

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 SEPTEMBER		SIX MONTHS ENDED 30 SEPTEMBER	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	24,577	28,469	36,971	45,912
Cost of sales	(13,541)	(16,010)	(18,372)	(25,621)
Gross profits	11,036	12,459	18,599	20,291
Other operating income	600	184	1,621	489
Other operating expenses	(10,011)	(7,688)	(18,457)	(16,375)
Finance costs	(226)	(302)	(474)	(566)
<b>Profit before tax</b>	<b>1,399</b>	<b>4,653</b>	<b>1,289</b>	<b>3,839</b>
Tax expense	(611)	(971)	(1,207)	(1,108)
<b>Profit for the financial period</b>	<b>788</b>	<b>3,682</b>	<b>82</b>	<b>2,731</b>
<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	(490)	81	(1,382)	526
<b>Other comprehensive (loss) / income for the financial period, net of tax</b>	<b>(490)</b>	<b>81</b>	<b>(1,382)</b>	<b>526</b>
<b>Total comprehensive income / (loss) for the financial period</b>	<b>298</b>	<b>3,763</b>	<b>(1,300)</b>	<b>3,257</b>
<b>Profit / (Loss) attributable to:-</b>				
Owners of the Company	789	3,682	83	2,731
Non-controlling interest	(1)	-	(1)	-
<b>Profit for the financial period</b>	<b>788</b>	<b>3,682</b>	<b>82</b>	<b>2,731</b>
<b>Total comprehensive income / (loss) attributable to:-</b>				
Owners of the Company	299	3,763	(1,299)	3,257
Non-controlling interest	(1)	-	(1)	-
<b>Total comprehensive income / (loss) for the financial period</b>	<b>298</b>	<b>3,763</b>	<b>(1,300)</b>	<b>3,257</b>
Earnings per ordinary share (sen)				
-Basic	0.06	0.27	0.01	0.20

(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 SEPTEMBER 2015**

	<b>As at 30.09.2015 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	1,464	1,624
Goodwill	7,375	7,375
Deferred tax assets	523	498
	<u>9,362</u>	<u>9,497</u>
<b>Current Assets</b>		
Inventories	12,836	9,643
Trade receivables	16,506	17,755
Other receivables, deposits and prepayments	9,576	9,677
Amounts owing by related companies	11,879	13,114
Current tax assets	2,103	2,073
Cash and cash equivalents	20,423	22,114
	<u>73,323</u>	<u>74,376</u>
<b>TOTAL ASSETS</b>	<u><u>82,685</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	(1,608)	(226)
Retained earnings	23,540	23,457
	<u>41,753</u>	<u>43,052</u>
<b>Non-controlling interest</b>	77	78
<b>TOTAL EQUITY</b>	<u>41,830</u>	<u>43,130</u>
<b>Non-Current Liabilities</b>		
Borrowings	257	327
Provision for post-employment benefits	1,887	1,763
	<u>2,144</u>	<u>2,090</u>
<b>Current Liabilities</b>		
Trade payables	12,703	8,078
Other payables, deposits and accruals	6,840	11,806
Amounts owing to ultimate holding company	6,529	4,158
Amount due to holding company	1	532
Amounts owing to related companies	2,042	2,101
Borrowings	10,596	11,960
Current tax payables	-	18
	<u>38,711</u>	<u>38,653</u>
<b>TOTAL LIABILITIES</b>	<u>40,855</u>	<u>40,743</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>82,685</u></u>	<u><u>83,873</u></u>
<b>Net assets per share (sen)</b>	<u>3.08</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 SEPTEMBER 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>Six Months Financial Period Ended 30 September 2015</b>								
Balance as at 1 April 2015	135,588	(115,767)	(226)	23,457	43,052	78	43,130	
Profit / (Loss) after tax for the financial period	-	-	-	83	83	(1)	82	
Other comprehensive loss for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	(1,382)	-	(1,382)	-	(1,382)	
Total comprehensive (loss) / income for the financial period	-	-	(1,382)	83	(1,299)	(1)	(1,300)	
Balance as at 30 September 2015	135,588	(115,767)	(1,608)	23,540	41,753	77	41,830	

	<----- 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>Six Months Financial Period Ended 30 September 2014</b>								
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	

*(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 SEPTEMBER 2015**  
**(The figures have not been audited)**

	<b>SIX MONTHS ENDED 30 SEPTEMBER</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>		
Profit before tax	1,289	3,839
Adjustment for non-cash items:		
Bad debts recovered	(4)	-
Bad debts written off	-	2
Depreciation of property, plant and equipment	264	277
Impairment losses on trade receivables	620	273
Interest income	(82)	(56)
Interest expense	433	484
Inventories written off	613	616
Property, plant and equipment written off	-	27
Reversal of impairment losses on trade receivables	(706)	(159)
Net unrealised (gain) / loss on foreign exchange	(986)	568
	<hr/>	<hr/>
Operating profit before working capital changes	1,441	5,871
Net changes in assets	11	(10,326)
Net changes in liabilities	676	(841)
	<hr/>	<hr/>
Net cash generated from / (used in) operations	2,128	(5,296)
Tax paid	(1,286)	(1,181)
Tax refunded	161	-
	<hr/>	<hr/>
Net cash from / (used in) operating activities	<u>1,003</u>	<u>(6,477)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(69)	(70)
Placement of fixed deposits pledged	(681)	(1,882)
Interest received	82	56
	<hr/>	<hr/>
Net cash used in investing activities	<u>(668)</u>	<u>(1,896)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayment) / drawdown of borrowings	(111)	3,122
Interest paid	(433)	(484)
	<hr/>	<hr/>
Net cash (used in) / from financing activities	<u>(544)</u>	<u>2,638</u>
Net decrease in cash and cash equivalents	(209)	(5,735)
Cash and cash equivalents at 1 April 2015/2014**	(3,581)	(2,113)
Effect of foreign exchange on opening balance	(831)	695
	<hr/>	<hr/>
Cash and cash equivalents at 30 September 2015/2014**	<u>(4,621)</u>	<u>(7,153)</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 2015.)

**Notes to the Interim Financial Report**  
**For the Second Quarter Ended 30 September 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 Second Quarter Ended 30 September 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>Six Months Financial Period Ended 30 September 2015</b>						
External sales	17,571	962	18,438	-	-	36,971
Inter segment sales	-	-	3,278	-	(3,278)	-
Total Sales	17,571	962	21,716	-	(3,278)	36,971
Segment results	(601)	9	1,594	638	-	1,640
Interest expense						(433)
Interest Income						82
Profit before tax						1,289
Segment assets	20,658	553	53,309	8,165	-	82,685

**Six Months Financial Period Ended 30 September 2014**

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

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods and services to related companies	2,964	10,599	5,730	14,504
Purchase of goods and services from related companies	10	37	36	67
Management fees to ultimate holding company	120	120	240	240

**Notes to the Interim Financial Report  
For the Second Quarter Ended 30 September 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 Second Quarter Ended 30 September 2015**

**1 Detailed analysis of performance**

The Group recorded RM24.58 million of revenue in the current quarter under review, a decrease by RM3.89 million from RM28.47 million in the corresponding quarter of the preceding financial year.

For the financial period under review, the Group's revenue decreased by RM8.94 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		
	2015	2014	Variance	2015	2014	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	10,889	8,404	29.6	17,571	16,731	5.0
Trading & Distribution Services	880	221	298.2	962	313	207.3
Digital & Infrastructure Services	16,086	20,302	(20.8)	21,716	29,330	(26.0)
	<u>27,855</u>	<u>28,927</u>	(3.7)	<u>40,249</u>	<u>46,374</u>	(13.2)
Less : Inter Segment Revenue	(3,278)	(458)		(3,278)	(462)	
Total Group Revenue	<u>24,577</u>	<u>28,469</u>	(13.7)	<u>36,971</u>	<u>45,912</u>	(19.5)

The increase in revenue of Business Performance Services segment by RM2.49 million and RM0.84 million in the current quarter and financial period respectively was mainly due to higher billings contributed from a subsidiary in Thailand.

The Trading & Distribution Services segment recorded an increase in revenue by RM0.07 million and RM0.06 million during the current quarter and financial period respectively due to new order fulfilments.

Digital & Infrastructure Services segment recorded a decrease revenue by RM4.22 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 profit 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		
	2015	2014	Variance	2015	2014	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	578	1,742	(66.8)	(622)	1,048	(159.4)
Trading & Distribution Services	57	(50)	-	5	(81)	-
Digital & Infrastructure Services	370	3,300	(88.8)	1,498	3,858	(61.2)
Others	394	(339)	216.2	408	(986)	141.4
Profit before tax	<u>1,399</u>	<u>4,653</u>	(69.9)	<u>1,289</u>	<u>3,839</u>	(66.4)

For the quarter under review, the Group's profit before tax decreased by RM3.25 million compared to the corresponding quarter of the immediate preceding year. The Digital and Infrastructure Services segment recorded a decrease of RM2.93 million in the profit before tax in the current quarter under review due to the lower recorded revenue and lower margins. The Business Performance Services segment's performance remain weighed down by its Singapore operations.

**2 Variation of results against preceding quarter**

	3 months ended 30.09.2015 RM'000	3 months ended 30.06.2015 RM'000
Revenue	<u>24,577</u>	<u>12,394</u>
Loss before tax	<u>1,399</u>	<u>(110)</u>

The Group recorded a profit before tax of RM1.40 million for the current quarter under review as compared to a loss before tax of RM0.11 million in the immediate preceding quarter. The improvement in the current quarter was mainly due to higher revenue during the quarter under review.

**3 Prospects**

The Board maintains its cautious optimism that the Group's financial performance for the current financial year will remain positive.



**Additional information required by Bursa Securities Listing Requirements  
For the Second Quarter Ended 30 September 2015**

**4 Profit forecast**

Not applicable.

**5 Tax expense**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Malaysian taxation	455	816	828	953
- Foreign taxation	191	155	191	155
Under provision in prior year				
- Malaysian taxation	7	-	7	-
- Foreign taxation	(42)	-	181	-
	<u>611</u>	<u>971</u>	<u>1,207</u>	<u>1,108</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 September 2015 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	7,644
- Denominated in Thai Baht	2,951
Long term bank borrowings - secured	
- Denominated in RM	221
- Denominated in Thai Baht	37
	<u>10,853</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:

	30.09.2015 RM'000	30.06.2015 RM'000
Total retained profits of the Group: -		
- Realised	34,522	32,927
- Unrealised	(689)	117
	<u>33,833</u>	<u>33,044</u>
Less: Consolidation adjustments	(10,293)	(10,293)
Total Group retained profits as per consolidated financial statements	<u>23,540</u>	<u>22,751</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 Second Quarter Ended 30 September 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 THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2015	2014	2015	2014
	Loss after tax and non-controlling interests (RM'000)	789	3,682	83
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)	0.06	0.27	0.01	0.20

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at 30 September 2015 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	Profit before tax is arrived at after charging: -			
Bad debts written off	-	2	-	2
Depreciation of property, plant and equipment	132	136	264	277
Impairment losses on trade receivables	125	273	620	273
Interest expenses	202	255	433	484
Inventories written off	308	355	613	616
Property, plant and equipment written off	-	27	-	27
Realised loss on foreign currency transactions	565	-	989	1
Unrealised loss on foreign currency translation	-	-	-	210
And crediting: -				
Bad debts recovered	1	-	4	-
Interest income	40	27	82	56
Reversal of impairment losses on - trade receivables	-	-	-	-
Realised gain on foreign currency transactions	603	2	706	159
Unrealised gain on foreign currency translation	4	59	28	39
	198	1,109	986	778