

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016  
 (The figures have not been audited)

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2016 RM'000 Unaudited	2015 RM'000 Unaudited	2016 RM'000 Unaudited	2015 RM'000 Unaudited
Revenue	13,928	12,394	13,928	12,394
Cost of sales	(6,410)	(4,831)	(6,410)	(4,831)
Gross profits	7,518	7,563	7,518	7,563
Other operating income	344	1,021	344	1,021
Other operating expenses	(6,938)	(8,446)	(6,938)	(8,446)
Finance costs	(202)	(248)	(202)	(248)
<b>Profit / (Loss) before tax</b>	<b>722</b>	<b>(110)</b>	<b>722</b>	<b>(110)</b>
Tax expense	(105)	(596)	(105)	(596)
<b>Profit / (Loss) for the financial period</b>	<b>617</b>	<b>(706)</b>	<b>617</b>	<b>(706)</b>
<b>Other comprehensive loss, net of tax</b> - Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(64)	(892)	(64)	(892)
<b>Other comprehensive loss for the financial period, net of tax</b>	<b>(64)</b>	<b>(892)</b>	<b>(64)</b>	<b>(892)</b>
<b>Total comprehensive income / (loss) for the financial period</b>	<b>553</b>	<b>(1,598)</b>	<b>553</b>	<b>(1,598)</b>
<b>Profit / (Loss) attributable to:-</b>				
Owners of the Parent	617	(706)	617	(706)
Non-controlling interest	-	-	-	-
<b>Profit / (Loss) for the financial period</b>	<b>617</b>	<b>(706)</b>	<b>617</b>	<b>(706)</b>
<b>Total comprehensive income / (loss) attributable to:-</b>				
Owners of the Parent	553	(1,598)	553	(1,598)
Non-controlling interest	-	-	-	-
<b>Total comprehensive income / (loss) for the financial period</b>	<b>553</b>	<b>(1,598)</b>	<b>553</b>	<b>(1,598)</b>
EPS / (LPS) attributable to Owners of the Parent (sen) - Basic	0.05	(0.05)	0.05	(0.05)

(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 2016.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2016**

	<b>As at 30.06.2016 RM'000 Unaudited</b>	<b>As at 31.03.2016 RM'000 Audited</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	5,266	5,457
Goodwill	5,738	5,738
Deferred tax assets	3,822	3,653
Long Term trade receivables	6,077	6,077
	<u>20,903</u>	<u>20,925</u>
<b>Current Assets</b>		
Inventories	3,549	3,694
Trade receivables	9,487	19,595
Other receivables, deposits and prepayments	13,310	10,531
Amounts owing by related companies	8,381	8,505
Current tax assets	3,440	3,698
Cash and cash equivalents	15,697	16,877
	<u>53,864</u>	<u>62,900</u>
<b>TOTAL ASSETS</b>	<u><u>74,767</u></u>	<u><u>83,825</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	135,588	135,588
Reverse acquisition reserve	(115,767)	(115,767)
Exchange translation reserve	(1,561)	(1,497)
Retained earnings	25,477	24,860
	<u>43,737</u>	<u>43,184</u>
<b>Non-controlling interest</b>	76	76
<b>TOTAL EQUITY</b>	<u><u>43,813</u></u>	<u><u>43,260</u></u>
<b>Non-Current Liabilities</b>		
Borrowings	489	529
Provision for post-employment benefits	843	495
Amounts owing to ultimate holding company	1,972	-
Amount due to holding company	531	-
Deferred tax liabilities	192	192
	<u>4,027</u>	<u>1,216</u>
<b>Current Liabilities</b>		
Trade payables	4,431	5,309
Other payables, deposits and accruals	9,025	12,527
Amounts owing to ultimate holding company	3,691	5,058
Amount due to holding company	3,165	3,617
Amounts owing to related companies	1,671	2,127
Borrowings	4,944	10,711
Current tax payables	-	-
	<u>26,927</u>	<u>39,349</u>
<b>TOTAL LIABILITIES</b>	<u><u>30,954</u></u>	<u><u>40,565</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>74,767</u></u>	<u><u>83,825</u></u>
<b>Net assets per share (sen)</b>	<u><u>3.23</u></u>	<u><u>3.18</u></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 2016.)*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**  
(The figures have not been audited)

	←----- Attributable to owners of the Parent -----→				Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	←----- Non-distributable -----→		Distributable				
	Ordinary shares RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
<b>Unaudited</b> <b><u>Three Months Financial Period Ended 30 June 2016</u></b>							
Balance as at 1 April 2016	135,588	(115,767)	(1,497)	24,860	43,184	76	43,260
Profit after tax for the financial period	-	-	-	617	617	-	617
Other comprehensive loss for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	(64)	-	(64)	-	(64)
Total comprehensive (loss) / income for the financial period	-	-	(64)	617	553	-	553
Balance as at 30 June 2016	135,588	(115,767)	(1,561)	25,477	43,737	76	43,813

	←----- Attributable to owners of the Parent -----→				Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	←----- Non-distributable -----→		Distributable				
	Ordinary shares RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
<b>Unaudited</b> <b><u>Three Months Financial Period Ended 30 June 2015</u></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 income for the financial period, net of tax: - Foreign currency translation differences for foreign operations	-	-	(892)	-	(892)	-	(892)
Total comprehensive income 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

(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 2016.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016  
 (The figures have not been audited)**

	<b>THREE MONTHS ENDED 30 JUNE</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	722	(110)
<u>Adjustment for non-cash items:</u>		
Bad debts recovered	-	(3)
Depreciation of property, plant and equipment	355	132
Impairment losses on trade receivables	45	495
Interest income	(193)	(42)
Interest expense	187	231
Inventories written off	-	305
Reversal of impairment losses on trade receivables	-	(103)
Provision for post-employment benefits	164	-
Net unrealised gain on foreign exchange	(137)	(788)
	<hr/>	<hr/>
Operating profit before working capital changes	1,143	117
Net changes in assets	7,927	9,224
Net changes in liabilities	(4,960)	(5,576)
	<hr/>	<hr/>
Net cash generated from operations	4,110	3,765
Tax paid	(205)	(598)
Tax refunded	406	161
	<hr/>	<hr/>
Net cash from operating activities	<u>4,311</u>	<u>3,328</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances from ultimate holding company	605	1,211
Advances from immediate holding company	79	-
Advances from related companies	-	7
Purchase of property, plant and equipment	(118)	(50)
Placement of fixed deposits pledged	(182)	(176)
Interest received	193	42
	<hr/>	<hr/>
Net cash used in investing activities	<u>577</u>	<u>1,034</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown / (repayment) of borrowings	-	979
Drawdown of hire purchase payables	-	-
Repayment of hire purchase payables	(64)	(58)
Interest paid	(187)	(231)
	<hr/>	<hr/>
Net cash (used in) / from financing activities	<u>(251)</u>	<u>690</u>
Net change in cash and cash equivalents	4,637	5,052
Cash and cash equivalents at 1 April 2016/2015**	(7,223)	(3,581)
Effect of foreign exchange on opening balance	(254)	(20)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June 2016/2015**	<u>(2,840)</u>	<u>1,451</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 2016.)

**Notes to the Interim Financial Report  
For the First Quarter Ended 30 June 2016**

**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 2016. 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 2016.

**2 Significant Accounting Policies**

The accounting policies and method of computation adopted by the Group in preparation of the consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 March 2016.

The Group has adopted the amendments effective for annual periods beginning on or after 1 July 2014 where applicable to the Group. The initial adoption of these amendments do not have any material impact on the financial statements of the Group.

**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 2016 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 2016

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 operating segments that do not constitute reportable segments comprise 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 2016</b>						
External sales	8,718	6	5,204	-	-	13,928
Inter segment sales	-	-	217	-	(217)	-
Total Sales	8,718	6	5,421	-	(217)	13,928
Segment results	(271)	(66)	720	333		716
Interest expense						(187)
Interest Income						193
Profit before tax						722
Segment assets	21,119	417	46,791	6,440	-	74,767

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

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods and services to related companies	2,552	2,766	2,552	2,766
Purchase of goods and services from related companies	51	26	51	26
Management fees to ultimate holding company	120	120	120	120

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

**Notes to the Interim Financial Report**  
**For the First Quarter Ended 30 June 2016**

**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**

Corporate Guarantee granted by the following Company during the current financial period under review is as follows:-

	<b>RM'000</b>
Diversified Gateway Solutions Berhad	
- to financial institution for facilities granted to subsidiaries	<u>16,100</u>
Diversified Gateway Berhad	
- to provide trade lines to related companies	<u>178</u>

**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 2016**

**1 Detailed analysis of performance**

The Group recorded RM13.93 million of revenue in the current quarter under review, a increase by RM1.54 million from RM12.39 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 THREE MONTHS ENDED			CUMULATIVE PERIOD THREE MONTHS ENDED		
	2016	2015	Variance	2016	2015	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	8,718	6,682	30.5	8,718	6,682	30.5
Trading & Distribution Services	6	82	(92.7)	6	82	(92.7)
Digital & Infrastructure Services	5,421	5,630	(3.7)	5,421	5,630	(3.7)
	14,145	12,394	14.1	14,145	12,394	14.1
Less : Inter Segment Revenue	(217)	-		(217)	-	
Total Group Revenue	13,928	12,394	12.4	13,928	12,394	12.4

The increase in revenue of the Business Performance Services segment by RM2.04 million was due to higher revenue from a Thailand subsidiary compared to the corresponding quarter of the preceding financial year.

The Trading & Distribution Services segment revenue was lower due to lack of order fulfilment during the quarter under review.

Digital & Infrastructure Services segment recorded a slightly declined in revenue by RM0.21 million during the quarter under review compared to the corresponding quarter of the immediate preceding financial year.

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE			CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE		
	2016	2015	Variance	2016	2015	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	(265)	(1,200)	77.9	(265)	(1,200)	77.9
Trading & Distribution Services	(66)	(52)	(26.9)	(66)	(52)	(26.9)
Digital & Infrastructure Services	829	1,128	(26.5)	829	1,128	(26.5)
Others	224	14	1,500.0	224	14	1,500.0
Profit / (Loss) before tax	722	(110)	756.4	722	(110)	756.4

For the quarter under review, the Group's profit before tax increased by RM0.83 million compared to the corresponding quarter of the immediate preceding year mainly due to higher revenue and lower operating expenses.

**2 Variation of results against preceding quarter**

	3 months ended 30.06.2016 RM'000	3 months ended 31.03.2016 RM'000
Revenue	13,928	15,702
Profit / (Loss) before tax	722	(3,533)

The Group's revenue for the quarter was lower compared to the immediate preceding quarter due to lower order fulfilments by the Business Performance Services and Trading and Distribution Services segments. However, the Group's recorded profit before tax of RM0.72 million for the current quarter under review as compared to the immediate preceding quarter of loss before tax at RM3.53 million which included higher depreciation charge of RM2.34 million as a result of reclassification of spare items to fixed assets, fair value loss on long term trade receivable of RM1.5 million and goodwill impairment of RM1.64 million.

**3 Prospects**

The Board is cautiously optimistic of the Group's financial performance for the current financial year.



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

**Additional information required by Bursa Securities Listing Requirements  
 For the First Quarter Ended 30 June 2016**

**4 Profit forecast**

Not applicable.

**5 Tax (income) / expense**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Malaysian taxation	7	373	7	373
- Foreign taxation	98	-	98	-
(Over) / Under provision in prior year				
- Foreign taxation	-	223	-	223
	<u>105</u>	<u>596</u>	<u>105</u>	<u>596</u>

The Group's effective tax rate for the current financial period is disproportionate to the statutory tax rate due to unabsorbed capital allowances and unutilised tax losses carried forward of a subsidiary.

**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 2016 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	3,899
- Denominated in Thai Baht	1,045
Long term bank borrowings - secured	
- Denominated in RM	489
- Denominated in Thai Baht	-
	<u>5,433</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:

	30.06.2016 RM'000	31.03.2016 RM'000
Total retained profits / (loss) of the Group: -		
- Realised	(43,454)	(42,995)
- Unrealised	3,609	2,533
	<u>(39,845)</u>	<u>(40,462)</u>
Less: Consolidation adjustments	65,322	65,322
Total Group retained profits as per consolidated financial statements	<u>25,477</u>	<u>24,860</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 2016**

**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 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2016	2015	2016	2015
	Profit after tax and non-controlling interests (RM'000)	617	(706)	617
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)	0.05	(0.05)	0.05	(0.05)

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at 31 March 2016 and therefore, diluted earnings per share has not been presented.

**12 Profit / (Loss) before tax**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
	Profit / (Loss) before tax is arrived at after charging: -			
Depreciation of property, plant and equipment	355	132	355	132
Impairment losses on trade receivables	45	495	45	495
Interest expenses	187	231	187	231
Inventories written off	-	305	-	305
Realised loss on foreign currency transactions	24	424	24	424
Unrealised loss on foreign currency translation	-	17	-	17
And crediting: -				
Bad debts recovered	-	3	-	3
Gain on disposal of property, plant and equipment	-	7	-	7
Interest income	193	42	193	42
Reversal of impairment losses on - trade receivables	-	103	-	103
Realised gain on foreign currency transactions	1	24	1	24
Unrealised gain on foreign currency translation	137	805	137	805