



DSC Solutions Berhad

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DSC SOLUTIONS BERHAD

(Company Number : 721605-K)
(Incorporated in Malaysia under the Companies Act 1965)

PUBLIC ISSUE OF 12,578,000 NEW ORDINARY SHARES OF RM0.10 EACH IN DSC SOLUTIONS BERHAD ("DSC SHARES") AT AN ISSUE PRICE OF RM0.50 PER DSC SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:

- 500,000 NEW DSC SHARES AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF DSC SOLUTIONS BERHAD AND ITS SUBSIDIARY COMPANIES;
- 11,078,000 NEW DSC SHARES FOR PLACEMENT TO SELECTED INVESTORS; AND
- 1,000,000 NEW DSC SHARES AVAILABLE FOR APPLICATION BY THE PUBLIC

AND BONUS ISSUE OF ONE (1) NEW DSC SHARE TO BE ISSUED AND CREDITED AS FULLY PAID-UP FOR EVERY ONE (1) DSC SHARE HELD AFTER THE PUBLIC ISSUE

IN CONJUNCTION WITH ITS LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

Principal Adviser, Underwriter & Placement Agent



KENANGA INVESTMENT BANK BERHAD
Company No. 15678-H

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE 28 FOR "RISK FACTORS".

INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK

RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false, inaccurate or misleading statement or other facts which if omitted, would make any statement in this Prospectus false, inaccurate or misleading.

Kenanga Investment Bank Berhad ("Kenanga"), being our Principal Adviser, Underwriter and Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue (as defined in this Prospectus).

STATEMENTS OF DISCLAIMER

The Securities Commission ("SC") has approved the Public Issue and a copy of this Prospectus has been registered with the SC. The approval, and registration of this Prospectus, should not be taken to indicate that the SC recommends the Public Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the securities being offered. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the Public Issue, our company or our securities. Bursa Securities shall not be liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, together with the application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

OTHER STATEMENTS

Companies listed on the ACE Market may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, among others, the prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional/adviser.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through *Sections 248, 249 and 357 of the Capital Market and Services Act 2007 ("CMSA")*.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

Acceptance of the applications will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for our entire enlarged and issued paid-up ordinary shares on the ACE Market of Bursa Securities. Accordingly, all monies paid in respect of any application accepted from you will be returned in full without interest if the application is not made within the third day on which Bursa Securities is open after the date of issue of this Prospectus or the permission is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not returned in full within fourteen (14) days after we become liable to do so, the provision of 243(2) of the CMSA shall apply accordingly.

The Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of the Public Issue, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

Further, it shall also be your sole responsibility to ensure that your application for the Public Issue would be in compliance with the terms of the Public Issue and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted the Public Issue in Malaysia and will at all applicable time be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether the Public Issue would result in the contravention of any law of such countries or jurisdictions.

We will not take any action to ensure that this Prospectus complies with the laws of any countries or jurisdiction other than the laws of Malaysia. It is your sole responsibility to consult your legal and/or other professional advisers on the applicable laws that you are or might be subjected to. Neither we nor our Principal Adviser will accept any responsibility or liability if your application becomes illegal, unenforceable, voidable or void in any country or jurisdiction.

This Prospectus can also be viewed or downloaded from the Bursa Securities' website at www.bursamalaysia.com.

ELECTRONIC PROSPECTUS / INTERNET SHARE APPLICATION

You may also obtain a copy of the Electronic Prospectus from the website of CIMB Investment Bank Berhad at www.eipocimb.com, the website of CIMB Bank Berhad at www.cimbclicks.com.my, the website of Malayan Banking Berhad at www.maybank2u.com.my, the website of RHB Bank Berhad at www.rhbbank.com.my and the website of Affin Bank Berhad at www.affinOnline.com via hyperlink to the website of Bursa Securities.

You are advised that the Internet is not a fully secured medium, and that your Internet Share Application (as defined in this Prospectus) may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institution (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or Issuing House, a paper printed copy of this Prospectus. In the event of any discrepancy arising between the contents of the Electronic Prospectus and the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this Prospectus to third party Internet sites (referred to as **"Third Party Internet Sites"**), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites. Accordingly, we and our Principal Adviser are not responsible for any availability of, or the content or any data, files or other materials provided on the Third Party Internet Sites. You bear all risk associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or materials provided by such parties; and
- (iii) any data, files or other materials downloaded from the Third Party Internet Sites is done at your discretion and risk. We and our Principal Adviser are not responsible, liable or under obligations for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other materials.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent that the content of the Electronic Prospectus situated on the web server or the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of any Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institutions, and subsequently communicated or disseminated in any manner to you or other parties; and

- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the Internet is not a fully secured medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence or of in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with web browser or other relevant software, any fault on yours or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market is set out below:-

Event	Tentative Date
Issue of Prospectus	19 November 2009
Opening Date of the Public Issue	19 November 2009
Closing Date of the Public Issue	26 November 2009
Balloting of applications for Public Issue Shares	1 December 2009
Allotment of the Public Issue Shares to successful applicants	6 December 2009
Listing date	9 December 2009

SAVE FOR THE OPENING DATE OF THE APPLICATION FOR THE PUBLIC ISSUE, THESE DATES ARE TENTATIVE AND ARE SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

APPLICATIONS WILL BE ACCEPTED FROM 10:00 A.M. ON 19 NOVEMBER 2009 AND WILL REMAIN OPEN UNTIL 5:00 P.M. ON 26 NOVEMBER 2009 OR SUCH LATER DATE OR DATES OUR BOARD OF DIRECTORS AND KENANGA AT THEIR ABSOLUTE DISCRETION MAY JOINTLY DECIDE.

SHOULD THE DATE OF CLOSING OF APPLICATION FOR THE PUBLIC ISSUE SHARES BE EXTENDED, THE DATES FOR BALLOTING OF APPLICATIONS FOR PUBLIC ISSUE SHARES, ALLOTMENT OF THE PUBLIC ISSUE SHARES TO SUCCESSFUL APPLICANTS AND LISTING OF OUR ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL ON THE ACE MARKET WILL BE EXTENDED ACCORDINGLY. IN THE EVENT THE DATE OF THE CLOSING OF APPLICATION IS EXTENDED, THE PUBLIC WILL BE NOTIFIED OF SUCH EXTENSION BY WAY OF ADVERTISEMENTS PLACED IN WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPERS.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:-

ACE Market	: ACE Market of Bursa Securities
ACRA	: Accounting & Corporate Regulatory Authority of Singapore
Act	: The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Acquisition of Digital	: Acquisition by DSC of the entire equity interest in Digital for a total purchase consideration of RM3,774,128 satisfied entirely by the issue of 37,741,280 DSC Shares at par value
Acquisition of DSCM	: Acquisition by DSC of the entire equity interest in DSCM for a total purchase consideration of RM168,070 satisfied entirely by the issue of 1,680,700 DSC Shares at par value
Acquisitions of Subsidiary Companies	: Collectively, Acquisition of Digital and Acquisition of DSCM
AMLR	: The Listing Requirements of Bursa Securities for the ACE Market
A*STAR	: Singapore's Agency for Science, Technology & Research
ASEAN	: Association of Southeast Asian Nations member countries
ASM	: Applications and Solutions Market
Board	: Board of directors of DSC
Bonus Issue	: Bonus issue of 52,000,000 new DSC Shares to be issued and credited as fully paid-up on the basis of one (1) new DSC Share for every one (1) DSC Share held after the Public Issue
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CAGR	: Compounded Annual Growth Rate
CDS	: Central Depository System
CMSA	: Capital Market and Services Act, 2007
CPI	: Consumer Price Index
Digital	: Digital Scanning Corporation Pte Ltd (199306815R)

DEFINITIONS (Cont'd)

Digital Group	:	Digital and its wholly-owned subsidiary namely DSC Suzhou
DSC or Company	:	DSC Solutions Berhad (721605-K)
DSC Group or Group	:	DSC and its Subsidiary Companies
DSCH	:	DSC Holdings Pte Ltd (199904253G)
DSCM	:	DSC Systems (M) Sdn Bhd (413444-X)
DSC Share(s) or Share(s)	:	Ordinary shares of RM0.10 in DSC
DSC Suzhou	:	Digital Scanning Corporation (Suzhou) Co., Ltd. (320594400023151)
DSCS	:	DSC Systems Pte Ltd (199905946E)
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EDB	:	Economic Development Board of Singapore
Electronic Share Application	:	Application of the Public Issue Shares through a Participating Financial Institution's ATMs
EPS	:	Earnings per share
FIC	:	Foreign Investment Committee
FPE	:	Financial Period Ended/ Ending
FYE	:	Financial Year Ended/ Ending
GDP	:	Gross Domestic Product
GLC	:	Government Linked Companies
GP	:	Gross profit
HR	:	Human Resource
ID	:	Identification
IMR	:	Independent Market Research report from Synovate dated 28 September 2009
Internet Share Application	:	Application for the Public Issue Shares through an Internet Participating Financial Institution
Internet Participating Financial Institutions	:	Participating financial institutions for Internet Share Application
IP	:	Intellectual Property
Listing	:	Initial listing of and quotation for our entire enlarged issued and paid-up share capital of RM10,400,000 comprising 104,000,000 DSC Shares on the ACE Market

DEFINITIONS *(Cont'd)*

Listing Requirements	:	The Listing Requirements of Bursa Securities for the ACE Market
LPD	:	30 September 2009, the last practicable date prior to the printing of this Prospectus
Market Days	:	Any day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MDeC	:	Multimedia Development Corporation Sdn Bhd (389346-D)
MESDAQ Market	:	MESDAQ Market of Bursa Securities, the former listing platform for high-growth and technological companies which was later reformed into the ACE Market
MESDAQ Market Guidelines	:	Guidelines on the offering of equity and equity-linked securities for the MESDAQ Market, which expired effective 2 August 2009
MNC(s)	:	Multi National Corporation(s)
MSC Malaysia Status	:	Multimedia Super Corridor status
NA	:	Net assets
NTA	:	Net tangible assets
Participating Financial Institution	:	Participating financial institutions for Electronic Share Application
PAT	:	Profit after taxation
PATMI	:	Profit after taxation and after minority interest
PBT	:	Profit before taxation
PC	:	Personal Computer
PE Multiple	:	Price to earnings multiple
PRC	:	People's Republic of China
Promoter(s)	:	Controlling shareholders, person connected to controlling shareholders and executive Directors who are substantial shareholders of the Company at the time of the Company's admission to the ACE Market. The Promoters of the Company are Seah Liang Chiang, Wong Ee Sing, Leong Siong Weng, Chua Yock Peng, DSCH and DSCS
Public Issue	:	The public issue of 12,578,000 new DSC Shares at the Public Issue Price
Public Issue Price	:	RM0.50 per DSC Share under the Public Issue
Public Issue Shares	:	The 12,578,000 new DSC Shares to be issued pursuant to the Public Issue subject to the terms and conditions of this Prospectus
R&D	:	Research and Development

DEFINITIONS (Cont'd)

Renunciation of Rights to the Allotment	: Renunciation by DSCS of its rights to the allotment of 8,320,000 DSC Shares arising from the allotment of new DSC Shares to be issued for the Acquisition of Digital, representing 16% of the enlarged and paid-up share capital of DSC after the Public Issue to key employees of the DSC Group
ROI	: Return on Investment
RM and sen	: Ringgit Malaysia and sen respectively
SC	: Securities Commission
Seagate	: Seagate Technology International
SGD and cent	: Singapore Dollar and cent respectively
SME	: Small & Medium Enterprise
SPA	: Sale & Purchase Agreement
Spring Seeds Capital	: Spring Seeds Capital Pte Ltd (200108060H), a wholly-owned subsidiary of SPRING Singapore, which was set up to encourage private sector investment in innovative start-ups
Star Cruises	: Star Cruises Pte Ltd
Sub-division of Shares	: Sub-division of the par value of the existing ordinary shares of RM1.00 each in DSC into ten (10) new DSC Shares.
Subsidiary Companies	: Collectively, Digital and DSCM
UNHCR	: United Nation High Commissioner for Refugees
USD	: United States of America Dollar
WIP	: Work in progress

Glossary of Technical Terms

AIDC	: Automatic Identification and Data Collection
ASP	: Application Service Provider
ATM	: Automated Teller Machine
EAN	: Enterprise Article Numbering
EMV	: Europay, Mastercard, Visa
ERP	: Enterprise Resource Planning
GTIN	: Global Trade Item Number
HTTP	: Hypertext Transfer Protocol
ICT	: Information and Communications Technology
IT	: Information Technology
JAVA	: Java Programming Language

DEFINITIONS (Cont'd)

MEPS	:	Malaysian Electronic Payment System
MHz	:	Megahertz
Mifare	:	Mifare is the NXP Semiconductors (a spin-off company formed out of Philips Semiconductors)-owned trademark of the reputedly most widely installed contactless smartcard, or proximity card, technology in the world
ODBC	:	Open Database Connectivity provides a standard software application programming interface method for using database management systems
PKI	:	Public Key Infrastructures
RF	:	Radio Frequency
RFID	:	Radio Frequency Identification
RSS	:	Reduced Space Symbolology
SaaS	:	Software-as-a-service
SAP	:	SAP AG, Germany
SIM	:	Subscriber Identity Module
SMS	:	Short Messaging Services
UHF	:	Ultra High Frequency
UPC	:	Universal Product Codes
VHF	:	Very High Frequency
Visa CEMEA	:	Visa Central and Eastern Europe, Middle East and Africa
Visa EU	:	Visa European Union
W	:	Watt
XML	:	Extensible Markup Language

Professionals

Cheang & Ariff	:	Messrs. Cheang & Ariff
Kenanga	:	Kenanga Investment Bank Berhad (15678-H)
SJ Grant Thornton	:	Messrs. SJ Grant Thornton
Synovate	:	Synovate Sdn Bhd (425189-K)

In this Prospectus, reference to time relates to Malaysian time, unless otherwise specified.

In this Prospectus, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include feminine and neuter genders and vice versa. Reference to persons shall, where applicable, include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” and “DSC” in this Prospectus are to DSC Solutions Berhad (721605-K), references to “our Group” are to our Company and our consolidated subsidiaries and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, and our consolidated subsidiaries. Unless the context otherwise requires, references to “Management” are to our executive Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Unless otherwise indicated, operating data in this Prospectus is given as at 30 September 2009. All references to dates and times are references to dates and times in Malaysia.

In this Prospectus, references to “Ringgit”, “Malaysian Ringgit”, “RM” and “sen” are to the lawful currency of Malaysia; references to “SGD” and “cent” are to the lawful currency of Singapore and references to USD are to the lawful currency of the United States of America. Any discrepancies in the tables between the amounts listed and the totals in this prospectus are due to rounding. Certain acronyms, technical terms and other abbreviations used are defined in “Definitions” appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulation, enactment or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from internal data. In such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Synovate, i.e. the independent market researcher for inclusion in this Prospectus. We had appointed Synovate to provide a business and independent market and industry review relating to an overview of the economy and industry in which we operate. In compiling data for the review, Synovate relied on industry sources, published materials, its own private databanks and direct contacts within the industry. We believe that the information on the industry as contained in this Prospectus and the other statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industry in which we operate. However, neither we nor our advisers have verified these data.

Our advisers and we do not make any representation as to the correctness, accuracy or completeness of such data. You should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

If there are any discrepancies or inconsistencies between the English and Malay versions of this Prospectus, the English version shall prevail.

FORWARD LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitations, statements relating to:-

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations; and
- (iv) our financial position.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:-

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Sections 4, 5, 7 and 8 of this Prospectus. We cannot give any assurance that any forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regards thereto or any change in events, conditions or circumstances on which any such statement is based.

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1. CORPORATE DIRECTORY***DIRECTORS***

Name	Address	Profession	Nationality
Dato' Dr. Mohd Ibrahim A. Wahid (<i>Independent Non-Executive Chairman</i>)	1 Lorong Bukit Pantai 7, Bukit Pantai, 59100 Kuala Lumpur	Medical Director and Clinical Oncologist Consultant	Malaysian
Seah Liang Chiang (<i>Founder and Group Managing Director</i>)	16 Jalan Mutiara Mas 2/15, Taman Mt Austin, 81100 Johor Bahru, Malaysia	Company Director	Malaysian
Chua Yock Peng (<i>Executive Director</i>)	16 Jalan Mutiara Mas 2/15, Taman Mt Austin, 81100 Johor Bahru, Malaysia	Company Director	Singaporean
Wong Fe Sing (<i>Executive Director</i>)	Block 263 Bukit Batok East Ave 4 #12-259 Singapore 650263	Company Director	Malaysian
Leong Siong Weng (<i>Executive Director</i>)	86 Telok Blangah Heights #26-379 Singapore 100086	Company Director	Singaporean
Muk Sai Tat (<i>Independent Non-Executive Director</i>)	83 Jalan Terasak 2, Bangsar Baru 59100 Kuala Lumpur	Business Consultant	Malaysian
Edward Khor Yew Heng (<i>Independent Non-Executive Director</i>)	Btd – 19, Grandeur Tower, Jalan Pandan Indah 1/16, Pandan Indah, 55100 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Muk Sai Tat	Chairman of the Committee	Independent Non-Executive Director
Dato' Dr. Mohd Ibrahim A. Wahid	Member of the Committee	Independent Non-Executive Chairman
Edward Khor Yew Heng	Member of the Committee	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Edward Khor Yew Heng	Chairman of the Committee	Independent Non-Executive Director
Dato' Dr. Mohd Ibrahim A. Wahid	Member of the Committee	Independent Non-Executive Chairman
Muk Sai Tat	Member of the Committee	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Dr. Mohd Ibrahim A. Wahid	Chairman of the Committee	Independent Non-Executive Chairman
Muk Sai Tat	Member of the Committee	Independent Non-Executive Director
Edward Khor Yew Heng	Member of the Committee	Independent Non-Executive Director

COMPANY SECRETARY : Tca Sor Hua (MACS 01324)
Chan Bec Fang (MAICSA 7032385)

Third Floor, No. 79 (Room A)
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

REGISTERED OFFICE : Third Floor, No. 79 (Room A)
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel no.: +603 7728 4778
Fax no.: +603-7722 3668

HEAD OFFICE : No.2 -GM, Jalan PJS 10/2
Subang Indah
46050 Petaling Jaya
Selangor Darul Ehsan
Tel no.: +603 5635 8889
Fax no.: +603 5632 4790
Email address: enquiry@dsc.com.my
Website: www.dsc.com.my

67 Ayer Rajah Crescent #02-25
Ayer Rajah Industrial Estate
Singapore 136650
Tel no.: +65 6665 7500
Fax no.: +65 6665 7522
Email address: enquiry@dsc.com.sg
Website: www.dsc.com.sg

AUDITORS & REPORTING ACCOUNTANTS : Messrs. SJ Grant Thornton
Level 11
Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel no.: +603 2692 4022
Fax no.: +603 2732 5119

SOLICITORS FOR THE IPO : Messrs. Cheang & Ariff
39 Court@Loke Mansion
273A, Jalan Medan Tuanku
50300 Kuala Lumpur
Tel no.: +603 2691 0803
Fax no.: +603 2693 4475

1. CORPORATE DIRECTORY (Cont'd)

REGISTRAR

Tricor Investor Services Sdn Bhd
(Formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no.: +603 2264 3883
Fax no.: +603 2282 1886

**PRINCIPAL ADVISER,
UNDERWRITER AND
PLACEMENT AGENT**

: Kenanga Investment Bank Berhad
801, 8th Floor, Kenanga International
Jalan Sultan Ismail,
50250 Kuala Lumpur
Tel no.: +603 2027 5555
Fax no.: +603 2164 6690

ISSUING HOUSE

: Malaysian Issuing House Sdn Bhd
Level 27, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel no.: +603 2693 2075
Fax no.: +603 2693 0858

**INDEPENDENT MARKET
RESEARCHER**

: Synovate Sdn Bhd
18th Floor Menara IGB
No 2 The Boulevard
Mid Valley City Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no.: +603 2282 2244
Fax no.: + 603 2282 9944

PRINCIPAL BANKERS

: Malayan Banking Berhad
Menara Maybank
100 Jalan Tun Perak
Kuala Lumpur 50050
Tel no.: +603 2070 8833
Fax no.: +603 2070 2611

RHB Bank Berhad
Commercial Banking Business Centre Subang Jaya
3rd Floor, Lot 48-50 Jalan SS15/4D
47500 Subang Jaya
Selangor Darul Ehsan
Tel no.: +603 5634 4970
Fax no.: +603 5634 4848

DBS Bank Ltd
97 Corporation Drive
Singapore 619767
Tel no.: +65 1800 111 111
Fax no.: +65 6268 8409

LISTING SOUGHT

: ACE Market of Bursa Securities

2 SUMMARY INFORMATION

THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR COMPANY. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

2.1 HISTORY AND NATURE OF BUSINESS

DSC was incorporated on 19 January 2006 in Malaysia as a private limited company under the Act with the name of Intelek Sekutu Sdn Bhd. It subsequently changed its name to DSC Solutions Sdn Bhd on 5 February 2008. It was converted into a public limited company on 6 March 2008 and assumed its present name.

To date, our Group is a group of companies principally involved in providing innovative and comprehensive AIDC solutions, software and engineering services to various industries. AIDC refers to methods of identifying objects, collecting data about them, and entering that data directly into computer systems using a microprocessor controlled device. Our integrated AIDC solution suite is able to complement, extend the useful life and enhance the value of ERP systems and accounting softwares, as well as to provide seamless technical interface to AIDC technologies. Our products and services are currently provided to customers in the hospitality and consumer services as well as other business verticals in the supply chain industry.

The history of the business of our Group can be traced back to 1993 when our founder, Mr. Seah Liang Chiang founded the integrated AIDC solutions business under Digital in Singapore. Digital was set-up to distribute AIDC products. Mr. Seah has been in the AIDC industry for over 19 years and in the IT industry for over 21 years. Mr. Seah, a Malaysian, obtained his degree from the National University of Singapore (NUS) in 1987. He noted that business processes of various industries in the SEA region were heavily dependent upon manual data collection system which cannot produce critical data on time and which are laborious and as such prone to errors. With his business knowledge in this industry, he envisioned the promising prospects for the AIDC solutions business in the region to increase the efficiency of organisations.

Our founder chose Singapore market as the platform to kick-off our Group's businesses due to his in-depth and thorough understanding of the Singapore market after years of working experience in Singapore (and servicing regional accounts in Asia). This was also due to Singapore being the preferred regional base for many MNCs resulting in many MNCs locating their regional headquarters there which in turn, facilitates the proliferation of the use of our products to other neighbouring countries.

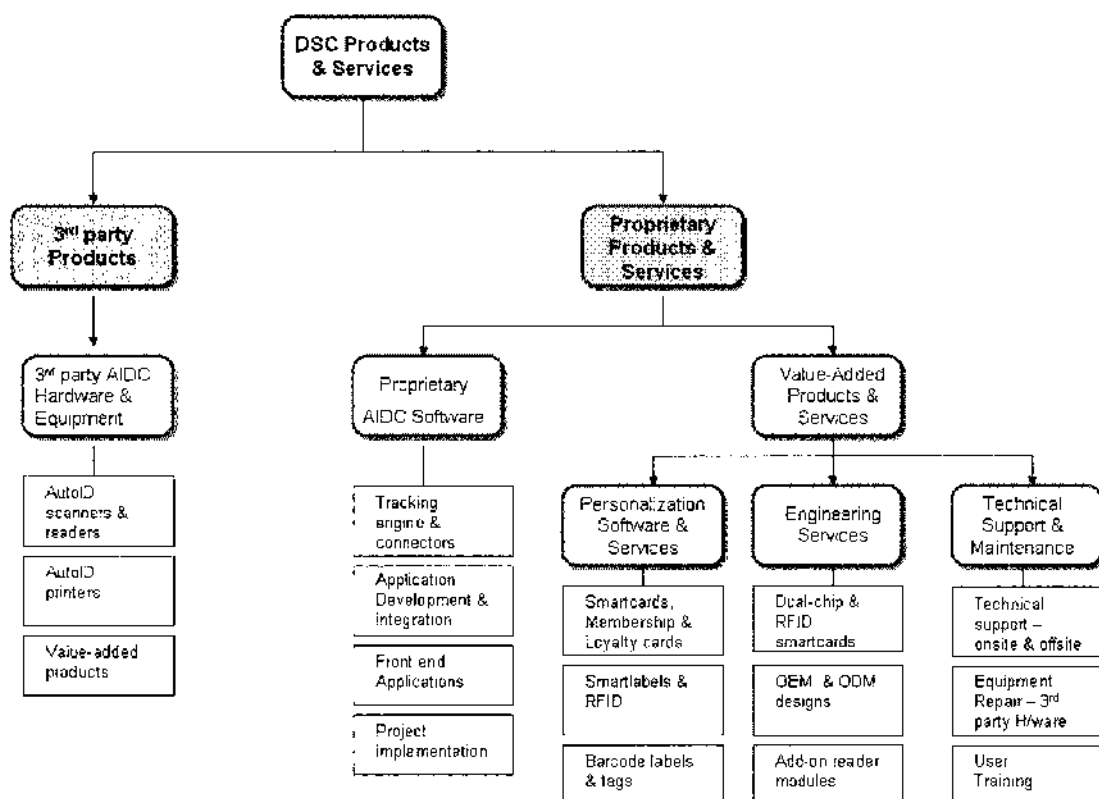
The current operation in Singapore functions as our Group's operational hub to secure projects that involve regional roll-outs in the ASEAN region. In addition, the targeted markets for our expansion will depend on and coincide with the movement of our customers which would allow us to penetrate into new markets with secure customers in hand and thus minimise the risks of uncertainty.

Our Group aims to be the leading integrated AIDC solutions provider in the ASEAN region, establishing ourselves in the local market initially, using Malaysia and Singapore as the platform for future growth and expansion in the region, and other foreign markets.

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2 SUMMARY INFORMATION (Cont'd)

The current principal business offerings of our Group comprises the following:-



Our Group's integrated AIDC solution suite, TrekNet has four (4) basic "solution engines" which is based on Microsoft.Net technology, namely:-

- (i) Trek. BizAPP;
- (ii) UniTrek;
- (iii) Trek.IT; and
- (iv) Trek.Manager.

In order to provide further integration into business environments and improve our customers' experience, we have four (4) industry-specific front-end application software modules, i.e. visitor tracking, asset tracking, inventory tracking and file tracking, which performs a variety of functional tracking tasks. For further information on the solutions engines and front-end application software modules, please refer to Section 5.4.2.2 of this Prospectus.

Each engine is seamlessly connected to each other and is designed to ensure that all tracking needs are met. Our solution can be standalone or integrated into the existing backend ERP or network. Compatible with most standard database such as Oracle and Microsoft-MySQL, TrekNet seeks to acquire, manage and process data accurately on a real time basis. The solutions are supportable via the Internet and Intranet.

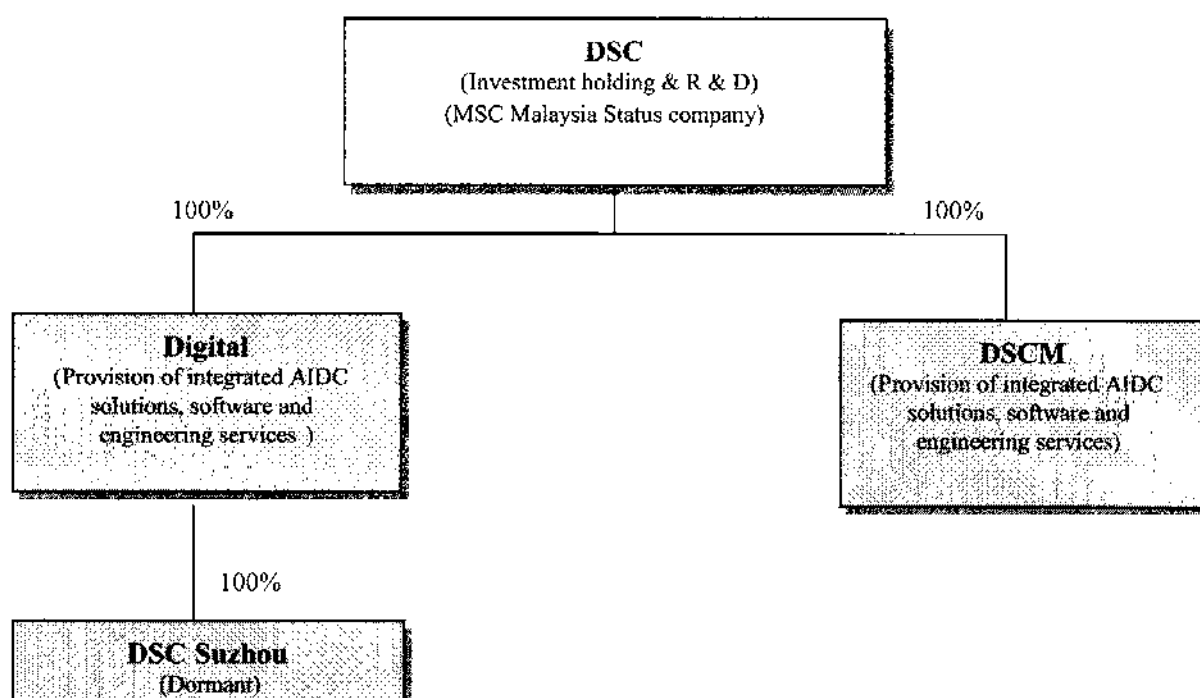
Ultimately, with our AIDC solution suite, our clients will be able to make better-informed decisions and enable them to streamline operations for better use of time, people, inventory and resources using up-to-date accurate information on status of assets, inventories and resources. Our solutions are aimed at improving efficiency and reducing paperwork, therefore giving our clients the ability to improve productivity, business turnaround time and increase output.

2 SUMMARY INFORMATION (Cont'd)

Our Group has been maintaining good business relationships with our customers. Currently, more than 75% of our Group's annual turnover is derived from MNCs and regional companies. Generally once the customers have established trust in our AIDC solutions, our customers tend to maintain the business relationship and are not inclined to switch to other parties for the supply of solutions and value added products. This is to mitigate the risk of using unreliable solutions which in turn may interrupt their business processes and thus reduce productivity. Such examples are Seagate and Star Cruises which we have served for the past twelve (12) and nine (9) years respectively.

Our Group's ability to continually develop new and improved integrated AIDC solutions and enhance our existing products in response to changes in technological development, as well as provide complementary but necessary engineering solutions, will be key factors to growth in revenue.

The corporate structure of our Group is as set out below:-



Our principal activities are R&D and investment holding whilst the principal activities of our Subsidiary Companies are as follows:-

Name	Date and place of incorporation	Equity interest %	Issued and paid-up share capital / Registered Capital	Principal activity
<i>Subsidiary of DSC</i>				
Digital	14.10.1993 / Singapore	100%	SGD1,038,745	Provision of integrated AIDC solutions, software and engineering services
DSCM	12.12.1996 / Malaysia	100%	RM200,000	Provision of integrated AIDC solutions, software and engineering services
<i>Subsidiary of Digital</i>				
DSC Suzhou	14.7.2008 / PRC	100%	SGD22,500	Dormant

2 SUMMARY INFORMATION (Cont'd)

2.2 RISK FACTORS

You should carefully consider the following risk factors (which are not exhaustive), in addition to the other information contained in this Prospectus before applying for the Public Issue Shares. For a detailed commentary on the risk factors, please refer to Section 4 of this Prospectus:-

(A) RISKS RELATING TO INDUSTRY

- (i) Competition;
- (ii) Changes in technology;
- (iii) Dependence on related industries; and
- (iv) IP Rights Disputes.

(B) BUSINESS RISKS

- (i) Dependence on executive Directors;
- (ii) Dependence on major customers;
- (iii) Expansion to foreign markets and its related risk thereon;
- (iv) Material defects liability;
- (v) System disruptions and breakout of fire, energy crisis and other emergencies;
- (vi) Foreign currency risk;
- (vii) Failure to achieve the objectives of our business development plan; and
- (viii) Political, economic and legislative considerations.

(C) OTHER RISKS

- (i) Control by certain substantial shareholders;
- (ii) No prior market for DSC Shares;
- (iii) Forward looking statements;
- (iv) Delay in or abortion of the Public Issue;
- (v) Termination of Underwriting Agreement;
- (vi) Introduction of new laws or changes to existing laws in foreign jurisdiction; and
- (vii) Changes in or loss of MSC Malaysia Status.

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2 SUMMARY INFORMATION (Cont'd)

2.3 FINANCIAL HIGHLIGHTS

2.3.1 Proforma Consolidated Income Statements

The proforma consolidated income statements have been prepared for illustrative purposes after making certain adjustments to show what the results for the FYE 30 September 2006, 2007, 2008 and FPE 30 June 2009 as well as the comparative period FPE 30 June 2008 would have been if the DSC Group structure had been in place since the beginning of the years/periods being reported on.

	<----- Audited -----> <-----FYE 30 September----->			Unaudited	Audited
	2006 RM'000	2007 RM'000	2008 RM'000	<-----FPE 30 June-----> 2008 RM'000	2009 RM'000
Revenue	9,965	11,297	13,844	9,510	11,218
Gross profit	3,519	3,976	6,511	4,517	5,067
EBITDA	1,817	2,020	3,408	2,554	2,956
Amortisation	(33)	(146)	(286)	(214)	(248)
Depreciation	(79)	(95)	(374)	(256)	(655)
Interest expenses	(146)	(109)	(153)	(112)	(89)
PBT	1,559	1,670	2,595	1,972	1,964
Taxation	(260)	(86)	(93)	(70)	(172)
PAT	1,299	1,584	2,502	1,902	1,792
GP margin (%)	35.31	35.19	47.03	47.50	45.17
PBT margin (%)	15.65	14.78	18.75	20.74	17.50
PAT margin (%)	13.04	14.01	18.08	20.00	15.97
Number of ordinary shares of RM0.10 each assumed in issue #	39,422,000	39,422,000	39,422,000	39,422,000	39,422,000
Gross EPS (sen)	3.96	4.23	6.58	6.67 [^]	6.64 [^]
Net EPS (sen)	3.30	4.02	6.35	6.43 [^]	6.06 [^]

Notes:-

1. The Proforma Consolidated Income Statements have been prepared based on the audited financial statements of DSC, Digital Group and DSCM for the past three (3) FYE 30 September 2006 to 2008 and the FPE 30 June 2009 as well as the unaudited comparative period for the FPE 30 June 2008.
 2. There were no extraordinary or exceptional items in all the financial years/period under review.
 3. DSC Group's results have been restated through appropriate consolidation adjustments to eliminate inter-company transactions under the existing group structure.
- # As DSC was only incorporated on 19 January 2006, the number of ordinary shares of RM0.10 each assumed in issue was computed using the issued and fully paid-up ordinary share capital of DSC assuming the Acquisition of Digital Group and Acquisition of DSCM have been completed on 1 October 2005.
- [^] Annualised

2 SUMMARY INFORMATION (Cont'd)**2.3.2 Proforma Consolidated Balance Sheets**

The Proforma Consolidated Balance Sheets of DSC Group as at 30 June 2009 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned below on the assumption that these transactions were completed on 30 June 2009.

Proforma I : After Sub-division of Shares
 Proforma II : After Proforma I and Acquisitions of Subsidiary Companies
 Proforma III : After Proforma II and Public Issue
 Proforma IV : After Proforma III and utilisation of proceeds
 Proforma V : After Proforma IV and Bonus Issue

	As at 30 June 2009	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	RM	RM	RM	RM	RM	RM
SHARE CAPITAL	2	2	3,942,200	5,200,000	5,200,000	10,400,000
SHARE PREMIUM	-	-	-	5,031,200	4,599,987	-
UNAPPORTIONED PROFIT	4,452,558	4,452,558	5,151,577	5,151,577	3,882,790	3,282,777
Total shareholders' equity	4,452,558	4,452,558	9,093,777	15,382,777	13,682,777	13,682,777
NON-CURRENT LIABILITIES						
Borrowings	-	-	738,034	738,034	738,034	738,034
Finance creditors	-	-	11,604	11,604	11,604	11,604
Deferred taxation	-	-	158,400	158,400	158,400	158,400
	4,452,558	4,452,558	10,001,815	16,290,815	14,590,815	14,590,815
Represented by:-						
NON-CURRENT ASSETS						
Property, plant and equipment	-	-	1,783,435	1,783,435	3,183,435	3,183,435
Development costs	345,731	345,731	345,731	345,731	2,145,731	2,145,731
Intellectual property	-	-	4,320,000	4,320,000	4,320,000	4,320,000
Total non-current assets	345,731	345,731	6,449,166	6,449,166	9,649,166	9,649,166

2 SUMMARY INFORMATION (Cont'd)

	As at 30 June 2009 RM	Proforma I RM	Proforma II RM	Proforma III RM	Proforma IV RM	Proforma V RM
CURRENT ASSETS						
Inventories	-	-	1,526,204	1,526,204	1,526,204	1,526,204
Trade and other receivables	4,111,451	4,111,451	5,846,743	5,846,743	5,264,219	5,264,219
Fixed deposits with a licensed bank	-	-	524,423	524,423	524,423	524,423
Cash and bank balances	3,376	3,376	288,358	6,577,358	2,259,882	2,259,882
Total current assets	4,114,827	4,114,827	8,185,728	14,474,728	9,574,728	9,574,728
CURRENT LIABILITIES						
Trade and other payables	8,000	8,000	3,420,575	3,420,575	3,420,575	3,420,575
Tax payables	-	-	81,710	81,710	81,710	81,710
Borrowings	-	-	1,130,794	1,130,794	1,130,794	1,130,794
Total current liabilities	8,000	8,000	4,633,079	4,633,079	4,633,079	4,633,079
NET CURRENT ASSETS	4,106,827	4,106,827	3,552,649	9,841,649	4,941,649	4,941,649
	4,452,558	4,452,558	10,001,815	16,290,815	14,590,815	14,590,815
NET ASSETS PER ORDINARY SHARE OF -RM1.00 EACH (RM)	2,226,279	-	-	-	-	-
-RM0.10 EACH (SEN)	-	222,628	23.07	29.58	26.31	13.16

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2 SUMMARY INFORMATION (Cont'd)

2.4 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE**(a) Share capital****RM***Authorised:-*

250,000,000 DSC Shares

25,000,000

Issued and paid-up:-

20 DSC Shares credited as fully paid-up

2

Issued pursuant to the Acquisitions of Subsidiary Companies:-

39,421,980 DSC Shares credited as fully paid-up

3,942,198

To be issued pursuant to the Public Issue:-

12,578,000 DSC Shares credited as fully paid-up

1,257,800

To be issued pursuant to the Bonus Issue:-

52,000,000 DSC Shares credited as fully paid-up

5,200,000

Enlarged issued and paid-up share capital

104,000,000 DSC Shares

10,400,000

(b) Public Issue Price per DSC Share

0.50

*(Theoretical ex-bonus price after the Public Issue will be RM0.25 per DSC Share)***(c) Market capitalisation of our Company based on the ex-bonus price**

26,000,000

(d) Proforma consolidated NA

Proforma consolidated NA as at 30 June 2009 after the Public Issue and Bonus Issue and deducting estimated listing expenses

13,682,777

Proforma consolidated NA per DSC Share (based on the enlarged issued and paid-up share capital of 104,000,000 DSC Shares after the Public Issue and Bonus Issue)

13.16 sen

(e) Classes of shares and ranking

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. The Public Issue Shares will, upon allotment, rank *pari passu* in all respects with one another and all other existing issued and fully paid-up DSC Shares including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares which we may issue in the future, our ordinary shareholders shall, in proportion to the amount paid-up on the DSC Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in the event of our liquidation, any surplus shall be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

Each shareholder shall be entitled to vote at our general meeting in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each DSC Share held. A proxy may but need not be a member of our Company.

2 SUMMARY INFORMATION (Cont'd)

Full details of the Public Issue are set out in Section 3 of this Prospectus.

2.5 PROCEEDS FROM THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds from the Public Issue amounting to RM6,289,000 will accrue entirely to our Company and will be utilised as follows:-

Proposed Utilisation	RM	Expected time frame for utilisation
Working capital	1,389,000	Within 24 months from the date of Listing
R&D expenditure	1,800,000	Within 36 months from the date of Listing
Business expansion & capital expenditure	1,400,000	Within 36 months from the date of Listing
Estimated listing expenses	1,700,000	Within 6 months from the date of Listing
	6,289,000	

Full details of the proposed utilisation are set out in Section 3.9 of this Prospectus.

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2 SUMMARY INFORMATION (Cont'd)**2.6 DIRECT AND INDIRECT SHAREHOLDINGS OF OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**

The shareholdings of our Promoters, substantial shareholders, Directors and key management are as follows:-

Name	Nationality/ Country of Incorporation	Designation	No. of DSC Shares held as at the LPD		No. of DSC Shares held after the Public Issue and Bonus Issue ^					
			Direct	%	Indirect	%	Direct	%		
<u>Promoters & Substantial Shareholders</u>										
Seah Liang Chiang [#]	Malaysian	Founder and Group Managing Director	10	50.00	-	-	3,127,238	3.01	55,738,146 ^a	53.59
Chua Yock Peng [#]	Singaporean	Operations Director	-	-	10 [*]	50.00	256,582	0.25	58,608,802 ^b	56.35
Wong Ee Sing	Malaysian	Chief Technical Officer	-	-	-	-	3,349,600	3.22	-	-
Leong Siang Weng	Singaporean	Sales & Marketing Director	-	-	-	-	3,621,070	3.48	-	-
DSCH ^{#a}	Singapore	-	-	-	-	-	11,172,418	10.74	-	-
DSCS ^{#b}	Singapore	-	-	-	-	-	44,309,146	42.60	-	-
<u>Directors</u>										
Seah Liang Chiang	Malaysian	Founder and Group Managing Director	10	50.00	-	-	3,127,238	3.01	55,738,146 ^a	53.59
Chua Yock Peng	Singaporean	Operations Director	-	-	10 [*]	50.00	256,582	0.25	58,608,802 ^b	56.35
Wong Ee Sing	Malaysian	Chief Technical Officer	-	-	-	-	3,349,600	3.22	-	-
Leong Siang Weng	Singaporean	Sales & Marketing Director	-	-	-	-	3,621,070	3.48	-	-
Dato' Dr. Mohd Ibrahim A. Wahid	Malaysian	Independent Non-Executive Chairman	-	-	-	-	100,000	0.10	-	-
Muk Sai Tat	Malaysian	Independent Non-Executive Director	-	-	-	-	60,000	0.06	-	-
Edward Khor Yew Heng	Malaysian	Independent Non-Executive Director	-	-	-	-	60,000	0.06	-	-

2 SUMMARY INFORMATION (Cont'd)

Name	Nationality/ Country of Incorporation	Designation	No. of DSC Shares held as at the LPD		No. of DSC Shares held after the Public Issue and Bonus Issue [^]	
			Direct	%	Direct	%
Key Management						
Seah Liang Chiang	Malaysian	Founder and Group Managing Director	10	50	3,127,238	3.01
Chua Yock Peng	Singaporean	Operations Director	-	-	256,582	0.25
Wong Ee Sing	Malaysian	Chief Technical Officer	-	-	3,349,600	3.22
Leong Siang Weng	Singaporean	Sales & Marketing Director	-	-	3,621,070	3.48
Chua Wee Siang	Singaporean	Business Development Manager	-	-	2,118,000	2.04
Wee Chuen Lii	Malaysian	Group Finance Manager	-	-	2,108,400	2.03

Notes:-

^{*} Deemed interested by virtue of her spouse, Seah Liang Chiang's, shareholdings in DSC.^a Deemed interested by virtue of his shareholdings in DSC and DSCS and his spouse, Chua Yock Peng's, shareholdings in DSC.^β Deemed interested by virtue of her shareholdings in DSCS and her spouse, Seah Liang Chiang's, shareholdings in DSC and DSCII.[^] Assuming full take up of pink form allocations[#] Substantial shareholdersⁱⁱⁱ Beneficial ownership ultimately owned by Seah Liang Chiang and Chua Yock Peng[&] Beneficial ownership ultimately owned by Seah Liang Chiang, Chua Yock Peng and DSCII

Further information on our promoters, substantial shareholders, Directors and key management are set out in Section 9 of this Prospectus.

3 PARTICULARS OF THE PUBLIC ISSUE

3.1 PRELIMINARY

This Prospectus is dated 19 November 2009.

We have registered a copy of this Prospectus with the SC who assumes no responsibility for the correctness of any statements made, opinions or reports expressed in this Prospectus. We have also lodged a copy of this Prospectus, together with the application form with the Registrar of Companies, who takes no responsibility for its contents.

We have received the approval from SC (including the approval under FIC's Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests) on 28 November 2008 pursuant to Section 212(5) of the CMSA for the admission to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up DSC Shares on the MESDAQ Market with subsequent approval from the SC vide its letter dated 26 May 2009 for the extension of time to 31 December 2009 to implement the Listing. Subsequently, with the introduction of the ACE Market, we had applied to the SC for a variation to the listing scheme, which was approved by the SC on 22 October 2009. As such, our Public Issue is approved by the SC under the MESDAQ Market Guidelines and is not an exempt transaction stipulated under Section 213 of the CMSA. An application will be made to Bursa Securities for the approval-in-principle for the listing of and quotation for our entire enlarged issued and paid-up share capital and the admission of our Company to the Official List of the ACE Market. Our Shares will be admitted to the Official List of the ACE Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for our entire enlarged and issued paid-up ordinary shares on the ACE Market of Bursa Securities. Accordingly, all monies paid in respect of any application accepted from you will be returned in full without interest if the application is not made within the third day on which Bursa Securities is open after the date of issue of this Prospectus or the permission is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not returned in full within fourteen (14) days after we become liable to do so, the provision of 243(2) of the CMSA shall apply accordingly.

In compliance with the AMLR, we need to have at least 25% of our enlarged issued and paid-up share capital in the hands of a minimum number of 200 public shareholders, holding not less than 100 DSC Shares each, upon admission to the ACE Market. We expect to achieve this at the point of listing. However, in the event that this requirement is not met pursuant to this Public Issue, we may not be allowed to proceed with our listing plan. In this event, monies paid in respect of all applications will be returned in full without interest.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit the Public Issue Shares directly with Bursa Depository. Any dealings in the Public Issue Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.

Under Bursa Securities' trading rules, trading in all Bursa Securities' listed securities can only be executed through an ADA who is also a Bursa Securities member with effect from the date of listing.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

You must have a CDS account prior to submitting applications for our Shares either by way of Application Form, Electronic Share Application or Internet Share Application. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our Shares. You should state your CDS account number in the space provided in the application form if you presently have such an account registered in your own name. If you already have a CDS account, you should not complete the preferred ADA code.

In the case of Electronic Share Application or Internet Share Application, only an applicant who is an individual and who is a Malaysian citizen residing in Malaysia and has a CDS account can make an Electronic Share Application or Internet Share Application.

We have not authorised any person to give any information or to make any representation that is not contained in this Prospectus in connection with the Public Issue. If any such information or representation is given or made, you must not rely on them as having been authorised by us and/or Kenanga. Neither the delivery of this Prospectus nor any public issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company or DSC Group since the date of this Prospectus.

The distribution of this Prospectus and offer of the Public Issue Shares are subject to Malaysian law, and neither we nor Kenanga take any responsibility for the distribution of this Prospectus and/or offer of the Public Issue Shares outside Malaysia, which may be restricted by law in other jurisdictions. This Prospectus does not constitute and may not be used for purpose of an offer to subscribe for, any Public Issue Share in any jurisdiction in which such offer is not authorised or lawful, or to any person to whom it is unlawful to make such offer. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

This Prospectus can also be viewed or downloaded from the Bursa Securities' website at www.bursamalaysia.com.

You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in our Company. In considering this investment, if you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.2 OPENING AND CLOSING OF APPLICATION

The application for the Public Issue will open at 10:00 a.m. on 19 November 2009 and will remain open until 5:00 p.m. on 26 November 2009 or for such period or periods as our Board and Kenanga at their absolute discretion may jointly decide. Late applications will not be accepted.

3.3 IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for our Company's entire enlarged issued and paid-up share capital on the ACE Market is set out below: -

Event	Tentative Date
Opening of Application for the Public Issue Shares	19 November 2009
Closing of Application for the Public Issue Shares	26 November 2009
Balloting Date	1 December 2009
Despatch of Notices of Allotment of the Public Issue Shares to successful applicants	6 December 2009
Listing of our Company's entire enlarged issued and paid-up share capital on the ACE Market	9 December 2009

Save for the opening date of the application for the Public Issue, these dates are tentative and subject to changes which may be necessary to facilitate implementation procedures. The application period will close at the date stated above or such later date as our Board and Kenanga at their absolute discretion may jointly decide.

Should the date of closing of the application for the Public Issue Shares be extended, the dates for balloting of applications for Public Issue Shares, allotment of the Public Issue Shares to successful applicants and listing of our entire enlarged issued and paid-up share capital on the ACE Market will be extended accordingly. If the date of closing of application is extended, the public will be notified of such further extension by way of advertisements placed in widely circulated English and Bahasa Malaysia newspapers.

3.4 SHARE CAPITAL

	RM
<i>Authorised:-</i>	
250,000,000 DSC Shares	<u>25,000,000</u>
<i>Issued and paid-up:-</i>	
20 DSC Shares credited as fully paid-up	2
<i>Issued pursuant to the Acquisitions of Subsidiary Companies:-</i>	
39,421,980 DSC Shares credited as fully paid-up	3,942,198
<i>To be issued pursuant to the Public Issue:-</i>	
12,578,000 DSC Shares credited as fully paid-up	1,257,800
<i>To be issued pursuant to the Bonus Issue:-</i>	
52,000,000 DSC Shares credited as fully paid-up	5,200,000
<i>Enlarged issued and paid-up share capital</i>	
104,000,000 DSC Shares	<u>10,400,000</u>

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. The Public Issue Shares will upon allotment rank *pari passu* in all respects with one another and all other existing issued and fully paid-up DSC Shares including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares which we may issue in the future, our ordinary shareholders shall, in proportion to the amount paid-up on the DSC Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in the event of our liquidation, any surplus shall be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

Each shareholder shall be entitled to vote at our general meeting in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each DSC Share held. A proxy may but need not be a member of our Company.

3.5 PARTICULARS OF THE PUBLIC ISSUE

The Public Issue is an invitation by us to the public to subscribe for the Public Issue Shares at the Public Issue Price, subject to the terms and conditions contained in this Prospectus.

Public Issue Price **RM0.50 per DSC Share**
(Theoretical ex-bonus price after the Public Issue will be RM0.25 per DSC Share)

Market capitalisation of our Company based on the ex-bonus price **26,000,000**

The Public Issue Shares made available for subscription by individuals, companies, societies, co-operatives and institutions by way of private placement and public offer are as follows:-

	No. of Public Issue Shares allocated
(a) Eligible employees, Directors and business associates of DSC Group	500,000
(b) General Public:	
(i) by way of private placement	11,078,000
(ii) by way of public offer	1,000,000
Total	12,578,000

The Public Issue Shares in respect of Section 3.5(a) above are allocated to eligible Directors, employees and business associates of our Group based on their respective position and number of years of service with our Group. Based on these criteria, there are cumulatively 31 Directors and employees who are eligible to take up the reserved Public Issue Shares.

We have allocated a total of 60,000 Public Issue Shares to our key business associates based on their contribution to the business of our Group.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

The Public Issue Shares have been allocated to eligible Directors and employees of our Group and our business associates as follows:-

Category	No. of persons/ corporations	No. of DSC Shares allocated
Directors and employees of our Group	26	440,000
Business associates	3	60,000

Of the 440,000 Public Issue Shares allocated to our Directors and employees, 123,200 Public Issue Shares have been allocated for application by eligible Directors of our Group as follows:-

Name of Directors	No. of DSC Shares allocated to each eligible Director
Dato' Dr. Mohd Ibrahim A. Wahid	50,000
Muk Sai Tat	30,000
Edward Khor Yew Heng	30,000
Seah Liang Chiang	5,600
Chua Yock Peng	5,600
Wong Ec Sing	400
Leong Siong Weng	1,600

In the event that any of the Public Issue Shares under Section 3.5(a) above are not taken up by our eligible employees, Directors and business associates, such Public Issue Shares will be made available for application by the investing public by way of public offer.

In the event of an under-subscription of the 1,000,000 Public Issue Shares under Section 3.5(b)(ii) above, such under-subscribed Public Issue Shares may be transferred from the public offer tranche and allocated by way of private placement, and vice versa.

The Public Issue Shares under Section 3.5(a) and 3.5(b)(ii) above have been fully underwritten by Kenanga. The Public Issue Shares which are made available for private placement under Section 3.5(b)(i) will not be underwritten since investors have been identified to subscribe for the said Public Issue Shares. Kenanga, being the Placement Agent has received irrevocable undertakings from investors to subscribe for the Public Issue Shares under Section 3.5(b)(i) above.

We expect to raise RM6.289 million from the Public Issue. There is no minimum subscription as the Public Issue Shares are either fully underwritten or investors have been identified to subscribe for it.

3.6 PURPOSE OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:-

- (a) To obtain a listing of and quotation for the entire enlarged and paid-up share capital of our Company on the ACE Market of Bursa Securities;
- (b) To provide our Group with access to the capital markets for further development and growth, both at the time of Public Issue and later, through other future capital raisings;
- (c) To provide an opportunity for investors and institutions, business associates and the public to participate in the continuing growth of our Group; and
- (d) To enhance the stature and improve our public profile with MNCs in marketing our products and services as well as them (including investing public) being re-assured by the regulatory processes and disclosure requirements involved in our Company's listing on the ACE Market.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.7 PRICING OF THE PUBLIC ISSUE

We and Kenanga as the Principal Adviser, Underwriter and Placement Agent, have determined and agreed on the issue price of RM0.50 per DSC Share, after taking into account, amongst others, the following:-

- (a) the net annualised EPS of 4.59 sen computed based on the PAT of RM1.792 million for the FPE 30 June 2009 and the enlarged issued and paid-up share capital of 52,000,000 DSC Shares, translating into a net PE multiple of 10.89 times based on the Public Issue Price;
- (b) the prevailing market conditions as set out in Section 6.1 of this Prospectus;
- (c) our Group's financial and operating history and conditions as well as our key management as described in Sections 8 and 9 of this Prospectus; and
- (d) the industry overview, future plans and strategies of our Group as described in Sections 6 and 7 of this Prospectus.

You should note that the market price of DSC Shares upon listing on the ACE Market is subject to the vagaries of market forces and other uncertainties which may affect the market price of DSC Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own view on the valuation of our Public Issue Shares before deciding to invest in our Public Issue Shares.

3.8 DILUTION

Dilution is the amount by which the Public Issue Price to be paid by the applicants for our Public Issue Shares in the Public Issue exceeds our NA per Share after the Public Issue. Our audited proforma NA per Share as at 30 June 2009 before adjusting for the net proceeds from the Public Issue and based on the pre-Public Issue share capital of 39,422,000 DSC Shares was 23.07 sen.

Based on the issue of 12,578,000 new DSC Shares at the Public Issue Price pursuant to the Public Issue and after deducting the estimated listing expenses, the audited proforma NA of our Group as at 30 June 2009 would have been 29.58 sen per Share based on the post-Public Issue share capital of 52,000,000. This represents an immediate increase in NA of 6.51 sen per Share to our existing shareholders and an immediate dilution of 20.42 sen per Share (or approximately 40.84%) to applicants for the Public Issue Shares ("Public Investors"). The following table illustrates such dilution on a per Share basis:-

	Per DSC Share (sen)
Public Issue Price	50.00
Audited combined NA per Share as at 30 June 2009, based on pre-Public Issue share capital of 39,422,000 DSC Shares	23.07
Increase in NA per Share contributed by Public Investors	6.51
Audited combined NA per Share after the Public Issue	29.58
Dilution in NA per DSC Share to Public Investors	20.42

Apart from the DSC Shares received by our substantial shareholders pursuant to the Acquisitions of Subsidiary Companies and the pink form allocations, there is no acquisition of any existing equity securities in the DSC Group by the key management, substantial shareholders or persons connected with them during the past three (3) years, or which they have the right to acquire.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.9 PROCEEDS OF THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds amounting to RM6,289,000 will accrue entirely to our Company and is intended to be utilised as follows:-

Proposed Utilisation	RM	Expected time frame for utilisation
R&D expenditure	1,800,000	Within 36 months from the date of Listing
Business expansion & capital expenditure	1,400,000	Within 36 months from the date of Listing
Working capital	1,389,000	Within 24 months from the date of Listing
Estimated listing expenses	1,700,000	Within 6 months from the date of Listing
	6,289,000	

Notes:-

(a) **R&D expenditure**

Our Group intends to channel more resources to the R&D activities of our Group. Hence, an allocation of RM1,800,000 from the proceeds is utilised for the following purposes:-

	RM
Recruitment of R&D staffs	200,000
Training and resources	100,000
Development of new applications/solutions, especially "Off-the-shelf" software	750,000
Repackaging our solutions business model under the SaaS proposition	750,000
TOTAL	1,800,000

Our Group would benefit from an expansion of product range and is constantly looking into the development of new applications/solutions. This would ensure continuous growth in sales and is in line with our Group's strategy towards achieving a multi-solution company.

(b) **Business expansion & capital expenditure**

We propose to allocate approximately RM1,400,000 for business expansion and market development overseas. Our Group aims to be a leading AIDC solutions provider in ASEAN, using Singapore and Malaysia as the platform for future growth and expansion in the region. The allocated proceeds are expected mainly to be applied towards meeting the costs for the setting up our Group's presence in certain overseas markets. Such business expansion may include expansion outside the ASEAN region, into other foreign markets, such as the US and Europe.

(c) **Working Capital**

We propose to allocate RM1,389,000 to meet our working capital requirements. The working capital portion will be used to defray operating expenses such as staff salaries, marketing, advertisement and promotion, travelling, etc.

(d) **Estimated Listing Expenses**

We will bear an estimate of up to RM1,700,000 in respect of expenses and fees incidental to the Public Issue. The expenses of our Public Issue is estimated to comprise the following:-

	RM
Professional fees	1,150,000
SC fees	90,100
Underwriting commission, brokerage and placement fee	50,195
Issuing house fees and expenses	90,000
Advertisement and printing	140,000
Miscellaneous	179,705
TOTAL	1,700,000

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

If the actual R&D expenditure, business expansion & capital expenditure and estimated listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual R&D expenditure, business expansion & capital expenditure and estimated listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

The proceeds of RM6.289 million to be accrued to us are expected to be sufficient at this juncture for all the abovementioned proposed purposes. Pending the actual utilisation of the proceeds earmarked for R&D expenditure and working capital purposes as well as identification of appropriate business opportunities in relation to our business expansion and capital expenditure plans, the proceeds will be placed in interest bearing deposits with licensed financial institutions.

Financial Impact from the Utilisation of Proceeds

The financial impact and benefits from the proceeds of the Public Issue include, amongst others, the following:-

- (a) enhance our Group's core competencies in design and development to maintain our competitive edge;
- (b) expedite the development and commercialisation of our Group's own products for product and geographical market expansion; and
- (c) increase our Group's revenue and earnings through the expansion of our business locally and overseas.

The abovementioned benefits are expected to enhance our earnings in the future. In addition, the Public Issue will raise RM1.389 million for working capital, which is expected to improve the liquidity and cash flow position of our Group.

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3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.10 BROKERAGE, UNDERWRITING AND PLACEMENT COMMISSION

(a) Brokerage Fee

Brokerage fee relating to the Public Issue Shares is payable by us at the rate of one (1.0) percent of the value of the Public Issue Shares in respect of successful applications, which bear the stamps of Kenanga, or the Issuing House, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or members of the Malaysian Investment Banking Association.

(b) Underwriting Commission

Kenanga, as the Underwriter, has agreed to underwrite 1,500,000 of the Public Issue Shares, which will be made available for application by our eligible Directors, employees and business associates, and for application to the public as set out in Section 3.5 herein. Underwriting commission is payable by us to the Underwriter at the rate of three (3.0) percent of the value of the Public Issue Shares underwritten (being the number of Public Issue Shares underwritten multiplied by the Public Issue Price).

(c) Placement Commission and Placement Management Fee

Kenanga has arranged for the placement of the Public Issue Shares at a rate of two point five (2.5) percent of the value of DSC Shares that have been successfully placed by Kenanga (being the number of Public Issue Shares placed out by Kenanga multiplied by the Public Issue Price).

A management fee is payable by us to Kenanga, at a rate of zero point five (0.5) percent of the aggregate value of DSC Shares under the private placement (being the aggregate number of Public Issue Shares under the private placement multiplied by the Public Issue Price).

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3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.11 SALIENT PROVISIONS OF THE UNDERWRITING AGREEMENT

The following are extracts of some of the salient clauses contained in the Underwriting Agreement dated 27 October 2009 entered into between DSC and the Underwriter, including escape clauses, which may allow the Underwriter to withdraw from obligations under the agreement after the opening of the offer. Terms defined in the Underwriting Agreement shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

"Agreement to Underwriter"

2.3 *The obligations of the Underwriter under the Underwriting Agreement are conditional upon:-*

- 2.3.1 *this Agreement having been duly executed by all the Parties hereto and duly stamped;*
- 2.3.2 *there having been on or prior to the Closing Date, neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of the Company and its Subsidiaries, which is material in the context of the IPO from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of the Sole Underwriter, which makes any of the representations and warranties contained in Clause 3 untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;*
- 2.3.3 *the delivery to the Sole Underwriter:-*
 - 2.3.3.1 *prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and authorising the execution of this Agreement and the issuance of the Prospectus; and*
 - 2.3.3.2 *a certificate, in the form or substantially in the form contained in the **SECOND SCHEDULE**, dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.3.2.*
- 2.3.4 *the Prospectus being in the form and substance satisfactory to the Sole Underwriter;*
- 2.3.5 *the delivery to the Sole Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of the Company as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company and its Subsidiaries;*
- 2.3.6 *the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 12;*
- 2.3.7 *the IPO not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;*

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- 2.3.8 *the Company having complied and that the IPO is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;*
- 2.3.9 *the Company having fully complied with all the conditions which are required to be complied with prior to the issuance of the Prospectus or the Closing Date imposed by the SC, Bursa Securities and/or FIC in respect of the IPO and the Company's proposed listing on the ACE Market of Bursa Securities;*
- 2.3.10 *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO and the lodgement of the Prospectus with the CCM on or before its release under the IPO;*
- 2.3.11 *Bursa Securities has provided on or prior to the Closing Date its approval-in-principle in respect of the admission to the Official List of Bursa Securities and the listing and quotation of the entire enlarged issued and paid-up share capital of the Company of RM10,400,000.00 comprising 104,000,000 ordinary shares of RM0.10 each on the ACE Market of Bursa Securities subject to the terms imposed under the SC Approval and the Sole Underwriter being reasonably satisfied that such listing and quotation shall be granted 2 clear Market Days after the Public Issue Shares have been issued and the notices of allotment have been despatched to entitled holders and after the receipt of all relevant documents pertaining to the listing and quotation of the entire enlarged issued and paid-up share capital of the Company by Bursa Securities. The SC (as the case may be) having approved the Prospectus and if such approvals shall be conditional, all conditions thereto being in terms acceptable to the Sole Underwriter and the Prospectus being in the form and substance satisfactory to the Sole Underwriter; and*
- 2.3.12 *the Prospectus having been issued within one (1) month of the date hereof or within such extended period as may be determined by the Sole Underwriter.*
- 2.4 *If any of the conditions set out in Clause 2.3 is not satisfied by the Closing Date, the Sole Underwriter shall thereupon be entitled to terminate this Agreement and in that event, except for the liability of the Company for the payment of costs and expenses as provided in Clause 12 incurred prior to the termination and any claims pursuant to Clause 3.3.1, there shall be no further claims by the Sole Underwriter against the Company, and the Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Sole Underwriter may at its discretion with respect to its obligations waive compliance with any of the provisions of Clause 2.3.*

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3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Termination/Lapse Of Agreement

8.1 *Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:-*

8.1.1 *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter within such number of days as stipulated by the Sole Underwriter to the Company in writing or as stipulated in the notice informing the Company of such breach or by the Closing Date, whichever is earlier; or*

8.1.2 *there is withholding of information which is required to be disclosed "by" or "to" the Sole Underwriter, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by the Sole Underwriter to the Company in writing or as stipulated in the notice informing the Company of such breach, which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares; or*

8.1.3 *there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company or the Group; or*

8.1.4 *there shall have occurred, happened or come into effect any of the following circumstances:-*

(a) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*

(b) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

which, (in the reasonable opinion of the Sole Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the financial position of the Company or the Group, the success of the IPO, or the distribution or sale of the IPO Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms;

8.1.5 *there is failure on the part of the Company to perform any of its obligations herein contained which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter within such number of days as stipulated by the Sole Underwriter to the Company or as stipulated in the notice informing the Company of such breach or by the Closing Date, whichever is earlier; or*

8.1.6 *any of the conditions precedent set out in Clause 2.3 hereof are not duly satisfied by the Closing Date.*

3 PARTICULARS OF THE PUBLIC ISSUE (Contr'd)

8.2 *In the event of termination pursuant to Clause 8(1) hereof, the respective Parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect subject to the following:-*

8.2.1 *the liability of the Company for the payment of costs and expenses as provided in Clause 12 hereof incurred prior to or in connection with such termination shall remain;*

8.2.2 *the liability of the Company for the payment of the Underwriting Commission as provided in Clause 6 hereof shall remain unless the termination was pursuant to clause 8.1. above;*

8.2.3 *subject thereto, the Company shall return any moneys paid without interest thereon to the Sole Underwriter within three (3) Market Days of the receipt of such notice of termination from the Sole Underwriter;*

Provided that the Sole Underwriter may at its discretion waive compliance with or modify any of the provisions of this Clause without prejudice to its powers, rights and remedies under this Agreement.

8.3 *In the event that this Agreement is terminated pursuant to Clause 8.1.4, the Sole Underwriter and the Company may confer with a view to defer the IPO by amending its terms or the terms of this Agreement and may enter into a new underwriting agreement accordingly, but neither the Sole Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.*

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4 RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) AND RANKED IN ORDER OF PRIORITY BASED ON OUR EVALUATION, THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE APPLYING FOR THE PUBLIC ISSUE SHARES.

(A) RISKS RELATING TO INDUSTRY

(i) Competition

There is a large number of AIDC players in Malaysia and Singapore which can be divided into three (3) tiers. Tier 1 players are authorised distributors of hardware. Tier 2 players are authorised resellers of hardware, whereas tier 3 players are software vendors who either sell proprietary or non-proprietary software. DSC competes directly with Tier 1 to Tier 3 players and is exposed to intense competition among existing players. However, we have distinguished ourselves in the market space as a hybrid player, providing proprietary software solutions and value added products and services as well as engineering capabilities.

DSC is also susceptible to competition from new entrants in the industry. However, a new player is subject to a gestation period and necessary qualification audit is required to obtain the support from the principals for distribution of their products to enable principals to assess and determine the reliability and capability of the distributor or solution provider. In addition, a considerable amount of effort is also required by solution providers to secure the confidence of customers, as the installation of solutions into their systems would involve a significant investment by the customers.

(ii) Changes in technology

The IT industry is characterised by rapid changes such as advances in technology, market dynamics, industry standards, computing environments and customer requirements. Our proprietary software architecture and source coding are written based on Microsoft's development framework and tools. Our Group would need to keep abreast with the latest development framework technologies to ensure that our products and solutions remain relevant and in demand should new development frameworks and tools be introduced by alternative providers e.g. Oracle or Linux.

A strong R&D capability is important for the continued development of new products that meet the demand of our customers. However, there are inherent risks involved, given that R&D efforts may require long lead-times. Such risks include the uncertainties with regards to the outcome of our R&D efforts, delays in development of potential products and general uncertainties due to the rapid changes in technology know-how. Recognising this, our Group's R&D team constantly keeps abreast with new technologies and market trends wherein the business development team works closely with the R&D team to provide feedback on market trends and client requirements.

(iii) Dependence on related industries

Our Group is subject to risks of related industries that we service and these include certain dependency on the growth of such related industries, e.g. manufacturing and commercial services. Currently, 87.4% of our revenue is derived from these industries. In the past financial year, the downturn in the economy had resulted in a decrease in our revenue from our customers who are involved in the manufacturing industry e.g. contribution from Seagate Group, a hard disk drive manufacturer, had reduced from 33.0% to 28.5% from FYE 30 September 2006 to FYE 30 September 2008. Our Group has taken steps to minimise these risks by, amongst others, diversifying into other emerging industries such as hospitality, health care and consumer services.

Nonetheless, no assurance can be given that such dependence on related industries will not have a material adverse impact on our Group's business.

4 RISK FACTORS (Cont'd)

(iv) IP Rights Disputes

We have registered trademarks ("**Registered Marks**") and applied for registration of trade marks ("**Pending Marks**"), details of which are set out in Section 5.4.14 of this Prospectus. In the event any of our Pending Marks are similar to other marks applied for by third parties, we may be open to actions of infringement by such third parties. However, we are of the view that any infringement action against us has low probability of succeeding as we have been using the mark in Malaysia for the past two (2) years for our products and have an established reputation here. Our marks are also registered in Singapore since 2008.

Despite the protection of our trademark under the intellectual property laws of Malaysia, such laws may not be adequate or effectively enforced against third parties who violate our proprietary rights by illegally using our trademarks or our brand name. Policing unauthorized use of our trademarks or brand is difficult and costly, particularly in countries where the laws may not fully protect our proprietary rights. Any unauthorized use of our trademarks and brand may damage the brand recognition and reputation of our Group. This may lead to a loss of sales revenue. Notwithstanding the above, our Group has not experienced such risk of a material nature in the past.

(B) BUSINESS RISKS

(i) Dependence on executive Directors

Our future performance depends to a significant extent upon the continued efforts and abilities as well as the business networking of our executive Directors. The collective loss of our executive Directors may negatively affect our ability to manage operations efficiently and competitively.

Nonetheless, we have entered into a service agreement dated 27 October 2009 with our Founder and Group Managing Director, Mr. Seah Liang Chiang. We will continuously assess the need to enter into similar service agreements with the rest of our executive Directors.

(ii) Dependence on major customers

For the last three (3) FYE 30 September 2008, an average of approximately 32.4% of our Group's total revenue were received from Senai Seagate Industries (M) Sdn Bhd, Seagate Technology International (Wuxi) and Seagate Singapore Pte Ltd, collectively known as the "**Seagate Group**". Our Group has business relationship with Seagate Group for the last twelve (12) years and this has provided us with a sustainable revenue advantage. We are currently one of the selected vendors under the Seagate Group's approved vendor list.

Notwithstanding the above, we have also taken steps to mitigate the risk of dependency on the Seagate Group by expanding our clientele. Other efforts taken include our Group's expansion into other geographical markets and widening the range of our products and services. However, there can be no assurance that any adverse development in our relationship with the Seagate Group will not have a significant impact on our revenue and profitability.

(iii) Expansion to foreign markets and its related risk thereon

Our Group has intentions to expand our operations within the region and to other foreign markets. However, there can be no assurance that our Group will be able to successfully penetrate the aforementioned new markets. Furthermore, such future expansion could expose our Group to foreign economic, political, legislative and other risks. Any failure to accurately assess these issues could affect our Group's business, financial condition and operating results.

4 RISK FACTORS (Cont'd)

(iv) Material defects liability

The AIDC solutions which our Group develops and provides to our customers are important to ensure that the operations of our customers' business are carried out in a smooth manner. There would be potential risks such as loss of clients, adverse reaction from customers towards our Group and our products, negative publicity, additional expenditures to remedy problems and legal claims, should there be any material defects or errors in our Group's products.

The AIDC solutions may suffer from various unforeseen problems, which may result in a disruption to the customers' operations in which event, unless immediately rectified, will result in a reputation and financial risk to our Group. Our Group provides our customers with a limited product warranty. For project sales, we normally give between one (1) to three(3) months warranty for the software portion whereas for the hardware portion, we will provide back to back warranty agreements in line to what was first agreed upon by the hardware suppliers. For sales of value added products, we provide warranty for all software and hardware that we supply.

(v) System disruptions and breakout of fire, energy crisis and other emergencies

Our Group's solutions are exposed to the risk of a system disruption mainly from blackouts caused by, inter alia, fire, energy crisis and other emergencies. Our Group mitigates this risk by employing multiple level backup including use of RAID arrays (redundant array of independent disks) and off-site backup to prevent massive loss of information in the event of system disruption arising from the aforementioned vents that may occur.

Our Group has adopted and built a proper documentation base for all our in-house solutions. Source codes and products are secured within a common repository with access and change controls and off-site backup. Generally, our Group runs a periodical review on our activities thereby ensuring that any possible disruptions are reasonably pre-empted or quickly rectified. Epidemic, natural disasters and crisis of a force majeure in nature are risks that are largely beyond our Group's control. Our Group's current major operations are located in two (2) countries, Malaysia and Singapore.

Our Group ensures adequate insurance coverage on all assets such as inventory, office equipment, furniture, software and hardware and reviews the adequacy of such coverage on a continuous basis. Our Group has not experienced any major system disruption in the past years and will continue to ensure the viability of the system by taking necessary preventive measures.

(vi) Foreign currency risk

AIDC hardware such as bar code and RFID reading equipment, hand-held computers and RF data communications systems are frequently included in our Group's integrated AIDC solutions. Currently, our Group has been appointed as authorised distributor for various leading AIDC suppliers, which include Netronix Inc. and Zebra Technologies International Inc. These hardware are mainly imported from overseas. In addition, moving forward, our Group intends to expand further to overseas markets to secure more regional roll out projects.

Our Group is currently exposed to foreign exchange fluctuation risks, specifically the USD and SGD. In view of this, our Management constantly monitors our Group's foreign currency exposure and reviews our Group's need to hedge. If the foreign currency exposure becomes substantial, we will consider hedging our position.

(vii) Failure to achieve objectives of our business development plan

In order to achieve our business development plan, our Group relies on the availability of management, financial, customer support, operational and other resources. The success of our business development plan will be dependent upon, amongst others, our ability to successfully

4 RISK FACTORS (Cont'd)

develop and commercialise further applications of our technology, our ability to enter into strategic marketing arrangements on a timely basis, to successfully monitor our business growth and on favourable terms, to hire and retain skilled management, as well as to obtain adequate financing when needed.

As a mitigating factor, we are backed by our Promoters' more than 40 years of cumulative experience and know-how in the AIDC industry. Nevertheless, there can be no assurance that our Group will be able to successfully implement our business development plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in our implementation or even deviation from our original plans. In addition, the actual results may deviate from our business development plan due to rapid technological and market changes, as well as competitive pressures.

(viii) Political, economic and legislative considerations

Development in political and economic conditions in Malaysia and other countries in which our Group is currently operating or where our Group or our Group's customers may market our products in the future could materially affect the financial prospects of our Group. Political and economic uncertainties include but are not limited to the risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, fluctuations in foreign exchange rates, inflation, changes in interest rates and methods of taxation.

(C) OTHER RISKS

(i) Control by certain substantial shareholders

The Company will be controlled by our Promoters who will collectively control approximately 63.30% of the Company's issued and paid-up share capital after the Public Issue. As a result, the Promoters will be able to effectively influence the outcome of certain corporate actions in a manner that could cause conflict with the interests of minority shareholders.

However in the event of related party transactions involving any of the Promoters of the Company, such Promoters would be required to abstain from voting. In addition, DSC has appointed three (3) independent non-executive directors, as a step towards good corporate governance and protecting the interests of minority shareholders.

(ii) No prior market for DSC shares

Prior to the Public Issue, there was no public market for the DSC Shares. There can be no assurance that an active market can develop for the DSC Shares upon the Listing or if developed, that such a market can be sustained. The Public Issue Price has been determined after taking into consideration a number of factors, including but not limited to, the Company's financial and operating history and conditions, the prospects of the industry in which the Company operates, the Company's R&D capability and technology, the management of the Company and prevailing economic and market conditions. There can be no assurance that the Public Issue Price will correspond to the price at which DSC Shares will trade on the ACE Market upon or subsequent to our Listing.

(iii) Forward looking statements

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts that are based on assumptions that are subject to uncertainties and contingencies. The word "anticipates", "believe", "intends", "plans", "expects", "forecast", "predicts" and similar expressions as they relate to our Group or our business are intended to identify such forward-looking statements. Our Group believes that the expectations reflected in such forward-looking statements are reasonable at this point of time. There can be no assurance that such expectations will prove to have been correct. Any deviation from the expectations may have adverse effect on our Group's financial and business performance.

4 RISK FACTORS (Cont'd)

(iv) Delay in or abortion of the Public Issue

The occurrence of any one (1) or more of the following events may cause a delay in or abortion of the Public Issue:-

- (a) the Underwriter exercises our rights pursuant to the Underwriting Agreement and discharge themselves from their obligations thereunder; or
- (b) the Company is unable to meet the public spread requirements, that is, at least 25% of the issued and paid-up share capital of the Company be held by a minimum number of 200 public shareholders.

Although the Board will endeavor to ensure compliance by DSC of various Listing Requirements, including, amongst others, the public spread requirement imposed by Bursa Securities for a successful Public Issue, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of the Public Issue.

(v) Termination of Underwriting Agreement

The Underwriting Agreement is terminable by the Underwriter if the Underwriter is of the reasonable opinion that the success of the Public Issue is seriously jeopardised by certain events, details of which are set out in Section 3.11 of this Prospectus.

No assurance can be given that the Underwriter will not terminate the Underwriting Agreement if it is of the reasonable opinion that the events detailed in Section 3.11 have occurred. In the event the Public Issue could not be completed, all monies paid in respect of all applications will be returned without any interest.

(vi) Introduction of new laws or changes to existing laws in foreign jurisdiction

Apart from Malaysia, our business operates in Singapore which are governed by its respective corporate laws, regulations and legal systems. Therefore, we are unable to predict future changes to its current laws and regulations and how they might effect our operations as well as our qualification to operate in these countries. Our Group will take the necessary actions to comply with new laws and regulations and any changes to the existing laws and regulations, however, we cannot assure that in doing so our competitiveness and/or operational results would not be adversely affected.

For further information on the above, please refer to Section 16 of this Prospectus, Summary of Salient Foreign Laws and Regulations.

(vii) Changes in or loss of MSC Malaysia Status

DSC was granted the MSC Malaysia Status on 31 May 2006 by MDeC. As such, we are entitled to enjoy certain financial and non-financial incentives derived from our MSC-qualifying activities.

MDeC is the body responsible for monitoring all MSC designated companies. MDeC has the right to revoke any company's MSC Malaysia Status at any time if it does not comply with the conditions of grant of MSC Malaysia Status as imposed by the MDeC. As such, there can be no assurance that the Company will continue to retain our MSC Malaysia Status or that the Company will continue to enjoy or not experience delays in enjoying the MSC incentives as stated in Section 10.1 of this Prospectus, all of which could adversely affect the Company's business, operating results and financial condition. There can also be no assurance that the MSC incentives will not be changed or modified in any way in the future.

5 INFORMATION ON DSC GROUP

5.1 HISTORY AND BUSINESS

DSC was incorporated on 19 January 2006 in Malaysia as a private limited company under the Act with the name of Intelek Sekutu Sdn Bhd. It subsequently changed its name to DSC Solutions Sdn Bhd on 5 February 2008. It was converted into a public limited company on 6 March 2008 and assumed its present name.

To date, our Group is a group of companies principally involved in providing innovative and comprehensive AIDC solutions, software and engineering services to various industries. AIDC refers to methods of identifying objects, collecting data about them, and entering that data directly into computer systems using a microprocessor controlled device. Our integrated AIDC solution suite is able to complement, extend the useful life and enhance the value of ERP systems and accounting softwares, as well as to provide seamless technical interface to AIDC technologies. Our products and services are currently provided to customers in the hospitality and consumer services as well as other business verticals in the supply chain industry.

The history of the business of our Group can be traced back to 1993 when our founder, Mr. Seah Liang Chiang founded the integrated AIDC solutions business under Digital in Singapore. Digital was set-up to distribute AIDC products. Mr. Seah has been in the AIDC industry for over 19 years and in the IT industry for over 21 years. Mr. Seah, a Malaysian, obtained his degree from the National University of Singapore (NUS) in 1987. He noted that business processes of various industries in the ASEAN region were heavily dependent upon manual data collection system which cannot produce critical data on time and which are laborious and as such prone to errors. With his business knowledge in this industry, he envisioned the promising prospects for the AIDC solutions business in the region to increase the efficiency of organisations.

Our founder chose the Singapore market as the platform to kick-off our Group's businesses due to his in-depth and thorough understanding of the Singapore market after years of working experience in Singapore (and servicing regional accounts in Asia). This was also due to Singapore being the preferred regional base for many MNCs resulting in many MNCs locating their regional headquarters there which in turn, facilitates the proliferation of the use of our products to other neighbouring countries.

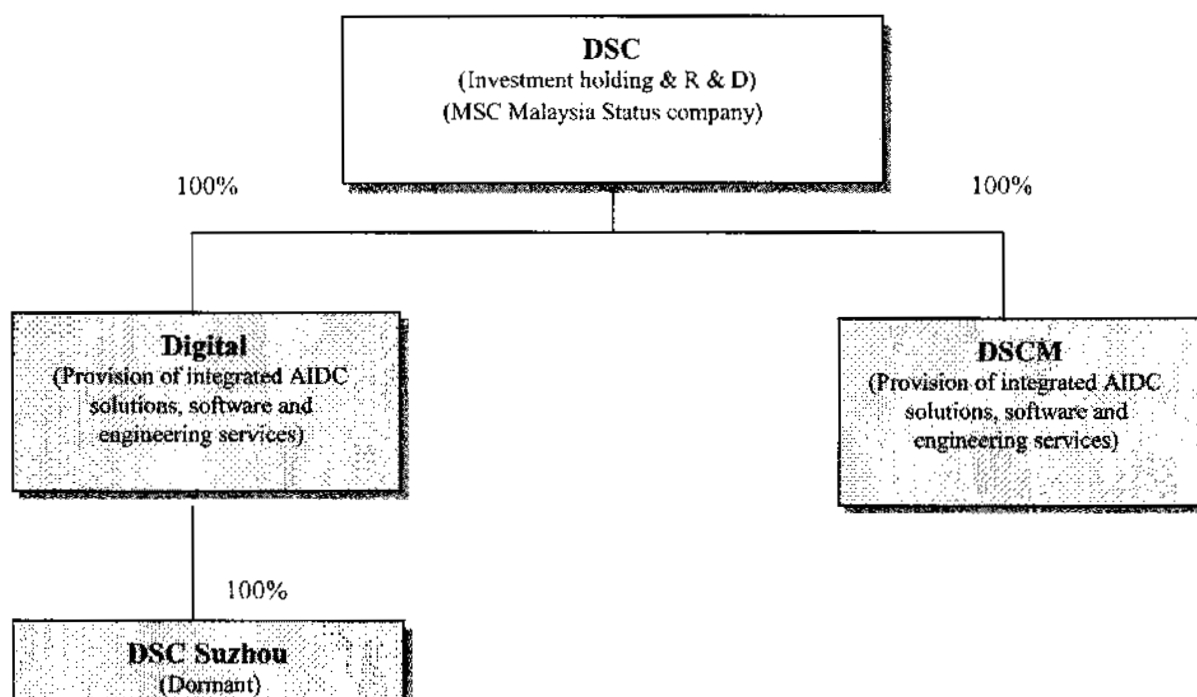
The current operation in Singapore functions as our Group's operational hub to secure projects that involve regional roll-outs in the ASEAN region. In addition, the targeted markets for our expansion will depend on and coincide with the movement of our customers which would allow us to penetrate into new markets with secure customers in hand and thus minimise the risks of uncertainty.

Our Group aims to be the leading integrated AIDC solutions provider in the ASEAN region, establishing ourselves in the local market initially, using Malaysia and Singapore as the platform for future growth and expansion in the region, and other foreign markets.

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5 INFORMATION ON DSC GROUP (Cont'd)

The corporate structure of our Group is as set out below:



Our principal activities are R&D and provision of integrated AIDC software and engineering solutions and investment holding whilst the principal activities of our Subsidiary Companies are as follows:-

Name	Date and place of incorporation	Equity interest %	Issued and paid-up share capital / Registered capital	Principal activity
<i>Subsidiary of DSC</i>				
Digital	14.10.1993 / Singapore	100%	SGD1,038,745	Provision of integrated AIDC solutions, software and engineering services
DSCM	12.12.1996 / Malaysia	100%	RM200,000	Provision of integrated AIDC solutions, software and engineering services
<i>Subsidiary of Digital</i>				
DSC Suzhou	14.7.2008 / PRC	100%	SGD22,500	Dormant

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5 INFORMATION ON DSC GROUP (Cont'd)

5.2 LISTING SCHEME

In conjunction with, and as an integral part of our Listing, we undertook a listing scheme which was approved by the SC pursuant to Section 212(5) of the CMSA (including the approval under the FIC Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests), via its letter dated 28 November 2008 with subsequent approval for an extension of time to 31 December 2009 to implement the Listing via its letter dated 26 May 2009. Further thereto, arising from the introduction of the ACE Market, we had applied and the SC had approved, via its letter dated 22 October 2009, a variation to the listing scheme. The listing scheme involved the following steps:-

(a) Sub-division of shares

DSC sub-divided the par value of the ordinary shares of RM1.00 each in DSC into ten (10) new DSC Shares.

Upon completion of the Sub-division of Shares, the issued and paid-up share capital of DSC will be RM2 comprising 20 DSC Shares.

(b) Acquisitions of Subsidiary Companies

(i) Acquisition of Digital

Pursuant to the SPA dated 8 September 2008, DSC acquired the entire issued and paid-up share capital of Digital comprising 1,038,745 ordinary shares for a total purchase consideration of SGD1,640,925 or RM3,774,128 which is arrived at after taking into consideration a premium of SGD50,903 or RM117,077 over the adjusted audited net assets of Digital of SGD1,590,022 as set out below:-

	Audited		After acquisition of IP**	
	As at 30 September 2007			
	(SGD)	(RM)*	(SGD)	(RM)*
Share capital	200,000	460,000	1,038,745	2,389,114
Retained earnings	551,277	1,267,937	551,277	1,267,937
Net assets	751,277	1,727,937	1,590,022	3,657,051
Goodwill	-	-	50,903	117,077
Purchase consideration	-	-	1,640,925	3,774,128

Notes:-

* converted at an exchange rate of SGD1.00:RM2.30, which was mutually agreed upon by the shareholders of Digital and DSC.

** The acquisition of IP by Digital from DSCS was completed on 31 July 2008 based on the net consideration of SGD838,745 (RM1,929,114) after setting off the amount owing by DSCS to Digital of SGD961,255 (RM2,210,886) as at 31 July 2008 from the gross consideration of SGD1,800,000 (RM4,140,000) partly via the assignment of debt as disclosed in Section 17.8 of this Prospectus.

The total purchase consideration of SGD1,640,925 or RM3,774,128 was fully satisfied by the allotment and issuance of 37,741,280 new DSC Shares to the shareholders of Digital.

The Acquisition of Digital was completed on 23 October 2009.

5 INFORMATION ON DSC GROUP (Cont'd)

(ii) Acquisition of DSCM

Pursuant to the SPA dated 8 September 2008, DSC acquired the entire issued and paid-up share capital of DSCM comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM168,070 which is arrived at after taking into consideration a premium of RM18,482 over the audited net assets of DSCM as at 30 September 2007 of RM149,588.

The total purchase consideration of RM168,070 was fully satisfied by the allotment and issuance of 1,680,700 new DSC Shares to the shareholders of DSCM.

The Acquisition of DSCM was completed on 23 October 2009.

The acquisition of DSCM and Digital at a slight premium of RM135,559 and RM18,482 respectively, was in recognition of the established customer base and business footprint in Malaysia and Singapore which the Group would enjoy moving forward.

Upon completion of the Acquisitions of Subsidiary Companies, the issued and paid-up capital of DSC increased from RM2 comprising 20 DSC Shares to RM3,942,200 comprising 39,422,000 DSC Shares credited as fully paid-up.

(c) Renunciation of rights to the allotment

In order to recognise the contributions of certain key employees of our Group, one of our Promoter, namely DSCS renounced its right to the allotment of 8,320,000 DSC Shares, representing 16.0% of the enlarged and paid-up share capital of DSC after the Public Issue to key employees of DSC Group.

The effects are as follows:-

Shareholders of DSC	No. of DSC Shares before Renunciation of Rights to the Allotment	%*	No. of DSC Shares after Renunciation of Rights to the Allotment	%*
DSCS	30,474,573	58.60	22,154,573	42.60
Leong Siong Weng	363,335	0.70	1,808,935	3.48
Wong Ee Sing	-	-	1,674,400	3.22
Other employees	-	-	5,200,000	10.00
Total	30,837,908	59.30	30,837,908	59.30

Note:-

* Based on enlarged issued and paid-up share capital of 52,000,000 DSC Shares after the Public Issue but before the Bonus Issue.

(d) Public Issue

In conjunction with our Listing, we will issue 12,578,000 new DSC Shares at the Public Issue Price to eligible employees, Directors, business associates, individuals, companies, societies, co-operatives and institutions by way of private placement and public offer, subject to the terms and conditions of this Prospectus.

Upon completion of the Public Issue, our Group's enlarged issued and paid-up share capital will increase from RM3,942,200 comprising 39,422,000 DSC Shares to RM5,200,000 comprising 52,000,000 DSC Shares credited as fully paid-up to be listed on the ACE Market.

5 INFORMATION ON DSC GROUP (Cont'd)

(e) Bonus Issue

In conjunction with the Public Issue, our Company will implement a bonus issue of 52,000,000 new DSC Shares to be issued and credited as fully paid-up on the basis of one (1) new DSC Share for every one (1) DSC Shares held after the Public Issue.

Upon completion of the Bonus Issue, our Group's enlarged issued and paid-up share capital will increase from RM5,200,000 comprising 52,000,000 DSC Shares to RM10,400,000 comprising 104,000,000 DSC Shares credited as fully paid-up to be listed on the ACE Market.

(f) Listing and Quotation on ACE Market

Upon completion of the Public Issue and Bonus Issue, our entire issued and paid-up share capital of RM10,400,000 comprising 104,000,000 DSC Shares will be listed on the ACE Market.

5.3 SHARE CAPITAL

As at the date of this Prospectus, our authorised share capital is RM25,000,000 comprising 250,000,000 Shares and our issued and paid-up share capital is RM3,942,200 comprising 39,422,000 DSC Shares credited as fully paid-up. Upon completion of the Public Issue and Bonus Issue, our enlarged issued and paid-up share capital will increase to RM10,400,000 comprising 104,000,000 DSC Shares credited as fully paid-up.

Details of the changes in our issued and paid-up share capital since incorporation until the date of this Prospectus are as follows:-

Date of allotment	No. of DSC Shares allotted	Par Value (RM)	Consideration	Resultant no. of issued and paid-up shares (cumulative)	Resultant issued and paid-up share capital (cumulative) (RM)
19.01.2006	2	1.00	Subscriber's shares	2	2
23.10.2009	-	0.10	Subdivision of RM1.00 par value shares to RM0.10 par value shares	20	2
23.10.2009	39,421,980	0.10	Issued pursuant to the Acquisition of Subsidiary Companies	39,422,000	3,942,200

The DSC Shares allotted above are without any discount, special term or installment payment term.

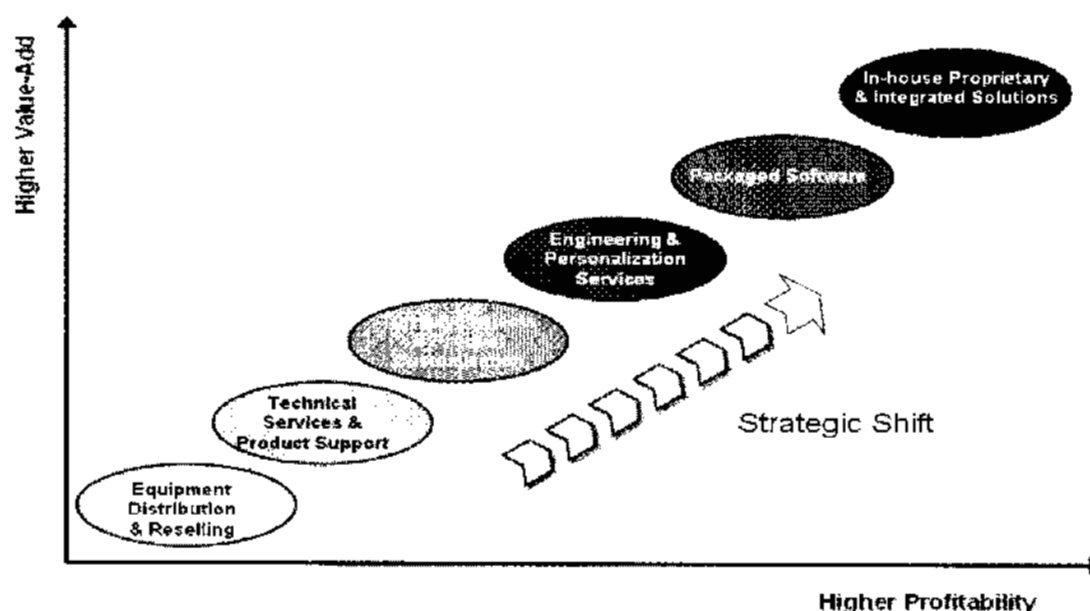
We currently do not have any outstanding warrants, options, convertible securities and uncalled capital.

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5 INFORMATION ON DSC GROUP (Cont'd)

5.4 BUSINESS OVERVIEW**5.4.1 Overview**

Recognising that there is a significant potential for the automation of business processes of various industries in the region and after acquiring the domain knowledge and technical know-how in the field of AIDC, our business operations were expanded to provide barcode system solutions to our customers. As part of our barcode solutions services, our Group integrates the barcode system solutions with our customers' ERP systems and accounting software using middleware to provide critical information for management purposes. We eventually became and are currently a one-stop AIDC software and engineering solutions provider.

Strategic Shift to Higher Value-add Activities**SHIFTING TO HIGHER VALUE-ADD PRODUCTS & SERVICES**

The step-by-step strategic shift experienced by our Group was implemented due to its two (2)-fold benefits:-

Benefit 1: By moving into the provision of higher value-add products and services, we were able to broaden our product portfolio, improve our profit margins as well as position our pricing model to include packaged or bundled solutions.

Benefit 2: By integrating our solutions with ERP systems and accounting software, we had inevitably transformed our Group into a one-stop AIDC solutions provider.

The above chart represents the “strategic shift” of our business from equipment distribution and reselling (i.e. characterised by low margins) to include higher-value add activities such as software development, engineering services, personalisation services, maintenance services, packaged software and finally provide proprietary and integrated solutions (i.e. all of which represents higher margins).

5 INFORMATION ON DSC GROUP (Cont'd)

Our Group's integrated AIDC solution suite, TrekNet has four (4) basic "solution engines" which is based on Microsoft.Net technology, namely:-

- (i) Trek. BizAPP;
- (ii) UniTrek;
- (iii) Trek.IT; and
- (iv) Trek.Manager.

Each engine is seamlessly connected to each other and is designed to ensure that all tracking needs are met. Our solution can be standalone or integrated into the existing backend ERP or network. Compatible with most standard database such as Oracle, Microsoft-MySQL, etc, TrekNet seeks to acquire, manage and process data accurately on a real time basis. The solutions are supportable via the Internet and Intranet.

Ultimately, with our AIDC solution suite, our clients will be able to make better-informed decisions and enable them to streamline operations for better use of time, people, inventory and resources using up-to-date accurate information on status of assets, inventories and resources. Our solutions are aimed at improving efficiency and reducing paperwork, therefore giving our clients the ability to improve productivity and business turnaround time, and increase output.

Our Group has been maintaining good business relationships with our customers. Currently, more than 75% of our Group's annual turnover is derived from MNCs and regional companies. Generally once the customers have established trust in our AIDC solutions, our customers tend to maintain the business relationship and are not inclined to switch to other parties for the supply of solutions and value added products. This is to mitigate the risk of using unreliable solutions which in turn may interrupt their business processes and thus reduce productivity. Such examples are Seagate and Star Cruises which we have served for the past twelve (12) and nine (9) years respectively.

Our Group's ability to continually develop new and improved integrated AIDC solutions and enhance on its existing products in response to changes in technological development, as well as provide complementary but necessary engineering solutions, will be a key factor to growth in revenue.

Our achievements and business milestones are as follows:-

<u>Year</u>	<u>Events</u>
1993	<ul style="list-style-type: none"> Recognising the significant potential of the AIDC market, Digital was incorporated and commenced business activities on 14 October 1993 in Singapore.
1994	<ul style="list-style-type: none"> Awarded distributorship for Zebra Cards.
1996	<ul style="list-style-type: none"> DSCM was incorporated in Malaysia on 12 December 1996. Awarded distributorship for Hand Held Products.
1997	<ul style="list-style-type: none"> DSCM commenced business activities on 2 January 1997 in Malaysia. Digital was awarded AIDC solution with Seagate that remains until to date. Our AIDC solutions and services capabilities were recognised by Seagate resulting in Digital being admitted to Seagate's' approved vendors list allowing Digital to continuously supply its AIDC solutions to Seagate's regional procurement office in Singapore.
2000	<ul style="list-style-type: none"> Implemented AIDC solutions project with Star Cruises.
2001	<ul style="list-style-type: none"> Implemented AIDC solutions project with Ministry of Defense, Singapore and Hewlett-Packard Singapore Pte Ltd.

5 INFORMATION ON DSC GROUP (Cont'd)

<u>Year</u>	<u>Events</u>
2002	<ul style="list-style-type: none"> • DSCS received SGD0.6 million investment from Singapore EDB and a private investor to develop Trek.IT! [#]. • Implemented AIDC solutions project with Motorola Electronics Pte Ltd and Star Cruises. • Implemented AIDC solutions project with Hampel Coating (Singapore) Pte Ltd.
2003	<ul style="list-style-type: none"> • DSCS was awarded SGD0.3 million grant from Singapore EDB under the "T-UP" scheme by the A*STAR to develop Trek.IT! [#]. • Awarded SGD0.08 million grant from Singapore Trade Development Board for the setting up of a representative office in Wuxi, PRC. • Implemented AIDC solutions project in National University Singapore using "combi" smartcards.
2004	<ul style="list-style-type: none"> • Launched 1st generation tracking software called Trek.IT! in October 2004. • Awarded AIDC solutions project by Giesecke & Devrient Asia Pte Ltd for Thai Smartcard Company (unique dual hybrid RFID-smartcard with one-stop personalisation solution). • Awarded AIDC solutions project by Orga Card System (Singapore) Pte Ltd (AIDC solution for SIM cards) for PT Telekomunikasi Indonesia TBK.
2005	<ul style="list-style-type: none"> • Implemented AIDC solutions project with Nestle Malaysia Berhad.
2006	<ul style="list-style-type: none"> • Launched 2nd generation tracking solution suite called TrekNet in June 2006. • DSC was incorporated and commenced R&D activities on 19 January 2006 in Malaysia. • DSC was awarded MSC Malaysia Status by the MDeC. Awarded pioneer status under Section 14A of the Promotion of Investment (Amendment) Act 1986 for five (5) year period commencing from 31 May 2006. • Implemented AIDC Solutions project at Popular Book Company Pte Ltd, Sentosa Development Corporation, Vivo City, MGC Pure Chemicals (Singapore) Pte Ltd and Singapore Zoological Gardens • Given distributorship for Socket Communications Inc products for Singapore and Malaysia
2007	<ul style="list-style-type: none"> • Awarded AIDC solutions project for Hewlett Packard Singapore. • Awarded Singapore Zoological Gardens Phase 3 web based AIDC solutions project. • Soft launch of TrekNet MICE at 2007 Cards Asia Exhibition, Singapore. The Company was one of the sponsor for the exhibition. • Awarded AIDC solutions project by Pantai-Fomema and System Sdn Bhd. • Awarded AIDC solutions project by Star Cruises Terminal. • Implemented full suite AIDC solutions project for Transtel Engineering Pte Ltd. • Awarded the Delegation Tracking & Badging System of the 2007 Asean Defense Senior Officer Meet in Shangri-La Singapore

5 INFORMATION ON DSC GROUP (Cont'd)

<u>Year</u>	<u>Events</u>
2007	<ul style="list-style-type: none"> • Awarded the Delegation Tracking & Badging System of the 2007 Asean Defense Minister Meeting in Shangri-La Singapore • Awarded sole distributorship for Zebra Technologies International, LLC Photo Printers for Singapore and Malaysia.
2008	<ul style="list-style-type: none"> • Launched off-the-shelf AIDC Solutions namely TrekNet IMS, TrekNet AMS and TrekNet Pesona. • Awarded AIDC solutions project by UNHCR. • Awarded AIDC solutions by Pantai-Fomema and System Sdn Bhd.
2009	<ul style="list-style-type: none"> • Launched off-the-shelf AIDC solutions namely TrekNet VTS, TrekNet CIS and TrekNet SMS • Awarded AIDC solutions project by Chinese Swimming Club • Awarded AIDC solutions project by Beyonics Technology Limited • Awarded AIDC solutions project by Resorts World at Sentosa Pte Ltd

Note:-

Historically, DSCS was the Singapore based R&D arm of DSC where Trek.IT¹, the first generation tracking software, was developed by DSCS. Thereafter, in 2006 the R&D activities were relocated to Malaysia via the setting up of DSC i.e. a MSC Malaysia Status company.

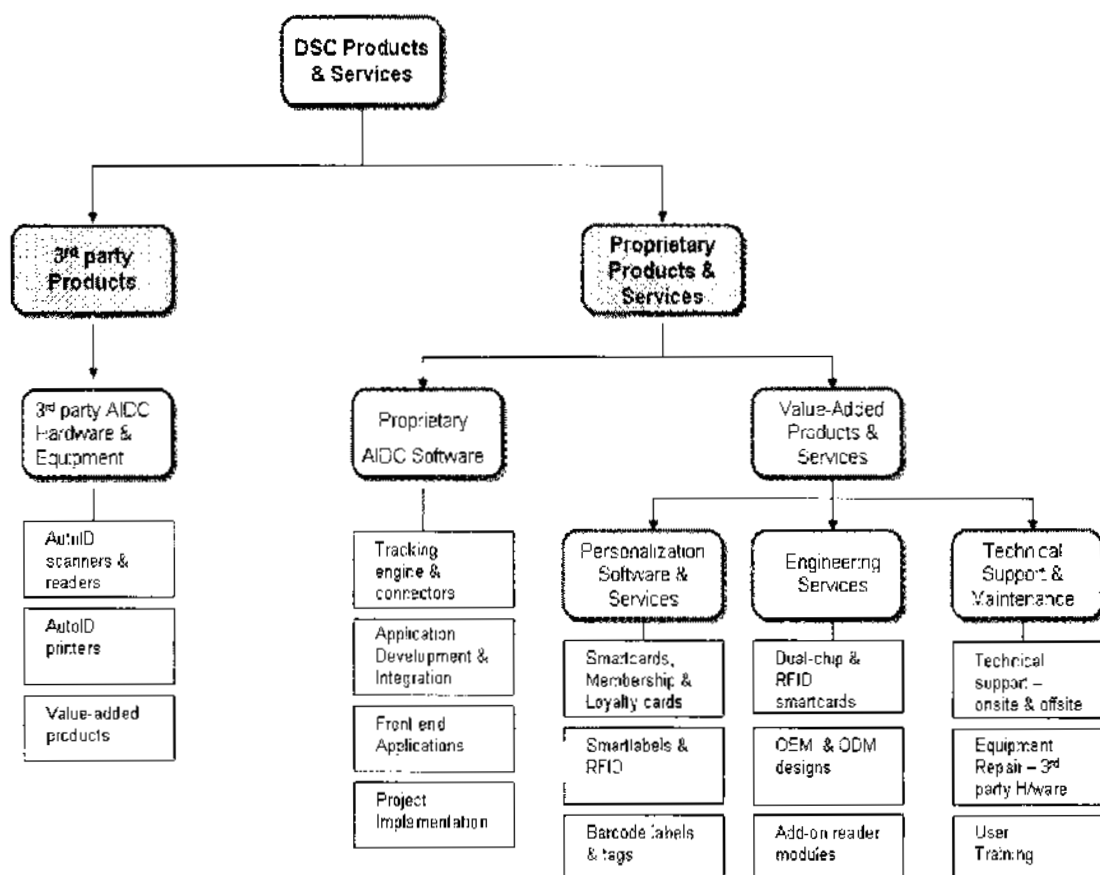
(Source : Management)

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5 INFORMATION ON DSC GROUP (Cont'd)

5.4.2 Products and Services

The current principal business offerings of our Group comprises the following:-



As set out above, the full range of products and services reflects our unique and distinct market position as a one-stop AIDC solutions provider. We further differentiate ourselves with our in-house engineering capabilities as these are attributes commonly found in hardware principals only.

We now have TrekNet IMS, TrekNet AMS and TrekNet Pesona, which are low cost off-the-shelf tracking AIDC tracking software written for SMEs which are very price sensitive. These SMEs will be able to enjoy tracking solutions normally reserved for MNCs at a fraction of the price.

In addition to that, we have three (3) new recent additions to TrekNet:-

- **TrekNet VTS** or Visitor Tracking Solution saves time and resources to record information of all visitors who enter a company's premises. By eliminating the need for them to manually write their details on a log book, TrekNet VTS's self registration mode allows them to perform easy data entry as they enter and leave the premises. The company is also able to automate the process of a visitor's check-in and check-out accurately. With a significant number of visitors that a company receives daily, it will be a concern if a certain visitor is unable to be traced or located immediately, should a crisis or pandemic takes place (for example, Influenza A(H1N1)). Thus, TrekNet VTS would be a useful and affordable tool for companies to keep accurate and important records of their visitors' information for easy contact tracing.

5 INFORMATION ON DSC GROUP (Cont'd)

- **TrekNet SMS** or Student Management Solution was developed for the education industry, TrekNet SMS is an application catered for schools to automate the flow of students' information and issuing of student ID cards. A flexible and an easy-to-use software, TrekNet SMS allows a school administrator, teacher or principal to manage and process classes, students' information, attendance, health records and more. It allows the management of classes, students' particulars, students' health records, parents' particulars, guardians' particulars and tracks students' attendance, students' daily temperatures, fee payments and membership rewards (in premium edition only).
- **TrekNet CIS** or Card Issuance Solution was developed specifically for industries that require issuing of authorised security passes. With security as a concern, industries such as the construction and shipyard needs to issue passes to sub-contractors, as a form of identification. However, these passes are only valid within a time period stipulated by the main contractor. Thus, with TrekNet CIS, the solution user are able to keep records of the sub contractors and are able to easily search on the expiry date of passes, so as to prevent misuse of the passes. Integrated with TrekNet Pesona, our card personalisation solution, TrekNet CIS also allows the data of the passes to be exported to a card template for it to be printed out with an ID card printer.

We have evolved into this position over sixteen (16) years dealing with customers in the AIDC industry. The following paragraph articulates the customer behaviour and expectations that have resulted in our Group's present market position.

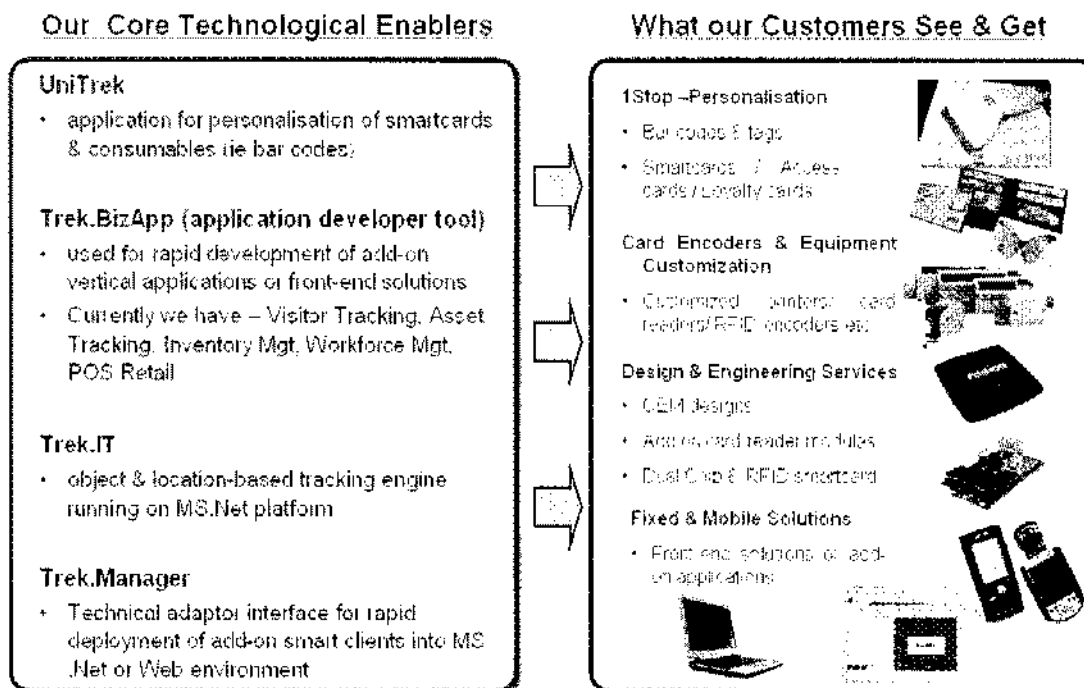
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5 INFORMATION ON DSC GROUP (Cont'd)

Products and Services – What the Customers See

The customer often only provides a “client brief” on their business requirements and technical specification. However, they are transparent to the underlying application and technology components required to deliver their final expectation.

DSC : Products & Services



For example:

A customer requesting for a production asset tracking module using barcode technology will have a specification on the size of the barcode label, the comprehensive information required, their dedicated stock coding framework, security authentication and barcode readers built-into personal digital assistants but they wish to continue using their own barcode readers and printers previously purchased five (5) years ago.

Using these specifications, our technical team will study the business process in order to integrate our solution into their manufacturing environment. Thereafter, our engineers will study the client's AIDC assets to ensure if they are able to comply with the latest coding and read techniques. If the chipsets do not comply, our engineers will re-code the programmable logic controller chip to integrate to our solution. Once testing and acceptance is successful, only then our full software roll out will commence.

Our in-house engineering capability has proven to be successful and are appreciated by our clients, as most AIDC software providers need to seek the help of technical engineers from the vendor of the AIDC equipment and this often adds unnecessary costs and time.

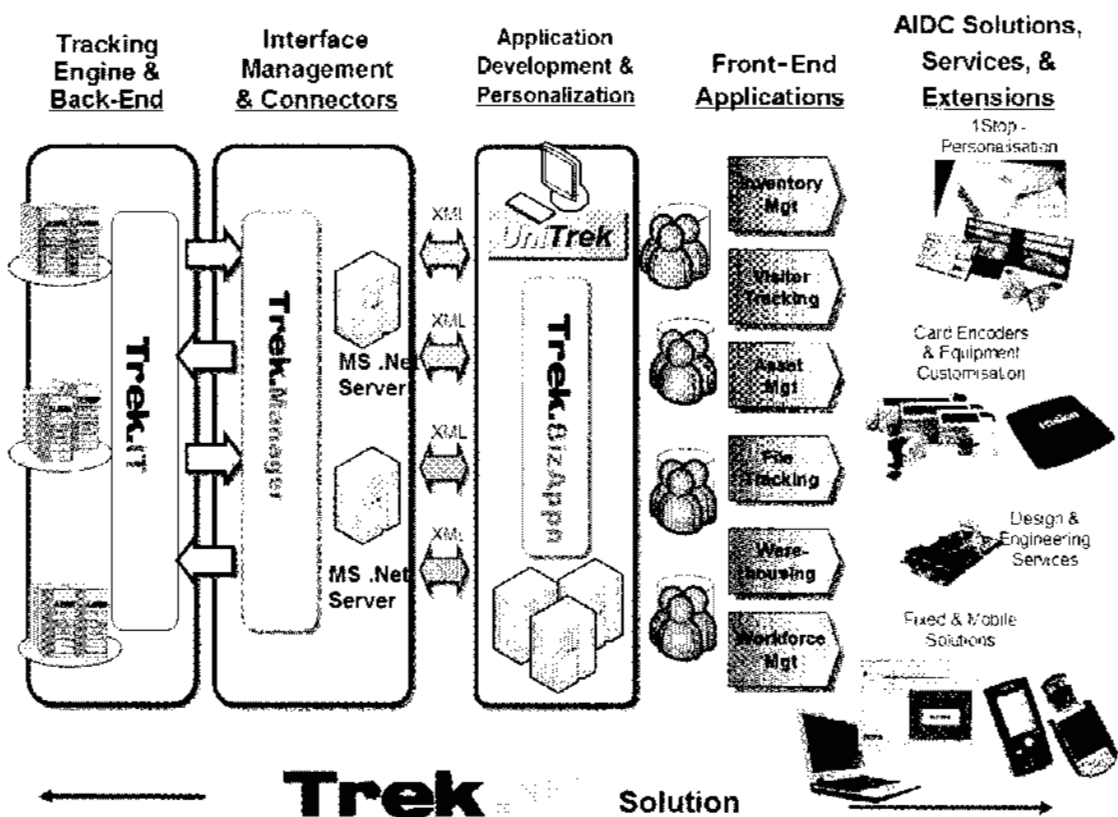
5 INFORMATION ON DSC GROUP (Cont'd)

5.4.2.1 Our Group's flagship proprietary software

Our Group's in-house developed solution suite is called TrekNet.

TrekNet comprises four (4) basic software engines and portfolio of add on front-end applications. Each engine is seamlessly connected to each other and designed to ensure that all tracking needs are met. The solutions can be a standalone or integrated into existing backend ERP systems. Compatible with most standard databases such as Oracle, Microsoft SQL, etc, TrekNet seeks to acquire, manage and process data accurately on a real time basis. The solutions are web-enabled. The front-end application modules are inventory management, visitor tracking, asset management, file tracking, warehouse management and workforce management.

A graphical illustration of the solution architecture is as follow:-



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5 INFORMATION ON DSC GROUP (Cont'd)

A description of the modules are as follows:-

Modules	Functions
Trek.BizApp	<p>This module is used to reduce the development time of add-on applications and allow us to rapidly customise user interfaces. User screens can be configured for its looks and feel, either on the PC screen, data collection terminal or pocket PC handheld.</p> <p>Different customers have different needs and that need could be as simple as having the choice of entering data via a keyboard or scanning data via a barcode or RFID scanner.</p> <p>This is an important aspect as many of the customers would like to make minor changes over time with regards to their tracking software. With this module, customer can feel that their investments are secured over time even after completion of installation.</p>
UniTrek	It is an application-personalisation software created for personalisation of work on AIDC hardware and consumables, including data stored, incorporation of indexes for industry standards/ codesets, authentication requirements, information presentment and data encryption and decryption.
Trek.IT	<p>This is an "Object and Location" based tracking engine.</p> <p>The application module acts like a "central nervous system", providing tracking and interface management capabilities as well as job scheduling functions. This module provides a standard but user-defined environment to allow the pre-selection, management, monitoring and analysis of objects, locations, critical business processes that are complementary components to deliver a product / service. It also has built-in alert levels to trigger "exception messages" in order for corrective action to be taken.</p>
Trek.Manager	It is a Technology Management Platform, ie. a technical adaptor interface for the deployment of add-on smart clients into the Microsoft.net or web environment (both Internet as well as intranet). It allows the user in a remote location to keep abreast with the tracking of its clients.
Front-end Application software modules	<p>To provide further integration into business environments and improve user experience, we have 4 industry-specific front-end modules to perform a variety of functional tracking capabilities.</p> <ol style="list-style-type: none"> <i>Visitor tracking – for identification of visitors/guests</i> <i>Asset tracking – for tracking of asset location, scheduled maintenance, issuance, status of asset and movements, etc</i> <i>Inventory tracking – for tracking of inventory within check in/checkout, store location, packing details, delivery details, etc</i> <i>File tracking – for tracking of file status, location, schedule for delivery, movements, etc</i>

5 INFORMATION ON DSC GROUP (Cont'd)

5.4.2.2 Our personalisation and engineering services

Our personalisation and engineering services are as follows:-

- a. Personalisation from the graphical user interface as well as the look and feel of the ID-card, RFID tag or barcode label. We provide personalisation services to enhance the look and feel as well as streamline the physical appearance of the item to suit the clients' specifications or operating environment;
- b. Personalisation of ID-cards and RFID devices including smartcards, RFID cards, labels and tags e.g., Mifare, UHF, VHF tags. Personalisation typically involves device content partitioning, security key initialisation, user data loading and generally whatever else required to prepare the device for use; and
- c. Engineering design of card system including life cycle management, security management i.e., handling & distribution of encryption & decryption keys and issuance system. We also provide engineering design for AIDC readers/scanners and gantries for outsourced contract manufacturing

With our in-house expertise and engineering know-how, we are able to provide the above value-add to our customers as well as reduce our cost of sales.

5.4.3 Product Development Methodology

We adopt two (2) approaches in our development process, as there may be two (2) instances when development is performed.

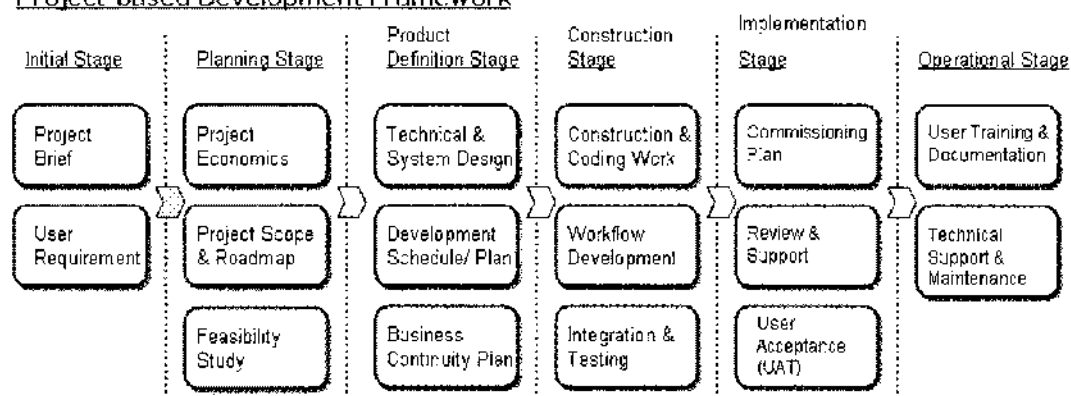
The methodology adopted is used to guide us in our planning as well as maintain consistency in the quality of our products.

(a) Project-based Development Framework (PJDF)

Project-based development refers to additional development required to localise the AIDC solution to fit the clients' operational environment as well as to accommodate additional features. As a rule of thumb, we do not customise or perform additional development work that will change 30% of the solution platform as this would typically require a total overhaul of the architecture.

The following methodology is adopted to ensure completeness and consistency in approach to manage clients' expectations and control quality of output.

Project-based Development Framework



5 INFORMATION ON DSC GROUP (Cont'd)

***Initial Stage** – In the preliminary engagement stage, we will obtain a project brief from the client and set out a user requirement analysis process.*

***Planning Stage** - This is necessary for the client engagement team to prepare a project proposal which comprise – a Feasibility Study, Project Economics (ROI paper) and a Project Roadmap to guide and manage the client's expectation and demands. Once the project roadmap is agreed with the client, the project leader will translate these parameters into a master project schedule (MPS). The MPS will itemise all the tasks involved, critical paths, key milestones and interface sessions between the development team, project manager and the client representative..*

***Product definition Stage** – once the client accepts the feasibility study conclusions and signs off on the project schedule,, the project team will engage with our development team to define the user requirements report into technical specifications, a development schedule as well as a business continuity plan (if required).*

***Construction Stage** – once client acceptance is obtained, programme coding and development would be initiated to customise and personalise the software environment to suit the client's operations setup and standard operating procedures. Thereafter, the development team will undertake a series of test-bed development test and integration testing to ensure the information input achieves the desired conclusions or next steps*

***Implementation Stage** this involves the implementation and installation of the AIDC solutions and once completed, a commissioning process is initiated for the system to go on a trial run before a live run. On determining the results of the commissioning phase and correcting any events in exception, a User Acceptance Test (UAT) plan is prepared and agreed with the client.*

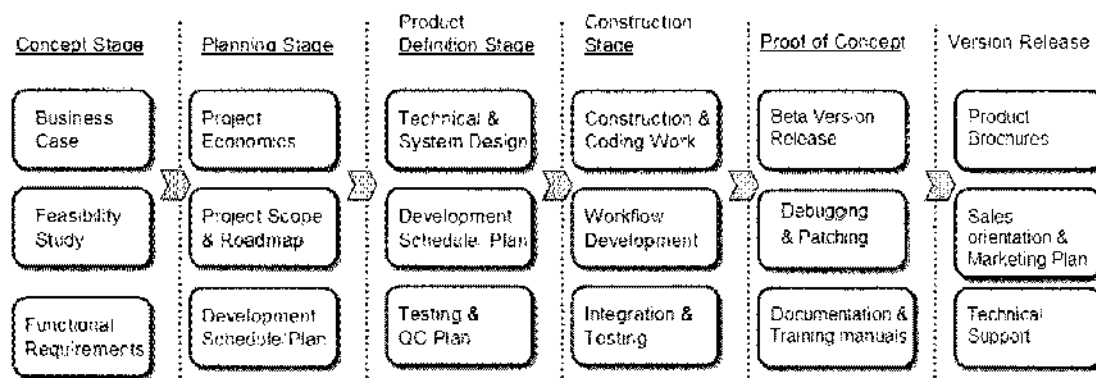
***Operational Stage** – once UAT date and test parameters are agreed and implemented, the participating users are provided a series of training sessions to familiarise with the system. Simultaneously, the technical team will also provide onsite and remote technical support if any difficulties are encountered.*

(b) Product-based Development Framework (PDDF)

Product-based development work refers to functional enhancements or new modules to be created based on emerging technologies, end of product lifecycle, customer feedbacks, etc. The development approach adopted is different as we have different sources of research and feedback.

By incorporating information collated from these sources, a product conceptual plan is prepared and debated before it is finally approved to allocate resources for development.

Product-based Development Framework



5 INFORMATION ON DSC GROUP (Cont'd)

Concept Stage – Product conceptualisation is a combination of structured thought process from observations of the industry, customer feedback as well as environment trends. Typically, a summary product concept paper or business case is prepared and shared with the key management for inputs. Once the brainstorming process is concluded, a feasibility study is undertaken to research on market acceptance, technical competency required, ROI model and business model. Once a conclusive and favourable feasibility is achieved, all the product functional requirements and attributes will be defined.

Planning Stage – a project economics paper is prepared to budget for the resources to be invested into and to determine when is the ROI. This budget is necessary for purpose of controlling and managing the costs of development. Similarly, a master project schedule (MPS) is also prepared.

Product definition Stage - once the planning activities are completed and approval is obtained, the development team will translate the product functional requirements into technical diagrams and specification term sheets. A master development schedule is prepared to ensure sufficient resources are available and it will also not affect ongoing projects. A testing and quality control plan is also prepared.

Construction Stage - development work is managed and guided by the workflow. A test-bed environment is created for the development team to simulate test scenarios to ensure the desired results are obtained. Integration work between modules and testing are necessary to ensure there are no exceptions.

Proof of Concept – once a prototype beta version is ready, more testing will be conducted. Any programme bugs or shortcomings encountered will be reengineered or solved. Once the proof of concept reaches a satisfactory level of product assurance, the documentation process begins. This is an important part of knowledge transfer approach we use to ensure the ideas and understandings of the product are still fresh in the minds of our technical team.

Version Release – once documentation is completed, the marketing services process is initiated to ensure the marketing aspects of the new product are made and the sales team will be provided with a briefing and training session by the technical team.

5.4.4 R&D

(i) R&D Policy

Our R&D policy for the past three (3) years have been generally based on the following areas:-

Areas of R&D Focus

DSC Group's R&D activities focus on three (3) broad areas: -

- Development of new products, services and integrated total solutions;
- Enhancement of existing products, services and solutions; and
- Continuous development of value-added tools and reusable software components.

R&D Objectives

Our R&D direction is guided by the following strategic objectives:-

- Continuing development of relevant products and service enhancements to enlarge our customer footprints and increase barriers of entry;

5 INFORMATION ON DSC GROUP (Cont'd)

- Continue to establish more customer references and recognition as a one-stop AIDC solutions provider;
- Create marketable and cost-effective solutions;
- Build on the strength and competencies of existing products and services and domain knowledge in implementing current projects;
- Leverage on market trends, customer demands and emerging technologies to remain competitive and commercially relevant; and
- Smart partnerships and collaborations with the MSC Malaysia programme and tertiary education centres to realise commercially viable ideas.

Through the above broad areas of focus, DSC Group aspires to translate the R&D activities into the following commercial performance benchmarks: -

- Sustain and grow the business;
- Improve quality of earnings through increase in revenue and profitability margin;
- Create competitive advantages and differentiation; and
- Improve business agility and customer satisfaction.

(ii) R&D Capability

Our Board believes that:-

- R&D is crucial to our Group becoming a leading integrated AIDC solutions provider in the ASEAN region; and
- the possession of strong R&D capabilities is important to our Group's continued success and our ability to develop new integrated AIDC solutions and to improve on our existing products in response to changes in user requirements and technological development.

Prior to the R&D of a solution, we will obtain user requirements and feedback from existing and potential customers. With such market research information, our Group would then formulate a product development plan.

Our Group conducts R&D with the main objective of enhancing our product features, increasing product range, improving product quality and product performance as well as developing new products, software and systems solutions. Our Group's R&D activities go through a stringent process which includes amongst others, conducting system design, programming, testing on deliverables, evaluating and enhancing systems in a technical manner, attending system requirement study and analysis, planning system design, evaluating and enhancing systems in a business application manner, conducting system requirement study and analysis.

5 INFORMATION ON DSC GROUP (Cont'd)

(iii) R&D Development Strategies

The key R&D strategies of our Group are as follows:-

(a) Increase R&D manpower, training and resources

Our Group intends to employ additional experienced R&D personnel. This would enable our Group to further enhance our ability to develop new products and shorten the product development cycle and hence increases the speed of introducing a product to the market. Continuous staff training and development would be emphasised to update the technical knowledge of employees.

(b) Development of new technologies enablers

The IT industry is characterised by rapid changes in technology and frequent introduction of new and more advanced products and services, changes in client demands and evolving industry standards. Hence, our Group would need to keep abreast of the latest technologies in order to maintain our competitive edge in the AIDC solutions market. Recognising this, our Company's R&D team constantly keeps abreast of new technologies and market trends wherein the business development team works closely with the R&D team to provide feedback on market trends and client requirements.

(c) Collaborating with the consultants of ERP software providers and forming strategic alliances

We plan to collaborate with more consultants of ERP software providers to tap into companies, which require the use of our Group's products. Such possibilities include development of modules that enable TrekNet to exchange data with SAP or Microsoft Dynamics NAV ERP systems.

Alternatively, our Group will also form strategic alliances (such as in the area of R&D) with other companies.

(d) Investing in businesses with technologies or with domain knowledge

Our Group does not rule out investing in companies or businesses with new technologies or R&D that can support the business of our Group should such opportunities arise. As a typical product development cycle is generally long (normally from 10 months to 18 months to develop a solution, depending on the complexity and features of the solution), our Group has to shorten its solutions development cycle to keep abreast with or to stay ahead of its competitors.

Our Group also does not rule out acquiring companies that have developed or are in the late stage of development of products, which are in-line with our Group's R&D product development plan. Technically, the solutions that are sourced should have the same technology platform as our current Group's solutions or a higher level of technology, as this would allow for faster integration and technology transfer, that may further enhance and upgrade our Group's technology.

To-date, our Group has not identified any such company. However, we plan to identify potential companies for acquisitions through the following ways:-

5 INFORMATION ON DSC GROUP (Cont'd)

- The management may encounter other IT companies during the course of business and will evaluate the potential synergistic benefits of other software;
- Search through the Internet for complementary technology or businesses as part of its business development; and
- Participating and attending exhibitions and trade shows.

(e) Broadening of products and services range

Our product development plan encompasses the following:-

	2009	2010
Development of new modules	TrekNet SMS – Student Management Solution TrekNet VTS – Visitor Tracking Solution TrekNet PI – Physical Inventory Management	Rental based software (SaaS model)
Enhancement of current modules	Web-based Asset tracking module Web-based File tracking module Additional functional features to TrekNet engine	TrekNet CIS – Card Issuance Solution Additional functional features to TrekNet engine

(iv) Achievements in R&D

Our Group has been actively involved in R&D activities. A summary of our Group's R&D efforts in the development of our products and our respective roll out dates are as follows:-

Year	Events
2002	DSCS received SGD0.6 million investment from Singapore EDB and a private investor to develop TrekIT! #.
2003	DSCS was awarded SGD0.3 million grant from Singapore EDB under the "T-UP" scheme by A*STAR to develop Trek.IT! #.
2003	DSC R&D reached new level of technical sophistication with the successful implementation of an AIDC solutions project using "combi" smartcards integrating both contact and contactless chips.
2004	Launched 1 st generation tracking software called Trek.IT! in October 2004.
2005	The successful implementation of an AIDC solutions using dual hybrid RFID-smartcard demonstrated our expertise as well as our hardware & software engineering capabilities with custom made contact and contactless encoder and one pass personalisation software solution.
2006	Launched 2 nd generation tracking solution suite called TrekNet in June 2006.
2007	The soft launch of TrekNet MICE at 2007 Cards Asia Exhibition, Singapore increases our product portfolio and demonstrated our ability to use the TrekNet platform for rapid productionisation of tracking concepts and ideas.

5 INFORMATION ON DSC GROUP (Cont'd)

Year	Events
2007	The successful implementation of a full suite of inventory management solution for our customer marks our rapid progress up the value chain to deployment of end-to-end AIDC solution incorporating our domain expertise in tracking as well as rapid application development.
2008	The launch of TrekNet Pesona, TrekNet AMS and TrekNet IMS is a high point for DSCS R&D team and culminated from years of acquired domain expertise and development.
2009	The launch of standard modules for TrekNet VTS and TrekNet CIS, as well as TrekNet SMS. Please refer to Section 5.4.2 of this Prospectus for further details on these products.

Note:-

Historically, DSCS was the Singapore based R&D arm of the DSC business where Trek.IT¹, the first generation tracking software, was developed by DSCS. Thereafter, in 2006 the R&D activities were relocated to Malaysia via the setting up of DSC, i.e. a MSC Malaysia Status company.

(Source: Management)

(v) R&D Expenditure

During the past three (3) FYEs 30 September 2008, our Group has incurred the following cost for our R&D activities:-

	-----Audited-----		
	FYE 30 September 2006	FYE 30 September 2007	FYE 30 September 2008
	RM	RM	RM
R&D Cost	99,322	439,322	319,326
Revenue	9,965,165	11,297,386	13,843,994
%	1.00	3.89	2.31

Our Group has spent an estimated total of approximately RM0.86 million in R&D expenses over the past three (3) FYEs 30 September 2008. Our Board envisages that the investment in R&D will fuel our Group's development of new products in the coming years and as such will continuously undertake R&D in the future.

(vi) R&D and Technical Team Personnel

Our Group's R&D and technical team as at LPD comprises of seven (7) personnel. The R&D and technical team consists of experienced and qualified technical personnel of various experiences and strengths. The R&D and technical team is experienced in analysis, programming, and testing.

The R&D and technical team of our Group currently utilises software development tools such as:-

- Microsoft.NET;
- Programming & development tools – Visual Studio 2005 and 2008;
- Databases – Microsoft SQL Server, MySQL, Oracle and ODBC data sources;
- Messaging protocols – XML, ASP, HTTP and JAVA; and
- Operating systems – Microsoft Windows platform ie. Win98, 2000, XP, Vista, PocketPC, WinCE and Mobile 5/6.

5 INFORMATION ON DSC GROUP (Cont'd)

5.4.5 Our Technology Capabilities



Our Group is principally involved in the provision of integrated AIDC software and engineering solutions for automated object identification, packaged AIDC software and integrated engineering services. Notwithstanding our capabilities to pursue object identification/ data collection with authentication and security (ie. smartcard technologies), this market is often limited to large scale projects dominated by MNCs and government projects which require a lot of resources for lobbying.

Accordingly, we continue to focus on barcode, RFID and ID cards technology as priority areas as we believe barcodes and ID cards will continue to remain the most lucrative business for us in the next five (5) years. Barcodes have already reached "economies of scale" in production output and technology maturity level while RFID provides a complementary useful life extension to our existing offerings. The application of biometric and smartcards are still at an early stage and the cost of implementation are still not at the most cost-effective level to encourage companies to switch to these newer technologies. However, as the technology matures, our TrekNet products are developed to embrace all these AIDC technology extensions as well as to operate on similar business processes and operating environments. We are confident that TrekNet will be able to integrate the biometric and smartcards technologies seamlessly as well. Therefore we are also well positioned to take advantage of future demands in this market sector.

Benefits of barcoding, ID cards and RFID technologies

(a) Barcode technology

Barcodes are a pattern of bars and spaces of varying widths that represent digits, letters or punctuation symbols, which are illuminated by an infrared or visible light source, to be used to identify an item or regulate its movement. While our first generation product is based on one-dimensional barcodes (1D), 2nd generation TrekNet takes advantage of improvements made to barcode technology and now incorporates two-dimensional (2D) barcode technology. In many cases, 2D barcodes offer similar benefits to RFID technologies. Barcode symbologies come in two basic varieties. They can be either linear or two dimensional in their configuration.

<p><u>1D barcode</u> - a linear barcode symbology consists of a single row of dark lines and white spaces of varying but specified width and height, as indicated by the example to the right.</p>	 <p>LINEAR</p>
<p><u>2D barcode</u> - a 2D symbology can be configured into a stacked or matrix format. 2D barcodes are special rectangular codes which 'stack' information in a format allowing for more information storage within a smaller amount of space.</p>	 <p>2-D SYMBOLOGY</p>

The amount of data that can be encoded in a linear barcode symbology is more limited than that of a 2-D symbology. A 2-D datamatrix symbology, for example, can encode and store up to 2,300 characters. Hence, the power of barcode technology is in maximising information storage within limited space. As such the old age saying that barcode has space limitations is not entirely true.

5 INFORMATION ON DSC GROUP (Cont'd)

In addition to symbology standards set by the various trade associations, there are several other related types of compliance standards used in manufacturing and distribution operations. These include application standards, product identification standards and label standards.

The benefits of barcodes are as follows:-

- (i) improves operational efficiency through faster and higher accuracy in recording of information;
 - (ii) improves tracking of inventory, WIP and assets, hence saving time and increasing productivity;
 - (iii) reduces errors in various manual activities, which at times can be costly and problematic, thus contributes to time and costs saving;
 - (iv) gets the ERP systems out of history mode and into real-time mode;
 - (v) timely feedback in data captured due to more efficient decision making; and
 - (vi) user friendly as it is a point-and-read mechanism.
- (b) RFID technology

RF data communication technology uses RF waves as a medium for transmitting and receiving information. RFID technology will serve to complement and extend the economic useful life of barcode systems. As the cost of RFID systems is currently not optimum, we foresee that RFID can be used when it involves high value objects/items and in automated or self-serve environment.

The benefits of RF are as follows:-

- (i) eliminates the requirements of wires and cables and the costs associated with them;
 - (ii) offers portability while providing instant access to collected data;
 - (iii) minimises loss of data by eliminating the delay between data collection and transmission; and
 - (iv) availability of real time information to enable critical decision making instantly.
- (c) ID cards echnology

A smartcard is a credit card sized plastic card embedded with an integrated circuit chip that makes it "smart". However, the origin of smartcards started with a mere plastic tag card with identification details of a person. The next wave included embedding security features to prevent tampering or counterfeiting of these cards. Such features includes, hologram printing, 1D and 2D barcoding as well as magnetic strip cards. The chip-based smartcard (ie. ICC – integrated circuit card) as the latest security measure in the identification, authentication and authorisation of the personal holder of the card.

However, we continue to feel there is a large market for current generation ID cards as the cost of implementing smartcards is still prohibitive in applications where ultimate security involving non-monetary transactions is of the highest priority. The highest market demand of ID cards are driven by business that only

5 INFORMATION ON DSC GROUP (Cont'd)

require the ID card to serve as "associative link" to its members, where immediate identification precedes security verification and where authorisation does not involve monetary transactions. The immediate demands are now driven by customer loyalty programmes, club memberships, associations and societies, due to the following:-

- (i) ID cards provide immediate identity recognition and is cheap to implement; and
- (ii) Information to be transferred quickly and easily due to its portability.

Smartcard technology rapidly gained acceptance in Europe as a telephone debit card because the high cost of communications made on-line verification of transactions very expensive. Smartcards are also used in vending machines, in lotteries, for secure access control to buildings and computers, for multiple application student ID cards, in healthcare applications, in banking, and to store automobile service histories.

5.4.6 Real Property

We operate from the following rented premises:-

Registered owner	Postal address	Description	Existing usage	Total built up area (square metres)	Certificate of Fitness	Date of Expiry of Lease
Strangeway Sdn Bhd	No. 2-GM, Jalan PJS 10/2, Subang Indah 46050 Petaling Jaya Selangor	1 st and 2 nd floor of four (4) storey shop office	Head office Malaysian operations	300.0	7 November 2002	30 April 2010
Jurong Town Hall Corporation	67, Ayer Rajah Crescent, #02-25, Ayer Rajah Industrial Estate, Singapore 139950	2 nd floor of seven (7) storey flatted factory	Regional operations / DSC Suzhou representative office [^]	292.5	1 February 1978	30 September 2010
MSC Cyberport Sdn Bhd	30.16, Level 30, Menara MSC Cyberport No.5 Jalan Bukit Meldrum, Johor Bharu 80300 Johor Darul Takzim	30 th floor of a thirty (30) storey office building	MSC Malaysia Status office	167.0*	5 November 1998	30 April 2010

Note:-

* Including shared facilities.

[^] DSC Suzhou has rented an office with a construction area of 46.23 square meters as its registered address situated at No. A0209, Phase 4 of International Scientific and Technology Park, No. 1355, Jin Ji Hu Avenue, Suzhou Industrial Park, Jiangsu Province, the People's Republic of China.. Nevertheless, DSC Suzhou has not commenced its operation and is to replace this office with a more suitable office to be rented as its registered office and to commence operations there.

The above property rented by our Company has been issued with the relevant certificate of fitness as at the LPD. As far as we are aware, our Group is not in breach of any law, rules and building regulations in relation to the use of the property.

The abovementioned property rented by our Group are not subject to any regulatory requirement and environmental issues which may materially affect our Group's operations and utilisation of assets.

5 INFORMATION ON DSC GROUP (Cont'd)**5.4.7 Capital Expenditure and Divesture**

Saved as disclosed below, our Company has not incurred any other material capital expenditure and divesture (including interest in other corporations), since the beginning of our Company's last three (3) FYEs 30 September 2008 to the date of this Prospectus:-

	FYE 30 September 2006 RM'000	FYE 30 September 2007 RM'000	FYE 30 September 2008 RM'000	FPE 30 June 2009 RM'000
Malaysia	75	45	253	256
Singapore	28	233	986	943
Total expenditure	102	278	1,239	1,196

Historically, the capital expenditure of our Group consists mainly of office equipments used in our operations. The increase in capital expenditure for the FYE 30 September 2008 and FPE 30 June 2009 was due to the purchase of operating assets to complement the provision of value added services for our AIDC business namely for consumer services (e.g. meetings, incentives, conferences and exhibitions ("MICE")) and hospitality business (e.g. the launch of integrated resorts in Singapore). These operating assets incorporate our AIDC hardware such as scanner, reader and printer together with our TrekNet software into a single one-stop kiosk concept and the user interface is enabled using interactive technologies (e.g. touchscreen). All of the above capital expenditure was financed through internal funding.

5.4.8 Principal Markets for Products

Our Group aims to be a leading integrated AIDC solutions provider in the ASEAN region, establishing ourselves in the local market initially, using Malaysia and Singapore as the platform for future growth and expansion in the region, PRC and other foreign markets.

Our Group's principal markets based on the proforma Group sales for the FYE 30 September 2008 and FPE 30 June 2009 are shown as follows:-

Country	FYE 30 September 2008 % of sales	FPE 30 June 2009 % of sales
Singapore	44.8	46.3
Malaysia	18.7	30.5
Thailand	15.7	10.6
PRC*	14.4	7.8
Indonesia	3.3	2.9
Others	3.1	1.9
TOTAL	100.0	100.0

Note:-

* Sales generated exclusively from Seagate's operations in the PRC.

For the past financial years, more than 70% of our Group's sales have been outside Malaysia, primarily to other countries such as PRC, Singapore, Thailand and Indonesia. Our Group intends to continue to target these countries for our recently launched off-the-shelf AIDC solutions.

Our Group will explore various options to decide on the form of our presence in new overseas markets. The presence of our Group in new overseas markets in the future may include, inter-alia, the following:-

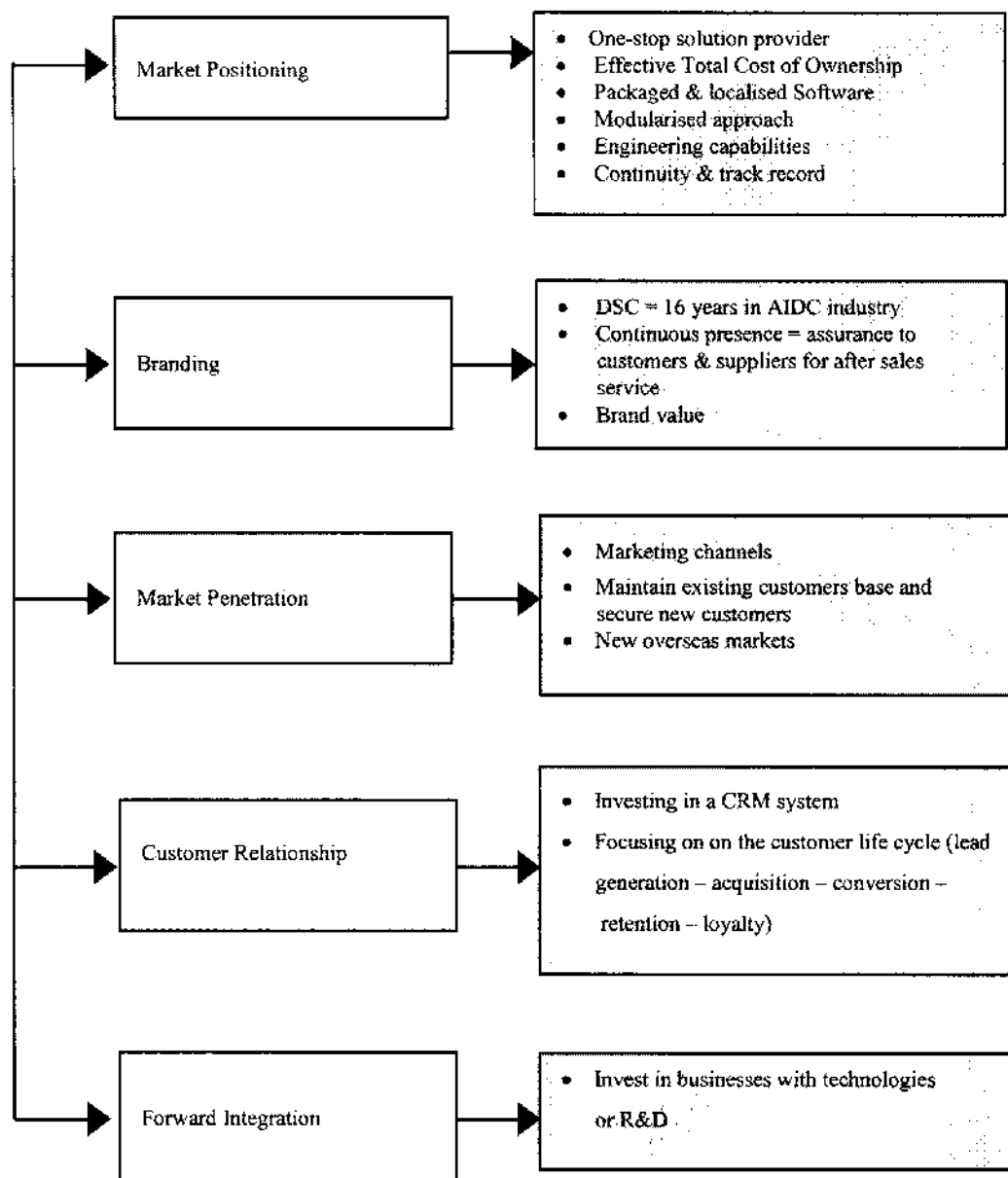
- (i) setting up of subsidiary;
- (ii) acquisition of equity interest in suitable companies;
- (iii) appointment of authorised distributor/reseller; or
- (iv) network with the distributor and business software consultants or principals.

5 INFORMATION ON DSC GROUP (Cont'd)

The current operations in Singapore functions as our Group's operational hub to secure projects that involve regional roll-outs in the ASEAN region. In addition, the targeted markets for our expansion will depend on and coincide with the movement of our customers which would allow us to penetrate into new markets with secure customers in hand and thus minimise the risks of uncertainty.

5.4.9 Distribution and Marketing Strategies

The following is our marketing blueprint:-



Please refer to Section 7.1(d) of this Prospectus for further details.

5.4.10 Seasonality or cyclical factors

Our operations are not materially affected by any seasonal or cyclical factors other than the general economic environment in which we operate.

5 INFORMATION ON DSC GROUP (Cont'd)

5.4.11 Approvals, Major Licences and Permits

The operations of our Group currently do not require any specific operating licence save as disclosed below:-

Authority	Company	Description of Licence	Issue Date / Expiry Date	Major Conditions Imposed	Status of Compliance
Jiangsu Province Suzhou Industrial Park Administrative Bureau for Industry and Commerce	DSC Suzhou	Business Licence Registration Number: 320594400023151	14 July 2008 / 7 July 2058	1. Scope of Business Operations: (a) Business to be operated with a specific license: None. (b) Ordinary Business: Software research and development, sale of the products researched and developed by the company itself, and provision of after-sale services. 2. 15% of the registered capital of the company shall be contributed before 12 October 2008. [^]	N/A Pending compliance. DSC Suzhou has yet to commence operation as at the LPD and is in the process of applying to commence business. * Digital has injected 15% of the registered capital on 23 October 2008. [^]
Majlis Bandaraya Petaling Jaya	DSCM	Business Licence Serial No. LPN 007275 for the sale of Label Printers at the office premises of DSCM	Valid from 16 January 2009 to 31 December 2009	NIL	
Majlis Bandaraya Petaling Jaya	DSCM	Business Licence Serial No. LPN 007274 for Illuminated Horizontal Signboard / Advertisement Board ('Iklan Melintang Muka Bercahaya'), bearing the size of 5.18m by 0.91m.	Valid from 1 January 2009 to 31 December 2009	The Business Licence is to be displayed at the premises of DSCM.	Complied

Note:-

* DSC Suzhou is required to commence its business within 6 months after its incorporation and to submit application by end of June 2009 for the annual combined examination by authorities for the year of 2008. However, a circular on annual combined examination as jointly promulgated by six authorities of the PRC on 13 February 2009 allows companies to apply for an extension of time up to the end of 2009 to commence their business. As such, DSC Suzhou is in the process of applying for the said annual combined examination and for the commencement of its business by end of 2009. To operate its business in the PRC, DSC Suzhou is required to obtain from different authorities the related certificates and licenses including Taxation Registration Certificate, Account Opening License, Financial Registration Certificate, Statistics Registration Document, and Customs Registration Certificate (if it needs to import or export goods or other materials). DSC Suzhou is in the process of applying for such certificates and licenses.

[^] Although the first instalment of the registered capital of DSC Suzhou was contributed after the approved time schedule, the legal validity of the Certificate of Approval for the establishment of DSC Suzhou can be subsequently confirmed upon completion of the annual combined examination which is in the process of being applied for.

Digital shall contribute the balance 85% of the registered capital before 14 July 2010.

5 INFORMATION ON DSC GROUP (Cont'd)**5.4.12 Business Partnerships and Agreements**

As at the LPD, DSC Group have not entered into any agreement of which we are highly dependent upon for our operations.

5.4.13 Employees

As at the LPD, we employ a total of 28 persons, including our executive Directors, of which seven (7) were employed in Malaysia while the remaining 21 were employed in Singapore, which is adequate for our day-to-day operations. Currently, none of our employees are contractual employees.

The structure of DSC Group's workforce are as follows:-

Category	Number of Employees			Average Years of Service
	FYE 2006	FYE 2007	FYE2008	
Management	5	6	6	10.17
Technical and R&D	9	11	11	2.86
Sales & Marketing	4	5	7	2.67
Finance & Administration	5	6	5	1.60
Total	23	28	29	

Our Board believes that the working relationship between our key management and employees are cordial. There have been no labour or industrial disputes between our employees and Management which have had a material adverse financial impact on our Group. None of our employees belong to any trade union.

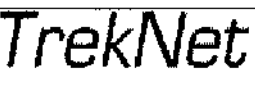

The sustainable and growing asset for our Group is human resources. We place high emphasis on HR policy development in the areas of recruiting, developing, training and retaining suitably qualified staff as a basis to grow our knowledge workers. The current training programmes undertaken by our Group are as follows:-

- technical training provided by our principals; and
- in house training, i.e. product and sales training provided by our Founder / external parties.

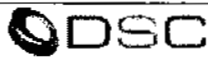
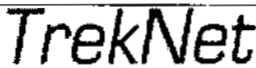
Having attained the MSC Malaysia Status and with sufficient funds raised from the Public Issue, we will be able to strengthen our marketing team and increase the number of knowledge workers employed by us, as well as our expenditure for R&D activities.

5.4.14 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights

As at the date of this Prospectus, we have made applications for the following trademark registration:-

Name of Applicant	Application No./ Class/ Date	Description	Status
Digital	CO302192B / 42 / 7 January 2008		Approved (Trade Mark No: T0800343G)
Digital	CO302926E / 9 / 4 March 2008		Approved (Trade Mark No: T0802971A)
Digital	CO302926E / 9 / 19 September 2008	Tracking Your Future	Approved (Trade Mark No: T0813046C)

5 INFORMATION ON DSC GROUP (Cont'd)

Name of Applicant	Application No./ Class/ Date	Description	Status
DSCM	07025715 / 9 / 31 December 2007		A first office action has been raised by the Trade Mark Registry against this trade mark application and the Company is in the process of responding to the first office action.
DSCM	07025716 / 42 / 31 December 2007		A first office action has been raised by the Trade Mark Registry against this trade mark application and the Company is in the process of responding to the first office action.

The successful registration of the trademarks will prevent unauthorised third party exploitation of these trademarks which may have an effect on our Group's business. Pending the registration of the trademarks, there can be no assurance that there would not be challenges or disputes over the use of the trademarks or unauthorised copying, usage or exploitation of them by third parties.

5.4.15 Our Competitive Strengths and Advantages**(i) Competitive pricing**

The set-up of an AIDC system generally necessitates high investment costs and capital outlay. We operate on a SaaS model that allows us to maintain ownership over hardware that is kept with the end user and only charge our customers based on recurring provision of services and consumables. The SaaS business model adopted by our Group hence is advantageous to the end user in that the total cost of ownership remains affordable. In addition, AIDC players who are able to offer one-stop solutions in the form of product bundling will have an edge over players who sell AIDC system components separately. Customers who purchase packaged solutions will typically enjoy higher value for money spent as opposed to purchasing AIDC components separately.

We have added in a new product line of off-the-shelf AIDC software packages, i.e. TrekNet SMS, TrekNet VTS and TrekNet CIS. We can sell these softwares without providing any technical implementation and customisation. The packaged software is priced similarly to some of the accounting software packages that are in the market. The cost will therefore be a fraction of the price that a company will have to pay for a customised AIDC software solution. By introducing a low cost packaged AIDC software, SMEs will be able to implement a basic tracking solution with very little investment. The SME segment is one of our target markets as SMEs are traditionally cost conscious and have not taken advantage of AIDC technologies to improve business productivity.

(ii) Industry experience and technical expertise

In view of each AIDC technology being unique, technical competence and a good track record is important to ensure business continuity for an AIDC player. Generally, domain expertise acquired over at least ten (10) years is necessary to ensure success in this industry. Furthermore, making a name in the market requires years of building business relationships and a strong brand name. This is backed by our Promoters' more than 40 years of cumulative experience and know-how in the AIDC industry.

5 INFORMATION ON DSC GROUP (Cont'd)**(iii) Diversified product offerings**

An AIDC player who offers an array of AIDC products and solutions will have a competitive edge over competitors. Customers of AIDC products and solutions typically adopt the technology as they learn to appreciate its benefits which may eventually lead to widespread adoption within an organisation or across organisations to involve other business partners. Existing customers may also look at upgrading their existing systems to include other AIDC technologies hence returning to a one-stop service provider who can provide the wide range of AIDC products and solutions will help the AIDC player gain a stronger foothold in the industry. Again, one-stop AIDC solution providers will have an edge over other AIDC players.

Currently, we offer off-the-shelf AIDC software packages. As set out above, we have added to TrekNet SMS, TrekNet VTS and TrekNet CIS to our off-the-shelf software suites, which encompasses TrekNet IMS, TrekNet AMS and TrekNet Pesona.

(iv) Continuous R&D

Continuous R&D initiatives to develop new products and solutions are necessary to ensure the business survival of an AIDC player. Recognising such importance, our Group has taken advantage of the initiatives offered as a MSC Malaysia Status company and accordingly was approved via the letter dated 31 May 2006. We have also set up a dedicated R&D centre under MSC Malaysia programme and undertake continuous R&D where necessary.

5.4.16 Interruptions in Operations During the Past Twelve (12) Months / Seasonality

There has been no interruption to our business or operations in the past twelve (12) months. Our operations are not subject to seasonality.

5.4.17 Exceptional Factors Affecting the Business

Save for the risk factors highlighted in Section 4 of this Prospectus, we do not foresee any exceptional factors, which may affect our business.

5.4.18 Major Customers

Our major customers, contributing more than 10% of our revenue, for the past three (3) FYE 30 September 2006 to 2008 and FPE 30 June 2009 are as follows:-

Customer Name	Percentage of total revenue			
	FYE 30 September 2006	FYE 30 September 2007	FYE 30 September 2008	9-month FPE 30 June 2009
Total revenue (RM '000)	9,965	11,297	13,843	11,218
Senai Seagate Industries (M) Sdn Bhd	22.24%	17.33%	14.38%	11.20%
Seagate Technology International (Wuxi)	10.80%	7.83%	1.19%	-
Seagate Singapore Pte Ltd	-	10.62%	12.94%	7.9%
Advance Interactive Technologies Pte Ltd	-	-	12.97%	7.9%

5 INFORMATION ON DSC GROUP (Cont'd)

Historically, the Seagate Group has always been our main customer. The revenue from the Seagate Group accounts for an aggregate of 19.1% of our Group's total revenue for the FPE 30 June 2009. Our Group's close business relationship with Seagate Group for the last twelve (12) years has provided us with a sustainable revenue advantage.

However, our Group has a broad customer base and these customers also have generally fostered long term business relationships with us.

5.4.19 Major Suppliers

Our major suppliers, contributing more than 10% of our purchases, for the past three (3) FYE 30 September 2006 to 2008 and FPE 30 June 2009 are as follows:-

Customer Name	Percentage of total revenue			
	FYE 30 September 2006	FYE 30 September 2007	FYE 30 September 2008	9-month FPE 30 June 2009
Total cost of sales (RM '000)	6,446	7,322	7,333	6,151
Brady Corporation Asia Pte Ltd	25.29%	20.50%	13.55%	6.93%
Zebra Technologies International Inc	19.98%	27.03%	25.93%	22.34%
Hand Held Products *	14.14%	15.10%	5.28%	1.33%
Advance Interactive Technologies Pte Ltd	-	-	13.83%	5.67%
Netronix Inc	-	-	4.88%	20.57%
Worldmark UK Ltd	-	2.13%	9.48%	11.07%

Note:-

* *Hand Held Products was acquired by Honeywell International Inc. in December 2007.*

The top three (3) suppliers contribute approximately 53.98% of our Group's total purchases for the FPE 30 June 2009.

Zebra Technologies International Inc has been our main supplier for the years/period set out above. This is due to the close working relationship we have with them as well as the support and reliability accorded that we may require for their products which is in turn important in delivery of our products and services. Notwithstanding, should the need arise, we believe that the aforementioned suppliers can be replaced. However, as set out in Section 4(A)(i), gestation period and necessary audit qualification is required to obtain support from the principals for distribution of their products.

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5 INFORMATION ON DSC GROUP (Cont'd)

5.5 SUBSIDIARY COMPANIES**5.5.1 Information on Digital****(a) History and business**

Digital was incorporated and domiciled in Singapore under the Singapore Companies Act on 14 October 1993 as a private limited liability company and commenced operations on 18 October 1993. The principal activity of Digital is the provision of AIDC solutions, software and engineering services.

(b) Share capital

As at LPD, the issued and paid up share capital of Digital is SGD1,038,745 comprising 1,038,745 ordinary shares ("**Digital Shares**").

Details of the changes in issued and paid-up share capital of Digital since its incorporation are as follows:-

Date of Allotment	No. of Digital Shares Allotted	Consideration	Total issued and paid-up share capital (SGD)
14.10.1993	2	Subscribers' shares	2
15.12.1993	49,998	Working capital	50,000
21.06.1996	50,000	Working capital	100,000
30.01.1997	100,000	Working capital	200,000
31.07.2008	838,745	Acquisition of IP from DSCS	1,038,745

(c) Substantial Shareholders

Digital is currently our wholly-owned subsidiary.

(d) Subsidiary and Associated Companies

Digital has a wholly owned subsidiary company, namely DSC Suzhou. However, Digital does not have any associated companies.

5.5.2 Information on DSC Suzhou**(a) History and business**

DSC Suzhou was incorporated in the PRC on 14 July 2008 as a wholly foreign owned limited liability company. DSC Suzhou is currently dormant.

(b) Registered capital

As at LPD, the registered capital of DSC Suzhou is SGD150,000, of which SGD22,500 representing 15% of the total registered capital has been contributed on 23 October 2008.

(c) Substantial Shareholders

DSC Suzhou is currently a wholly-owned subsidiary of Digital.

5 INFORMATION ON DSC GROUP (Cont'd)

(d) Subsidiary and Associated Companies

DSC Suzhou does not have any subsidiary and/or associated companies.

5.5.3 Information on DSCM**(a) History and business**

DSCM was incorporated in Malaysia under the Act on 12 December 1996 as a private limited liability company and commenced operations on 2 January 1997. The principal activity of DSCM is the provision of AIDC solutions, software and engineering services.

(b) Share capital

As at LPD, the authorised share capital of DSCM is RM500,000 comprising 500,000 ordinary shares of RM1.00 each ("**DSCM Shares**"), of which 200,000 DSCM Shares have been issued and fully paid-up.

Details of the changes in issued and paid-up share capital of DSCM since its incorporation are as follows:-

Date of Allotment	No. of DSCM Shares Allotted	Par Value (RM)	Consideration	Total issued and paid-up share capital (RM)
12.12.1996	2	1.00	Subscriber's shares	2
07.07.1998	49,998	1.00	Cash	50,000
01.04.1999	23,000	1.00	Cash	73,000
16.02.2001	27,000	1.00	Cash	100,000
20.06.2006	100,000	1.00	Bonus issue	200,000

(c) Substantial Shareholders

DSCM is currently our wholly-owned subsidiary.

(d) Subsidiary and Associated Companies

DSCM does not have any subsidiary and/or associated companies.

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6 INDUSTRY OVERVIEW

This Section is extracted from the Independent Market Research report dated 28 September 2009 prepared by Synovate of which certain sections of the said report were prepared for inclusion in this Prospectus.

6.1 OVERVIEW OF THE REGIONAL ECONOMY

Our Group aims to be a leading integrated AIDC solutions provider in the ASEAN region, establishing ourselves in the local market initially, using Malaysia and Singapore as the platform for future growth and expansion in the region, PRC and other foreign markets. The economy overview below encompasses the countries which our Group is involved in except the PRC, where sales were exclusively contributed by Seagate Technology International (Wuxi).

6.1.1 Malaysia

Malaysian economy registered a lower growth of 4.6% in 2008, amidst the international financial turmoil and sharp deterioration in global economic environment. Robust domestic demand, in particular sustained private consumption and strong public spending, supported the growth during the year. Although foreign demand was strong in the first half of 2008, the rapid deterioration of worldwide economy and major correction in commodity prices has led to a contraction of Malaysia's export performance.

In 2009, Malaysian GDP contracted 3.9% year on year in the second quarter, an improvement on the 6.2% collapse recorded in the first quarter. With exports representing as much as 120% of Malaysia's GDP, the slump in global demand and commodity prices has taken an especially heavy toll on Malaysian producers. In line with this, Malaysia government introduced two economy stimulus packages, one launched in November 2008 and a larger package in March 2009. The economy is now expected to contract by 3%-4% this year and in line with global up-trends is projected to expand between 3%-4% in 2010.

While inflation has eased and exports have recently improved month-on-month, one of the major concerns on economy recovery for manufacturers in Malaysia is the low external demand for electronics and electrical goods, a major component of Malaysia's total exports. Exports of electrical and electronic products fell by 20% year-on-year in the first half of 2009, contributing to weakness in domestic investment and consumption.

In the second quarter of 2009, the services sector grew by 1.6%, supported mainly by higher growth in the finance and insurance and the recovery in wholesale and retail trade, and real estate and business services sub-sectors. The construction sector recorded 2.8% growth in the second quarter, benefiting from the increased implementation of projects under the fiscal stimulus packages. The agriculture sector turned around to register a positive growth of 0.3% supported by continued strong production of food crops and a smaller decline in industrial crops. Meanwhile, the manufacturing sector recorded a slower contraction of 14.5%, reflecting a pick-up in production for inventory restocking and final domestic consumption.

6.1.2 Singapore

After several years of rapid growth, Singapore economy experienced significant recession in the second half of 2008 and early 2009. The output has declined by 10% in first half of 2009 and despite this, the domestic financial system remains strong to weather the recession. The key factors underpinning the healthy financial system are local banks with very low non-performing loans, minimal exposure to toxic assets, and are well capitalised.

In recent development, Singapore economy grew by an estimated 0.8 per cent in the three months to September from a year ago, reinforcing the country's recovery from recession. Singapore Ministry of Trade and Industry ("MTI") predicted that a clear but modest recovery is underway globally, at least for the next three or four quarters. The Government has upgraded its full-year growth forecast to a contraction of 2% - 2.5%, a significant improvement from the previous estimate of a 4-6% contraction. One-off factors such as restocking activities and fiscal stimulus measures will continue to support growth in the near

6 INDUSTRY OVERVIEW (Cont'd)

future. However, Singapore economic activity will 'probably remain below pre-crisis levels' because of the drag on demand in the developed economies.

According to MTI, on a seasonally adjusted quarter-on-quarter annualised basis, Singapore GDP surged 14.9% following a 22% expansion in the second quarter to June. Growth was mainly driven by the continued expansion of biomedical and electronics manufacturing output, and improvements in the trade-related and tourism sectors.

Manufacturing, which accounts for about a quarter of the economy, grew 8.3% from a year earlier last quarter. Improving demand for pharmaceuticals and electronics has prompted companies to predict sales will increase as Singapore's exports fell the least in almost a year in August. The island's services industry declined 2.4% last quarter from a year earlier, after falling 4.8% in the previous three months and the construction industry gained 12.4%.

6.1.3 South East Asia

Southeast Asia's growth is projected to grow to just 0.1% in 2009, down from 4.3% in 2008, and the three most export-orientated economies in the sub-region – Malaysia, Singapore and Thailand – will also contract, with the most open of these economies, Singapore, likely to shrink by 5%. Economy slowdown in the South East Asia region underlines the risks of excessive dependence on external demand. In 2010, overall growth is forecasted at 4.3%.

The Thai economy in 2009 is forecasted to contract by 3.0% and this is attributed to the decline in export of goods and services as a result from the severe contraction of Thailand's trading partners' economies as well as shrinking tourism revenues stemming from political problems and risk associated with the epidemic of Influenza A/H1N1. Export volume of goods and services in 2009 is thus forecasted to considerably shrink at a rate of 16.9%. Import volume of goods and services, on the other hand, is forecasted to decline by 25.4% as export subsidies and domestic spending decelerates.

Indonesia economy is expected to grow by 4.3% in 2009 due to resilient Indonesia's domestic market and its low reliance on exports which allowed the economy to dodge the full force of the global financial crisis. Besides, the country also has a strong banking sector and sound macroeconomic management.

Overall regional economy is expected to recover in the second half of 2009, helping countries report positive and more robust growth in 2010.

6.2 AIDC MARKET OVERVIEW

6.2.1 Global AIDC market

Globally, the AIDC market has been experiencing rapid growth in the first decade of the 21st century. The three key drivers of growth include the need for automated processes in the retail, manufacturing and automotive sectors, the heightened security focus since 9/11 and the need to develop unique and fraud-proof identification methods. It is important to bear in mind however, that how these factors affect the extent of AIDC growth would differ in different parts of the region as there is a need to consider a cost-benefit analysis.

In the US, all the abovementioned drivers are equally significant. Security concerns are primarily addressed by the government hence they do not warrant a cost-benefit analysis. Nevertheless, the automation of business processes specifically in retail and automotive sectors have made it necessary to consider the actual value addition involved in adopting AIDC technologies. Older AIDC technologies such as barcodes and smart cards have been tried and tested for almost two decades now hence both technologies have the necessary infrastructure for their implementation in more matured markets. Newer technologies such as RFID and biometrics are viewed as making their way towards mass commercial usage and

6 INDUSTRY OVERVIEW (Cont'd)

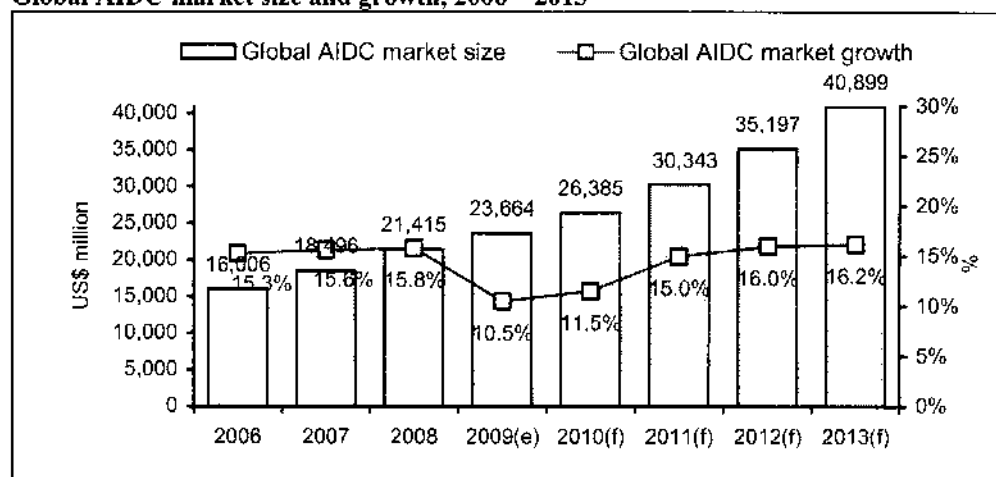
their success will be largely dependent on the end users' level of awareness and the actual value-add to a business process.

AIDC development trends in the Europe mimic that of the US but Europeans are reported to be slower in accepting and adopting new AIDC technologies such as biometrics. The European smart card market has been experiencing high growth. The Visa EU which guides financial institutions in Western Europe has issued a mandate that requires all new smart card payment devices to be EMV compliant by 1 January 2005 while Visa CEMEA which oversees Central and Eastern Europe, the Middle East and Africa issued a similar mandate giving a deadline of 1 January 2006.

Lagging behind the US and Europe in terms of AIDC development is the Asian market. Research suggests that Asia is lagging by approximately two years and that major AIDC players in the region have just started setting up research labs and pilot projects to assess value addition of the AIDC technology. Nonetheless, it has been forecasted that the Asia Pacific region will overtake the rest of the world primarily in the usage of smart cards due to the requirement to meet EMV standards.

The development and adoption of AIDC in other parts of the world is unpredictable and sporadic. The growth trends will be largely dependent on the creation and adoption of global standards that will allow interoperable systems to be developed.

Global AIDC market size and growth, 2006 – 2013



Source: BCC Inc., Synovate estimates

The global AIDC market is experiencing soaring growth due to various reasons. There was collection of mandates coming from government and commercial sources that required better tracking of trade items. The most significant private sector mandate in 2004 was issued by US retail giant, Wal-Mart requiring its top 100 suppliers to have RFID tags on every carton and pallet which was to be delivered to Texas where an RFID pilot took place. After three years of pilot study, Wal-Mart taking a drastic measure to charge their suppliers for every untagged pallets en-route Wal-Mart Texas warehouse. This measure will help Wal-Mart to better manage the flow of its perishable products through Wal-Mart stores and ensure marketing promotions proceed as planned. In addition, government policies were also contributory to AIDC growth where the Container Security Initiative required all containers covered by the policy to be tracked by some form of automatic identification and sealed with a compliant security device.

The 2008 market size is at USD 21.4 billion in line with heightened awareness of AIDC capabilities and its application to emerging sectors such as supply chain management and point of sale. However, due to global economic slowdown in 2009, the AIDC market is expected to decline at lower growth rate of 10.5%. Steady post recession annual growth rates of between 15% and 16% are expected from 2011 onwards and this is mainly attributable to

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increased focus on creating effective and integrated supply chains which will see AIDC being instrumental in helping suppliers achieve shorter lead times, better productivity and greater utilisation of assets in the supply chain environment. AIDC technology applied in the form of RFID enables the process of tracking as well as information retrieval to be automated without requiring the physical scanning of products. This in turn allows increased data accuracy in the product lifecycle and the ability to track every item individually from production to point-of-sale resulting in reduced operating costs and an overall favourable return on investment.

Although overall AIDC growth is expected to slowdown in 2009, it is unlikely to contract due to the AIDC products are core enabling technologies and key support in mission critical application.

Contrary to the believe that RFID will replace barcodes in times to come, RFID and barcodes are two complimentary technologies. While RFID can store more data compared to conventional 1D barcodes, barcodes are still cheaper and accepted by the world over due to its reliability and cost effectiveness. A Just-in-Time manufacturing process can be realised through the deployment of RFID and barcode technologies. In a typical manufacturing process, RFID tags containing information can be affixed to components to ensure that they are used when delivered, and delivered immediately before they are needed hence enabling both manufacturers and suppliers to realise substantial cost savings by reducing lost or damaged inventory and warehousing costs. Notwithstanding, the next generation of barcodes known as 2D barcode labelling has the capability to achieve the abovementioned outcomes by enabling unattended fixed reading or wireless attended reading and serves as a useful backup to RFID should an RFID tag get damaged. The 2D barcode, as opposed to its predecessor, the 1D barcode will have a major continuing role to play in the AIDC space as 2D barcodes have built-in correction algorithms and have higher storage capabilities. Furthermore, the cost of implementing 2D barcodes is not significantly higher than that of 1D barcodes. The cost of an RFID tag currently is USD0.50 whereas a barcode label costs only USD0.01. In light of this, barcodes will have great potential for continuous adoption as they are far more economical, reliable and supported by vast infrastructure in most countries including Malaysia and Singapore.

Other AIDC application trends which are catching on include library management systems, evidence management systems as well as electronic article surveillance, baggage handling and real-time location systems. Other drivers of growth in Asia Pacific markets include a mandate put forth by Wal-Mart to use RFID with case and pallet shipments or risk losing business deals with the giant retailer.

Growth in the Asia Pacific AIDC market is expected to rise year-on-year at a CAGR of 15.5% over the next four years as growing awareness and EMV migration drive the adoption of AIDC. Growth will be driven mainly by emerging markets such as PRC, India and Malaysia as well as more matured markets such as Japan.

Global AIDC market share by region (%), 2005 - 2010

	2005	2006	2007	2008	2009	2010
North America	33.4%	35.2%	37.1%	39.0%	40.9%	42.9%
Europe	32.4%	31.1%	29.8%	28.5%	27.2%	26.0%
Asia Pacific	24.3%	24.3%	24.3%	24.3%	24.2%	24.0%
Rest of the World	9.9%	9.3%	8.8%	8.2%	7.7%	7.2%
Total	100%	100%	100%	100%	100%	100%

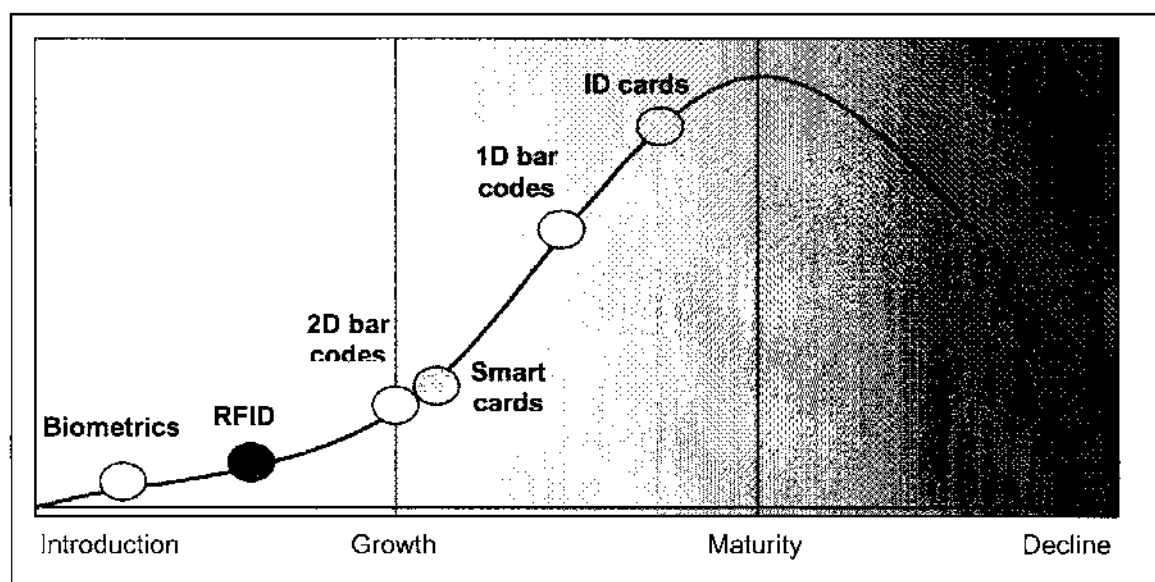
Source: BCC Inc., Synovate estimates

6 INDUSTRY OVERVIEW (Cont'd)

6.2.2 The Malaysian AIDC market

AIDC technology was first introduced in Malaysia in the form of 1D barcodes and ID cards. Barcoding systems were present in the country since the 1980s and were popularly used in the retail sector to attach product-related information on consumer goods. Typically, barcodes contain the EAN 13 symbol which is used globally for marking retail goods. The characters on the EAN-13 contain information such as the manufacturer code as well as the product code. ID cards are an established technology and is widely applied in the form of loyalty cards in various retail outlets such as departmental stores, music and book stores. Smart cards became the next AIDC technology to hit Malaysian shores and were popularly used in the government, banking, telecommunications and transportation sectors. RFID technology on the other hand, was only recently introduced in Malaysia and is used in the security and access control, government, manufacturing and logistics sectors with prospective applications in the tagging of high value items such as pharmaceutical products as well as jewellery. The market for biometrics in Malaysia is still very nascent although the Malaysian government had already incorporated the technology into e-passports which verify individuals by facial recognition and finger prints.

Technology adoption of the Malaysian AIDC market



Source: Trade interviews

Overall, the growth of the AIDC market in Malaysia is driven by the high growth of barcode technology. Market players have indicated that there are still opportunities for further expansion of market base especially amongst SMEs who generally have yet to fully appreciate the benefits of implementing a barcoding system. Market players also anticipate further growth in barcode technology with current globalisation trends which will see higher adoption of the technology by Malaysian companies as they try to meet global standards in order to remain competitive. Despite the fact that 1D barcodes are considered an established technology, there is an anticipated resurgence in the adoption of barcode labelling with the introduction of 2D barcodes. Previous adopters of 1D barcodes are predicted to upgrade to 2D barcodes which have superior information storage capabilities whereas new adopters are likely to show interest as they become aware of the advantages of RFID technology but resort to adopting 2D barcodes for cost effective reasons. It is in this regard that the barcode market will still have high potential for growth.

The smart cards market is at the growth stage and this is mainly attributable to the government's implementation of a national identification project known as the *MyKad* in 2001. The *MyKad* carries eight applications namely national identification, driving license, passport information, transportation application, e-Cash, ATM and MEPS and public key infrastructure. In the same year, the government also launched the e-passport which is the