



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

The rest of this page is intentionally left blank



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2011

A3. Prior year restatements

Subsequent to the financial year ended 30 September 2010, and in the course of re-assessment of the revenue recognition of a sale made to a third party customer by a subsidiary of the Group, it was determined that the revenue of RM1.296 million, which was recognised in the quarter ended 30 September 2010 should be recognised in the financial year ended 30 September 2011 instead, where the conditions of revenue recognition, particularly the transfer of risk and reward to the buyer was only fully satisfied in the financial year ended 30 September 2011. Certain restatements were effected to rectify the aforementioned revenue recognition and the corresponding expenses in the statement of comprehensive income and their related amounts in the statement of financial position, statement of cash flows and statement of changes in equity of the prior year/period.

The effects of the restatements on the financial statements of the prior year/period are as set out below:-

	September 2010 as previously stated RM'000	Restatements RM'000	September 2010 as restated RM'000
Statement of Comprehensive Income			
Revenue	15,910	(1,296)	14,614
Cost of sales	(11,694)	1,080	(10,614)
Gross profit	4,216	(216)	4,000
Profit/(Loss) before tax	8	(216)	(208)
Tax	94	-	94
Profit/(Loss) for the year, representing total comprehensive income for the year (assuming no other items below profit for the year)	103	(216)	(113)
Statement of Financial Position			
Inventory	1,641	1,088	2,729
Trade and other receivables	5,471	(1,306)	4,165
Foreign exchange fluctuation reserve	(225)	(2)	(227)
Retained earnings	3,708	(216)	3,492
Statement of Cash Flows			
Profit before tax	8	(216)	(208)
Increase in inventories	462	(1,088)	(626)
Decrease in receivables	4,296	1,306	5,602
Foreign exchange fluctuation reserve	(24)	(2)	(26)
Statement of Changes in Equity			
Retained profit	3,708	(216)	3,492
Foreign exchange fluctuation reserve	(225)	(2)	(227)



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2011

A4. Auditors' report on preceding annual financial statements

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

A5. Seasonal or cyclical factors

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

A6. 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, save for the prior year restatements as set out in Note A3.

A7. Material changes in estimates

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

A8. 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.

A9. Dividend

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

The rest of this page is intentionally left blank



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2011

A10. Segmental information

(a) Analysis of revenue by geographical area

	Current Quarter Ended 30/9/2011 RM'000	Preceding Corresponding Quarter Ended 30/9/2010 Restated RM'000	Current Year To Date Ended 30/9/2011 RM'000	Preceding Corresponding Year To date Ended 30/9/2010 Restated RM'000
Singapore	3,189	1,629	9,788	7,576
Malaysia	965	2,108	4,721	6,773
Others	1,340	602	3,832	2,269
	5,494	4,339	18,341	16,618
Less: Inter-company transactions	(676)	(663)	(2,758)	(2,004)
Total revenue	4,818	3,676	15,583	14,614

(b) Analysis of revenue by product categories

	Current Quarter Ended 30/9/2011 RM'000	Preceding Corresponding Quarter Ended 30/9/2010 Restated RM'000	Current Year To Date Ended 30/9/2011 RM'000	Preceding Corresponding Year To date Ended 30/9/2010 Restated RM'000
Proprietary software	834	2,042	3,443	6,737
Value added products & services	1,520	1,285	6,824	5,162
AIDC hardware / equipment	3,140	1,012	8,074	4,719
	5,494	4,339	18,341	16,618
Less: Inter-company transactions	(676)	(663)	(2,758)	(2,004)
Total revenue	4,818	3,676	15,583	14,614

A11. Valuation of property, plant and equipment

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

A12. 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.



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2011

A13. Changes in composition of the Group

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

A14. 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.

A15. 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.

A16. 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.

A17. Cash and cash equivalents

	As at	As at
	30/9/2011	30/9/2010
	RM'000	RM'000
Cash and bank balances	676	2,102
Fixed deposits with licensed banks	670	843
Bank overdraft	(399)	(209)
	<hr/>	<hr/>
	947	2,736
	<hr/> <hr/>	<hr/> <hr/>

The rest of this page is intentionally left blank



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2011

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA SECURITIES FOR THE ACE MARKET**

B1. Review of performance

The Group posted revenue of RM4.82 million for the current quarter under review as compared to the restated revenue of RM3.68 million in the preceding year corresponding quarter. The increase in revenue in the current quarter was mainly due to the increase in AIDC hardware / equipment sales as well as the prior year restatements as set out in Note A3. However, the Group reported a higher loss before taxation of RM1.44 million as compared to RM0.90 million in the preceding year corresponding quarter due to additional year end provision for stock of RM0.80 million.

B2. Comparison with preceding quarter's results

	Current Quarter 30/9/2011 RM'000	Preceding Quarter 30/6/2011 RM'000
Revenue	4,818	3,181
Loss before tax	(1,441)	(2,579)

The Group recorded revenue of RM4.82 million for the current quarter as compared to RM3.18 million in the preceding quarter ended 30 June 2011 ("Q3 11"). The increase in the revenue was mainly attributable to the AIDC segment as well as the prior year restatements as set out in Note A3. The Group reported a lower loss before taxation of RM1.44 million for the current quarter as compared to the loss of RM2.58 million in the preceding quarter. This was mainly due to uncollectible receivables amounted to RM2.15 million written off in the immediate preceding quarter. The current quarter loss before taxation was also attributable to the additional year end provision for stock.

B3. Prospects

The Directors remain cautious in the prospect in view of the prevailing uncertain global economic conditions. The Directors will continue to exercise prudence in assessing and evaluating new business opportunities for the Group to enhance the Group's financial performance in the future.

The rest of this page is intentionally left blank



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2011

B4. Taxation

	Current Quarter Ended 30/9/2011 RM'000	Year To Date Ended 30/9/2011 RM'000
Current Tax Expense	-	-
Over in provision of current tax expense in prior year	-	(14)
Transferred to deferred taxation	(68)	(68)
	<u>(68)</u>	<u>(82)</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.

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.

The rest of this page is intentionally left blank



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2011

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 2011 were as follows:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
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.

B9. Borrowings and debt securities

The total borrowings of the Group as at 30 September 2011 are as follows:

	RM'000 equivalent
Short term:	
Term loan	1,401
Letter of Credit	148
Bank overdrafts	399
Long term:	<u>209</u>
	<u><u>2,157</u></u>

All the borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of approximately RM0.68 million. Based on the above, RM1.99 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.



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 2011

B13. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/9/2011	Preceding Corresponding Quarter Ended 30/9/2010 Restated	Current Year To Date Ended 30/9/2011	Preceding Corresponding Year To Date Ended 30/9/2010 Restated
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(1,368)	(773)	(4,811)	(87)
Weighted average number of ordinary shares in issue ('000)	104,000	104,000	104,000	90,370
Basic earnings / (loss) per share (sen)	(1.32)	(0.74)	(4.63)	(0.10)

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. Disclosure of Realised and Unrealised Profits / (Losses)

	As at 30/9/2011	As at 30/9/2011 Restated
	RM'000	RM'000
Realised	(1,320)	3,495
Unrealised	1	(3)
Retained profit / (loss)	(1,319)	3,492

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 30 November 2011.

DSC Solutions Berhad
 30 November 2011