

DATASONIC GROUP BERHAD
(Company No. 809759-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 30.06.2015 (RM'000)	Preceding Year Quarter 30.06.2014 (RM'000)	Current Year To Date 30.06.2015 (RM'000)	Preceding Year To Date 30.06.2014 (RM'000)
Continuing Operations				
Revenue	54,360	71,555	54,360	71,555
Operating expenses	(39,119)	(41,085)	(39,119)	(41,085)
Other income	339	140	339	140
Profit from operations	15,580	30,610	15,580	30,610
Finance costs	(1,500)	(1,898)	(1,500)	(1,898)
Profit before tax	14,080	28,712	14,080	28,712
Income tax expense	(1,761)	(1,008)	(1,761)	(1,008)
Profit after tax	12,319	27,704	12,319	27,704
Other comprehensive income, net of tax				
- Foreign currency translation differences	(3)	-	(3)	-
Total comprehensive income for the quarter	12,316	27,704	12,316	27,704
Profit after taxation attributable to:				
Owners of the parent	12,359	27,704	12,359	27,704
Minority interest	(40)	-	(40)	-
	12,319	27,704	12,319	27,704
Total comprehensive income attributable to:				
Owners of the Company	12,356	27,704	12,356	27,704
Non-controlling interests	(40)	-	(40)	-
	12,316	27,704	12,316	27,704
Earnings per share (sen) attributable to owners of the parent :				
- Basic (Note B11)	0.92	2.05	0.92	2.05

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 31 March 2015 and the accompanying explanatory notes attached to these interim financial statements.

The Group has changed its financial year end from 31 December to 31 March. The comparatives for cumulative quarter represent 3 months results from 1 April 2014 to 30 June 2014.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	As at 30.06.2015 (RM'000)	As at 31.03.2015 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	136,443	140,557
Development expenditures	11,274	11,125
Goodwill	4,153	4,153
Other investment	110	110
Trade receivables (2)	6,055	6,582
	<u>158,035</u>	<u>162,527</u>
CURRENT ASSETS		
Projects-in-progress	38,181	41,003
Inventories	3,514	2,673
Trade receivables	93,490	101,073
Other receivables, deposits and prepayments	2,548	1,828
Tax recoverable	7,180	7,858
Deposits with licensed banks	23,646	3,965
Cash and bank balances	11,402	45,018
	<u>179,961</u>	<u>203,418</u>
TOTAL ASSETS	<u>337,996</u>	<u>365,945</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	135,000	135,000
Merger deficit	(11,072)	(11,072)
Foreign currency translation reserve	(1)	2
Retained profits	97,778	98,919
	<u>221,705</u>	<u>222,849</u>
Equity attributable to owners of the Company	221,705	222,849
Non-controlling interests	(30)	10
TOTAL EQUITY	<u>221,675</u>	<u>222,859</u>
NON-CURRENT LIABILITIES		
Long term borrowings	87,974	102,062
Deferred taxation	25	64
	<u>87,999</u>	<u>102,126</u>
CURRENT LIABILITIES		
Trade payables	4,983	1,537
Other payables and accruals	10,339	7,126
Short term borrowings	13,000	32,297
	<u>28,322</u>	<u>40,960</u>
TOTAL LIABILITIES	<u>116,321</u>	<u>143,086</u>
TOTAL EQUITY AND LIABILITIES	<u>337,996</u>	<u>365,945</u>
Net assets per share attributable to ordinary owners of the parent (RM)	0.1642	0.1651

Notes:

- (1) The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 31 March 2015 and the accompanying explanatory notes attached to these interim financial statements.
- (2) These represent revenue earned for work performed and goods delivered but related invoices have yet to be issued in accordance with contractual terms.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2015

	<----- Non distributable ----->			Distributable	Attributable	Non-	Total
	Share	Merger	Foreign	Retained	to Owners	controlling	Equity
	Capital	Deficit	Currency	Earnings	of the	Interest	
	RM'000	RM'000	Translation	RM'000	Company	RM'000	RM'000
			Reserve		RM'000		
			RM'000				
At 1 April 2015	135,000	(11,072)	2	98,919	222,849	10	222,859
Profit after taxation for the financial period	-	-	-	12,359	12,359	(40)	12,319
Other comprehensive income for the financial period:							
- Foreign currency translation differences	-	-	(3)	-	(3)	-	(3)
Total comprehensive income for the financial period, net of tax	-	-	(3)	12,359	12,356	(40)	12,316
Contributions by and distributions to owners of the Company:							
- dividends paid by the Company (Note B10)	-	-	-	(13,500)	(13,500)	-	(13,500)
At 30 June 2015	135,000	(11,072)	(1)	97,778	221,705	(30)	221,675

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 31 March 2015 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 FIRST QUARTER ENDED 30 JUNE 2015

	Current Year To Date 30.06.2015 (RM'000)	Preceding Year To Date 30.06.2014 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,080	28,712
Adjustments for :		
Depreciation of property, plant and equipment	7,313	6,165
Development expenditures expensed off	45	430
Equipment written off	6	-
Interest expense	1,500	1,898
Interest income	(321)	(139)
Gain on disposal of equipment	(14)	-
Unrealised loss/(gain) on foreign exchange	87	(8)
Operating profit before changes in working capital	<u>22,696</u>	<u>37,058</u>
Changes in projects-in-progress	2,822	(2,067)
Changes in inventories	(841)	(15)
Changes in trade and other receivables	7,390	(26,104)
Changes in trade and other payables	6,567	2,042
Cash generated from operations	<u>38,634</u>	<u>10,914</u>
Interest paid	(1,500)	(1,898)
Tax paid	(1,122)	(2,187)
Net cash generated from operating activities	<u>36,012</u>	<u>6,829</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	321	139
Development expenditures paid	(194)	(153)
Proceeds from disposal of equipment	33	-
Purchase of property, plant and equipment	(3,224)	(5,719)
Placement of fixed deposits pledged	(1,785)	(1,531)
Net cash used in investing activities	<u>(4,849)</u>	<u>(7,264)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(13,500)	(13,500)
Repayment of hire purchase obligations	(5)	(5)
(Repayment)/drawdown of trade financing	(19,344)	1,040
Repayment of term loans	(14,036)	(9,357)
Net cash used in financing activities	<u>(46,885)</u>	<u>(21,822)</u>
Net decrease in Cash and Cash Equivalents	(15,722)	(22,257)
Effects of foreign exchange translation	2	-
Cash and Cash Equivalents at beginning of the financial period	45,072	32,162
Cash and Cash Equivalents at end of the financial period	<u>29,352</u>	<u>9,905</u>

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2015 (CONT'D)

	Current Year To Date 30.06.2015 (RM'000)	Preceding Year To Date 30.06.2014 (RM'000)
Cash and Cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed banks	23,646	8,116
Cash and bank balances	<u>11,402</u>	<u>5,902</u>
	35,048	14,018
Less: deposits pledged with licensed bank	<u>(5,696)</u>	<u>(4,113)</u>
	<u>29,352</u>	<u>9,905</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period ended 31 March 2015 and the accompanying explanatory notes attached to these interim financial statements.

The Group has changed its financial year end from 31 December to 31 March. The comparatives for cumulative quarter represent 3 months results from 1 April 2014 to 30 June 2014.

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 audited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 period ended 31 March 2015.

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 period ended 31 March 2015.

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 period ended 31 March 2015.

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

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

Amendment to MFRSs (Annual Improvements to MFRSs 2010-2012 Cycle)

Amendment to MFRSs (Annual Improvements to MFRSs 2011-2013 Cycle)

The above MFRSs, IC Interpretations and amendments did not have any material impact on the financial statements of the Group upon their initial application.

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 quarter:-

MFRS, Financial Reporting Standards ("FRSs") and IC Interpretations (including the Consequential Amendments)	<u>Effective Date</u>
Amendment to MFRSs (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities- Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements- Disclosure Initiative	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

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 quarters upon their first adoption.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the financial period ended 31 March 2015 was not qualified.

A3 Comments about Seasonality or Cyclicity

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

DATASONIC GROUP BERHAD
(Company No. 809759-X)

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

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 financial quarter under review.

A5 Changes in Estimates

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

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 financial quarter under review.

A7 Segmental Information

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

	Customised Smart Card Solutions (RM'000)	Manufacturing (RM'000)	Investment Holding (RM'000)	Elimination (RM'000)	Consolidated (RM'000)
REVENUE					
External	54,254	106	-	-	54,360
Inter-segment	-	6,755	2,592	(9,347)	-
Total Revenue	<u>54,254</u>	<u>6,861</u>	<u>2,592</u>	<u>(9,347)</u>	<u>54,360</u>
RESULT					
Profit/(Loss) from operations	25,033	(392)	286	(9,347)	15,580
Finance costs	(1,300)	(10)	(190)	-	(1,500)
Share of loss of an associate					<u>-</u>
Profit before taxation					14,080
Income tax expense					<u>(1,761)</u>
Profit after taxation					12,319
Other comprehensive income, net of tax					
- Foreign currency translation differences					<u>(3)</u>
					12,316
Non-controlling interests					<u>40</u>
Total comprehensive income attributable to the Owners of the Company					<u>12,356</u>

DATASONIC GROUP BERHAD
(Company No. 809759-X)

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

A8 Valuations of Property, Plant and Equipment

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

A9 Material Events Subsequent To The End of the Interim quarter

There were no other material events subsequent to the end of the current financial quarter under review.

A10 Effects of changes in Composition of the Group

There were no changes in the composition of the Group in the current financial quarter under review.

A11 Capital Commitments

	As at 30.06.2015 RM'000	As at 31.03.2015 RM'000
<u>Approved and contracted for:</u>		
Renovation	42	851
Acquisition of machineries	1,610	-
Acquisitions of properties ^(Note)	4,296	6,058

Note:

On 30 September 2013, Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company, entered into two Sale and Purchase Agreements for the purchase of two adjacent units of retail offices with a total built-up area of 14,800 square feet and 9,673 square feet located at the commercial development known as Olive Hill Business Park (Phase 2) ("Properties") to be erected on a piece of freehold land in Mukim and Daerah Petaling in the State of Selangor at a total purchase consideration of RM11.75 million, of which a sum of RM7.45 million was paid. The Properties are intended to be used for the Research and Development division.

A12 Changes in Contingent Liabilities

	As at 30.06.2015 RM'000	As at 31.03.2015 RM'000
Performance guarantees (secured) extended to customers	14,556	19,175

A13 Related Party Transactions

The Group has no transaction with related parties in the current financial 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 RM54.36 million in the current financial quarter ended 30 June 2015 which is lower when compared to RM71.56 million in the corresponding quarter of the preceding financial year.

RM48.93 million of the Group's revenue in the current financial quarter is derived from the supply of smart cards, datapages, consumables and personalisation solutions.

The Group's profit before taxation in the current financial quarter was lower on the basis of quarter on quarter comparison with that in the preceding financial period due to reduced revenue earned.

B2 Comparison with Immediate Preceding Quarter's Results

The Group's revenue of RM54.36 million in the current financial quarter was higher than the RM47.91 million reported in the immediate preceding quarter principally due to larger quantity of consumables delivered.

The Group's profit before taxation in the current financial quarter increased to RM14.08 million in comparison with the immediate preceding quarter primarily as a result of higher revenue generated.

B3 Commentary on Prospects

The unexpected change in the exchange rates will have some impact on operations. Nevertheless, the management is taking steps to minimise the impact of this. Barring this and any other unforeseen circumstances, the prospects for growth are expected to be satisfactory in the financial year ending 31 March 2016.

B4 Variance of Actual Profit from Forecast Profit

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

B5 Profit Before Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2015 (RM'000)	Preceding Year Quarter 30.06.2014 (RM'000)	Current Year To Date 30.06.2015 (RM'000)	Preceding Year To Date 30.06.2014 (RM'000)
Interest income	(321)	(139)	(321)	(139)
Interest expense	1,500	1,898	1,500	1,898
Depreciation of property, plant and equipment	7,313	6,165	7,313	6,165
Staff costs	7,442	5,418	7,442	5,418
(Gain) on disposal of equipment	(14)	-	(14)	-
Foreign exchange loss/(gain) - realised	114	(140)	114	(140)
Foreign exchange loss/(gain)- unrealised	87	(8)	87	(8)
	<u>87</u>	<u>(8)</u>	<u>87</u>	<u>(8)</u>

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)

B6 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2015 (RM'000)	Preceding Year Quarter 30.06.2014 (RM'000)	Current Year To Date 30.06.2015 (RM'000)	Preceding Year To Date 30.06.2014 (RM'000)
Current tax:				
- for the current financial quarter	1,800	1,019	1,800	1,019
Deferred tax:				
- for the current financial quarter	(39)	(11)	(39)	(11)
	<u>1,761</u>	<u>1,008</u>	<u>1,761</u>	<u>1,008</u>

On 6 November 2012, a wholly-owned subsidiary, Datasonic Smart 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.

B7 Status of Corporate Proposals

There were no corporate proposals for the current financial quarter under review.

B8 Group Borrowings

Total Group borrowings as at 30 June 2015 were as follows :-

	Short term RM'000	Long term RM'000	As at 30.06.2015 Total RM'000
Hire purchase	<u>19</u>	<u>84</u>	<u>103</u>
<u>Secured:</u>			
Term Financing	2,790	12,351	15,141
Term Loans	722	13,861	14,583
Trade Financing	9,469	-	9,469
Contract Financing	-	61,678	61,678
	<u>12,981</u>	<u>87,890</u>	<u>100,871</u>

All borrowings are denominated in Ringgit Malaysia.

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.

The judgment was delivered on 20 January 2015 in favour of Huawei and the Counterclaim was dismissed. Datasonic Corporation has filed an appeal and the hearing is fixed for 7 October 2015.

B10 Dividends

In respect of the financial period ended 31 March 2015, the directors had on 29 May 2015 declared a second interim single tier tax-exempt dividend of 1 sen per share, amounting to RM13.50 million based on the issued and paid up share capital as at 31 March 2015 of 1,350,000,000 ordinary shares of RM0.10 each.

The dividend was paid on 25 June 2015 to depositors whose names appeared in the Record of Depositors on 16 June 2015.

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

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 share capital of 1.35 billion ordinary shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2015 (RM'000)	Preceding Year Quarter 30.06.2014 (RM'000)	Current Year To Date 30.06.2015 (RM'000)	Preceding Year To Date 30.06.2014 (RM'000)
Total comprehensive income attributable to owners of the parent (RM'000)	12,359	27,704	12,359	27,704
Weighted average number of ordinary shares in issue ('000)	1,350,000	1,350,000	1,350,000	1,350,000
Basic earnings per share (sen)	<u>0.92</u>	<u>2.05</u>	<u>0.92</u>	<u>2.05</u>

(b) 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.

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 Fair value of changes in financial liabilities

The Group does not have any financial liabilities that are measured at fair value for the current financial quarter under review.

B13 Disclosure on realised and unrealised profits

The breakdown of the retained profits of the Group into their realised and unrealised elements as at 30 June 2015 and 31 March 2015 is as follows:

	30.06.2015 (RM'000)	31.03.2015 (RM'000)
Total retained profits of the Group:		
- realised	97,849	91,541
- unrealised	(111)	144
	<u>97,738</u>	<u>91,685</u>
Total share of accumulated loss of an associate:		
- realised	-	(90)
	<u>97,738</u>	<u>91,595</u>
Add: Consolidation adjustments	40	7,324
	<u>97,778</u>	<u>98,919</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
Kuala Lumpur
28 August 2015