



**DSC SOLUTIONS BERHAD (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The Second Quarter Ended 31 March 2011**

**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 2010. 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 2010.

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 2010.

**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 2010 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

The adoptions of the above FRSs do not have significant financial impact to the Group.

**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.

**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 31/3/2011 RM'000</b>	<b>Preceding Corresponding Quarter  Ended 31/3/2010 RM'000</b>	<b>Current Year To Date Ended 31/3/2011 RM'000</b>	<b>Preceding Corresponding Year  To date Ended 31/3/2010 RM'000</b>
Singapore	1,836	1,655	4,905	3,817
Malaysia	1,567	1,171	2,540	1,741
Others	933	509	1,532	1,090
	4,336	3,335	8,977	6,648
Less: Inter-company transactions	(753)	(221)	(1,393)	(1,068)
Total revenue	3,583	3,114	7,584	5,580

(b) Analysis of revenue by product categories

	<b>Current Quarter  Ended 31/3/2011 RM'000</b>	<b>Preceding Corresponding Quarter  Ended 31/3/2010 RM'000</b>	<b>Current Year To Date Ended 31/3/2011 RM'000</b>	<b>Preceding Corresponding Year  To date Ended 31/3/2010 RM'000</b>
Proprietary software	673	885	1,856	2,812
Value added products & services	2,206	1,327	3,481	2,160
AIDC hardware / equipment	1,457	1,123	3,640	1,676
	4,336	3,335	8,977	6,648
Less: Inter-company transactions	(753)	(221)	(1,393)	(1,068)
Total revenue	3,583	3,114	7,584	5,580



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**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 the end of the current quarter under review.

**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</b>	<b>As at</b>
	<b>31/3/2011</b>	<b>30/9/2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	1,005	2,102
Fixed deposits with licensed banks	650	843
Bank overdraft	(444)	(209)
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	<b>1,211</b>	<b>2,736</b>

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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 RM3.58 million. This is attributed mainly from the sale of Company's proprietary software (TrekNet), value added products and services and AIDC equipment. The Group recorded a loss before taxation of RM0.58 million for the current quarter.

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

	<b>Current Quarter 31/3/2011 RM'000</b>	<b>Preceding Quarter 31/12/2010 RM'000</b>
Revenue	3,583	4,001
Profit / (Loss) before tax	(575)	(358)

The Group has recorded revenue of approximately RM3.58 million and a loss before taxation of RM0.58 million compared to RM4.00 million in revenue and RM0.36 million loss before taxation for the preceding quarter ended 31 December 2010 ("Q2 11"). The decrease in revenue was due to less proprietary software and AIDC equipment sales in the current quarter. The loss before taxation is mainly due to decrease in sales and lower profit margins.

**B3. Prospects**

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

**B4. Taxation**

	<b>Current Quarter Ended 31/3/2011 RM'000</b>	<b>Year To Date Ended 31/3/2011 RM'000</b>
Current Tax Expense	-	-
Over in provision of current tax expense in prior year	-	(14)
	<u>-</u>	<u>(14)</u>

There was no tax for the current quarter due to losses incurred before taxation. 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.



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**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 31 March 2011 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	1,517	(128) *	
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>6,219</u>	<u>70</u>	

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

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**B9. Borrowings and debt securities**

The total borrowings of the Group as at 31 March 2011 are as follows:

	<b>RM'000 equivalent</b>
Short term:	
Term loan	292
Letter of Credit	690
Bank overdrafts	444
Long term:	324
	<u>1,751</u>

All the borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of approximately RM0.65 million. Based on the above, RM1.48 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 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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter</b>	<b>Preceding Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Corresponding Year</b>
	<b>Ended 31/3/2011</b>	<b>Ended 31/3/2010</b>	<b>Ended 31/3/2011</b>	<b>To Date Ended 31/3/2010</b>
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(554)	(566)	(881)	506
Weighted average number of ordinary shares in issue ('000)	104,000	104,000	104,000	104,000
Basic earnings / (loss) per share (sen)	(0.53)	(0.54)	(0.85)	0.49

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



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**B14. Status of corporate proposals**

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

**B15. Disclosure of Realised and Unrealised Profits / (Losses)**

	<b>As at 31/3/2011 RM'000</b>	<b>As at 31/12/2010 RM'000</b>
Realised	2,832	3,389
Unrealised	(5)	(8)
	<hr/>	<hr/>
Retained profit / (loss)	<u>2,827</u>	<u>3,381</u>

**B16. 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 25 May 2011.

**DSC Solutions Berhad**  
26 May 2011

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