



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

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 2013 except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRS"), IC Interpretations ("IC Int") and amendment to MFRS.

MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127	Separate Financial Statements (Revised)
Amendments to MFRS 1	First-Time adoption of Financial Reporting Standards (Annual Improvement 2009-2011 Cycle)
Amendment to MFRS 101	Presentation of Financial Statements (Annual Improvement 2009-2011 Cycle)
Amendment to MFRS 132	Financial Instruments : Presentation (Annual Improvement 2009-2011 Cycle)
Amendment to MFRS 134	Interim Financial Reporting (Annual Improvement 2009-2011 Cycle)

The adoptions of new and revised MFRSs, ("IC Int") and amendment to MFRS are not expected to 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 2013

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 31/12/2013 RM'000	Preceding Corresponding Quarter Ended 31/12/2012 RM'000	Current Year To Date Ended 31/12/2013 RM'000	Preceding Corresponding Year To Date Ended 31/12/2012 RM'000
Singapore	2,121	2,021	2,121	2,021
Malaysia	696	724	696	724
Hong Kong	-	597	-	597
Thailand	-	482	-	482
Others	85	197	85	197
	<hr/> 2,902	<hr/> 4,021	<hr/> 2,902	<hr/> 4,021
Less: Inter-company transactions	(107)	(427)	(107)	(427)
	<hr/> 2,795	<hr/> 3,594	<hr/> 2,795	<hr/> 3,594

(b) Analysis of revenue by product categories

	Current Quarter Ended 31/12/2013 RM'000	Preceding Corresponding Quarter Ended 31/12/2012 RM'000	Current Year To Date Ended 31/12/2013 RM'000	Preceding Corresponding Year To Date Ended 31/12/2012 RM'000
Proprietary software	270	528	270	528
Value added products & services	1,593	1,934	1,593	1,934
AIDC hardware / equipment	1,039	1,559	1,039	1,559
	<hr/> 2,902	<hr/> 4,021	<hr/> 2,902	<hr/> 4,021
Less: Inter-company transactions	(107)	(427)	(107)	(427)
	<hr/> 2,795	<hr/> 3,594	<hr/> 2,795	<hr/> 3,594



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

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 changes in composition of the Group in 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
	31/12/2013	30/09/2013
	RM'000	RM'000
Cash and bank balances	548	1,135
Fixed deposits with licensed banks	413	636
	<hr/>	<hr/>
	961	1,770
Bank overdraft (see notes B7)	-	(198)
	<hr/>	<hr/>
	961	1,573
	<hr/>	<hr/>

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 2013

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 RM2.80 million and loss before taxation (“LBT”) of RM0.53 million respectively, compared with revenue of RM3.59 million and profit before tax (“PBT”) of RM0.04 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 no new project secured in Hong Kong and Thailand. As a result of no new project secured in the quarter under review, the Group incurred higher loss. The lower gross profit for the quarter under review as compared with the preceding quarter of 18% vs 34% was due to lower sales in proprietary software and value added services.

B2. Comparison with preceding quarter’s results

	Current Quarter 31/12/2013 RM'000	Preceding Quarter 30/9/2013 RM'000	Variance RM'000
Revenue	2,795	3,141	(346)
Profit / (Loss) before tax	(528)	(415)	113

The Group’s revenue and LBT for the quarter under review were RM2.80 million and RM0.53 million respectively as compared with the preceding quarter’s revenue and LBT of 3.14 million and RM0.42 million respectively. The lower revenue was due to no new projects secured in Thailand in the current quarter as compared with the preceding quarter. This resulted into higher loss during the financial quarter under review.

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 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 no provision of tax liability 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 2013

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 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	376	-	Within twelve (12) months
Corporate Proposal Expenses	100	71	29	Within one (1) month
	<u>1,300</u>	<u>1,300</u>	<u>-</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 were lower than estimated, the excess have been utilized for working capital purpose.

B7. Borrowings and debt securities

The total borrowings of the Group as at 31 December 2013 are as follows:

	RM'000 equivalent
Short term:	
Term loan	473
Letter of Credit	795
	<u>1,268</u>

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



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

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 2013.

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 31/12/2013	Preceding Corresponding Quarter Ended 31/12/2012	Current Year To Date Ended 31/12/2013	Preceding Corresponding Year To Date Ended 31/12/2012
Net (loss) / profit attributable to ordinary equity holders of the Company (RM'000)	(538)	24	(538)	24
Weighted average number of ordinary shares in issue ('000)	114,400	114,400	114,400	114,400
Basic (loss) / earnings per share (sen)	(0.47)	0.02	(0.47)	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 31/12/2013	As at 30/9/2013
	RM'000	RM'000
Realised	(4014)	(3,477)
Unrealised	108	108
	<u>(3,906)</u>	<u>(3,369)</u>
Less: Consolidation adjustment	(565)	(564)
Accumulated losses	<u><u>(4,471)</u></u>	<u><u>(3,933)</u></u>

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 26 February 2014.

DSC Solutions Berhad
 26 February 2014