

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015
 (The figures have not been audited)**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2015 RM'000 Unaudited	2014 RM'000 Unaudited	2015 RM'000 Unaudited	2014 RM'000 Unaudited
Revenue	20,637	33,781	57,608	79,693
Cost of sales	(20,981)	(32,102)	(39,353)	(57,723)
Gross profits	(344)	1,679	18,255	21,970
Other operating income	(93)	621	1,528	1,110
Other operating expenses	1,789	2,000	(16,668)	(14,375)
Finance costs	(370)	(320)	(844)	(886)
Profit before tax	982	3,980	2,271	7,819
Tax expense	313	(972)	(894)	(2,080)
Profit for the financial period	1,295	3,008	1,377	5,739
Other comprehensive (loss) / income, net of tax - Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	1,699	(464)	317	62
Other comprehensive (loss) / income for the financial period, net of tax	1,699	(464)	317	62
Total comprehensive income / (loss) for the financial period	2,994	2,544	1,694	5,801
Profit / (Loss) attributable to:-				
Owners of the Company	1,295	2,977	1,378	5,708
Non-controlling interest	(1)	31	(1)	31
Profit for the financial period	1,294	3,008	1,377	5,739
	(1)			
Total comprehensive income / (loss) attributable to:-				
Owners of the Company	2,994	2,513	1,695	5,770
Non-controlling interest	-	31	(1)	31
Total comprehensive income / (loss) for the financial period	2,994	2,544	1,694	5,801
Earnings per ordinary share (sen) -Basic	0.10	0.22	0.10	0.42

(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 31 DECEMBER 2015**

	As at 30.12.2015 RM'000 Unaudited	As at 31.03.2015 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,353	1,624
Goodwill	7,375	7,375
Deferred tax assets	513	498
	<u>9,241</u>	<u>9,497</u>
Current Assets		
Inventories	10,278	9,643
Trade receivables	23,820	17,755
Other receivables, deposits and prepayments	7,610	9,677
Amounts owing by related companies	11,820	13,114
Current tax assets	3,220	2,073
Cash and cash equivalents	16,997	22,114
	<u>73,745</u>	<u>74,376</u>
TOTAL ASSETS	<u><u>82,986</u></u>	<u><u>83,873</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	91	(226)
Retained earnings	24,835	23,457
	<u>44,747</u>	<u>43,052</u>
Non-controlling interest	77	78
TOTAL EQUITY	<u>44,824</u>	<u>43,130</u>
Non-Current Liabilities		
Borrowings	206	327
Provision for post-employment benefits	1,840	1,763
	<u>2,046</u>	<u>2,090</u>
Current Liabilities		
Trade payables	3,760	8,078
Other payables, deposits and accruals	8,003	11,806
Amounts owing to ultimate holding company	6,580	4,158
Amount due to holding company	1,065	532
Amounts owing to related companies	2,068	2,101
Borrowings	14,638	11,960
Current tax payables	2	18
	<u>36,116</u>	<u>38,653</u>
TOTAL LIABILITIES	<u>38,162</u>	<u>40,743</u>
TOTAL EQUITY AND LIABILITIES	<u><u>82,986</u></u>	<u><u>83,873</u></u>
Net assets per share (sen)	<u>3.30</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 31 DECEMBER 2015**
(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		
Unaudited <u>Nine Months Financial Period Ended 31 December 2015</u>							
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	-	-	-	1,378	1,378	(1)	1,377
Other comprehensive loss for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	317	-	317	-	317
Total comprehensive (loss) / income for the financial period	-	-	317	1,378	1,695	(1)	1,694
Balance as at 31 December 2015	135,588	(115,767)	91	24,835	44,747	77	44,824

	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		
Unaudited <u>Nine Months Financial Period Ended 31 December 2014</u>							
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	-	-	-	5,708	5,708	31	5,739
Other comprehensive income for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	62	-	62	-	62
Total comprehensive income for the financial period	-	-	62	5,708	5,770	31	5,801
Balance as at 31 December 2014	135,588	(115,767)	(206)	24,023	43,638	52	43,690

(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 31 DECEMBER 2015
 (The figures have not been audited)**

	NINE MONTHS ENDED 31 DECEMBER	
	2015	2014
	RM'000	RM'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,271	7,819
Adjustment for non-cash items:		
Bad debts recovered	(4)	
Bad debts written off		2
Depreciation of property, plant and equipment	395	398
Impairment losses on goodwill		-
Impairment losses on trade receivables	668	233
Interest income	(126)	(97)
Interest expense	786	799
Inventories written down		-
Inventories written off	924	949
Net gain on disposal of property, plant and equipment		(7)
Property, plant and equipment written off		30
Reversal of impairment losses on trade receivables	(870)	(159)
Net unrealised (gain) / loss on foreign exchange	(28)	(298)
	<u>4,016</u>	<u>9,669</u>
Operating profit before working capital changes	4,016	9,669
Net changes in assets	(4,562)	(7,132)
Net changes in liabilities	(8,429)	(9,402)
	<u>(8,975)</u>	<u>(6,865)</u>
Net cash generated from / (used in) operations	(8,975)	(6,865)
Tax paid	(2,136)	(1,933)
Tax refunded	159	-
	<u>(10,952)</u>	<u>(8,798)</u>
Net cash from / (used in) operating activities	(10,952)	(8,798)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(58)	(219)
Proceeds from disposal of property, plant and equipment	-	98
Placement of fixed deposits pledged	(1,463)	(1,896)
Interest received	125	97
	<u>(1,396)</u>	<u>(1,920)</u>
Net cash used in investing activities	(1,396)	(1,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment) / drawdown of borrowings	(144)	7,246
Advances from holding company	2,886	(799)
Advances from related companies	1,261	-
Interest paid	(786)	-
	<u>3,217</u>	<u>6,447</u>
Net cash (used in) / from financing activities	3,217	6,447
Net decrease in cash and cash equivalents	(9,131)	(4,271)
Cash and cash equivalents at 1 April 2015/2014**	(3,581)	(2,113)
Effect of foreign exchange on opening balance	(164)	502
	<u>(12,876)</u>	<u>(5,882)</u>
Cash and cash equivalents at 31 December 2015/2014**	(12,876)	(5,882)

** 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 31 December 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 31 December 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
<u>Nine Months Financial Period</u>						
<u>Ended 31 December 2015</u>						
External sales	27,543	962	29,103	-	-	57,608
Inter segment sales	-	-	8,402	-	(8,402)	-
Total Sales	27,543	962	37,505	-	(8,402)	57,608
Segment results	(894)	(186)	7,108	(3,097)	-	2,931
Interest expense						(786)
Interest Income						126
Profit before tax						2,271
Segment assets	18,565	321	56,020	8,080	-	82,986

Nine Months Financial Period
Ended 31 December 2014

External sales	27,289	728	51,676	-	-	79,693
Inter segment sales	-	-	462	-	(462)	-
Total Sales	27,289	728	52,138	-	(462)	79,693
Segment results	1,704	(109)	7,419	(493)	-	8,521
Interest expense						(799)
Interest Income						97
Profit before tax						7,819
Segment assets	14,330	871	59,894	8,840	-	83,935

10 Related Party Disclosures

Significant related party transactions are as follows:-

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods and services to related companies	3,169	7,725	8,899	22,229
Purchase of goods and services from related companies	28	10	64	77
Management fees to ultimate holding company	120	120	360	360

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

Notes to the Interim Financial Report
For the Second Quarter Ended 31 December 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 31 December 2015**

1 Detailed analysis of performance

The Group recorded RM20.64 million of revenue in the current quarter under review, a decrease by RM13.14 million from RM33.78 million in the corresponding quarter of the preceding financial year.

For the financial period under review, the Group's revenue decreased by RM22.09 million compared to the corresponding period of the preceding financial year.

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED			CUMULATIVE PERIOD NINE MONTHS ENDED		
	2015	2014	Variance	2015	2014	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	9,972	10,558	(5.6)	27,543	27,289	0.9
Trading & Distribution Services	-	415	(100.0)	962	728	32.1
Digital & Infrastructure Services	15,789	22,808	(30.8)	37,505	52,138	(28.1)
	25,761	33,781	(23.7)	66,010	80,155	(17.6)
Less : Inter Segment Revenue	(5,124)	-		(8,402)	(462)	
Total Group Revenue	20,637	33,781	(38.9)	57,608	79,693	(27.7)

The decrease in revenue of the Business Performance Services segment by RM0.59 million was due to lower revenue from a Singapore subsidiary by RM0.8 million compared to the corresponding quarter of the preceding financial year. Year-to-date, revenue was marginally higher by RM0.25 million compared to preceding financial year due mainly to higher billings contributed from a subsidiary in Thailand.

The Trading & Distribution Services segment recorded nil revenue during the quarter under review due to delay of new order fulfilments.

Arising from lower order fulfilments, the Digital & Infrastructure Services segment recorded a decline in revenue by RM7.02 million during the quarter under review compared to the corresponding quarter of the immediate preceding financial year. Financial period to date, revenue was also lower by RM14.63 million.

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER			CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER		
	2015	2014	Variance	2015	2014	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	(298)	479	(162.2)	(920)	1,527	(160.2)
Trading & Distribution Services	(194)	(29)	-	(189)	(110)	-
Digital & Infrastructure Services	5,326	3,400	56.6	6,824	7,258	(6.0)
Others	(3,852)	130	(3,063.1)	(3,444)	(856)	(302.3)
Profit before tax	982	3,980	(75.3)	2,271	7,819	(71.0)

For the quarter under review, the Group's profit before tax decreased by RM3 million compared to the corresponding quarter of the immediate preceding year. While the Digital and Infrastructure Services segment recorded an increase of RM1.93 million in the profit before tax in the current quarter under review due to more favorable 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 30.12.2015 RM'000	3 months ended 30.09.2015 RM'000
Revenue	20,637	24,577
Profit before tax	982	1,399

The Group's revenue for the quarter was lower compared to the immediate preceding quarter due to lower order fulfilments across the business segments. Consequently, profit before tax for the current quarter under review was also lower compared to the immediate preceding quarter at RM0.98 million against RM1.4 million respectively.

3 Prospects

With the trying conditions the Group is operating in, the Board is cautious of the Group's financial performance for the remaining quarter of the current financial year.

**Additional information required by Bursa Securities Listing Requirements
 For the Second Quarter Ended 31 December 2015**

4 Profit forecast

Not applicable.

5 Tax expense

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Malaysian taxation	(359)	996	469	1,949
- Foreign taxation	143	192	334	347
Under provision in prior year				
- Malaysian taxation	(100)	(216)	(93)	(216)
- Foreign taxation	3	-	184	
	<u>(313)</u>	<u>972</u>	<u>894</u>	<u>2,080</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 31 December 2015 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	12,172
- Denominated in Thai Baht	2,466
Long term bank borrowings - secured	
- Denominated in RM	195
- Denominated in Thai Baht	11
	<u>14,844</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:

	30.12.2015 RM'000	30.09.2015 RM'000
Total retained profits of the Group: -		
- Realised	34,638	34,522
- Unrealised	490	(689)
	<u>35,128</u>	<u>33,833</u>
Less: Consolidation adjustments	(10,293)	(10,293)
Total Group retained profits as per consolidated financial statements	<u>24,835</u>	<u>23,540</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 31 December 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 Profit per ordinary share

(a) Basic profit per ordinary share

Basic profit per ordinary share for the financial 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 period.

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2015	2014	2015	2014
Profit after tax and non-controlling interests (RM'000)	1,295	2,977	1,378	5,708
WA number of ordinary shares in issue ('000)	1,355,877	1,355,877	1,355,877	1,355,877
Basic profit per ordinary share (sen)	0.10	0.22	0.10	0.42

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at 31 December 2015 and therefore, diluted earnings per share has not been presented.

12 Profit before tax

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	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
Depreciation of property, plant and equipment	131	121	395	398
Impairment losses on trade receivables	48	(40)	668	233
Interest expenses	353	315	786	799
Inventories written off	311	333	924	949
Property, plant and equipment written off	-	3	-	30
Realised loss on foreign currency transactions	953	312	1,942	279
Unrealised loss on foreign currency translation	709	270	69	281
And crediting: -				
Bad debts recovered	-	-	4	-
Gain on disposal of property, plant and equipment	-	7	-	7
Interest income	43	41	125	97
Reversal of impairment losses on	-	-	-	-
- trade receivables	164	-	870	159
Realised gain on foreign currency transactions	-	-	28	5
Unrealised gain on foreign currency translation	-	-	346	579