



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Third Quarter Ended 30 June 2012

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.



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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 30/6/2012 RM'000	Preceding Corresponding Quarter Ended 30/6/2011 RM'000	Current Year To Date Ended 30/6/2012 RM'000	Preceding Corresponding Year To date Ended 30/6/2011 RM'000
Singapore	1,655	1,694	5,167	6,599
Malaysia	2,766	1,216	4,533	3,756
Others	700	960	2,504	2,492
	5,121	3,870	12,204	12,847
Less: Inter-company transactions	(1,681)	(689)	(2,952)	(2,082)
Total revenue	3,440	3,181	9,252	10,765

(b) Analysis of revenue by product categories

	Current Quarter Ended 30/6/2012 RM'000	Preceding Corresponding Quarter Ended 30/6/2011 RM'000	Current Year To Date Ended 30/6/2012 RM'000	Preceding Corresponding Year To date Ended 30/6/2011 RM'000
Proprietary software	853	753	2,148	2,609
Value added products & services	866	1,823	4,004	5,304
AIDC hardware / equipment	3,402	1,294	6,052	4,934
	5,121	3,870	12,204	12,847
Less: Inter-company transactions	(1,681)	(689)	(2,952)	(2,082)
Total revenue	3,440	3,181	9,252	10,765



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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, save as set out in Note B7.

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 30/6/2012 RM'000	As at 30/9/2011 RM'000
Cash and bank balances	352	670
Fixed deposits with licensed banks	700	676
Bank overdraft	(156)	(399)
	<hr/>	<hr/>
	896	947

A17. Inventories

There were provision for inventories written back amounting to RM0.20 million in the current quarter under review due to disposal of slow moving stock to third party.



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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

Current Year 3rd Quarter versus Previous Year 3rd Quarter

For the current quarter under review, the Group recorded a revenue of RM3.44 million, which represents an increase of 8% or RM0.26 million as compared to a revenue of RM3.18 million for the same quarter of the preceding year.

For the current quarter, the Group recorded a profit of RM0.51 million as compared to a loss before tax of RM2.58 million in the same quarter of the preceding year.

The improvement in the profit before tax was mainly due to higher sales of AIDC Hardware / Equipment and Treknet Kiosk software achieved and the inventories written back amounting to RM0.20 million during the quarter under review.

Current Year-to-Date versus Previous Year-to-Date

The Group recorded a revenue of RM9.25 million, which represents a decrease of 14% or RM1.52 million as compared to a revenue of RM10.77 million in the previous year-to-date. The decrease in revenue was mainly due to lower sales in proprietary software and value added products and services.

The Group registered a profit before tax of RM0.11 million as compared to a loss before tax of RM3.50 million in the corresponding period of the previous year. This was mainly due to grant received from Singapore amounting to RM0.33 million, bad debts recovered totaling RM0.46 million, decreased in administrative costs by RM0.69 million, write back of provision for slow moving inventories amounting to RM0.20 million and lower provision for inventories written off by RM2 million.

B2. Comparison with preceding quarter's results

	Current Quarter 30/6/2012 RM'000	Preceding Quarter 31/3/2012 RM'000	Variance RM'000
Revenue	3,440	3,086	354
Profit/(Loss) before tax	513	(379)	892

The favourable variance in revenue and profit before tax was mainly attributable from the sales of Treknet Kiosk software and AIDC segment and the write back of provision for slow moving inventories of RM0.20 million for the current quarter under review.

B3. Prospects

Despite the slowdown in US, Europe and now China, the prospects for the forth quarter of 2012 remains good. We have worked on several projects in the first and second quarter this year and we are now seeing the fruits of our labour in the current



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quarter and a likely spill over effect in next quarter. Our businesses in Malaysia and Singapore remains stable and we have successfully trim our operational cost as well as increase our overall level of productivity in Malaysia and Singapore.

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 30 June 2012 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.

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.



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As of the date of this announcement, the additional listing application is still under processing by Bursa Securities.

B8. Borrowings and debt securities

The total borrowings of the Group as at 30 June 2012 are as follows:

	RM'000 equivalent
Short term:	
Term loan	229
Letter of Credit	447
Bank overdrafts	156
Long term:	-
	<u>832</u>

All the borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of approximately RM0.69 million. Based on the above, RM0.68 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 2011.

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/6/2012	Preceding Corresponding Quarter Ended 30/6/2011	Current Year To Date Ended 30/6/2012	Preceding Corresponding Year To Date Ended 30/6/2011
Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)	527	(2,562)	129	(3,443)
Weighted average number of ordinary shares in issue ('000)	104,000	104,000	104,000	104,000
Basic earnings / (loss) per share (sen)	0.51	(2.46)	0.12	(3.31)



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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 30/6/2012	As at 30/9/2011
	RM'000	RM'000
Realised	(659)	(652)
Unrealised	39	(71)
	<u>(620)</u>	<u>(723)</u>
Less: Consolidation adjustment	(582)	(588)
	<u>(1,202)</u>	<u>(1,311)</u>

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 20 July 2012.

DSC Solutions Berhad
20 July 2012