



DSC SOLUTIONS BERHAD (721605-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The Fourth Quarter Ended 30 September 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 30/9/2013 RM'000	Preceding Corresponding Quarter Ended 30/9/2012 RM'000	Current Year To Date Ended 30/9/2013 RM'000	Preceding Corresponding Year To Date Ended 30/9/2012 RM'000
Singapore	1,670	3,011	6,745	7,128
Malaysia	1,391	409	3,815	3,899
Hong Kong	-	-	597	-
Thailand	470	-	1,740	-
Others	62	593	599	5,183
	<u>3,593</u>	<u>4,013</u>	<u>13,496</u>	<u>16,210</u>
Less: Inter-company transactions	(452)	(627)	(1,935)	(3,596)
Total revenue	<u>3,141</u>	<u>3,386</u>	<u>11,561</u>	<u>12,614</u>

(b) Analysis of revenue by product categories

	Current Quarter Ended 30/9/2013 RM'000	Preceding Corresponding Quarter Ended 30/9/2012 RM'000	Current Year To Date Ended 30/9/2013 RM'000	Preceding Corresponding Year To Date Ended 30/9/2012 RM'000
Proprietary software	402	236	1,745	3,886
Value added products & services	2,033	3,650	7,190	5,533
AIDC hardware / equipment	1,158	127	4,561	6,791
	<u>3,593</u>	<u>4,013</u>	<u>13,496</u>	<u>16,210</u>
Less: Inter-company transactions	(452)	(627)	(1,935)	(3,596)
Total revenue	<u>3,141</u>	<u>3,386</u>	<u>11,561</u>	<u>12,614</u>



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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

On 2 October 2013, TA Securities Holdings Berhad had announced that the Company is proposing to establish and implement a share issuance scheme of up to thirty percent (30%) of the Company's issued and paid-up share capital (excluding treasury shares) for the Directors and employees of DSC Solutions Berhad and its subsidiaries (excluding dormant subsidiaries). This listing has been approved by Bursa Securities vide its letter dated 25 October 2013 (which was received on 28 October 2013), subject to the following:

- (a) TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SIS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and
- (b) DSC is required to furnish Bursa Securities on a quarterly basis a summary of the total number of SIS Shares listed as at the end of each quarter together with a detailed computation of listing fees payable.

The proposed listing was approved by the shareholders at an Extraordinary Meeting held on 20 November 2013.

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 30/9/2013 RM'000	As at 30/9/2012 RM'000
Cash and bank balances	936	2,923
Fixed deposits with licensed banks	636	732
	<hr/> 1,572	<hr/> 3,655
Bank overdraft	-	(320)
	<hr/> 1,572	<hr/> 3,335



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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 4th Quarter versus Previous Year 4th Quarter

For the quarter under review, the Group recorded revenue of RM3.14 million, representing a decrease of 7.2% as compared to the preceding year of RM3.39 million. 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 registered a loss before tax expenses (“LBT”) of RM0.42 million as compared to RM0.32 million in the corresponding quarter of the preceding financial year ended 30 September 2012. The loss arises from the impairment of trade receivables and good will amounting to RM0.31 million and RM0.36 million respectively.

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

The Group recorded revenue of RM11.56 million, representing a decrease of 8.3% as compared to the preceding year of RM12.61 million. This is mainly due to lower sales recorded for proprietary software.

The Group registered a higher LBT of RM2.52 million as compared to RM0.21 million in the corresponding period of the preceding year. This was mainly due to higher advertisement and promotion cost being incurred by the Group to build its business presence for its product offerings. In addition, there was an increased in the amortisation of intangible assets of the Group amounting to RM1.18 million as compared to RM0.65 million in the preceding year.

B2. Comparison with preceding quarter’s results

	Current Quarter 30/9/2013 RM'000	Preceding Quarter 30/6/2013 RM'000	Variance RM'000
Revenue	3,141	2,444	697
Loss before tax	(415)	(720)	305

In the current quarter, the Group had achieved revenue of RM3.14 million, representing an increase of 28.5% as compared to the preceding quarter of RM2.44 million. The increase in revenue for the quarter is mainly due to higher sales recorded for value added products & services and AIDC hardware /equipment.

The Group’s LBT for the quarter under review was RM0.42 million as compared with the preceding quarter’s of RM0.72 million. The marginal profit in the current quarter arises due to lesser cost incurred for advertisement and promotion as compared to the preceding quarter. In addition, there was a reversal of impairment for inventories amounting to RM0.13 million.



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B3. Prospects

With the improved 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. Moving forward, we continue to remain positive on the prospects of the Group.

B4. Tax income/(expenses)

	Current Quarter Ended 30/9/2013 RM'000	Current Year To Date Ended 30/9/2013 RM'000
Current year provision	3	3
Overprovision in prior year	-	(30)
Total	<u>3</u>	<u>(27)</u>

There was a provision of tax liability for the fiscal year due to non-allowable expenses incurred.

Malaysian income tax is calculated at the statutory rate of 25% of the estimated assessable profits for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

B5. Profit forecast and profit guarantee

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



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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 30 September 2013 is as follows:-

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Working Capital	824	853	(29)	* # 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>929</u>	<u>371</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.

In view of the actual private placement exercise expenses were lower than estimated, the excess have been utilized for working capital purposes.

B7. Borrowings and debt securities

The total borrowings of the Group as at 30 September 2013 are as follows:

	RM'000 Equivalent
Short term:	
Term loan	565
Letter of Credit	785
	<u>1,350</u>

The above borrowings are secured by way of joint and several guarantee by Directors and pledge of fixed deposits of the Company. The Group’s borrowings are denominated in Singapore Dollars.



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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 30/9/2013	Preceding Corresponding Quarter Ended 30/9/2012	Current Year To Date Ended 30/9/2013	Preceding Corresponding Year To Date Ended 30/9/2012
Net earnings / (loss) attributable to ordinary equity holders of the Company (RM'000)	(387)	(342)	(2,435)	(202)
Weighted average number of ordinary shares in issue ('000)	114,400	104,769	114,400	104,769
Basic earnings / (loss) per share (sen)	(0.34)	(0.33)	(2.13)	(0.19)

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 30/9/2013	As at 30/9/2012
	RM'000	RM'000
Realised	(3,190)	(922)
Unrealised	98	(39)
	(3,092)	(961)
Less: Consolidation adjustment	(856)	(552)
Accumulated losses	(3,948)	(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 November 2013.

DSC Solutions Berhad
 25 November 2013