



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 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.



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

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

	Current Quarter Ended 30/9/2010 RM'000	Preceding Corresponding Quarter Ended 30/9/2009 RM'000	Current Year To Date Ended 30/9/2010 RM'000	Preceding Corresponding Year To date Ended 30/9/2009 RM'000
Singapore	2,925	-	8,807	-
Malaysia	2,108	-	6,773	-
Others	602	-	2,269	-
	5,635	-	17,849	-
Less: Inter-company transactions	(663)		(2,004)	
Total revenue	4,972	-	15,845	-

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.



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

(b) Analysis of revenue by product categories

	Current Quarter Ended 30/9/2010 RM'000	Preceding Corresponding Quarter Ended 30/9/2009 RM'000	Current Year To Date Ended 30/9/2010 RM'000	Preceding Corresponding Year To date Ended 30/9/2009 RM'000
Proprietary software	2,172	-	6,867	-
Value added products & services	1,285	-	5,162	-
AIDC hardware / equipment	2,178	-	5,820	-
	<u>5,635</u>	<u>-</u>	<u>17,849</u>	<u>-</u>
Less: Inter-company transactions	(663)	-	(2,004)	-
Total revenue	<u>4,972</u>	<u>-</u>	<u>15,845</u>	<u>-</u>

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.

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 September 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.



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

A16. Cash and cash equivalents

	As at 30/9/2010 RM'000	As at 30/9/2009 RM'000
Cash and bank balances	1,958	-
Fixed deposits with licensed banks	843	
Bank overdraft	(262)	
	<hr/> <u>2,539</u>	<hr/> <u>-</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2010

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 RM4.97 million. This is attributed mainly from the sale of Company's proprietary software (TrekNet), value added products and services and AIDC equipment. The Group incurred loss before and after taxation of RM0.68 million and RM0.58 million respectively for the current quarter.

B2. Comparison with preceding quarter's results

	Current Quarter 30/9/2010 RM'000	Preceding Quarter 30/6/2010 RM'000
Revenue	4,972	5,293
Profit / (Loss) before tax	(685)	174

The Group has recorded revenue of approximately RM4.97 million and a loss before taxation of RM0.68 million compared to RM5.29 million in revenue and RM0.17 million in profit before taxation for the preceding quarter ended 30 June 2010 ("Q3 10"). The decrease in revenue was due to less value added products and services sales in the current quarter. The loss before taxation is mainly attributable to decrease in sales and lower profits margins coupled with year-end accounting adjustments and provisions.

B3. Prospects

Barring any unforeseen circumstances, the Directors are of the opinion that the Group's prospects for the financial year ending 2011 remain favourable.

B4. Taxation

	Current Quarter Ended 30/9/2010 RM'000	Year To Date Ended 30/9/2010 RM'000
Current Tax Expense	1	9
Overprovision in prior year	(84)	(84)
Transferred to deferred taxation	(19)	(19)
	<u>(102)</u>	<u>(94)</u>

The effective tax rate of the Group remained low due 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.



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

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.

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 September 2010 were as follows:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Working Capital	1,389	1,389	-	
Business Expansion	1,400	1,330	70	To be utilised by Dec 2012
R&D Expenditure	1,800	1,800	-	
Listing Expenses	1,700	1,572	128 *	
	<u>6,289</u>	<u>6,091</u>	<u>198</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 September 2010 are as follows:

	RM'000 equivalent
Short term:	
Term loan	326
Letter of Credit	276
Bank overdrafts	262
Long term:	<u>436</u>
	<u>1,300</u>

All the borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of approximately RM0.55 million. Based on the above, RM1.06 million of the Group's borrowings is denominated in Singapore Dollars and the remaining in Malaysia Ringgit.



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

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 September 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.

B13. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Corresponding	Year	Corresponding
	Ended	Quarter	To Date	Year
	30/9/2010	Ended	Ended	To Date Ended
		30/9/2009	30/9/2010	30/9/2009
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(583)	-	97	-
Weighted average number of ordinary shares in issue ('000)	104,000	-	90,370	-
Basic earnings / (loss) per share (sen)	(0.56)	-	0.11	-

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 22 November 2010.

DSC Solutions Berhad
23 November 2010

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