

DATASONIC GROUP BERHAD
(Company No. 809759-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

| | <--- INDIVIDUAL QUARTER --> | | <--- CUMULATIVE QUARTER --> | |
|---|---|--|---|--|
| | Current Year Quarter 30.09.2012 (RM'000) | Preceding Year Quarter ⁽²⁾ 30.09.2011 (RM'000) | Current Year To Date 30.09.2012 (RM'000) | Preceding Year Quarter ⁽²⁾ 30.09.2011 (RM'000) |
| Continuing Operations | | | | |
| Revenue | 53,516 | N/A | 136,764 | N/A |
| Operating expenses | (41,170) | N/A | (102,099) | N/A |
| Other income | 109 | N/A | 229 | N/A |
| Profit from operations | 12,455 | N/A | 34,894 | N/A |
| Finance costs | (197) | N/A | (524) | N/A |
| Profit before tax | 12,258 | N/A | 34,370 | N/A |
| Income tax expense | (4,126) | N/A | (10,020) | N/A |
| Profit for the period | <u>8,132</u> | <u>N/A</u> | <u>24,350</u> | <u>N/A</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 8,132 | N/A | 24,350 | N/A |
| Minority interest | - | N/A | - | N/A |
| | <u>8,132</u> | <u>N/A</u> | <u>24,350</u> | <u>N/A</u> |
| Earnings per share (sen) attributable to owners of the parent : | | | | |
| - Basic ⁽³⁾ | <u>9.04</u> | <u>N/A</u> | <u>33.96</u> | <u>N/A</u> |

Notes:

N/A Not applicable

- (1) The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 29 February 2012 as disclosed in the Prospectus of the Company dated 3 August 2012 and the accompanying explanatory notes attached to the interim financial statements.
- (2) No comparative figures for the preceding year are available as this is the second interim financial report on the consolidated results for the 3rd quarter ended 30 September 2012 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (3) Based on the weighted average number of ordinary shares in issue for the financial period (as detailed in Note B12).

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

| | As at 30.09.2012 (RM'000) | As at 30.09.2011 ⁽²⁾ (RM'000) |
|--|---------------------------------|--|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 14,085 | N/A |
| Development costs | 4,166 | N/A |
| Investment in club membership | 110 | N/A |
| | <hr/> 18,361 | <hr/> N/A |
| CURRENT ASSETS | | |
| Inventories | 18,192 | N/A |
| Trade receivables | 57,095 | N/A |
| Other receivables, deposits and prepayments | 67,361 | N/A |
| Amount owing by holding company * | 3,160 * | N/A |
| Deposits with licensed banks | 5,616 | N/A |
| Cash and bank balances | 38,586 | N/A |
| | <hr/> 190,010 | <hr/> N/A |
| TOTAL ASSETS | <hr/> 208,371 | <hr/> N/A |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 45,000 | N/A |
| Share premium | 29,398 | N/A |
| Merger deficit | (11,072) | N/A |
| Retained earnings | 43,434 | N/A |
| Total equity | <hr/> 106,760 | <hr/> N/A |
| NON-CURRENT LIABILITIES | | |
| Term loans | 49,776 | N/A |
| Deferred taxation | 339 | N/A |
| | <hr/> 50,115 | <hr/> N/A |
| CURRENT LIABILITIES | | |
| Trade payables | 8,959 | N/A |
| Other payables and accruals | 6,461 | N/A |
| Short term borrowings | 31,981 | N/A |
| Provision for taxation | 4,095 | N/A |
| | <hr/> 51,496 | <hr/> N/A |
| Total liabilities | <hr/> 101,611 | <hr/> N/A |
| TOTAL EQUITY AND LIABILITIES | <hr/> 208,371 | <hr/> N/A |
| Net assets per share attributable to ordinary owners of the parent (RM) ⁽³⁾ | 1.19 | N/A |

Notes:

* The holding company of the Company is Dibena Enterprise Sdn Bhd, a company incorporated in Malaysia.

N/A Not applicable

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 29 February 2012 as disclosed in the Prospectus of the Company dated 3 August 2012 and the accompanying explanatory notes attached to the interim financial statements.

(2) No comparative figures for the preceding year are available as this is the second interim financial report on the consolidated results for the 3rd quarter ended 30 September 2012 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(3) Based on the issued share capital of 90,000,000 ordinary shares of RM0.50 each after the completion of the Acquisitions and Public Issue (as detailed in Note B8).

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

| | <----- Attributable to equity holders of the Company -----> | | | | |
|---|---|------------------------------|-------------------------------|----------------------------------|-----------------------------|
| | <----- Non distributable -----> | | | Distributable | |
| | Share capital ⁽³⁾ (RM'000) | Share Premium (RM'000) | Merger Deficit (RM'000) | Retained Earnings (RM'000) | Total Equity (RM'000) |
| At 1 January 2012 | * | - | - | - | * |
| Effect arising from merger | 34,813 | - | (11,072) | 26,084 | 23,741 |
| Public issue of shares | 10,187 | 30,561 | - | - | 40,748 |
| Total comprehensive income for the period | - | - | - | 24,350 | - |
| Dividend paid | - | - | - | (7,000) | - |
| Share issue expenses | - | (1,163) | - | - | (1,163) |
| At 30 September 2012 | 45,000 | 29,398 | (11,072) | 43,434 | 63,326 |

Notes:

* Denotes RM2

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 29 February 2012 as disclosed in the Prospectus of the Company dated 3 August 2012 and the accompanying explanatory notes attached to the interim financial statements.
- (2) No comparative figures for the preceding year are available as this is the second interim financial report on the consolidated results for the 3rd quarter ended 30 September 2012 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (3) Based on the issued share capital of 90,000,000 ordinary shares of RM0.50 each after the completion of the Acquisitions and Public Issue (as detailed in Note B8).

DATASONIC GROUP BERHAD
(Company No. 809759-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

| | Current Year to Date 30.09.2012 (RM'000) | Preceding Year to Date 30.09.2011⁽²⁾ (RM'000) |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 34,370 | N/A |
| | <u>34,370</u> | <u>N/A</u> |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 1,400 | N/A |
| Interest expenses | 524 | N/A |
| Interest income | (179) | N/A |
| Gain on disposal of property, plant and equipment | (49) | N/A |
| Unrealised gain on foreign exchange | (102) | N/A |
| Unrealised loss on foreign exchange | 30 | N/A |
| Operating profit before changes in working capital | <u>35,994</u> | <u>N/A</u> |
| Changes in inventories | (9,906) | N/A |
| Changes in trade and other receivables | (97,949) | N/A |
| Changes in trade and other payables | (2,811) | N/A |
| Changes in amount owing by holding company | 17,978 | N/A |
| Cash generated from operations | <u>(56,694)</u> | <u>N/A</u> |
| Interest paid | (524) | N/A |
| Tax paid | (9,637) | N/A |
| Net cash generated from operating activities | <u>(66,855)</u> | <u>N/A</u> |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Interest received | 179 | N/A |
| Development costs | 1,578 | N/A |
| Proceeds from disposal of property, plant and equipment | 49 | N/A |
| Purchase of property, plant and equipment | (2,405) | N/A |
| Advances to related companies | (38) | N/A |
| Net cash used in investing activities | <u>(637)</u> | <u>N/A</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | 40,748 | N/A |
| Share issue expenses | (1,163) | N/A |
| Drawdown of borrowings | 70,787 | N/A |
| Repayment to related companies | (4) | N/A |
| Dividend paid | (7,000) | N/A |
| Net cash generated from financing activities | <u>103,368</u> | <u>N/A</u> |
| Net decrease in Cash and Cash Equivalents | 35,876 | N/A |
| Cash and Cash Equivalents at beginning of the financial period | 8,326 | N/A |
| Cash and Cash Equivalents at end of the financial period | <u>44,202</u> | <u>N/A</u> |

DATASONIC GROUP BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012 (CONT'D)

| | Current Year to Date 30.09.2012 (RM'000) | Preceding Year to Date 30.09.2011 ⁽²⁾ (RM'000) |
|---|---|--|
| Cash and Cash equivalents at the end of the financial period comprise the following: | | |
| | As at 30.09.2012 (RM'000) | As at 30.09.2011 ⁽²⁾ (RM'000) |
| Deposits with licensed banks | 5,616 | N/A |
| Cash and bank balances | 38,586 | N/A |
| | <u>44,202</u> | <u>N/A</u> |

Notes:

N/A Not applicable

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 29 February 2012 as disclosed in the Prospectus of the Company dated 3 August 2012 and the accompanying explanatory notes attached to the interim financial statements.
- (2) No comparative figures for the preceding year are available as this is the second interim financial report on the consolidated results for the 3rd quarter ended 30 September 2012 being announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134: INTERIM FINANCIAL REPORTING

A1. Accounting Policies and Basis of Preparation

a) Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial period ended 29 February 2012 and the accompanying explanatory notes attached to the interim financial statements, as disclosed in the Prospectus of the Company dated 3 August 2012 ("the Prospectus").

The interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("The Group") since the financial period ended 29 February 2012.

The Group has adopted the merger accounting method for the preparation of this interim combined financial statements which is consistent with the most recent interim combined financial statements as disclosed in the Prospectus.

b) Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements as disclosed in the Prospectus.

The Company has early adopted the amendments to MFRS 101, Presentation of Financial Statements which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

During the current financial period, the Company has adopted the following new accounting standards and interpretations (including the consequential amendments):-

MFRSs and IC Interpretations (including the Consequential Amendments)

MFRS 124 (Revised) Related Party Disclosures

Amendments to MFRS 1 (Revised): Severe Hyperinflation and Removal of Fixed dates for First-time Adopters

Amendments to MFRS 7: Disclosures – Transfers of Financial Assets

Amendments to MFRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

The above MFRSs, IC Interpretations and amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

DATASONIC GROUP BERHAD
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A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A1. Accounting Policies and Basis of Preparation (Cont'd)

The Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

| MFRS, Financial Reporting Standards ("FRSs") and IC Interpretations (including the Consequential Amendments) | <u>Effective Date</u> |
|---|------------------------------|
| MFRS 9 Financial instruments | 1 January 2015 |
| MFRS 10 Consolidated Financial Statements | 1 January 2013 |
| MFRS 11 Joint Arrangements | 1 January 2013 |
| MFRS 12 Disclosure of Interests in Other Entities | 1 January 2013 |
| MFRS 13 Fair Value Measurement | 1 January 2013 |
| MFRS 119 (Revised) Employee Benefits | 1 January 2013 |
| MFRS 127 (2011) Separate Financial Statements | 1 January 2013 |
| MFRS 128 (2011) Investments in Associates and Joint Ventures | 1 January 2013 |
| Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to MFRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures | 1 January 2015 |
| Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |

The initial application of a standard which will be applied prospectively or which requires extended disclosures is not expected to have any significant financial impacts to the current and prior periods financial statements upon their first adoption.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the year ended 31 December 2011 was not qualified.

A3. Comments about Seasonality or Cyclicity

The Group did not experience any significant seasonal or cyclical sales cycle factors during the current financial quarter.

A4. Unusual Items Due to Their Nature, Size or Incidence

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter except for the completion of the Flotation Scheme upon the successful listing and flotation of the company shares, as outlined in Note B8.

A5. Changes in Estimates

There were no changes in estimates that have a material effect in the current financial quarter results.

DATASONIC GROUP BERHAD
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A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt securities nor any movement in the share capital for the current financial quarter except for the completion of the Flotation Scheme upon the successful listing and flotation of the company shares, as outlined in Note B8.

A7. Segmental Information

(a) The Group is organised into the following reporting business segments:-

| | Smart Card Personalisation RM'000 | Customised Software & Hardware Solutions RM'000 | Investment Holding RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---------------------------------------|---|--|---------------------------------|-----------------------|------------------------|
| Revenue | | | | | |
| External revenue | 6,410 | 130,354 | - | - | 136,764 |
| Inter-segment revenue | 79,935 | - | 6,188 | (86,123) | - |
| Total Revenue | 86,345 | 130,354 | 6,188 | (86,123) | 136,764 |
| RESULTS | | | | | |
| Other income | 58 | 90 | 81 | - | 229 |
| Operating expenses | (59,800) | (122,834) | (5,586) | 86,121 | (102,099) |
| Finance costs | (83) | (441) | - | - | (524) |
| Profit before tax | 26,520 | 7,169 | 683 | (2) | 34,370 |
| Income tax expense | (7,178) | (2,204) | (638) | - | (10,020) |
| Total Comprehensive Income | 19,342 | 4,965 | 45 | (2) | 24,350 |

A8. Valuations of Property, Plant and Equipment

The Group has not revalued its property, plant and equipment for the current financial quarter.

A9. Material Events Subsequent To The End of the Interim Period

Saved as disclosed on Note B7 on the disposal of the properties, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report.

A10. Effects of changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter.

A11. Capital Commitments

| | As at 30.09.2012 RM'000 | As at 30.9.2011 RM'000 |
|--|-------------------------------|------------------------------|
| <u>Approved but not contracted for:</u> | | |
| Renovation for new headquarter cum regional personalisation solution ("RPS") centre | 2,900 | N/A |
| Acquisition/purchase and renovation of new manufacturing plant for production of smart cards | 9,680 | N/A |
| | <u>12,580</u> | <u>N/A</u> |

DATASONIC GROUP BERHAD
(Company No. 809759-X)

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134: INTERIM FINANCIAL REPORTING

A12. Changes in Contingent Liabilities

The contingent liabilities were as follows:

| | As at 30.09.2012 RM'000 | As at 30.9.2011 RM'000 |
|--|-------------------------------|------------------------------|
| Performance guarantees (secured) extended to customers | 10,194 | N/A |
| | <u>10,194</u> | <u>N/A</u> |

A13. Significant Related Party Transactions

| | ← INDIVIDUAL QUARTER → | | ← CUMULATIVE YTD → | |
|--------------------------|---|---|---|---|
| | Current Year Quarter 30.09.2012 (RM'000) | Preceding Year Quarter 30.09.2011 (RM'000) | Current Year To Date 30.09.2012 (RM'000) | Preceding Year To Date 30.09.2011 (RM'000) |
| Sales to holding company | 362 | N/A | 4,976 | N/A |
| Dividend paid | - | N/A | 7,000 | N/A |
| | <u>362</u> | <u>N/A</u> | <u>4,976</u> | <u>N/A</u> |

B ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B1. Review of Performance

The Group achieved a turnover of RM53.52 million and a profit before taxation of RM12.26 million for the third quarter ended 30 September 2012. For the nine-month period ended 30 September 2012 the turnover amounted to RM136.76 million which generated a profit before taxation of RM34.37 million on the assumption that the Group has existed at the beginning of the financial year ending 31 December 2012. The Group's core business is the provision of ICT solutions which comprises Smart Card Personalisation and Customised Software & Hardware Solutions divisions, whereby each of the divisions contributed approximately 77% and 21% respectively towards the Groups' profits before taxation as aforementioned.

The Smart Card Personalisation division's contribution towards the Group profits is mainly derived from the supply of 3.17 million out of the contracted quantity of 4 million new raw MyKad with 100% polycarbonate material and the delivery of MyKad consumables to the National Registration Department of Malaysia (NRD).

The Customised Software & Hardware Solutions division's contribution is mainly derived from the maintenance and technical support services for passport machines and the supply of the passport consumables to the Immigration Department.

No comparative figures are presented for the preceding year corresponding period as this is the second interim financial report on the consolidated results for the third quarter and nine months ended 30 September 2012.

B2. Comparison with Immediate Preceding Quarter's Results

The Group's turnover of RM53.52 million was slightly lower than RM58.79 million reported in the immediate preceding quarter. However, the profit before taxation of RM12.26 was slightly higher than RM11.58 million in the immediate preceding quarter. This is mainly attributable to the following :

The Smart Card Personalisation division - Turnover was lower mainly due to the reduced delivery of new raw MyKad with 100% polycarbonate material of 1.08 million as compared to 1.59 million in the immediate preceding quarter. However, the profit before tax for the current quarter was higher as a result of the lower operating expenses benefited from the marketing efforts initiated by the management.

The Customised Software & Hardware Solutions division - Turnover was lower mainly attributable to the reduction in preventive and corrective maintenance and technical support services for passport machines and lower migration and access gateway services. However, the profit before tax was higher in the current quarter as a result of the cost control measures undertaken by the management.

B3. Commentary on Prospects

The prospects for growth are positive as the Group has a strong order book of RM394.55 million as at 30 September 2012 and will continue to look for further business opportunities. The Group is expected to continue to perform satisfactorily in the remaining quarter for the financial year ending 31 December 2012, barring any unforeseen circumstances.

DATASONIC GROUP BERHAD
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B ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the current financial year to date.

B5. Profit Before Taxation

Profit before taxation is derived after taking into consideration of the following:-

| | ← INDIVIDUAL QUARTER → | | ← CUMULATIVE YTD → | |
|---|---|---|---|---|
| | Current Year Quarter 30.09.2012 (RM'000) | Preceding Year Quarter 30.09.2011 (RM'000) | Current Year To Date 30.09.2012 (RM'000) | Preceding Year To Date 30.09.2011 (RM'000) |
| Interest income | (109) | N/A | (179) | N/A |
| Interest expense | 197 | N/A | 524 | N/A |
| Depreciation of property, plant and equipment | 453 | N/A | 1,400 | N/A |
| Staff costs | 3,944 | N/A | 10,998 | N/A |
| (Gain) on disposal of equipment | (1) | N/A | (49) | N/A |
| Foreign exchange loss - realised | 101 | N/A | 190 | N/A |
| Foreign exchange (gain) - unrealised | (109) | N/A | (72) | N/A |

B6. Income tax expense

| | ← INDIVIDUAL QUARTER → | | ← CUMULATIVE YTD → | |
|---------------------------------|---|---|---|---|
| | Current Year Quarter 30.09.2012 (RM'000) | Preceding Year Quarter 30.09.2011 (RM'000) | Current Year To Date 30.09.2012 (RM'000) | Preceding Year To Date 30.09.2011 (RM'000) |
| Current tax: | | | | |
| - for the Current period | 3,738 | N/A | 9,591 | N/A |
| - under provision in prior year | 359 | N/A | 359 | N/A |
| Deferred tax: | | | | |
| - for the Current period | 29 | N/A | 70 | N/A |
| | <u>4,126</u> | <u>N/A</u> | <u>10,020</u> | <u>N/A</u> |

The effective tax rate for the current period is higher than the statutory tax rate on chargeable income applicable in Malaysia principally due to non-allowable expenses of certain subsidiaries.

B7. Sales of Properties

On 5 October 2012, Datasonic Corporation Sdn Bhd ("DCSB"), a wholly-owned subsidiary company has entered into two (2) separate conditional Sale and Purchase Agreements with Joon Xing Properties Sdn Bhd for the disposal of two properties for a total cash consideration of RM5.0 million. Upon the completion of the disposal, DCSB is expected to report a net gain of around RM2.0 million odd.

B ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B8. Status of Corporate Proposals

Flotation Scheme

In conjunction with, and as an integral part of the Company's listing on the Main Market of Bursa Securities, the following flotation scheme was undertaken:

(i) Acquisitions

(a) Acquisition of Datasonic Corporation Sdn Bhd ("Datasonic Corporation")

The Company has acquired the entire issued and paid-up share capital of RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM19,441,000 which was satisfied by the issuance of 38,882,000 new ordinary shares of RM0.50 each in the Company.

(b) Acquisition of Datasonic Technologies Sdn Bhd ("Datasonic Technologies")

The Company has acquired the entire issued and paid-up share capital of RM7,466,667 comprising 7,466,667 ordinary shares of RM1.00 each for a total purchase consideration of RM9,098,000 which satisfied by the issuance of 18,196,000 new ordinary shares of RM0.50 each in the Company.

(c) Acquisition of Smart Consult Solutions Sdn Bhd ("Smart Consult")

The Company has acquired the entire issued and paid-up share capital of RM100,001 comprising 100,001 ordinary shares of RM1.00 each for a total purchase consideration of RM100,000 which was satisfied by the issuance of 200,000 new ordinary shares of RM0.50 each in the Company.

(d) Assignment of Dividend

Dato' Abu Hanifah Bin Noordin, a director, has assigned his rights to receive a net dividend declared by a related party, Datasonic Corporation, amounting to RM6,174,000 as consideration for the subscription of 12,348,000 new ordinary shares of RM0.50 each in the Company.

The above were completed on 11 June 2012.

(ii) Public Issue

The Company will undertake a public issue of 20,373,996 new ordinary shares of RM0.50 each, representing approximately 22.64% of the Company's enlarged issued and paid-up share capital at an issue price of RM2.00 per share to be allocated in the following manner:

- 6,000,000 new shares available for application by the public;
- 4,009,996 new shares available for application by our eligible directors, employees and persons who have contributed to the success of our Group;
- 8,517,000 new shares available for application by bumiputra investors approved by the Ministry of International Trade and Industry; and
- 1,847,000 new shares by way of placement to selected investors.

(iii) Offer for Sale

The offer for sale by Dato' Abu Hanifah Bin Noordin, a director, of up to 7,932,000 existing ordinary shares of RM0.50 each at an issue price of RM2.00 per share in the Company to selected investors.

(iv) Listing and Quotation

The listing and quotation of the Company's entire enlarged issued and paid-up share capital of RM45,000,000 comprising 90,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Securities.

The Public Issue including that of the Offer for Sale amounting to 20,373,996 new ordinary shares of RM0.50 at an issue price of RM2.00 each was completed upon the allotment of the shares to the successful investors on 24 August 2012. The Company was listed and quoted on the Main Market of Bursa Securities of its entire enlarged issued and paid-up capital comprising of 90,000,000 shares on 3 September 2012.

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B ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B8. Status of Corporate Proposals (Cont'd)

Utilisation of proceeds

The Public Issue will raise a gross proceeds of approximately RM40.75 million. The Company proposes to utilise the proceeds raised in the following manner:

| Description | Proposed utilisation (RM'000) | Actual utilisation (RM'000) | Deviation (RM'000) (%) | | Intended timeframe for utilisation (from the listing date) |
|------------------------------|--------------------------------------|------------------------------------|-------------------------------|-------|---|
| Capital expenditure | 27,100 | - | 27,100 | 100% | Within three (3) years |
| R&D expenditure | 6,000 | - | 6,000 | 100% | Within two (2) years |
| Working capital | 5,000 | 4,529 | 471 | 9.42% | Within one (1) year |
| Estimated listing expenses * | 2,648 | 2,523 | 125 | 4.72% | Upon listing |
| Total gross proceeds | 40,748 | 7,052 | 33,696 | | |

* The Public Issue has created a share premium of RM30.56 million and the total estimated listing expenses for the issue of the new shares is around RM2.65 million of which RM1.16 million being costs directly attributed to the issuance of the said shares were written off against the share premium account.

B9. Group Borrowings

Total Group borrowings as at 30 September 2012 were as follows :-

| | Short term Secured RM'000 | Long term Secured RM'000 | As at 30.09.2012 Total RM'000 |
|----------------------------|----------------------------------|---------------------------------|--------------------------------------|
| <u>Secured:</u> | | | |
| Term Loan / Term Financing | 12,054 | 49,776 | 61,830 |
| Trade Financing | 19,927 | - | 19,927 |
| | <u>31,981</u> | <u>49,776</u> | <u>81,757</u> |

All borrowings are denominated in Ringgit Malaysia.

B10. Material Litigation

A subsidiary, Datasonic Corporation, filed a writ summon on 11 January 2011 against Huawei Technologies (Malaysia) Sdn Bhd (Huawei) for breach of a partnership agreement for an undetermined amount based on accounts, interests and costs. Huawei, in return, had filed a counterclaim for an amount of RM30.0 million inter-alia, claiming for loss of reputation.

The High Court held that the said subsidiary's company actions and the counterclaim by Huawei will be heard after the final determination on 29 September 2012 of an earlier action brought against Huawei by a related party of the Group. However, the hearing date has been postponed to 30 November 2012.

The Group's solicitors is of the opinion that the counterclaim action is frivolous and is unlikely to succeed, which the Board has taken heed of.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

B ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B11. Dividends

On 8 June 2012 and prior to the Acquisitions, Datasonic Corporation and Datasonic Technologies have declared a dividend of up to RM5.0 million and RM2.0 million respectively. The dividends were paid on 24 July 2012.

There was no dividend declared during the current quarter under review for Datasonic Group Berhad.

B12. Earnings per Share

(a) Basic Earnings Per Share

Basic earnings per share is calculated based on the profit after tax attributable to the equity holders of the Company divided by the enlarged share capital of 69,626,004 ordinary shares but prior to the Public Issue.

| | ← INDIVIDUAL QUARTER → | | ← CUMULATIVE YTD → | |
|--|---|---|---|---|
| | Current Year Quarter 30.09.2012 (RM'000) | Preceding Year Quarter 30.09.2011 (RM'000) | Current Year To Date 30.09.2012 (RM'000) | Preceding Year To Date 30.09.2011 (RM'000) |
| Total comprehensive income attributable to owners of the parent (RM'000) | 8,132 | N/A | 24,350 | N/A |
| Weighted average number of ordinary share in issue ('000) * | 90,000 | N/A | 71,708 | N/A |
| Basic earning per share (sen) | 9.04 | N/A | 33.96 | N/A |

The weighted average number of ordinary shares in issue is computed as follows:-

Share issue pursuant to:

| | | | | |
|---------------------------------------|---------------|------------|---------------|------------|
| - incorporation of the Company ('000) | # | N/A | # | N/A |
| - acquisition of subsidiaries ('000) | 69,626 | N/A | 69,626 | N/A |
| - effect of Public Issue ('000) | 20,374 | N/A | 2,082 | N/A |
| | <u>90,000</u> | <u>N/A</u> | <u>71,708</u> | <u>N/A</u> |

Notes:

* - Ordinary shares arising from the acquisitions of subsidiaries is assumed to be issued throughout the beginning of the financial year on 1 January 2012 as the acquisitions of subsidiaries were accounted for under common control using the pooling of interest method of consolidation.

- 4 units of ordinary shares.

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current financial quarter.

B ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B13. Disclosure on realised and unrealised profits

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 30 September 2012, into realised and unrealised profits, pursuant to the directive, is as follows:

| | 30.09.2012 RM'000 | 30.9.2011 RM'000 |
|--------------------------------------|----------------------|---------------------|
| Total retained earnings of the Group | | |
| - Realised | 43,085 | N/A |
| - Unrealised | 349 | N/A |
| | <u>43,434</u> | <u>N/A</u> |

The determination of realised and unrealised profits is compiled based on guidance of Special Matter No. 1, Determination of realised and unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysia Institute of Accountants on 20 December 2010.

By order of the Board
Petaling Jaya
29 November 2012