



DSC SOLUTIONS BERHAD (721605-K)

QUARTERLY REPORT ON FOR THE FOURTH (4TH) QUARTER ENDED 30 SEPTEMBER 2009

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

The interim financial statements should be read in conjunction with the Prospectus dated 19 November 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to and understanding of the changes in the financial position and performance of DSC Solutions Berhad (“DSC”) for the financial year ended 30 September 2009.

The accounting policies and methods of computation adopted by DSC in the preparation of these interim financial statements are consistent with those adopted in the latest audited financial statements for the period ended 30 June 2009.

A2. Changes in accounting policies

The significant accounting policies, method of computation and basis of consolidation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the period ended 30 June 2009 except for the following new and revised FRSs issued by MASB that are effective and applicable for financial year beginning on or after 1 July 2009:-

- (i) FRS issued and effective for financial periods beginning on or after 1 July 2009:-

FRS 8 Operating Segments

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a “Management Approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

- (ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:-

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101 (Revised 2009)	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement

A3. Auditors’ report on preceding annual financial statements

The preceding year’s annual financial statements were not subject to any qualification.

A4. Seasonal or cyclical factors

The Group’s operations are not materially affected by seasonal or cyclical factors.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of DSC during the current financial quarter under review.



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A6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A7. Debts and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares in the current financial quarter under review.

A8. Dividend

There were no dividends declared or paid during the current financial quarter under review.

A9. Segmental information

(a) Analysis of revenue by geographical area

	Current Quarter	Preceding Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To date
	Ended 30/09/09	Ended 30/09/08	Ended 30/09/09	Ended 30/09/08
	RM'000	RM'000	RM'000	RM'000
Singapore	1,312	-	1,874	-
Malaysia	8	-	1,255	-
Total revenue	1,320	-	3,129	-

(b) Analysis of revenue by product categories

	Current Quarter	Preceding Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To date
	Ended 30/09/09	Ended 30/09/08	Ended 30/09/09	Ended 30/09/08
	RM'000	RM'000	RM'000	RM'000
Proprietary software	1,320	-	3,129	-
Value added products & services	-	-	-	-
AIDC hardware / equipment	-	-	-	-
Total revenue	1,320	-	3,129	-

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.



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A11. Material events subsequent to the end of the quarter

There were no other material events subsequent to the end of the current financial quarter under review save for the following:-

- (a) On 23 October 2009, DSC had completed a sub-division of its shares of one (1) ordinary share of RM1.00 each to ten (10) ordinary shares of RM0.10 each (“DSC Shares”). Arising thereon, the issued and paid-up share capital of DSC is RM2 comprising 20 DSC Shares.
- (b) Pursuant to the relevant sale and purchase agreements dated 8 September 2008, the Company had acquired its two (2) subsidiary companies i.e. Digital Scanning Corporation Pte Ltd and DSC Systems (M) Sdn Bhd. Both the acquisitions were completed on 23 October 2009 and details of the acquisitions are as follows:-

<u>Name of company</u>	<u>Equity</u>	<u>Consideration (RM)</u>	<u>No. of DSC Shares</u>
Digital Scanning Corporation Pte Ltd	100%	3,774,128	37,741,280
DSC Systems (M) Sdn Bhd	100%	168,070	1,680,700
		3,942,198	39,421,980

- (c) On 19 November 2009, DSC issued its Prospectus for a public issue offer of 12,578,000 new DSC Shares at an issue price of RM0.50 per DSC Share to the eligible directors, employees and business associates of DSC, selected investors and the public in conjunction with its listing on the ACE Market of Bursa Securities. As an integral part of the public issue, the Company undertook a bonus issue of 52,000,000 DSC Shares on the basis of one (1) new DSC Share for every one (1) DSC Share held after the public issue. The DSC Shares pursuant to the public issue and bonus issue were issued and allotted on 1 December 2009 and 2 December 2009 respectively.

The entire enlarged issued and paid-up share capital of the Company of 104,000,000 DSC Shares is expected to be listed and quoted on the ACE Market on 9 December 2009.

A12. Changes in composition of the Group

There were no material changes in the composition of DSC for the current financial quarter under review.

A13. Contingent assets or liabilities

The Directors are of the opinion that DSC has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of DSC as at reporting date, other than that disclosed in the audited financial statements for the financial period ended 30 June 2009.

A14. Capital commitments

There were no material capital commitments in respect of property, plant and equipment as at 30 September 2009.

A15. Significant related party transactions

During the current financial quarter, the Directors are of the opinion that there are no related party transactions which would have a significant impact on the financial position and business of DSC.

As disclosed in Section 11.2 of the Prospectus dated 19 November 2009, there has been no recurrent related party transactions incurred involving DSC.



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A16. Cash and cash equivalents

	As at
	30/09/09
	<u>RM'000</u>
Fixed deposits with licensed banks	-
Cash and bank balances	13
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	13
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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1. Review of performance

For the current quarter ended 30 September 2009, DSC recorded a profit after taxation (“PAT”) of approximately RM0.913 million on the back of a revenue of RM1.320 million. For the financial year ended 30 September 2009 (“FYE 2009”), DSC recorded revenue and PAT of RM3.129 million and RM2.454 million respectively.

DSC’s entire revenue for FYE 2009 was attributable to the Company’s proprietary software, TrekNet.

For information purposes, the proforma results of DSC and its subsidiary companies for FYE 30 September 2006 to 2009 are as follows:-

FYE 30 September	Proforma Group			
	2006 Audited (RM’000)	2007 Audited (RM’000)	2008 Audited (RM’000)	2009 Unaudited (RM’000)
Revenue	9,965	11,297	13,844	15,514
Profit before tax (“PBT”)	1,559	1,670	2,595	2,871
PAT	1,299	1,584	2,502	2,670

B2. Comparison with preceding quarter’s results

Not applicable as this is the first set of results prepared to Bursa Securities.

B3. Commentary on prospects

Barring any unforeseen circumstances, the Directors are of the opinion that the prospects for the financial year ending 30 September 2010 will remain favourable.

B4. Taxation

There is no taxation charge on the business income of the Company as it was accorded the Multimedia Super Corridor (“MSC”) Malaysia Status on 3 August 2006 and was granted Pioneer Status which exempts 100% of its statutory business income for a period of five (5) years, which can be extended for a further period of five (5) years.

B5. Profit forecast and profit guarantee

There were no profit forecast or profit guarantee announced during the current financial quarter under review.

B6. Unquoted investments and properties

There were no changes in the unquoted investments and properties of DSC for the current financial quarter under review and financial year-to-date.

B7. Quoted securities

There were no purchases or disposals of quoted securities in the current financial quarter under review and the financial year-to-date.



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B8. Borrowings and debt securities

There were no other borrowings or debt securities in DSC as at 30 September 2009.

B9. Off balance sheet financial instruments

As at the reporting date, the Group does not have any off balance sheet financial instruments.

B10. Material litigation

The Group has not been involved in any material litigation since the last balance sheet date as at 30 June 2009.

B11. Dividends

The Board of Directors does not recommend any dividends for the current financial quarter under review and the financial year-to-date.

B12. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 September 09 RM'000	Preceding Corresponding Quarter Ended 30 September 08 RM'000	Current Year To Date Ended 30 September 09 RM'000	Preceding Financial Year To Date Ended 30 September 08 RM'000
Net profit attributable to ordinary equity holders of the Company	913	-	2,454	-
Weighted average number of ordinary shares in issue	2	-	2	-
Basic earnings per share (RM)	457	-	1,227	-

Diluted earning per share is not disclosed herein as it is not applicable to DSC.

B13. Status of corporate proposals

There were no corporate proposals announced but not yet completed as at the date of this announcement save as disclosed in Note A11.

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 3 December 2009.

DSC Solutions Berhad
4 December 2009