</u>	<u>596</u>	<u>137</u>

The Group's effective tax rate for the current financial year 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 2015 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	7,470
- Denominated in Thai Baht	2,770
Long term bank borrowings - secured	
- Denominated in RM	245
- Denominated in Thai Baht	55
	<u>10,540</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:

	30.06.2015 RM'000	31.03.2015 RM'000
Total retained profits of the Group: -		
- Realised	32,927	33,727
- Unrealised	117	23
	<u>33,044</u>	<u>33,750</u>
Less: Consolidation adjustments	(10,293)	(10,293)
Total Group retained profits as per consolidated financial statements	<u>22,751</u>	<u>23,457</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.

**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2015**

**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.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2015	2014	2015	2014
Loss after tax and non-controlling interests (RM'000)	(706)	(951)	(706)	(951)
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)	(0.05)	(0.07)	(0.05)	(0.07)

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at 30 June 2015 and therefore, diluted earnings per share has not been presented.

**12 Loss before tax**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss before tax is arrived at after charging: -				
Depreciation of property, plant and equipment	132	141	132	141
Impairment losses on trade receivables	495	-	495	-
Interest expenses	231	229	231	229
Inventories written off	305	261	305	261
Realised loss on foreign currency transactions	424	21	424	21
Unrealised loss on foreign currency translation	17	639	17	639
And crediting: -				
Bad debts recovered	3	-	3	-
Gain on disposal of property, plant and equipment	7	-	7	-
Interest income	42	29	42	29
Reversal of impairment losses on - trade receivables	103	157	103	157
Realised gain on foreign currency transactions	24	-	24	-
Unrealised gain on foreign currency translation	805	98	805	98