

DATASONIC GROUP BERHAD
(Company No. 809759-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 30.06.2016 (RM'000)	Preceding Year Quarter 30.06.2015 (RM'000)	Current Year To Date 30.06.2016 (RM'000)	Preceding Year To Date 30.06.2015 (RM'000)
Continuing Operations				
Revenue	76,080	54,360	76,080	54,360
Operating expenses	(51,319)	(39,119)	(51,319)	(39,119)
Other income	189	339	189	339
Profit from operations	24,950	15,580	24,950	15,580
Finance costs	(1,620)	(1,500)	(1,620)	(1,500)
Profit before tax	23,330	14,080	23,330	14,080
Income tax expense	(2,580)	(1,761)	(2,580)	(1,761)
Profit after tax	20,750	12,319	20,750	12,319
Other comprehensive income, net of tax				
- Foreign currency translation differences	3	(3)	3	(3)
Total comprehensive income for the quarter	20,753	12,316	20,753	12,316
Profit after taxation attributable to:				
Owners of the parent	20,785	12,359	20,785	12,359
Minority interest	(35)	(40)	(35)	(40)
	20,750	12,319	20,750	12,319
Total comprehensive income attributable to:				
Owners of the Company	20,788	12,356	20,788	12,356
Non-controlling interests	(35)	(40)	(35)	(40)
	20,753	12,316	20,753	12,316
Earnings per share (sen) attributable to owners of the parent :				
- Basic (Note B11)	1.54	0.92	1.54	0.92

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 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 JUNE 2016

	As at 30.06.2016 (RM'000)	As at 31.03.2016 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	117,240	121,596
Other investment	110	110
Goodwill	4,153	4,153
Development expenditures	66,912	46,722
Trade receivables (2)	6,453	7,152
	<u>194,868</u>	<u>179,733</u>
CURRENT ASSETS		
Projects-in-progress	47,842	38,394
Inventories	2,689	4,077
Trade receivables	115,923	123,914
Other receivables, deposits and prepayments	2,107	3,256
Tax recoverable	11,053	12,517
Short-term investments	5,392	20,827
Deposits with licensed banks	7,219	7,044
Cash and bank balances	15,699	15,299
	<u>207,924</u>	<u>225,328</u>
TOTAL ASSETS	<u>402,792</u>	<u>405,061</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	135,000	135,000
Merger deficit	(11,072)	(11,072)
Foreign currency translation reserve	4	1
Retained profits	128,752	121,467
	<u>252,684</u>	<u>245,396</u>
Equity attributable to owners of the Company	252,684	245,396
Non-controlling interests	(181)	(146)
TOTAL EQUITY	<u>252,503</u>	<u>245,250</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	78,002	75,605
Deferred taxation	1,194	1,158
	<u>79,196</u>	<u>76,763</u>
CURRENT LIABILITIES		
Trade payables	14,216	9,943
Other payables and accruals	9,979	10,116
Short-term borrowings	46,898	49,489
Dividend payable	-	13,500
	<u>71,093</u>	<u>83,048</u>
TOTAL LIABILITIES	<u>150,289</u>	<u>159,811</u>
TOTAL EQUITY AND LIABILITIES	<u>402,792</u>	<u>405,061</u>
Net assets per share attributable to ordinary owners of the parent (RM)	0.1872	0.1818

Notes:

- (1) The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 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 2016

	<----- Non distributable ----->			Distributable	Attributable	Non-	Total
	Share	Merger	Foreign	Retained	to Owners	controlling	Equity
	Capital	Deficit	Exchange	Profits	of the	Interest	
	RM'000	RM'000	Reserve	RM'000	Company	RM'000	RM'000
			RM'000		RM'000		
At 1 April 2016	135,000	(11,072)	1	121,467	245,396	(146)	245,250
Profit after taxation for the financial period	-	-	-	20,785	20,785	(35)	20,750
Other comprehensive income for the financial period:							
- Foreign exchange translation differences	-	-	3	-	3	-	3
Total comprehensive income for the financial period	-	-	3	20,785	20,788	(35)	20,753
Distributions to owners of the Company:							
- dividends paid by the Company (Note B10)	-	-	-	(13,500)	(13,500)	-	(13,500)
At 30 June 2016	135,000	(11,072)	4	128,752	252,684	(181)	252,503

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 March 2016 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 2016

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	30.06.2016	30.06.2015
	(RM'000)	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,330	14,080
Adjustments for :		
Depreciation of property, plant and equipment	7,305	7,313
Development expenditures expensed off	1,630	45
Equipment written off	-	6
Interest expense	1,620	1,500
Interest income	(160)	(321)
Gain on disposal of equipment	-	(14)
Unrealised loss on foreign exchange	456	87
Operating profit before changes in working capital	34,181	22,696
Changes in projects-in-progress	(9,448)	2,822
Changes in inventories	1,388	(841)
Changes in trade and other receivables	9,839	7,390
Changes in trade and other payables	3,675	6,567
Cash generated from operations	39,635	38,634
Income tax paid	(1,080)	(1,122)
Interest paid	(1,620)	(1,500)
Net cash generated from operating activities	36,935	36,012
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	160	321
Development expenditures paid	(21,820)	(194)
Proceeds from disposal of short-term investments	15,435	-
Proceeds from disposal of equipment	-	33
Purchase of property, plant and equipment	(2,949)	(3,224)
Placement of fixed deposits pledged	(176)	(1,785)
Net cash used in investing activities	(9,350)	(4,849)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(27,000)	(13,500)
Repayment of hire purchase obligations	(29)	(5)
Drawdown/(Repayment) of trade financing	2,358	(19,344)
Drawdown of term loans	5,136	-
Repayment of term loans	(1,949)	(13,362)
Repayment of term financing	(710)	(674)
Net cash used in financing activities	(22,194)	(46,885)
Net increase/(decrease) in Cash and Cash Equivalents	5,391	(15,722)
Effects of foreign exchange translation	8	2
Cash and Cash Equivalents at beginning of the financial period	11,600	45,072
Cash and Cash Equivalents at end of the financial period	16,999	29,352

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2016 (CONT'D)

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	30.06.2016	30.06.2015
	(RM'000)	(RM'000)
Cash and Cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed banks	7,219	23,646
Cash and bank balances	15,699	11,402
	<hr/>	<hr/>
	22,918	35,048
Less: deposits pledged with licensed bank	(5,919)	(5,696)
	<hr/>	<hr/>
	16,999	29,352
	<hr/>	<hr/>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to these interim financial statements.

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 year ended 31 March 2016.

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 March 2016.

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 March 2016.

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

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities- Applying the Consolidation Exception

Amendments to MFRS 101: Presentation of Financial Statements- Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants

Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements

Amendment to MFRSs (Annual Improvements to MFRSs 2012-2014 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.

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 quarter:-

MFRS, Financial Reporting Standards ("FRSs") and IC Interpretations (including the Consequential Amendments)	<u>Effective Date</u>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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 year ended 31 March 2016 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.

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.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

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

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	75,972	108	-	-	76,080
Inter-segment	-	8,625	3,033	(11,658)	-
Total Revenue	<u>75,972</u>	<u>8,733</u>	<u>3,033</u>	<u>(11,658)</u>	<u>76,080</u>
RESULT					
Profit/(Loss) from operations	34,208	2,073	327	(11,658)	24,950
Finance costs	(1,262)	(210)	(148)	-	<u>(1,620)</u>
Profit before taxation					23,330
Income tax expense					<u>(2,580)</u>
Profit after taxation					20,750
Other comprehensive income, net of tax					
- Foreign currency translation differences					<u>3</u>
					20,753
Non-controlling interests					<u>35</u>
Total comprehensive income attributable to the Owners of the Company					<u>20,788</u>

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 material changes in the composition of the Group in 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

A11 Capital Commitments

	As at 30.06.2016 RM'000	As at 31.03.2016 RM'000
<u>Approved and contracted for:</u>		
Renovation	<u>526</u>	<u>-</u>
Acquisition of machineries and equipment	<u>19,880</u>	<u>884</u>
Acquisitions of properties ^(Note)	<u>1,947</u>	<u>3,122</u>

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 RM9.80 million was paid. The Properties are intended to be used for the Research and Development division.

A12 Changes in Contingent Liabilities

	As at 30.06.2016 RM'000	As at 31.03.2016 RM'000
Performance guarantees (secured) extended to customers	<u>11,159</u>	<u>14,804</u>

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 RM76.08 million in the current financial quarter ended 30 June 2016 which is higher when compared to RM54.36 million in the corresponding quarter of the preceding financial year.

RM60.00 million of the Group's revenue in the current financial quarter is derived from the supply of smart cards, datapages, consumables, component for smart cards and personalisation solutions.

The Group's profit before taxation was higher based on quarter on quarter comparison with that of the preceding financial year due to greater revenue achieved.

B2 Comparison with Immediate Preceding Quarter's Results

The Group's revenue of RM76.08 million in the current financial quarter is greater than the RM74.05 million reported in the immediate preceding quarter principally due to commencement in supplying components for smart cards.

The Group's profit before taxation in the current financial quarter increased to RM23.33 million from RM20.88 million in comparison with the immediate preceding quarter primarily as a result of higher revenue generated.

B3 Commentary on Prospects

The prospects for growth are expected to be satisfactory in the financial year ending 31 March 2017, 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 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 30.06.2016 (RM'000)	Preceding Year Quarter 30.06.2015 (RM'000)	Current Year To Date 30.06.2016 (RM'000)	Preceding Year To Date 30.06.2015 (RM'000)
Interest income	(160)	(321)	(160)	(321)
Interest expense	1,620	1,500	1,620	1,500
Depreciation of property, plant and equipment	7,305	7,313	7,305	7,313
Staff costs	7,205	7,442	7,205	7,442
Loss/(Gain) on disposal of equipment	-	(14)	-	(14)
Foreign exchange loss - realised	236	114	236	114
Foreign exchange loss - unrealised	456	87	456	87

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 30.06.2016 (RM'000)	Preceding Year Quarter 30.06.2015 (RM'000)	Current Year To Date 30.06.2016 (RM'000)	Preceding Year To Date 30.06.2015 (RM'000)
Current tax:				
- for the current financial quarter	2,544	1,800	2,544	1,800
Deferred tax:				
- for the current financial quarter	36	(39)	36	(39)
	<u>2,580</u>	<u>1,761</u>	<u>2,580</u>	<u>1,761</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 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 2016 were as follows :-

	Short term RM'000	Long term RM'000	As at 30.06.2016 Total RM'000
Hire purchase	118	449	567
<u>Secured:</u>			
Contract Financing	-	52,695	52,695
Term Financing	2,944	9,407	12,351
Term Loans	759	15,451	16,210
Trade Financing	43,077	-	43,077
	<u>46,780</u>	<u>77,553</u>	<u>124,333</u>
Total	<u>46,898</u>	<u>78,002</u>	<u>124,900</u>

All borrowings are denominated in Ringgit Malaysia.

B9 Material Litigation

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

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)

B10 Dividends

	RM'000	Date of Payment
In respect of the financial year ended 31 March 2016:		
- A third interim single tier tax-exempt dividend of 1 sen per share declared on 27 May 2016	13,500	24.06.2016
In respect of the financial year ending 31 March 2017:		
- A first interim single tier tax-exempt dividend of 1 sen per share declared on 26 August 2016*	13,500	28.09.2016
	27,000	

* In respect of the financial year ending 31 March 2017, the directors had on 26 August 2016 declared a first 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 30 June 2016 of 1,350,000,000 ordinary shares of RM0.10 each. The Entitlement Date is 14 September 2016 and payable on 28 September 2016. This dividend has not been reflected in the financial statements for the current financial period ending 30 June 2016 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 September 2016.

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 QUARTERS	
	Current Year Quarter 30.06.2016 (RM'000)	Preceding Year Quarter 30.06.2015 (RM'000)	Current Year To Date 30.06.2016 (RM'000)	Preceding Year To Date 30.06.2015 (RM'000)
Total comprehensive income attributable to owners of the parent (RM'000)	20,785	12,359	20,785	12,359
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)	1.54	0.92	1.54	0.92

(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.

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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)**

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 2016 and 31 March 2016 is as follows:

	30.06.2016 (RM'000)	31.03.2016 (RM'000)
Total retained profits of the Group:		
- realised	123,067	114,564
- unrealised	<u>(1,650)</u>	<u>(487)</u>
	121,417	114,077
Total share of accumulated loss of an associate:		
- realised	<u>(90)</u>	<u>(90)</u>
	121,327	113,987
Add: Consolidation adjustments	<u>7,425</u>	<u>7,480</u>
	<u>128,752</u>	<u>121,467</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 August 2016