

## **DIS TECHNOLOGY HOLDINGS BERHAD (“DIST” OR “THE COMPANY”)**

### **Notes to the quarterly financial report on consolidated results for the financial year ended 31 December 2009**

#### **1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) FRS134 Interim Financial Reporting and paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

The interim financial report should be read in conjunction with the audited financial statements of DIST and its subsidiary companies (“the Group” or “DIST Group”) for the financial year ended 31 December 2008. These explanatory notes attached to the interim financial statements 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 financial year ended 31 December 2008.

#### **2. QUALIFICATION OF FINANCIAL STATEMENTS**

The audit report for the audited financial statements of the Group for the financial year ended 31 December 2008 was not subject to any qualification.

#### **3. SEASONALITY OR CYCLICALITY FACTORS**

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

#### **4. UNUSUAL ITEMS**

There were no items of an unusual nature affecting the financial statements during the current financial year under review.

#### **5. CHANGES IN ESTIMATES**

There were no changes in estimates of amounts reported in prior financial years, which have a material impact on the current financial year under review.

#### **6. DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt securities, shares buy-back, and shares cancellation, shares held as treasury shares and resale of treasury shares during the current financial year under review.

#### **7. DIVIDEND PAID**

There were no dividends paid for the current financial year under review.

#### **8. SEGMENTAL REPORTING**

##### **Business Segments**

The Group is principally engaged in development, trading and supply of information technology products, internet online and offline business and provision of management and consultancy services. Business segment information has not been prepared as the Group's revenue, operating results, assets, liabilities, capital expenditure, depreciation and other non-cash expenses are mainly confined to one business segment.

##### **Geographical Segments**

The business segment of the Group is managed principally in Malaysia and Hong Kong. The products are distributed mainly in Malaysia and Hong Kong.

## DIS TECHNOLOGY HOLDINGS BERHAD (“DIST” OR “THE COMPANY”)

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets and capital expenditure are based on the geographical location of assets.

	31 December 2009		
	Revenue	Total Assets	Capital Expenditure
	RM	RM	RM
Malaysia	52,624,137	177,158,572	559,183
Hong Kong	109,283,455	4,669,016	407,493
Others	19,574,739		
	<u>181,482,331</u>	<u>181,827,588</u>	<u>966,676</u>

	31 December 2008		
	Revenue	Total Assets	Capital Expenditure
	RM	RM	RM
Malaysia	68,733,384	96,652,204	157,412
Hong Kong	40,556,844	13,087,109	29,003
Others	30,006,811	922,338	-
	<u>139,297,039</u>	<u>110,661,651</u>	<u>186,415</u>

### 9. VALUATION OF PROPERTY, PLANT & EQUIPMENT

The Group did not revalue any of its property, plant & equipment during the current financial year under review.

### 10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING YEAR

There was no material events that have arisen subsequent to the end of the current financial reporting that have not been reflected in the financial statements for the said year.

### 11. CHANGES IN THE COMPOSITION OF THE GROUP

On 12 January 2009, another acquisition of shares was completed. DIST had acquired 5,100 ordinary shares of HK\$1.00 each in DIS B2B Int'l (HK) Limited (“DISB2B”). The acquisition is in line with DIST’s future expansion plan and to seek for new business opportunities in Hong Kong.

DISB2B will be principally involved in online trading and e-commerce.

Subsequently on 24 July 2009, DIST disposed 1 ordinary share of RM1.00 each in Fujiruku Technology (Malaysia) Sdn Bhd (“FTMSB”) (representing 50% of the total issued and paid up capital of FTMSB) to Ms. Yeoh Siew Ean, a director of FTMSB, for a total cash consideration of RM1.00.

The disposal was a result of the joint venture which has not materialized since its incorporation and the Board of Directors has decided to focus on more profitable ventures.

On 7 October 2009, DIST completed the acquisition of 2 ordinary shares of RM1.00 each in the capital of Home Touch Solution (North) Sdn. Bhd. (“Home Touch”), for a total cash consideration of RM2.00. This represents 100% of the total issued and paid up share capital of Home Touch.

The purpose of the acquisition is to enlarge the Group structure of the Company to cater for future expansion.

## **DIST TECHNOLOGY HOLDINGS BERHAD (“DIST” OR “THE COMPANY”)**

Save as disclosed above, there were no other changes in the composition of the Group for the current financial year under review.

### **12. CONTINGENT LIABILITIES**

As at the date of this quarterly financial report, the Company is contingently liable to the extent of RM61.1million (2008: RM57.60 million) in respect of corporate guarantee given to local banks for credit facilities granted to its subsidiary companies.

Save as disclosed above, there were no other contingent liabilities or contingent assets for the current financial year under review.

### **13. TAXATION**

	<b>Current Year Quarter 31/12/2009 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/12/2008 RM'000</b>	<b>Current Year To Date 31/12/2009 RM'000</b>	<b>Preceding Year To Date 31/12/2008 RM'000</b>
Current Tax	27	63	44	13
Deferred tax relating to the origination and reversal of temporary differences	353	-	353	-
<b>Sub-total</b>	<b>380</b>	<b>63</b>	<b>397</b>	<b>13</b>
Under/(over) provision in prior year				
-current tax	(7)	-	61	3
-deferred tax	455	-	455	-
<b>Sub-total</b>	<b>448</b>	<b>-</b>	<b>516</b>	<b>3</b>
<b>Total</b>	<b>828</b>	<b>63</b>	<b>913</b>	<b>16</b>

The current tax expense was due to an under provision of tax for the previous year due to disallowable of certain expenses incurred by the Inland Revenue Board from Digital Integrated System Sdn Bhd (a wholly owned subsidiary company, prior to its acquisition by DIST) and also in respect of interest income derived from fixed deposits. The tax expense incurred in the previous year was in respect of interest income derived from fixed deposits

No provision for taxation has been made for the business income for the current financial year under review as the Company has been granted another 5 years of pioneer status, which exempts their profits from Malaysian Income Tax for another 5 years commencing from 4 February 2009 to 3 February 2014.

### **6 14. PROFITS ON SALE OF UNQUOTED INVESTMENTS/PROPERTIES**

7 There were no sales of unquoted investment/properties for the current financial year under review.

### **15. PURCHASE/DISPOSAL OF QUOTED SECURITIES**

There was no purchase/disposal of quoted securities for the current financial year under review. Currently, the Group does not hold any quoted securities.

### **16. STATUS OF CORPORATE PROPOSAL**

There are no corporate proposals that have been announced but not completed as the date of this quarterly financial report.

### **17. STATUS OF UTILISATION OF PROCEEDS FROM ANY CORPORATE PROPOSAL**

For the current financial year under review, the Group did not have any proceeds from equity financing exercises to be utilised.

## DIS TECHNOLOGY HOLDINGS BERHAD (“DIST” OR “THE COMPANY”)

### 18. GROUP BORROWINGS (all on secured basis)

The Group’s borrowings as at 31 December 2009 is as follows:

<b>Short Term Borrowings</b>	<b>RM'000</b>
Bills Payable	43,428
Murabaha Loan	30,318
Bank Overdrafts	4,063
<b>Total</b>	<b>77,809</b>
Term Loan	251
Hire Purchase Creditors (included in other payables and accrued expenses)	140

<b>Long Term Borrowings</b>	<b>RM'000</b>
Hire Purchase Creditors	74
Term Loan	1,727

The above borrowings are denominated in Ringgit Malaysia.

### 19. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There is no financial instrument with off balance sheet risk as at the date of this quarterly report.

### 20. MATERIAL LITIGATIONS

There is no pending material litigation against the Group or taken by the Group since the last audited balance sheet date until the date of this announcements

### 21. REVIEW OF PERFORMANCE

For the financial year ended 31 December 2009, the Group’s registered a revenue at RM181 million as compared to RM139 million in the preceding year. However, the Group’s has suffered a loss after taxation of RM0.5 million against RM0.8 million in the preceding year. The decrease was mainly due to the provision for impairment of goodwill, allowance for doubtful debts and inventories written off.

### 22. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group recorded a Loss Before Taxation (“LBT”) for the current quarter of approximately RM2.3 million as compared to a Profit Before Taxation of approximately RM1.4 million recorded in the 3<sup>rd</sup> quarter of 2009. The decrease was mainly attributable to provision for impairment of goodwill, allowance for doubtful debts and inventories written off.

### 23. FUTURE PROSPECTS

The Board of DIST are of opinions that the competition in IT and consumer electronics Industry would remain tough in light of economic uncertainty. Nevertheless, the Board of DIST believes that the management team would be able to minimise the adverse impact of the economic slowdown and will focus on cost management and operation efficiency to enhance its competitiveness. With careful planning and undivided focus, the Group is expected to achieve a satisfactory result in 2010.

### 24. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

8 Not applicable as no profit forecast was published.

### 25. DIVIDEND

**DIS TECHNOLOGY HOLDINGS BERHAD (“DIST” OR “THE COMPANY”)**

No dividends were declared during the current financial year under review.

**26. RELATED PARTY TRANSACTION**

There were no inter-company transactions other than those incurred in the ordinary course of business consistent with the previous year.

There were no transactions with the directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

**27. EARNINGS PER SHARE (“EPS”)**

	Current Year Quarter 31/12/2009	Preceding Year Quarter 31/12/2008	Current Year To Date 31/12/2009	Preceding Year To Date 31/12/2008
Net profit/(loss) for the year (RM'000)	(3,174)	(3,253)	(555)	(815)
Weighted average no. of ordinary shares ('000)	143,268	143,268	143,268	143,268
Basic EPS (sen)	(2.22)	(2.27)	(0.40)	(0.57)
Diluted EPS (sen)	N/A	N/A	N/A	N/A

BY ORDER OF THE BOARD

LIM YONG CHIAT  
COMPANY SECRETARY  
25 February 2010