

DATASONIC GROUP BERHAD
(Company No. 809759-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 30.06.2017 (RM'000)	Preceding Year Quarter 30.06.2016 (RM'000)	Current Year To Date 30.06.2017 (RM'000)	Preceding Year To Date 30.06.2016 (RM'000)
Continuing Operations				
Revenue	60,103	76,080	60,103	76,080
Operating expenses	(45,291)	(51,319)	(45,291)	(51,319)
Other income	2,459	189	2,459	189
Profit from operations	17,271	24,950	17,271	24,950
Finance costs	(1,893)	(1,620)	(1,893)	(1,620)
Profit before tax	15,378	23,330	15,378	23,330
Income tax expense	(285)	(2,580)	(285)	(2,580)
Profit after tax	15,093	20,750	15,093	20,750
Other comprehensive income, net of tax				
- Foreign currency translation differences	2	3	2	3
Total comprehensive income for the quarter	15,095	20,753	15,095	20,753
Profit after taxation attributable to:				
Owners of the Company	15,124	20,785	15,124	20,785
Non-controlling interests	(31)	(35)	(31)	(35)
	15,093	20,750	15,093	20,750
Total comprehensive income attributable to:				
Owners of the Company	15,126	20,788	15,126	20,788
Non-controlling interests	(31)	(35)	(31)	(35)
	15,095	20,753	15,095	20,753
Earnings per share (sen) attributable to owners of the Company :				
- Basic (Note B12)	1.12	1.54	1.12	1.54

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 2017 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 2017

	As at 30.06.2017 (RM'000)	As at 31.03.2017 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	165,591	135,230
Other investment	110	110
Goodwill	4,153	4,153
Development expenditures	39,531	40,669
Trade receivables (2)	7,029	7,960
	<u>216,414</u>	<u>188,122</u>
CURRENT ASSETS		
Projects-in-progress	4,352	54,014
Inventories	47,820	3,196
Trade receivables	111,574	133,109
Other receivables, deposits and prepayments	21,650	36,629
Tax recoverable	5,522	5,539
Short-term investments	10,066	29,153
Deposits with licensed banks	8,044	7,913
Cash and bank balances	8,687	16,253
	<u>217,715</u>	<u>285,806</u>
TOTAL ASSETS	<u>434,129</u>	<u>473,928</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	135,000	135,000
Merger deficit	(11,072)	(11,072)
Foreign currency translation reserve	8	10
Retained profits	131,720	136,846
	<u>255,656</u>	<u>260,784</u>
Equity attributable to owners of the Company	255,656	260,784
Non-controlling interests	(427)	(396)
TOTAL EQUITY	<u>255,229</u>	<u>260,388</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	81,199	80,532
Deferred taxation	720	558
	<u>81,919</u>	<u>81,090</u>
CURRENT LIABILITIES		
Trade payables	9,110	29,353
Other payables and accruals	29,062	19,990
Short-term borrowings	58,809	76,357
Dividend payable	-	6,750
	<u>96,981</u>	<u>132,450</u>
TOTAL LIABILITIES	<u>178,900</u>	<u>213,540</u>
TOTAL EQUITY AND LIABILITIES	<u>434,129</u>	<u>473,928</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.1894	0.1932

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 2017 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 2017

	<----- 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 2017	135,000	(11,072)	10	136,846	260,784	(396)	260,388
Profit after taxation for the financial period	-	-	-	15,124	15,124	(31)	15,093
Other comprehensive income for the financial period:							
- Foreign exchange translation differences	-	-	(2)	-	(2)	-	(2)
Total comprehensive income for the financial period	-	-	(2)	15,124	15,122	(31)	15,091
Change in subsidiaries' ownership interests that do not result in a loss of control				-	-	-	-
Distributions to owners of the Company:							
- dividends (Note B10)	-	-	-	(20,250)	(20,250)	-	(20,250)
At 30 June 2017	135,000	(11,072)	8	131,720	255,656	(427)	255,229

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 2017 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 2017

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	30.06.2017	30.06.2016
	(RM'000)	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,378	23,330
Adjustments for :		
Depreciation of property, plant and equipment	1,882	7,305
Amortisation of development expenditure	1,329	1,630
Equipment written off	8	-
Interest expense	1,893	1,620
Unrealised loss on foreign exchange	51	456
Interest income	(320)	(160)
Writeback of impairment of trade receivables	2,087	-
Operating profit before changes in working capital	22,308	34,181
Changes in projects-in-progress	1,978	(1,699)
Changes in inventories	1,097	704
Changes in trade and other receivables	37,453	2,774
Changes in trade and other payables	(12,003)	3,675
Cash generated from operations	50,833	39,635
Income tax paid	(106)	(1,080)
Interest paid	(1,893)	(1,620)
Net cash generated from operating activities	48,834	36,935
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	320	160
Development expenditures paid	(191)	(21,820)
Proceeds from disposal of short-term investment	19,087	15,435
Purchase of property, plant and equipment	(31,599)	(2,949)
Placement of fixed deposits pledged	(131)	(176)
Net cash used in investing activities	(12,514)	(9,350)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(27,000)	(27,000)
Drawdown of hire purchase and finance lease	2,000	-
Repayment of hire purchase and finance lease	(338)	(29)
Drawdown of trade financing	21,726	2,358
Repayment of trade financing	(39,290)	-
Drawdown of term loans	-	5,136
Repayment of term loans	(228)	(1,949)
Repayment of term financing	(751)	(710)
Net cash used in financing activities	(43,881)	(22,194)
Net increase/(decrease) in Cash and Cash Equivalents	(7,561)	5,391
Effects of foreign exchange translation	(5)	8
Cash and Cash Equivalents at beginning of the financial period	17,553	11,600
Cash and Cash Equivalents at end of the financial period	9,987	16,999

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2017 (CONT'D)

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	30.06.2017	30.06.2016
	(RM'000)	(RM'000)
Cash and Cash equivalents at the end of the financial year comprise the following:		
Deposits with licensed banks	8,044	7,219
Cash and bank balances	8,687	15,699
	<u>16,731</u>	<u>22,918</u>
Less: Bank overdraft	-	-
Less: deposits pledged with licensed bank	<u>(6,744)</u>	<u>(5,919)</u>
	<u>9,987</u>	<u>16,999</u>

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 2017 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 2017.

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 2017.

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 2017.

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

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

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.

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
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendment to MFRS 2 (Classification and Measurement of Share-Based Payment Transaction)	1 January 2018
Amendment to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
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 15: Effective date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 (Transfer of Investment Property)	1 January 2018
Annual Improvements to MFRS Standards 2014-2016 Cycles:	
- Amendments to MFRS12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014-2016 Cycles:	
- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	1 January 2018
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	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 year ended 31 March 2017 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.

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 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	50,847	9,256	-	-	60,103
Inter-segment	1,320	5,288	16,442	(23,050)	-
Total Revenue	<u>52,167</u>	<u>14,544</u>	<u>16,442</u>	<u>(23,050)</u>	<u>60,103</u>
RESULT					
Profit from operations	26,317	998	13,006	(23,050)	17,271
Finance costs	(1,302)	(484)	(107)	-	<u>(1,893)</u>
Profit before taxation					15,378
Income tax expense					<u>(285)</u>
Profit after taxation					15,093
Other comprehensive income, net of tax					
- Foreign currency translation differences					<u>2</u>
					15,095
Non-controlling interests					<u>31</u>
Total comprehensive income attributable to the Owners of the Company					<u><u>15,126</u></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 30.06.2017 RM'000	As at 31.03.2017 RM'000
<u>Approved and contracted for:</u>		
Renovation	<u>285</u>	<u>58</u>
Acquisition of machineries and equipment	<u>1,151</u>	<u>4,634</u>
Acquisitions of properties ^(Note)	<u>7,542</u>	<u>-</u>

Note:

On 2 June 2017, Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company, has accepted the offer to purchase four units of shop offices with a total built up area of 13,021 square feet located at the commercial development known as Radius Cyberjaya. On 1 August 2017, DTSB entered into four Sale and Purchase Agreements for the purchase of the said properties at a total purchase price of RM10.955 million, of which deposits of RM1.095 million were paid and rebates of RM2.318 million were given. The Properties are intended to be used as Project Office.

A12 Changes in Contingent Liabilities

	As at 30.06.2017 RM'000	As at 31.03.2017 RM'000
Performance guarantees (secured) extended to customers	<u>22,993</u>	<u>21,245</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 RM60.10 million in the current financial quarter ended 30 June 2017 which is lower when compared to RM76.08 million in the corresponding quarter of the preceding financial year.

RM50.03 million of the Group's revenue in the current financial quarter was derived from the supply of smart cards, consumables, passports and personalisation services, which was lower when compared with that in the corresponding quarter of the previous financial year as a result of lesser deliveries of the said items.

Consequently, the Group's profit before taxation was lower based on quarter on quarter comparison with that of the preceding financial year.

B2 Comparison with Immediate Preceding Quarter's Results

The Group's revenue of RM60.10 million in the current financial quarter is much lower than the RM92.62 million reported in the immediate preceding quarter principally due to lesser deliveries of smart cards, consumables and passports and personalisation services.

The Group's profit before taxation in the current financial quarter decreased to RM15.38 million from RM18.89 million on comparison with the immediate preceding quarter primarily due to the reduced revenue.

B3 Commentary on Prospects

The prospects for growth are expected to be satisfactory in the financial year ending 31 March 2018, 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 30.06.2017 (RM'000)	Preceding Year Quarter 30.06.2016 (RM'000)	Current Year To Date 30.06.2017 (RM'000)	Preceding Year To Date 30.06.2016 (RM'000)
Interest income	(320)	(160)	(320)	(160)
Interest expense	1,893	1,620	1,893	1,620
Depreciation of property, plant and equipment	1,882	7,305	1,882	7,305
Staff costs	10,138	7,205	10,138	7,205
Foreign exchange (gain)/loss - realised	(137)	236	(137)	236
Foreign exchange (gain)/loss - unrealised	51	456	51	456

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 30.06.2017 (RM'000)	Preceding Year Quarter 30.06.2016 (RM'000)	Current Year To Date 30.06.2017 (RM'000)	Preceding Year To Date 30.06.2016 (RM'000)
Current tax:				
- for the current financial quarter	123	2,544	123	2,544
- Under/(Over) provision in preceding financial year	-	-	-	-
Deferred tax:				
- for the current financial quarter	455	36	455	36
- Overprovision in preceding financial year	(293)	-	(293)	-
	<u>285</u>	<u>2,580</u>	<u>285</u>	<u>2,580</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. The application was submitted and is in the midst of processing by Malaysia Digital Economy Corporation Sdn. Bhd. (MDEC).

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 2017 were as follows :-

	Short term RM'000	Long term RM'000	Total RM'000
<u>Secured:</u>			
Hire purchase	124	325	449
Leasing	1,350	4,492	5,842
Contract Financing	-	53,122	53,122
Term Financing	1,299	8,102	9,401
Term Loans	1,451	15,158	16,609
Trade Financing	54,585	-	54,585
	<u>58,809</u>	<u>81,199</u>	<u>140,008</u>

All borrowings are denominated in Ringgit Malaysia.

B9 Material Litigation

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

B10 Dividends

	RM'000	Date of Payment
In respect of the financial year ended 31 March 2017:		
- A fourth interim single tier tax-exempt dividend of 1.5 sen per share declared on 25 May 2017	20,250	20.06.2017

In respect of the financial period ended 30 June 2017, the directors had on 25 August 2017 declared a first interim single tier tax-exempt dividend of 1.0 sen per share, amounting to RM13.5 million based on the issued and paid-up share capital as at 30 June 2017 of 1,350,000,000 ordinary shares. 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 30 June 2017 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 September 2017.

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 share capital of 1.35 billion ordinary shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.06.2017 (RM'000)	Preceding Year Quarter 30.06.2016 (RM'000)	Current Year To Date 30.06.2017 (RM'000)	Preceding Year To Date 30.06.2016 (RM'000)
Total comprehensive income attributable to owners of the Company (RM'000)	15,124	20,785	15,124	20,785
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>1.12</u>	<u>1.54</u>	<u>1.12</u>	<u>1.54</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.

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 2017 and 31 March 2017 is as follows:

	30.06.2017 (RM'000)	31.03.2017 (RM'000)
Total retained profits of the Group:		
- realised	123,934	129,719
- unrealised	<u>(771)</u>	<u>(1,144)</u>
	123,163	128,575
Total share of accumulated loss of an associate:		
- realised	<u>(90)</u>	<u>(90)</u>
	123,073	128,485
Add: Consolidation adjustments	<u>8,647</u>	<u>8,361</u>
	<u>131,720</u>	<u>136,846</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
25 August 2017