



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Second Quarter Ended 31 March 2013

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.



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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

	Current Quarter Ended 31/3/2013 RM'000	Preceding Corresponding Quarter Ended 31/3/2012 RM'000	Current Year To Date Ended 31/3/2013 RM'000	Preceding Corresponding Year To Date Ended 31/3/2012 RM'000
Singapore	1,355	1,903	3,376	3,512
Malaysia	881	836	1,605	1,767
Hong Kong	-	-	597	-
Thailand	454	-	936	-
Others	160	1,067	357	1,804
	2,850	3,806	6,871	7,083
Less: Inter-company transactions	(468)	(720)	(895)	(1,271)
Total revenue	2,382	3,086	5,976	5,812

(b) Analysis of revenue by product categories

	Current Quarter Ended 31/3/2013 RM'000	Preceding Corresponding Quarter Ended 31/3/2012 RM'000	Current Year To Date Ended 31/3/2013 RM'000	Preceding Corresponding Year To Date Ended 31/3/2012 RM'000
Proprietary software	435	715	963	1,295
Value added products & services	1,527	1,519	3,461	3,138
AIDC hardware / equipment	888	1,572	2,447	2,650
	2,850	3,806	6,871	7,083
Less: Inter-company transactions	(468)	(720)	(895)	(1,271)
Total revenue	2,382	3,086	5,976	5,812



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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

	As at	As at
	31/3/2013	30/09/2012
	RM'000	RM'000
Cash and bank balances	2,447	2,923
Fixed deposits with licensed banks	689	732
	<hr/> 3,136	<hr/> 3,655
Bank overdraft (see notes B7)	(86)	(320)
	<hr/> <hr/> 3,050	<hr/> <hr/> 3,335

A17. Inventories

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



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

B1. Review of performance

Current Year 2nd Quarter versus Previous Year 2nd Quarter

For the quarter under review, the Group recorded revenue of RM2.38 million and loss before tax expenses (“LBT”) of RM1.42 million respectively, compared with revenue of RM3.09 million and LBT of RM0.38 million in the corresponding quarter of the preceding financial year ended 30 September 2012. The decrease in revenue for the quarter under review as compared with the same quarter of the preceding year was mainly due to lower sales achieved in Singapore and other countries. The Group incurred a higher LBT for the quarter under review as compared with the corresponding quarter under review of the preceding year as a result of allowance made for impairment losses in receivables and increase of amortization cost of intangible assets of approximately RM0.25 million and RM0.30 million respectively. In addition to that, the group also embarked on advertisement campaign for its new products wherein the total advertisement cost incurred in the financial quarter under review was approximately RM0.40 million.

B2. Comparison with preceding quarter’s results

	Current Quarter 31/3/2013 RM'000	Preceding Quarter 31/12/2012 RM'000	Variance RM'000
Revenue	2,382	3,594	(1,212)
Profit / (Loss) before tax	(1,422)	38	(1,460)

The Group’s revenue and LBT for the quarter under review were RM2.38 million and RM1.42 million respectively as compared with the preceding quarter’s revenue and profit before tax expenses (“PBT”) of RM3.59 million and RM0.03 million respectively. The lower revenue in the current quarter as compared with the preceding quarter was due to completion of existing projects in Singapore and Hong Kong in the last preceding quarter. The higher losses were attributed to the impairment losses on receivables, amortisation cost of intangible assets and advertisement costs as mentioned above.

B3. Prospects

Notwithstanding the decrease in revenue in the current quarter under review as compared to the preceding quarter, the management is confident with the revenue growth in the Malaysia and Singapore markets. In addition, we have managed to secure sales in Hong Kong and Thailand 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 income/(expenses)

There was an overestimated tax liability of RM0.006 million for the quarter under review.



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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. 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 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 March 2013 is as follows:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Working Capital	824	392	432 *	Within twelve (12) months
Business Expansion	376	5	371	Within twelve (12) months
Corporate Proposal Expenses	100	71	29	Within one (1) month
	<u>1,300</u>	<u>468</u>	<u>832</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 March 2013 are as follows:

	RM'000 Equivalent
Short term:	
Term loan	809
Letter of Credit	675
Bank overdrafts	86
	<u>1,570</u>



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All the borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of the Company. Approximately RM1.48 million of the Group's borrowings is denominated in Singapore Dollars and the remaining in Malaysia Ringgit.

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 31/3/2013	Preceding Corresponding Quarter Ended 31/3/2012	Current Year To Date Ended 31/3/2013	Preceding Corresponding Year To Date Ended 31/3/2012
Net loss attributable to ordinary equity holders of the Company (RM'000)	(1,383)	(378)	(1,359)	(398)
Weighted average number of ordinary shares in issue ('000)	114,400	104,000	114,400	104,000
Basic loss per share (sen)	(1.21)	(0.36)	(1.19)	(0.38)

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 31/3/2013	As at 30/9/2012
	RM'000	RM'000
Realised	(2,049)	(922)
Unrealised	(290)	(39)
	(2,339)	(961)
Less: Consolidation adjustment	(533)	(552)
Accumulated losses	(2,872)	(1,513)



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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 22 May 2013.

DSC Solutions Berhad
22 May 2013