

QUARTERLY REPORT ON CONSOLIDATED RESULTS Quarterly Report For The First Quarter Ended 31 December 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 2011. 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 2011.

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 2011

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 2011. The adoptions of new and revised FRSs, Amendments / Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int 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.

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

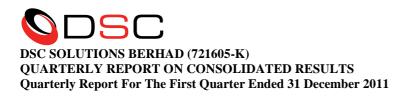
	Current Quarter Ended 31/12/2011 RM'000	Preceding Corresponding Quarter Ended 31/12/2010 RM'000	Current Year To Date Ended 31/12/2011 RM'000	Preceding Corresponding Year To date Ended 31/12/2010 RM'000
Singapore	1,609	3,069	1,609	3,069
Malaysia	931	973	931	973
Others	737	599	737	599
	3,277	4,641	3,277	4,641
Less: Inter-company transactions	(551)	(640)	(551)	(640)
Total revenue	2,726	4,001	2,726	4,001

(b) Analysis of revenue by product categories

	Current Quarter Ended 31/12/2011 RM'000	Preceding Corresponding Quarter Ended 31/12/2010 RM'000	Current Year To Date Ended 31/12/2011 RM'000	Preceding Corresponding Year To date Ended 31/12/2010 RM'000
Proprietary software	580	1,183	580	1,183
Value added products & services	1,619	1,275	1,619	1,275
AIDC hardware / equipment	1,078	2,183	1,078	2,183
	3,277	4,641	3,277	4,641
Less: Inter-company transactions	(551)	(640)	(551)	(640)
Total revenue	2,726	4,001	2,726	4,001

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, save as set out in Note B14.

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

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Cash and bank balances	731	1,461
Fixed deposits with licensed banks	681	641
Bank overdraft	(159)	(186)
	1,253	1,916

A17. Inventories

There was no write-down of inventories during the quarter under review.

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

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

B1. Review of performance

Current Year 1st Quarter versus Previous Year 1st Quarter

For the current quarter under review, the Group recorded a revenue of RM2.73 million comprising AIDC sales of RM1.08 million as compared to a revenue of RM4.00 million comprising AIDC sales of RM2.18 million for the preceding corresponding quarter. The decrease in revenue was mainly due to lower AIDC sales.

Despite the decrease in revenue, the Group registered a lower loss before tax of RM0.03 million during the current quarter under review as compared to RM0.34 million loss before tax in the same quarter of the preceding year. This was mainly due to bad debts amounted to RM0.47 million recovered during the current quarter under review.

B2. Comparison with preceding quarter's results

	Current Quarter 31/12/2011 RM'000	Preceding Quarter 30/9/2011 RM'000	Variance RM'000
Revenue	2,726	4,818	(2,092)
Loss before tax	(25)	(1,441)	1,416

The variance in revenue was mainly attributable to the lower sales in AIDC segment for the current quarter under review as well as revenue amounted to RM1.30 million being restated in the preceding quarter. The Group reported lower loss before tax mainly due to bad debts amounted to RM0.47 million recovered during the current quarter under review.

B3. Prospects

Despite the global economic uncertainties, the general prospects of the company remain positive due to our continuing efforts in the existing market and diversification into new market. Presently, our main target market is focused on the Multi National Corporations (MNC's) in Singapore and Malaysia. However, in view of the global economic uncertainties, we are also diversifying into the other markets especially in Indonesia and Myanmar, which have demonstrated growth in their domestic economy.

B4. Taxation

There was no tax for the current quarter due to losses incurred before 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 until 2011.



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. 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 December 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	*
	6,289	6,219	70	

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

B7. Status of corporate proposals announced but not completed

On 20 January 2012, the Company announced that it proposed to implement a private placement up to 10,400,000 new ordinary shares of RM0.10 each in DSC ("DSC Shares" OR "Shares") ("Placement Shares"), representing up to ten percent (10%) of the issued and paid-up share capital of the Company, to third party investors to be identified for the Group working capital requirements.

The Placement Shares will be issued based on a discount, if any, of not more than ten percent (10%) to the five (5) days weighted average market price of DSC Shares immediately preceding the price-fixing date. In any case, the issue price of the Placement Shares will not be lower than the par value of DSC Shares of RM0.10 each.

Further to the announcement made on 20 January 2012, the Company had submitted the additional listing application to Bursa Securities for approval on 2 February 2012.



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

B8. Borrowings and debt securities

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

	RM'000 equivalent
Short term:	
Term loan	996
Letter of Credit	249
Bank overdrafts	159
Long term:	132
	1,536

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, RM1.38 million of the Group's borrowings is denominated in Singapore Dollars and the remaining in Malaysia Ringgit.

B9. Material litigation

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

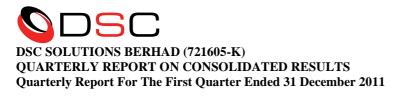
B10. Dividends

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

B11. Earnings per share

	Individ Current Quarter Ended 31/12/2011	ual Quarter Preceding Corresponding Quarter Ended 31/12/2010	Cumulative Current Year To Date Ended 31/12/2011	Preceding Corresponding Year To Date Ended 31/12/2010
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	(20)	(327)	(20)	(327)
Weighted average number of ordinary shares in issue ('000)	104,000	104,000	104,000	104,000
Basic earnings / (loss) per share (sen)	(0.02)	(0.31)	(0.02)	(0.31)

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



B12. Disclosure of Realised and Unrealised Profits / (Losses)

	As at 31/12/2011	As at 30/9/2011
	RM'000	RM'000
Realised Unrealised	(692) (55) (747)	(652) (71) (723)
Less: Consolidation adjustment	(584)	(588)
Retained profit / (loss)	(1,331)	(1,311)

B13. 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 February 2012.

DSC Solutions Berhad

23 February 2012