

DATASONIC GROUP BERHAD
(Company No. 809759-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 31.12.2015 (RM'000)	Preceding Year Quarter 31.12.2014 (RM'000)	Current Year To Date 31.12.2015 (RM'000)	Preceding Year To Date 31.12.2014 (RM'000)
Continuing Operations				
Revenue	61,622	60,384	167,261	185,426
Operating expenses	(43,559)	(43,043)	(120,210)	(124,865)
Other income	403	203	1,058	605
Profit from operations	18,466	17,544	48,109	61,166
Finance costs	(1,206)	(1,657)	(3,888)	(5,418)
Share of loss from an associate	-	(30)	-	(30)
Profit before tax	17,260	15,857	44,221	55,718
Income tax expense	2,106	(312)	(230)	(3,080)
Profit after tax	19,366	15,545	43,991	52,638
Other comprehensive income, net of tax				
- Foreign currency translation differences	1	2	4	2
Total comprehensive income for the quarter	19,367	15,547	43,995	52,640
Profit after taxation attributable to:				
Owners of the parent	19,398	15,580	44,109	52,688
Minority interest	(32)	(35)	(118)	(50)
	19,366	15,545	43,991	52,638
Total comprehensive income attributable to:				
Owners of the Company	19,399	15,582	44,113	52,690
Non-controlling interests	(32)	(35)	(118)	(50)
	19,367	15,547	43,995	52,640
Earnings per share (sen) attributable to owners of the parent :				
- Basic (Note B12)	1.44	1.15	3.27	3.90

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 quarters represent 9 months results from 1 April 2014 to 31 December 2014.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	As at 31.12.2015 (RM'000)	As at 31.03.2015 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	126,118	140,557
Development expenditures	30,897	11,125
Goodwill	4,153	4,153
Other investment	110	110
Trade receivables (2)	5,015	6,582
	<u>166,293</u>	<u>162,527</u>
CURRENT ASSETS		
Projects-in-progress	36,172	41,003
Inventories	3,401	2,673
Trade receivables	82,722	101,073
Other receivables, deposits and prepayments	3,317	1,828
Tax recoverable	11,577	7,858
Deposits with licensed banks	31,817	3,965
Cash and bank balances	15,305	45,018
	<u>184,311</u>	<u>203,418</u>
TOTAL ASSETS	<u>350,604</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	6	2
Retained profits	116,028	98,919
Equity attributable to owners of the Company	<u>239,962</u>	<u>222,849</u>
Non-controlling interests	(108)	10
TOTAL EQUITY	<u>239,854</u>	<u>222,859</u>
NON-CURRENT LIABILITIES		
Long term borrowings	65,687	102,062
Deferred taxation	11	64
	<u>65,698</u>	<u>102,126</u>
CURRENT LIABILITIES		
Trade payables	4,307	1,537
Other payables and accruals	9,759	7,126
Short term borrowings	30,986	32,297
	<u>45,052</u>	<u>40,960</u>
TOTAL LIABILITIES	<u>110,750</u>	<u>143,086</u>
TOTAL EQUITY AND LIABILITIES	<u>350,604</u>	<u>365,945</u>
Net assets per share attributable to ordinary owners of the parent (RM)	0.1777	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 THIRD QUARTER ENDED 31 DECEMBER 2015

	<----- Non distributable ----->			Distributable	Attributable	Non-	Total
	Share	Merger	Foreign	Retained	to Owners	controlling	Equity
	Capital	Deficit	Currency	Profits	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	-	-	-	44,109	44,109	(118)	43,991
Other comprehensive income for the financial period:							
- Foreign currency translation differences	-	-	4	-	4	-	4
Total comprehensive income for the financial period, net of tax	-	-	4	44,109	44,113	(118)	43,995
Contributions by and distributions to owners of the Company:							
- dividends paid by the Company (Note B11)	-	-	-	(27,000)	(27,000)	-	(27,000)
At 31 December 2015	135,000	(11,072)	6	116,028	239,962	(108)	239,854

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 THIRD QUARTER ENDED 31 DECEMBER 2015

	CUMULATIVE QUARTERS	
	Current Year To Date 31.12.2015 (RM'000)	Preceding Year To Date 31.12.2014 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	44,221	55,718
Adjustments for :		
Depreciation of property, plant and equipment	22,436	21,042
Development expenditures expensed off	138	525
Equipment written off	11	3
Interest expense	3,888	5,418
Interest income	(971)	(568)
Share of loss of an associate	-	30
Gain on disposal of equipment	(14)	-
Unrealised loss on foreign exchange	(54)	288
Writeback of impairment of trade receivables	-	(30)
Operating profit before changes in working capital	69,655	82,426
Changes in projects-in-progress	4,831	(11,794)
Changes in inventories	(728)	1,888
Changes in trade and other receivables	17,399	28,589
Changes in trade and other payables	5,425	4,695
Cash generated from operations	96,582	105,804
Interest paid	(3,888)	(5,418)
Tax paid	(4,002)	(9,097)
Net cash generated from operating activities	88,692	91,289
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of subsidiaries	-	(16,903)
Interest received	971	568
Development expenditures paid	(19,910)	(521)
Investment in an associate	-	(30)
Proceeds from disposal of equipment	32	-
Purchase of property, plant and equipment	(6,996)	(21,676)
Placement of fixed deposits pledged	(1,789)	(1,468)
Net cash used in investing activities	(27,692)	(40,030)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(27,000)	(27,000)
Drawdown of hire purchase	530	-
Repayment of hire purchase obligations	(14)	(14)
Drawdown of term loans	2,937	28,044
(Repayment)/drawdown of trade financing	(1,547)	(4,028)
Repayment of term loans	(39,591)	(40,541)
Net cash used in financing activities	(64,685)	(43,539)
Net decrease in Cash and Cash Equivalents	(3,685)	7,720
Effects of foreign exchange translation	35	12
Cash and Cash Equivalents at beginning of the financial period	45,072	32,056
Cash and Cash Equivalents at end of the financial period	41,422	39,788

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2015 (CONT'D)

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	31.12.2015	31.12.2014
	(RM'000)	(RM'000)
Cash and Cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed banks	31,817	7,745
Cash and bank balances	15,305	36,199
	<u>47,122</u>	<u>43,944</u>
Less: deposits pledged with licensed bank	(5,700)	(4,156)
	<u>41,422</u>	<u>39,788</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 quarters represent 9 months results from 1 April 2014 to 31 December 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 2018
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
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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 Solutions (RM'000)	Manufacturing (RM'000)	Investment Holding (RM'000)	Elimination (RM'000)	Consolidated (RM'000)
REVENUE					
External	166,920	341	-	-	167,261
Inter-segment	-	25,871	37,515	(63,386)	-
Total Revenue	<u>166,920</u>	<u>26,212</u>	<u>37,515</u>	<u>(63,386)</u>	<u>167,261</u>
RESULT					
Profit/(Loss) from operations	79,991	2,034	29,470	(63,386)	48,109
Finance costs	(3,160)	(131)	(597)	-	<u>(3,888)</u>
Profit before taxation					44,221
Income tax expense					<u>(230)</u>
Profit after taxation					43,991
Other comprehensive income, net of tax					
- Foreign currency translation differences					<u>4</u>
					43,995
Non-controlling interests					<u>118</u>
Total comprehensive income attributable to the Owners of the Company					<u><u>44,113</u></u>

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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 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 other material changes in the composition of the Group in the current financial quarter under review except for the acquisitions of companies as disclosed in note B7.

A11 Capital Commitments

	As at 31.12.2015 RM'000	As at 31.03.2015 RM'000
<u>Approved and contracted for:</u>		
Renovation	88	851
Acquisition of machineries	1,025	-
Acquisitions of properties ^(Note)	3,122	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 RM8.62 million was paid. The Properties are intended to be used for the Research and Development division.

A12 Changes in Contingent Liabilities

	As at 31.12.2015 RM'000	As at 31.03.2015 RM'000
Performance guarantees (secured) extended to customers	14,818	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 RM61.62 million in the current financial quarter ended 31 December 2015 which is marginally higher when compared to RM60.38 million in the corresponding quarter of the preceding financial year.

RM49.95 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 was higher based on quarter on quarter comparison with that of the preceding financial period due to greater revenue achieved.

B2 Comparison with Immediate Preceding Quarter's Results

The Group's revenue of RM61.62 million in the current financial quarter is greater than the RM51.28 million reported in the immediate preceding quarter principally due to greater supply of smart cards and consumables.

The Group's profit before taxation in the current financial quarter increased to RM17.26 million in comparison with the immediate preceding quarter primarily as a result of higher revenue generated.

B3 Commentary on Prospects

The unexpected changes in the currency exchange rates have and continue to have some impact on the Group's operations. The management will continue to take relevant steps to minimise the related impact. Barring any other unforeseen circumstances, the prospects for growth are expected to be satisfactory in the remaining period of 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 after taking the following into consideration:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.12.2015 (RM'000)	Preceding Year Quarter 31.12.2014 (RM'000)	Current Year To Date 31.12.2015 (RM'000)	Preceding Year To Date 31.12.2014 (RM'000)
Interest income	(375)	(198)	(971)	(568)
Interest expense	1,206	1,657	3,888	5,418
Depreciation of property, plant and equipment	8,136	8,434	22,436	21,042
Staff costs	8,513	7,286	22,657	20,154
(Gain) on disposal of equipment	-	-	(14)	-
Foreign exchange loss/(gain) - realised	48	331	714	293
Foreign exchange (gain)/loss - unrealised	(772)	117	(54)	287

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 QUARTERS	
	Current Year Quarter 31.12.2015 (RM'000)	Preceding Year Quarter 31.12.2014 (RM'000)	Current Year To Date 31.12.2015 (RM'000)	Preceding Year To Date 31.12.2014 (RM'000)
Current tax:				
- for the current financial quarter	192	320	2,574	2,734
- (Over)/Underprovision in preceding financial period	(2,291)	-	(2,291)	312
Deferred tax:				
- for the current financial quarter	(7)	(8)	(53)	34
	<u>(2,106)</u>	<u>312</u>	<u>230</u>	<u>3,080</u>

On 6 November 2012, a wholly-owned subsidiary, Datasonic Smart Solutions Sdn Bhd was granted Multimedia Super Corridor ("MSC") status which qualifies 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 Acquisitions of companies

On 15 October 2015, the Company has acquired:

- (i) two ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Amalan Fokus Sdn Bhd for a total consideration of RM2.00; and
- (ii) two ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Astana Inovasi Sdn Bhd for a total consideration of RM2.00.

B8 Status of Corporate Proposals

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

B9 Group Borrowings

Total Group borrowings as at 31 December 2015 were as follows :-

	Short term RM'000	Long term RM'000	As at 31.12.2015 Total RM'000
Hire purchase	<u>115</u>	<u>509</u>	<u>624</u>
Secured:			
Term Financing	2,864	10,900	13,764
Term Loans	740	14,662	15,402
Trade Financing	27,266	-	27,266
Contract Financing	-	39,617	39,617
	<u>30,870</u>	<u>65,179</u>	<u>96,049</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)

B10 Material Litigation

There were no material litigations for the current financial quarter under review.

B11 Dividends

	RM'000	Date of Payment
In respect of the financial period ended 31 March 2015:		
- A second interim single tier tax-exempt dividend of 1 sen per share declared on 29 May 2015	13,500	25.06.2015
In respect of the financial year ending 31 March 2016:		
- A first interim single tier tax-exempt dividend of 1 sen per share declared on 27 November 2015	13,500	28.12.2015
- A second interim single tier tax-exempt dividend of 1 sen per share declared on 26 February 2016	13,500	Note
	40,500	

Note:

In respect of the financial year ending 31 March 2016, the directors had on 26 February 2016 declared a second interim single tier tax-exempt dividend of 1.00 sen per share, amounting to RM13.50 million based on the issued and paid-up share capital as at 31 December 2015 of 1,350,000,000 ordinary shares of RM0.10 each. The Entitlement Date will be determined and announced in due course. This dividend has not been reflected in the financial statements for the current financial period ended 31 December 2015 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 31 March 2016.

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 share capital of 1.35 billion ordinary shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.12.2015 (RM'000)	Preceding Year Quarter 31.12.2014 (RM'000)	Current Year To Date 31.12.2015 (RM'000)	Preceding Year To Date 31.12.2014 (RM'000)
Total comprehensive income attributable to owners of the parent (RM'000)	19,398	15,580	44,109	52,688
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)	1.44	1.15	3.27	3.90

(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.

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

B13 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.

B14 Disclosure on realised and unrealised profits

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

	31.12.2015 (RM'000)	31.03.2015 (RM'000)
Total retained profits of the Group:		
- realised	108,633	91,541
- unrealised	43	144
	<u>108,676</u>	<u>91,685</u>
Total share of accumulated loss of an associate:		
- realised	-	(90)
	<u>108,676</u>	<u>91,595</u>
Add: Consolidation adjustments	7,352	7,324
	<u>116,028</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
26 February 2016