



**DSC SOLUTIONS BERHAD (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The First Quarter Ended 31 December 2012**

**A NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**A1. Basis of preparation**

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2012.

The Group has adopted the MFRS framework issued by the MASB effective for annual periods commencing on or after 1 January 2012. This MFRS framework was introduced by the MASB in order to converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 September 2012 except for the adoption of the new MFRS framework

The Group has applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in preparing the first MFRS framework interim financial report. In preparing this interim financial report, the Group's opening statement of financial position was prepared as at 1st Oct 2012 which is the Group's date of transition to MFRSs. The transition to the MFRS Framework did not have any material impact on the financial statements of the Group.

**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 2012. 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.



**DSC SOLUTIONS BERHAD (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The First Quarter Ended 31 December 2012**

**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<br/>Quarter<br/>Ended<br/>31/12/2012<br/>RM'000</b> | <b>Preceding<br/>Corresponding<br/>Quarter<br/>Ended<br/>31/12/2011<br/>RM'000</b> | <b>Current<br/>Year<br/>To Date Ended<br/>31/12/2012<br/>RM'000</b> | <b>Preceding<br/>Corresponding<br/>Year<br/>To Date Ended<br/>31/12/2011<br/>RM'000</b> |
|----------------------------------|--|--|---|---|
| Singapore                        | 2,021  | 1,609  | 2,021   | 1,609   |
| Malaysia                         | 724  | 931  | 724   | 931   |
| Hong Kong                        | 597  | -  | 597   | -   |
| Thailand                         | 482  | -  | 482   | -   |
| Others                           | 197  | 737  | 197   | 737   |
|                                  | <b>4,021</b>   | <b>3,277</b>   | <b>4,021</b>  | <b>3,277</b>  |
| Less: Inter-company transactions | (427)  | (551)  | (427)   | (551)   |
| Total revenue                    | <b>3,594</b>   | <b>2,726</b>   | <b>3,594</b>  | <b>2,726</b>  |

(b) Analysis of revenue by product categories

|                                  | <b>Current<br/>Quarter<br/>Ended<br/>31/12/2012<br/>RM'000</b> | <b>Preceding<br/>Corresponding<br/>Quarter<br/>Ended<br/>31/12/2011<br/>RM'000</b> | <b>Current<br/>Year<br/>To Date Ended<br/>31/12/2012<br/>RM'000</b> | <b>Preceding<br/>Corresponding<br/>Year<br/>To Date Ended<br/>31/12/2011<br/>RM'000</b> |
|----------------------------------|--|--|---|---|
| Proprietary software             | 528  | 580  | 528   | 580   |
| Value added products & services  | 1,934  | 1,619  | 1,934   | 1,619   |
| AIDC hardware / equipment        | 1,559  | 1,078  | 1,559   | 1,078   |
|                                  | <b>4,021</b>   | <b>3,277</b>   | <b>4,021</b>  | <b>3,277</b>  |
| Less: Inter-company transactions | (427)  | (551)  | (427)   | (551)   |
| Total revenue                    | <b>3,594</b>   | <b>2,726</b>   | <b>3,594</b>  | <b>2,726</b>  |



**DSC SOLUTIONS BERHAD (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The First Quarter Ended 31 December 2012**

**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**

The company had incorporated a new subsidiary company, ResellerAsia (Hong Kong) Limited on 15 November 2012 during the 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>31/12/2012</b> | <b>30/09/2012</b> |
|                                    | <b>RM'000</b>     | <b>RM'000</b>     |
| Cash and bank balances             | 2,928             | 2,923             |
| Fixed deposits with licensed banks | 691               | 732               |
|                                    | <hr/> 3,619       | <hr/> 3,655       |
| Bank overdraft (see notes B7)      | (396)             | (320)             |
|                                    | <hr/> <hr/> 3,223 | <hr/> <hr/> 3,335 |

**A17. Inventories**

There were no inventories write offs during the quarter under review.



**DSC SOLUTIONS BERHAD (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The First Quarter Ended 31 December 2012**

**ADDITIONAL 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 quarter under review, the Group had revenue of RM3.59 million and profit before taxation (“PBT”) of RM0.04 million respectively, compared with revenue of RM2.73 million and loss before tax (“LBT”) of RM0.03 million in the corresponding quarter of the preceding financial year ended 30 September 2012. The increase in revenue for the quarter under review as compared with the same quarter of the preceding year was mainly due to a comprehensive maintenance service contract secured in July 2012 and higher sales of AIDC hardware. In addition, the Group was also able to secure sales from Thailand and Hong Kong markets during the quarter under review. Despite the increase in revenue, the company recorded a marginal increase in profit as compared with the same quarter of the preceding year due to an impairment loss of trade receivables of RM0.25 million being provided.

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

|                            | <b>Current<br/>Quarter<br/>31/12/2012<br/>RM'000</b> | <b>Preceding<br/>Quarter<br/>30/9/2012<br/>RM'000</b> | <b>Variance<br/>RM'000</b> |
|----------------------------|--|---|----------------------------|
| Revenue                    | 3,594  | 3,386   | 208                        |
| Profit / (Loss) before tax | 38   | (315)   | 353                        |

The Group’s revenue and PBT for the quarter under review were RM3.59 million and RM0.04 million respectively as compared with the preceding quarter’s revenue and LBT of RM3.39 million and RM0.32 million respectively. The revenue grows steadily in the current quarter as compared with the preceding quarter. The turnaround was attributable to the higher gross profit margin as a result of product moving into commercialization stage.

**B3. Prospects**

Our overall sales in our existing markets (both Malaysia and Singapore) grow steadily in the quarter under review as compared to the preceding quarter and the same quarter of the preceding year. In addition, we have managed to secure sales in Hong Kong and Thailand in the current quarter and plan to expand our sales and marketing presence in Indonesia and Myanmar. We have also undertaken certain cost reduction measures and improve our overall overheads. Going forward, we continue to remain positive on the prospects of the Group.

**B4. Tax expenses**

There was a provision of tax liability of RM0.025 million for the quarter under review.

**B5. Profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.



**DSC SOLUTIONS BERHAD (721605-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**Quarterly Report For The First Quarter Ended 31 December 2012**

**B6. Status of corporate proposals announced and 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’s working capital and business expansion requirements.

The private placement was completed on 5 September 2012 upon the listing of and quotation for 10,400,000 placement shares at the final issue price of RM0.125 per share on the ACE market of the Bursa Malaysia Securities Berhad.

The utilisation of the gross proceeds of RM1,300,000 from the private placement exercise by the Group as at 31 December 2012 is 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             | 824                           | -                             | 824                             | * Within twelve (12) months      |
| Business Expansion          | 376                           | -                             | 376                             | Within twelve (12) months        |
| Corporate Proposal Expenses | 100                           | 71                            | 29                              | Within one (1) month             |
|                             | <u>1,300</u>                  | <u>71</u>                     | <u>1,229</u>                    |                                  |

\*As announced on 22 August 2012, the issue price of the Placement Shares was re-fixed from RM0.10 per Placement Share to RM0.125 per Placement Share. As such, an additional gross proceeds of RM260,000 was raised from the Private Placement and it will be utilised for working capital of DSC and its group of companies.

**B7. Borrowings and debt securities**

The total borrowings of the Group as at 31 December 2012 are as follows:

|                  | <b>RM'000 equivalent</b> |
|------------------|--------------------------|
| Short term:      |                          |
| Term loan        | 150                      |
| Letter of Credit | 771                      |
| Bank overdrafts  | 396                      |
|                  | <u>1,317</u>             |

All the borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of the Company. Approximately RM1.22 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 First Quarter Ended 31 December 2012**

**B8. Material litigation**

The Group has not been involved in any material litigation since the last statement of financial position dated as at 30 September 2012.

**B9. Dividends**

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

**B10. Earnings per share**

|   | Individual Quarter               |  | Cumulative Quarter                    |   |
|---|----------------------------------|--|---------------------------------------|---|
|   | Current Quarter Ended 31/12/2012 | Preceding Corresponding Quarter Ended 31/12/2011 | Current Year To Date Ended 31/12/2012 | Preceding Corresponding Year To Date Ended 31/12/2011 |
| Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000) | 24                               | (20)   | 24                                    | (20)  |
| Weighted average number of ordinary shares in issue ('000)                          | 114,400                          | 104,000  | 114,400                               | 104,000   |
| Basic earnings/(loss) per share (sen)   | 0.02                             | (0.02)   | 0.02                                  | (0.02)  |

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

**B11. Disclosure of Realised and Unrealised Profits / (Losses)**

|                                | As at 31/12/2012 | As at 30/9/2012 |
|--------------------------------|------------------|-----------------|
|                                | RM'000           | RM'000          |
| Realised                       | (738)            | (922)           |
| Unrealised                     | (210)            | (39)            |
|                                | (948)            | (961)           |
| Less: Consolidation adjustment | (541)            | (552)           |
| Accumulated losses             | (1,489)          | (1,513)         |

**B12. 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 February 2013.

**DSC Solutions Berhad**  
 26 February 2013