

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2013 (RM'000)	Preceding Year Quarter 30.09.2012 (RM'000)	Current Year To Date 30.09.2013 (RM'000)	Preceding Year To Date 30.09.2012 (RM'000)
Continuing Operations				
Revenue	69,901	53,516	188,188	136,764
Operating expenses	(40,202)	(41,170)	(117,618)	(102,099)
Other income	141	109	3,165	229
Profit from operations	29,840	12,455	73,735	34,894
Finance costs	(1,746)	(197)	(5,196)	(524)
Profit before tax	28,094	12,258	68,539	34,370
Income tax expense	(4,650)	(4,126)	(9,456)	(10,020)
Profit for the period	23,444	8,132	59,083	24,350
Total comprehensive income attributable to:				
Owners of the parent	23,444	8,132	59,083	24,350
Minority interest	-	-	-	-
	23,444	8,132	59,083	24,350
Earnings per share (sen) attributable to owners of the parent :				
- Basic*	17.37	6.02	43.77	22.64

Notes:

* The basic earnings per share for the individual quarter and cumulative quarters of the preceding year are based on number of ordinary shares after bonus issue disclosed in Note B7(a).

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	As at 30.09.2013 (RM'000)	As at 31.12.2012 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	149,311	51,552
Development expenditures	2,446	3,668
Investment in club membership	110	110
	<u>151,867</u>	<u>55,330</u>
CURRENT ASSETS		
Inventories	1,566	6,162
Projects in progress	32,781	57,073
Trade receivables	114,894	72,563
Other receivables, deposits and prepayments	1,425	926
Tax recoverable	864	2,931
Deposits with licensed banks	11,492	35,705
Cash and bank balances	8,240	7,611
	<u>171,262</u>	<u>182,971</u>
Asset held for sale	-	2,523
	<u>171,262</u>	<u>185,494</u>
TOTAL ASSETS	<u>323,129</u>	<u>240,824</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	67,500	45,000
Share premium	7,033	29,533
Merger deficit	(11,072)	(11,072)
Retained profits	91,660	47,202
Total equity	<u>155,121</u>	<u>110,663</u>
NON-CURRENT LIABILITIES		
Term loans	129,307	75,704
Deferred taxation	63	329
	<u>129,370</u>	<u>76,033</u>
CURRENT LIABILITIES		
Trade payables	14,443	7,984
Other payables and accruals	7,162	17,606
Amount owing to former holding company *	-	3,808
Dividend payable	10,125	-
Short term borrowings	6,908	24,730
	<u>38,638</u>	<u>54,128</u>
Total liabilities	<u>168,008</u>	<u>130,161</u>
TOTAL EQUITY AND LIABILITIES	<u>323,129</u>	<u>240,824</u>
Net assets per share attributable to ordinary owners of the parent (RM) **	1.15	0.82

Notes:

* Dibena Enterprise Sdn Bhd (a company incorporated in Malaysia) ceased to be the holding company from 27 August 2013.

** The net assets per share as at 31 December 2012 is based on number of ordinary shares after bonus issue disclosed in Note B7(a).

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

	<---- Attributable to equity holders of the Company ---->				
	<----- Non distributable ----->			Distributable	Total
	Share capital	Share Premium	Merger Deficit	Retained Earnings	Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2013	45,000	29,533	(11,072)	47,202	110,663
Total comprehensive income for the period	-	-	-	59,083	59,083
Dividend paid on 15 May 2013	-	-	-	(4,500)	(4,500)
Bonus shares issued on 5 July 2013 (Note B7(a))	22,500	(22,500)	-	-	-
Dividend payable on 29 November 2013 (Note B10)	-	-	-	(10,125)	(10,125)
At 30 September 2013	<u>67,500</u>	<u>7,033</u>	<u>(11,072)</u>	<u>91,660</u>	<u>155,121</u>

Note:
The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

	Current Year	Preceding Year
	To Date	To Date
	30.09.2013	30.09.2012
	(RM'000)	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	68,539	34,370
Adjustments for :		
Allowance for impairment of development expenditures	1,222	-
Allowance for impairment of inventories	3,600	-
Development expenditures expensed	771	-
Depreciation of property, plant and equipment	8,900	1,400
Interest expense	5,196	524
Interest income	(623)	(179)
Gain on disposal of equipment	(35)	(49)
Gain on disposal of asset held for sale	(2,477)	-
Property, plant and equipment written off	7	-
Unrealised loss/(gain) on foreign exchange	184	(72)
Operating profit before changes in working capital	<u>85,284</u>	<u>35,994</u>
Changes in inventories	1,183	770
Changes in projects in progress	24,292	(74,968)
Changes in trade and other receivables	(42,830)	(33,657)
Changes in trade and other payables	(4,168)	(2,811)
Changes in amount owing to former holding company	<u>(3,808)</u>	<u>17,978</u>
Cash generated from operations	59,953	(56,694)
Interest paid	(5,196)	(524)
Tax paid	(7,656)	(9,637)
Net cash used in operating activities	<u><u>47,101</u></u>	<u><u>(66,855)</u></u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	623	179
Development expenditures	(958)	1,578
Proceeds from disposal of property, plant and equipment	38	49
Proceeds from disposal of asset held for sale	5,000	-
Purchase of property, plant and equipment	(106,529)	(2,405)
Advances to related companies	-	(38)
Net cash used in investing activities	<u><u>(101,826)</u></u>	<u><u>(637)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,500)	(7,000)
Drawdown of term loan	54,300	70,787
Proceeds from issuance of shares	-	40,748
Repayment of borrowings	(17,406)	-
Repayment to related companies	-	(4)
Share issue expenses	-	(1,163)
Net cash generated from financing activities	<u><u>32,394</u></u>	<u><u>103,368</u></u>
Net decrease in Cash and Cash Equivalents	(22,331)	35,876
Cash and Cash Equivalents at beginning of the financial period	42,063	8,326
Cash and Cash Equivalents at end of the financial period	<u><u>19,732</u></u>	<u><u>44,202</u></u>

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013 (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	30.09.2013	30.09.2012
	(RM'000)	(RM'000)
Cash and Cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed banks	11,492	5,616
Cash and bank balances	8,240	38,586
	<u>19,732</u>	<u>44,202</u>

Note:

The above unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

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

A1. Accounting Policies and Basis of Preparation

a) Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The condensed consolidated interim financial statements also complies with International Accounting Standard 34: Interim Financial Reporting issued by the International Accounting Standards Board.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.

These 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 year ended 31 December 2012.

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 audited financial statements for the year ended 31 December 2012.

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

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (Revised) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 - 2011 Cycle

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
(Company No. 809759-X)

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
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10: Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127: Consolidated and Separate Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

The initial application of a standard which will be applied prospectively or which requires extended disclosures is not expected to have any significant financial impact to the financial statements of the current and prior periods 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 2012 was not qualified.

A3. Comments about Seasonality or Cyclical

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

DATASONIC GROUP BERHAD
(Company No. 809759-X)

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

A5. Changes in Estimates

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

A6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt securities or any movement in the share capital for the current quarter except for the bonus issue disclosed in Note B7(a).

A7. Segmental Information

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

	Customised Smart Card Solutions (RM'000)	Investment Holding (RM'000)	Elimination (RM'000)	Consolidated (RM'000)
REVENUE				
External revenue	188,188	-	-	188,188
Inter-segment revenue	-	21,700	(21,700)	-
Total Revenue	<u>188,188</u>	<u>21,700</u>	<u>(21,700)</u>	<u>188,188</u>
RESULT				
Segment profit after taxation after accounting for:	58,938	15,645	(15,500)	59,083
Other income	2,718	447	-	3,165
Operating expenses	(117,589)	(6,229)	6,200	(117,618)
Finance costs	(5,194)	(2)	-	(5,196)
Income tax expense	<u>(9,185)</u>	<u>(271)</u>	<u>-</u>	<u>(9,456)</u>

A8. Valuations of Property, Plant and Equipment

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

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

Saved as disclosed in Note A11: Capital Commitments and Note B7(b): Proposed Share Split and Proposed Amendment to Memorandum of Association of the Company, there were no other material events subsequent to the end of the current quarter that have not been reflected in this quarterly results as at the date of this report.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

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

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 30.09.2013 RM'000	As at 31.12.2012 RM'000
<u>Approved and contracted for:</u>		
Acquisition of machineries	<u>4,614</u>	<u>70,232</u>
Acquisitions of properties	<u>10,572⁽ⁱⁱ⁾</u>	<u>14,500⁽ⁱ⁾</u>

(i) On 7 February 2013, the Company entered into a Sale and Purchase Agreement for the acquisition of a property for a cash consideration of RM14.50 million. The acquisition was fully paid and completed in April 2013. The property is located in Petaling Jaya, Selangor and is intended to be the new headquarter of the Group which will include manufacturing plant facilities as well as regional personalisation solution centre.

(ii) On 24 July 2013, Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company, committed to purchase two adjacent units of retail offices with a total built-up area of 14,800 square feet and 9,673 square feet respectively located at the commercial development known as Olive Hill Business Park (Phase 2) ("Properties") to be erected on a freehold land in Mukim and Daerah Petaling, State of Selangor. On 30 September 2013, DTSB entered into two Sale and Purchase Agreements for the purchase of the said properties at a total purchase price of RM11.75 million, of which a sum of RM1.18 million was paid. The Properties are intended to be used for the Research and Development and Project Management Offices.

A12. Changes in Contingent Liabilities

The contingent liabilities were as follows:

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Performance guarantees (secured) extended to customers	<u>17,240</u>	<u>9,705</u>

A13. Related Party Transactions

The Group has no transactions with related parties in the quarter under review.

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 revenue of RM69.90 million in the third quarter ended 30 September 2013 as compared to RM53.52 million in the corresponding quarter of the preceding year.

RM37.04 million of the Group's revenue is derived from the supply of smart cards and consumables. The other main sources of revenue are from the supply of datapages, personalisation solutions, and site preparation for personalisation centres which generated a revenue of RM26.19 million.

The Group's improved profit before taxation on the basis of quarter on quarter was the result of higher revenue and effective cost control measures implemented by the management.

B2. Comparison with Immediate Preceding Quarter's Results

The Group's revenue of RM69.90 million in the current quarter was higher than the RM59.01 million reported in the immediate preceding quarter.

The Group's revenue derived from the supply of datapages, personalisation solutions, and site preparation for personalisation centres was RM14.62 million higher than the immediate preceding quarter, whilst the revenue from the supply of smart cards and consumables was RM3.71 million lower than the immediate preceding quarter.

The Group's improved profit before taxation when compared with the immediate preceding quarter was primarily due to higher revenue and effective cost control measures implemented by the management.

B3. Commentary on Prospects

The prospects for growth are positive as the Group is expected to continue to perform better in the remaining period of the financial year ending 31 December 2013, barring any unforeseen circumstances.

B4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the current quarter.

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)

B5. Profit Before Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2013 (RM'000)	Preceding Year Quarter 30.09.2012 (RM'000)	Current Year To Date 30.09.2013 (RM'000)	Preceding Year To Date 30.09.2012 (RM'000)
Interest income	(134)	(109)	(623)	(179)
Interest expense	1,746	197	5,196	524
Impairment losses *	-	-	4,822	-
Depreciation of property, plant and equipment	4,982	453	8,900	1,400
Staff costs	5,303	3,944	14,259	10,998
(Gain) on disposal of equipment	(5)	(1)	(35)	(49)
(Gain) on disposal of asset held for sales	-	-	(2,477)	-
Foreign exchange loss - realised	405	101	319	190
Foreign exchange (gain)/loss - unrealised	(5)	(109)	184	(72)

* This relates to an allowance for impairment losses effected in the first quarter ended 31 March 2013 for a potential project which did not materialise.

B6. Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2013 (RM'000)	Preceding Year Quarter 30.09.2012 (RM'000)	Current Year To Date 30.09.2013 (RM'000)	Preceding Year To Date 30.09.2012 (RM'000)
Current tax:				
- for the current period	4,836	3,738	9,848	9,591
- (Over)/underprovision in prior year	(126)	359	(126)	359
Deferred tax:				
- for the current period	(60)	29	(266)	70
	<u>4,650</u>	<u>4,126</u>	<u>9,456</u>	<u>10,020</u>

On 6 November 2012, a wholly-owned subsidiary, Datasonic Smart Solutions Sdn Bhd (formerly known as Smart Consult Solutions Sdn Bhd) was granted Multimedia Super Corridor ("MSC") status which qualifies it for Pioneer Status incentive under the Promotion of Investments Act, 1986 for the period from 18 May 2012 to 17 May 2017 whereby the statutory income from approved activities are exempted from tax.

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

B7. Status of Corporate Proposals

There were no other corporate proposals except for the following:

(a) Bonus issue

On 5 July 2013, the bonus issue exercise of one bonus share for every two existing shares held was completed and the bonus shares were listed on the Main Market of Bursa Securities, the effects of which on the financial statements were as follows:

(i) Share premium

	(RM'000)
Share premium	29,533
Less: Amount capitalised for bonus issue	<u>(22,500)</u>
Balance after bonus issue	<u><u>7,033</u></u>

(ii) Issued and paid-up share capital

	Number of shares ('000)	Share Capital (RM'000)
Share capital	90,000	45,000
Issued for bonus issue	<u>45,000</u>	<u>22,500</u>
Balance after bonus issue	<u><u>135,000</u></u>	<u><u>67,500</u></u>

(b) Proposed Share Split and Proposed Amendment to Memorandum of Association

On 18 October 2013, the Company announced a proposal to undertake the following:

- (i) The Proposed Share Split involving the subdivision of every one existing ordinary share of RM0.50 each into five ordinary shares of RM0.10 each held at a date to be determined and announced later.
- (ii) Proposed Amendment to the Memorandum of Association of the Company to facilitate the implementation of the Proposed Share Split.

Bursa Malaysia Securities Berhad has approved the Proposed Share Split on 8 November 2013. The Proposed Share Split and the Proposed Amendment are subject to the approvals of the shareholders of the Company, which will be sought at an extraordinary general meeting scheduled on 10 December 2013.

The Proposed Share Split is expected to be completed and the subdivided shares listed on the main market of Bursa Malaysia Securities Berhad in the fourth quarter of financial year ending 31 December 2013.

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)

B7. Status of Corporate Proposals

(c) Utilisation of proceeds

The status of the utilisation of the proceeds of the Company's IPO as at 29 November 2013 can be summarised as follows:

Description	Proposed utilisation	Actual	Balance to		Intended timeframe for utilisation (from the listing date)
	after approved variation on 31 May 2013 (RM'000)	utilisation as at 29 November 2013 (RM'000)	utilise (RM'000)	(%)	
Capital expenditure	17,100	15,976	1,124	7%	Within three (3) years
R&D expenditure	6,000	2,851	3,149	52%	Within two (2) years
Working capital	15,000	15,000	-	0%	Within one (1) year
Listing expenses *	2,648	2,648	-	0%	Upon listing
Total gross proceeds	40,748	36,475	4,273		

* The Public Issue created a share premium of RM30.56 million and the total listing expenses for the issue of the new shares amounted to RM2.65 million. RM1.03 million of these costs were directly attributed to the issuance of the said shares and were written off against the share premium account.

B8. Group Borrowings

Total Group borrowings as at 30 September 2013 were as follows :-

	Short term RM'000	Long term RM'000	As at 30.09.2013 Total RM'000
Hire purchase	17	117	134
<u>Secured:</u>			
Term Loan / Term Financing	307	129,190	129,497
Trade Financing	6,584	-	6,584
	<u>6,891</u>	<u>129,190</u>	<u>136,081</u>

All borrowings are denominated in Ringgit Malaysia.

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)**

B9. Material Litigation

A subsidiary, Datasonic Corporation Sdn. Bhd. ("**Datasonic Corporation**"), filed a writ of summons on 11 January 2011 against Huawei Technologies (M) Sdn Bhd ("**Huawei**") for breach of a partnership agreement which Datasonic Corporation is claiming for an undetermined amount based on accounts, interests and costs ("**Datasonic Action**").

Huawei, in return filed a counterclaim for the amount of RM30.00 million inter-alia, claiming for loss of reputation ("**Counterclaim**") due to the Datasonic Action. Datasonic Corporation has filed the Reply and Defence to the Counterclaim.

Subsequently, Huawei had applied for an application to consolidate the Datasonic Action and another action brought against them by a related party, Dibena Enterprise Sdn Bhd, which was dismissed by the High Court of Kuala Lumpur ("**Dibena Action**"). The High Court of Kuala Lumpur held that the Datasonic Action and the Counterclaim will only be heard after the final determination of the Dibena Action which is currently proceeding.

The Group's solicitor is of the opinion that Datasonic Corporation has an arguable case for the Datasonic Action but the final outcome will depend on the evidence led at the trial and after the final determination of the Dibena Action. In relation to the Counterclaim, the solicitor is of the opinion that the action is frivolous and is unlikely to succeed, which the Board has taken heed of.

B10. Dividend

In respect of the financial year ending 31 December 2013, the directors had on 30 August 2013 declared the first interim single-tier tax exempt dividend of 7.5 sen per share, amounting to RM10.125 million based on the issued and paid up share capital as at 30 August 2013.

The dividend will be paid on 29 November 2013 to depositors whose names appeared in the Record of Depositors on 19 November 2013.

At the date of this report, the directors do not recommend payment of further dividend.

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. 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 135,000,000 ordinary shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2013 (RM'000)	Preceding Year Quarter 30.09.2012 (RM'000)	Current Year To Date 30.09.2013 (RM'000)	Preceding Year To Date 30.09.2012 (RM'000)
Total comprehensive income attributable to owners of the parent (RM'000)	23,444	8,132	59,083	24,350
Weighted average number of ordinary shares in issue ('000)	135,000	135,000	135,000	107,562
Basic earning per share (sen)	<u>17.37</u>	<u>6.02</u>	<u>43.77</u>	<u>22.64</u>

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

Shares issued pursuant to:

- incorporation of the Company ('000)	#	#	#	#
- acquisition of subsidiaries ('000)	69,626	69,626	69,626	69,626
- effect of Public Issue ('000)	20,374	20,374	20,374	2,082
- effect of Bonus Issue* ('000)	45,000	45,000	45,000	35,854
	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>	<u>107,562</u>

Notes:

4 units of ordinary shares.

* The effect of Bonus Issue on number of ordinary shares for the individual quarter and cumulative quarters of the preceding year is adjusted proportionately as if the event had occurred on 1 January 2012.

(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 quarter.

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)**

B12. Disclosure on realised and unrealised profits

The breakdown of the retained profits of the Group into their realised and unrealised elements as at 30 September 2013 and 31 December 2012 is as follows:

	30.09.2013	31.12.2012
	(RM'000)	(RM'000)
Total retained profits of the Group		
- Realised	91,413	46,899
- Unrealised	247	303
	<u>91,660</u>	<u>47,202</u>

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

By order of the Board
Petaling Jaya
29 November 2013