



**DSC SOLUTIONS BERHAD (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The Third Quarter Ended 30 June 2010**

**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 audited financial statements for the year ended 30 September 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”) since financial year ended 30 September 2009.

The accounting policies and methods of computation adopted by DSC and its subsidiary companies (“Group”) in the preparation of these interim financial statements are consistent with those adopted in the latest audited financial statements for the year ended 30 September 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 most recent audited financial statements for the year ended 30 September 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 January 2010:-

(i) 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 the Group during the current financial quarter under review, except for the completion of the listing of and quotation for the entire issued and paid-up share capital of the Company on the ACE Market of Bursa Securities.

**A6. Material changes in estimates**

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



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**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 for 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

	<b>Current Quarter Ended 30/6/2010 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/6/2009 RM'000</b>	<b>Current Year To Date Ended 30/6/2010 RM'000</b>	<b>Preceding Corresponding Year To date Ended 30/6/2009 RM'000</b>
Singapore	1,984	-	5,801	-
Malaysia	3,005	-	4,746	-
Others	577	-	1,667	-
	<hr/> 5,566	-	12,214	-
Less: Inter-company transactions	(273)		(1,341)	
Total revenue	<hr/> 5,293	-	10,873	-

DSC was listed on the ACE Market on 9 December 2009 and as such, there are no comparable figures available for the preceding quarter / year.



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(b) Analysis of revenue by product categories

	<b>Current Quarter  Ended 30/6/2010 RM'000</b>	<b>Preceding Corresponding Quarter  Ended 30/6/2009 RM'000</b>	<b>Current Year To Date Ended 30/6/2010 RM'000</b>	<b>Preceding Corresponding Year  To date Ended 30/6/2009 RM'000</b>
Proprietary software	1,900	-	4,712	-
Value added products & services	1,700	-	3,859	-
AIDC hardware / equipment	1,966	-	3,643	-
	5,566	-	12,214	-
Less: Inter-company transactions	(273)	-	(1,341)	-
<b>Total revenue</b>	<b>5,293</b>	<b>-</b>	<b>10,873</b>	<b>-</b>

DSC was listed on the ACE Market on 9 December 2009 and as such, there are no comparable figures available for the preceding quarter / year.

**A10. Valuation of property, plant and equipment**

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

**A11. Material events subsequent to the end of the quarter**

There were no material events subsequent to the end of the current financial quarter under review.

**A12. Changes in composition of the Group**

There were no material changes in the composition of the Group for the current financial quarter under review except for the followings:-

**Acquisition of ResellerAsia Pte Ltd (RA)**

Pursuant to the conditional Sale and Purchase Agreement between DSC and the shareholders of RA dated 24 June 2010, DSC acquired a 80% equity interest in RA comprising 300,000 ordinary shares for a total purchase consideration of SGD568,000 (equivalent to RM1,329,688 based on exchange rate of RM2.3410 : SGD1 as at 24 June 2010) satisfied entirely by cash from the allocated proceeds of the public issue.

The acquisition was completed on 24 June 2010.



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**A13. Contingent assets or liabilities**

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

**A14. Capital commitments**

There were no material capital commitments in respect of property, plant and equipment as at 30 June 2010.

**A15. Significant related party transactions**

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

**A16. Cash and cash equivalents**

	<b>As at 30/6/2010 RM'000</b>	<b>As at 30/9/2009 RM'000</b>
Cash and bank balances	2,895	-
Fixed deposits with licensed banks	483	
Bank overdraft	(293)	
	<hr/>	
	3,085	-
Less: Fixed deposits with licensed banks (pledged)	(483)	
	<hr/>	
	<u>2,602</u>	<u>-</u>

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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 under review, the Group recorded revenue of approximately RM5.57 million mainly due to the sale of Company's proprietary software (TrekNet), value added products and services and AIDC equipment. In line with the revenue recorded, the Group achieved profit before and after taxation of RM0.17 million.

**B2. Comparison with preceding quarter's results**

	<b>Current Quarter 30/6/2010 RM'000</b>	<b>Preceding Quarter 31/3/2010 RM'000</b>
Revenue	5,566	3,114
Profit / (Loss) before tax	174	(558)

The Group has recorded higher revenue of approximately RM5.57 million in the current quarter under review compared to RM3.11 million in the preceding quarter ended 31 March 2010 ("Q2 10"). However the Group recorded a lower gross profit margin of 22.51% for the current quarter ended 30 June 2010 as compared to 26.93% in Q2 10. The Group recorded a profit due to decrease in operating expenses as well as cost savings activities.

**B3. Prospects**

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

**B4. Taxation**

The Company was accorded the Multimedia Super Corridor ("MSC") Malaysia Status 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**

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.

**B6. Unquoted investments and properties**

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

**B7. Quoted securities**

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



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**B8. Status of utilisation of proceeds from public**

DSC was listed on 9 December 2009 on the ACE Market of Bursa Securities. The utilisation of the gross proceeds of RM6,289,000 from the public issue by the Group as at 30 June 2010 were as follows:-

<b>Purpose</b>	<b>Proposed Amount RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Timeframe for Utilisation</b>
Working Capital	1,389	1,029	360	To be utilised by Dec 2011
Business Expansion	1,400	1,330	70	To be utilised by Dec 2012
R&D Expenditure	1,800	1,610	190	To be utilised by Dec 2012
Listing Expenses	1,700	1,572	128 *	To be utilised by June 2010
	<u>6,289</u>	<u>5,541</u>	<u>748</u>	

\* In view of the actual listing expenses were lower than estimated, the excess will be utilised for working capital purposes.

**B9. Borrowings and debt securities**

The total borrowings of the Group as at 30 June 2010 are as follows:

	<b>RM'000 equivalent</b>
Short term:	
Term loan	335
Letter of Credit	454
Bank overdrafts	292
Long term:	<u>493</u>
	<u>1,574</u>

All the borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of approximately RM0.48 million. Based on the above, RM1.27 million of the Group's borrowings is denominated in Singapore Dollars and the remaining in Malaysia Ringgit.

**B10. Off balance sheet financial instruments**

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

**B11. Material litigation**

The Group has not been involved in any material litigation since the last balance sheet date as at 30 June 2010.

**B12. Dividends**

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



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**B13. Earnings per share**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
	<b>Ended</b>	<b>Quarter</b>	<b>To Date</b>	<b>Year</b>
	<b>30/6/2010</b>	<b>Ended</b>	<b>Ended</b>	<b>To Date Ended</b>
		<b>30/6/2009</b>	<b>30/6/2010</b>	<b>30/6/2009</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	174	-	680	-
Weighted average number of ordinary shares in issue ('000)	104,000	-	85,776	-
Basic earnings / (loss) per share (sen)	0.17	-	0.79	-

Diluted earnings per share is not disclosed herein as it is not applicable to the Group.

**B14. Status of corporate proposals**

There were no corporate proposals announced but not yet completed as at the date of this announcement.

**B15. 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 23 August 2010.

**DSC Solutions Berhad**  
25 August 2010

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