

## INTERIM FINANCIAL REPORT

### DATASONIC GROUP BERHAD

(Company No. 809759-X)

(Incorporated in Malaysia)

The Directors are pleased to present the Interim Financial Report for the period ended 30 June 2018 as follows:

### SUMMARY OF KEY INFORMATION

#### FOR THE FIRST QUARTER ENDED 30 JUNE 2018

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 30.06.2018 RM'000	Preceding Year Quarter 30.06.2017 RM'000	Current Year to-date 30.06.2018 RM'000	Preceding Year to-date 30.06.2017 RM'000
1	Revenue	48,784	60,103	48,784	60,103
2	Profit before tax	7,902	15,378	7,902	15,378
3	Profit for the year	7,363	15,093	7,363	15,093
4	Profit attributable to ordinary owners of the Company	7,394	15,124	7,394	15,124
5	Basic earnings per share (sen)	0.55	1.12	0.55	1.12
6	Diluted earnings per share (sen)	N/A	N/A	N/A	N/A
7	Proposed/Declared dividend per share (sen)	1.00	1.00	1.00	1.00
		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END		
8	Net assets per share attributable to ordinary owners of the Company (RM)	0.1934	0.1979		

**Remarks:**

Included in the proposed/declared dividend per share for the current year quarter ended 30 June 2018 is the first interim single-tier tax exempt dividend of 1 sen per share, in respect of the financial year ended 30 June 2018, which was declared on 24 August 2018 and the Entitlement Date will be determined and announced in due course. This dividend has not been reflected in the financial statements for the financial period ended 30 June 2018 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 September 2018.

### ADDITIONAL INFORMATION

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 30.06.2018 RM'000	Preceding Year Quarter 30.06.2017 RM'000	Current Year to-date 30.06.2018 RM'000	Preceding Year to-date 30.06.2017 RM'000
1	Gross interest income	138	320	138	320
2	Gross interest expense	(2,097)	(1,893)	(2,097)	(1,893)

**DATASONIC GROUP BERHAD**  
**(Company No. 809759-X)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 30.06.2018 (RM'000)	Preceding Quarter 30.06.2017 (RM'000)	Current Year To Date 30.06.2018 (RM'000)	Preceding Year To Date 30.06.2017 (RM'000)
<b>Continuing Operations</b>				
Revenue	48,784	60,103	48,784	60,103
Operating expenses	(38,992)	(45,291)	(38,992)	(45,291)
Other income	207	2,459	207	2,459
Profit from operations	9,999	17,271	9,999	17,271
Finance costs	(2,097)	(1,893)	(2,097)	(1,893)
<b>Profit before tax</b>	7,902	15,378	7,902	15,378
Income tax expense	(539)	(285)	(539)	(285)
<b>Profit after tax</b>	7,363	15,093	7,363	15,093
<b>Other comprehensive income, net of tax</b>				
- Foreign currency translation differences	5	2	5	2
<b>Total comprehensive income for the quarter</b>	7,368	15,095	7,368	15,095
<b>Profit after taxation attributable to:</b>				
Owners of the Company	7,394	15,124	7,394	15,124
Non-controlling interests	(31)	(31)	(31)	(31)
	7,363	15,093	7,363	15,093
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	7,399	15,126	7,399	15,126
Non-controlling interests	(31)	(31)	(31)	(31)
	7,368	15,095	7,368	15,095
Earnings per share (sen) attributable to owners of the Company :				
- Basic (Note B12)	0.55	1.12	0.55	1.12

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018 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 2018**

	<b>As at 30.06.2018 (RM'000)</b>	<b>As at 31.03.2018 (RM'000)</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	181,276	172,798
Other investment	110	110
Goodwill	4,153	4,153
Development expenditures	35,611	36,969
Trade receivables (2)	3,518	4,351
	<u>224,668</u>	<u>218,381</u>
<b>CURRENT ASSETS</b>		
Projects-in-progress	5,620	4,562
Inventories	37,522	34,213
Trade receivables	143,699	137,947
Other receivables, deposits and prepayments	13,845	12,397
Tax recoverable	5,219	5,193
Short-term investments	17,020	1,151
Deposits with licensed banks	6,397	7,651
Cash and bank balances	11,805	23,941
	<u>241,127</u>	<u>227,055</u>
<b>TOTAL ASSETS</b>	<u>465,795</u>	<u>445,436</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	135,000	135,000
Merger deficit	(11,072)	(11,072)
Foreign currency translation reserve	(67)	(72)
Retained profits	137,234	143,340
Equity attributable to owners of the Company	<u>261,095</u>	<u>267,196</u>
Non-controlling interests	(550)	(519)
<b>TOTAL EQUITY</b>	<u>260,545</u>	<u>266,677</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	87,753	90,402
Deferred taxation	478	506
	<u>88,231</u>	<u>90,908</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	13,353	6,935
Other payables and accruals	37,708	29,144
Short-term borrowings	52,458	51,772
Dividend payable	13,500	-
	<u>117,019</u>	<u>87,851</u>
<b>TOTAL LIABILITIES</b>	<u>205,250</u>	<u>178,759</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>465,795</u>	<u>445,436</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.1934	0.1979

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 2018 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 2018**

	<---- Non distributable ---->			Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000				
At 1 April 2018	135,000	(11,072)	(72)	143,340	267,196	(519)	266,677
Profit after taxation for the financial year	-	-	-	7,394	7,394	(31)	7,363
Other comprehensive income for the financial year:							
- Foreign exchange translation differences	-	-	5	-	5	-	5
Total comprehensive income for the financial year	-	-	5	7,394	7,399	(31)	7,368
Distributions to owners of the Company:							
- dividends (Note B11)	-	-	-	(13,500)	(13,500)	-	(13,500)
At 30 June 2018	135,000	(11,072)	(67)	137,234	261,095	(550)	260,545

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 2018 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 2018**

	<b>CUMULATIVE QUARTERS</b>	
	<b>Current Year To Date 30.06.2018 (RM'000)</b>	<b>Preceding Year To Date 30.06.2017 (RM'000)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,902	15,378
Adjustments for :		
Depreciation of property, plant and equipment	3,641	1,882
Amortisation of development expenditure	1,416	1,329
Equipment written off	#	8
Interest expense	2,097	1,893
Unrealised loss on foreign exchange	152	51
Interest income	(138)	(320)
Writeback of impairment losses on:		
- trade receivables	-	2,087
Operating profit before changes in working capital	15,070	22,308
Changes in projects-in-progress	(1,058)	1,978
Changes in inventories	(3,311)	1,097
Changes in trade and other receivables	(6,367)	37,453
Changes in trade and other payables	14,834	(12,003)
Cash generated from operations	19,168	50,833
Income tax paid	(594)	(106)
Interest paid	(2,097)	(1,893)
<b>Net cash generated from operating activities</b>	<b>16,477</b>	<b>48,834</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	138	320
Development expenditures paid	(58)	(191)
Proceeds from (additional)/disposal of short-term investment	(15,869)	19,087
Purchase of property, plant and equipment	(12,118)	(31,599)
Placement of deposits pledged to licensed banks	(46)	(131)
<b>Net cash used in investing activities</b>	<b>(27,953)</b>	<b>(12,514)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividends paid	-	(27,000)
Drawdown of hire purchase and finance lease	-	2,000
Repayment of hire purchase and finance lease	(1,588)	(338)
Drawdown of trade financing	24,978	21,726
Repayment of trade financing	(24,371)	(39,290)
Repayment of term loans	(697)	(228)
Repayment of term financing	(285)	(751)
<b>Net cash used in financing activities</b>	<b>(1,963)</b>	<b>(43,881)</b>
Net increase in Cash and Cash Equivalents	(13,439)	(7,561)
Effects of foreign exchange translation	3	(5)
Cash and Cash Equivalents at beginning of the financial year	25,241	17,553
Cash and Cash Equivalents at end of the financial year	11,805	9,987

**DATASONIC GROUP BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2018 (CONT'D)**

	<b>CUMULATIVE QUARTERS</b>	
	<b>Current Year</b>	<b>Preceding Year</b>
	<b>To Date</b>	<b>To Date</b>
	<b>30.06.2018</b>	<b>30.06.2017</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
Cash and Cash equivalents at the end of the financial year comprise the following:		
Deposits with licensed banks	6,397	8,044
Cash and bank balances	11,805	8,687
	<u>18,202</u>	<u>16,731</u>
Less: deposits pledged to licensed banks	<u>(6,397)</u>	<u>(6,744)</u>
	<u>11,805</u>	<u>9,987</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 2018 and the accompanying explanatory notes attached to these interim financial statements.

Note:

# - Amount less than RM1,000.

**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 unaudited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Issuers Communication No. 1/2017 - Guidance on Disclosures in Notes to Quarterly Report issued by 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 2018.

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 2018.

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 2018.

During the current financial period, the Group has adopted the following new accounting standard(s) and interpretation(s) (including the consequential amendments, if any):-

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendment to MFRS 2 (Classification and Measurement of Share-Based Payment Transaction)

Amendment to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 140 (Transfer of Investment Property)

Annual Improvements to MFRS Standards 2014-2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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

**A1 Accounting Policies and Basis of Preparation (Cont'd)**

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

**MFRS 9 Financial Instruments**

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

The initial application of MFRS 9 did not have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group applied the standard retrospectively from 1 April 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

The Group did not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group did not expect the standard to affect the measurement of its debt financial assets.

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and may subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a single comprehensive model for revenue recognition and has superseded the previous revenue recognition guidance and other related interpretations. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Based on the assessments undertaken to date, the Group has determined that the impact on its financial statements upon the initial application of MFRS 15 is insignificant as the timing and amount of revenue to be recognised for the sale of goods or rendering of services under the new standard are unlikely to be materially different from its current practice.

The analysis above are based on the assessments undertaken to date and may subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

**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:-

<b>Malaysian Financial Reporting Standards ("MFRS") and IC Interpretations (including the Consequential Amendments)</b>	<b><u>Effective Date</u></b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendment to MFRS 2: Share-based Payment	1 January 2020
Amendment to MFRS 3: Business Combinations	1 January 2020
Amendment to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	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
Amendment to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendment to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendment to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendment to MFRS 134: Interim Financial Reporting	1 January 2020
Amendment to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138: Intangible Assets	1 January 2020
Amendment to IC Interpretation 12: Service Concession Arrangements	1 January 2020
Amendment to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendment to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendment to IC Interpretation 132: Intangible Assets- Web Site Costs	1 January 2020
Annual Improvements to MFRS Standards 2015-2017 Cycles:	
- Amendment to MFRS 3: Business Combinations	1 January 2019
- Amendment to MFRS 11: Joint Arrangements	1 January 2019
- Amendment to MFRS 112: Income Taxes	1 January 2019
- Amendment to MFRS 123: Borrowing Costs	1 January 2019

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.

**DATASONIC GROUP BERHAD**  
(Company No. 809759-X)

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

**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 2018 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.

**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:-

<b>30 June 2018</b>	<b>Customised Solutions (RM'000)</b>	<b>Manufacturing (RM'000)</b>	<b>Investment Holding (RM'000)</b>	<b>Elimination (RM'000)</b>	<b>Consolidated (RM'000)</b>
<b>REVENUE</b>					
External	39,984	8,800	-	-	48,784
Inter-segment	1,260	945	17,630	(19,835)	-
<b>Total Revenue</b>	<u>41,244</u>	<u>9,745</u>	<u>17,630</u>	<u>(19,835)</u>	<u>48,784</u>
<b>RESULT</b>					
Profit from operations	13,135	836	14,503	(18,475)	9,999
Finance costs					<u>(2,097)</u>
Profit before tax					<u>7,902</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**

On 11 April 2018, the Company proposed to undertake an issuance of 675,000,000 free warrants in the Company on the basis of one (1) warrant for every two (2) existing ordinary shares in the Company held on an entitlement date to be determined later. The warrants will have a tenure of five (5) years commencing from and including the date of the issue of the warrants.

On 17 May 2018, Bursa Malaysia approved the admission to the official list and listing of up to 675,000,000 free warrants to be issued arising from the proposed free warrants exercise.

**DATASONIC GROUP BERHAD**  
(Company No. 809759-X)

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

**A9 Material Events Subsequent To The End of the Interim quarter (Cont'd)**

On 14 June 2018, the shareholders of the Company at an Extraordinary General Meeting held on that date, approved the proposal of the free warrants exercise.

On 18 June 2018, the Company announced that the book closure date for the entitlement of the free warrants be fixed on 3 July 2018 and the Company also announced that the exercise price of the warrant be fixed at RM1.09.

On 12 July 2018, the Company announced that the free warrants exercise was completed following the admission of the 675,000,000 warrants to the official list of Bursa Securities and the listing of the said warrants on the Main Market of Bursa Securities.

Up to 24 August 2018, being the last practicable date from the date of the issue of this report, no warrant has yet been converted to ordinary share.

**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.

**A11 Capital Commitments**

	<b>As at 30.06.2018 RM'000</b>	<b>As at 31.03.2018 RM'000</b>
<u>Approved and contracted for:</u>		
Renovation	872	-
Acquisition of machineries and equipment	374	220
Acquisition of motor vehicle	144	-
Acquisitions of property <sup>(Note)</sup>	5,679	16,422

Note:

On 21 February 2018, Datasonic Manufacturing Sdn Bhd, a wholly-owned subsidiary of the Company, accepted the offer to purchase a factory with a total built up area of 46,610 square feet known as "Excellent Technology Park II Phase 2" located in Klang, Selangor and thereafter on 2 April 2018, DMSB entered into an Agreement for the purchase of the said factory at a total purchase price of RM18.88 million, of which an amount of RM0.38 million was paid as a deposit together with a further discount granted by the developer. Progress payments amounting to RM10.38 million were paid in July 2018 and August 2018 as per developer's invoice dated 25 June 2018. The factory is intended to be used for production of smart card.

**A12 Changes in Contingent Liabilities**

	<b>As at 30.06.2018 RM'000</b>	<b>As at 31.03.2018 RM'000</b>
Performance guarantees (secured) extended to customers	20,497	17,737
Performance guarantees (secured) extended to suppliers	20	40
	<u>20,517</u>	<u>17,777</u>

**A13 Related Party Transactions**

The Group has no transaction with related parties in the current financial quarter under review.

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

**B1 Review of Performance**

	Individual Quarter		Variance (RM'000)	%	Cumulative Quarters		Variance (RM'000)	%
	Current Year Quarter 30.06.2018 (RM'000)	Preceding Year Quarter 30.06.2017 (RM'000)			Current Year To Date 30.06.2018 (RM'000)	Preceding Year To Date 30.06.2017 (RM'000)		
Revenue	48,784	60,103	(11,319)	-19%	48,784	60,103	(11,319)	-19%
Profit from operations	9,999	17,271	(7,272)	-42%	9,999	17,271	(7,272)	-42%
Profit before tax	7,902	15,378	(7,476)	-49%	7,902	15,378	(7,476)	-49%
Profit after tax	7,363	15,093	(7,730)	-51%	7,363	15,093	(7,730)	-51%
Profit attributable to owners of the Company	7,394	15,124	(7,730)	-51%	7,394	15,124	(7,730)	-51%

**Individual Quarter/Cumulative Quarter**

The Group achieved a revenue of RM48.78 million in the current financial quarter which was lower when compared to RM60.10 million in the corresponding quarter of the preceding financial year.

RM41.42 million of the Group's revenue in the current financial quarter derived from the supply of consumables, passports and personalisation services, was below that of RM52.22 million earned in the corresponding quarter of the preceding financial year mainly as a result of lesser supply of smart cards.

Consequently, the current financial quarter recorded a lower profit from operations when compared with that of the corresponding quarter of the preceding financial year.

**Assets and liabilities**

The increase in total assets and total liabilities as at 30 June 2018 against balances as at 31 March 2018 are as follows:

	As at 30.06.2018	As at 31.03.2018	Variance RM'000	%
Total assets	465,795	445,436	20,359	5%
Total liabilities	205,250	178,759	26,491	15%

The greater value in total assets of net RM20.36 million was substantially from acquisition of property and inventories.

The increase in total liabilities of RM26.49 million was mainly due to progress billing from property developer and dividend payable to shareholders as disclosed in Notes A11 and B10 respectively.

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

**Cash flow for the three months ended 30 June 2018**

The Group generated a net cash of RM16.48 million from operating activities in the financial period under review and an amount of RM12.12 million was expended for capital expenditure on assets related to new projects.

The outflow for financing activities was in relation to repayments of financing balances of approximately RM27 million.

**B2 Comparison with Immediate Preceding Quarter's Results**

	<b>Current Quarter 30.06.18 (RM'000)</b>	<b>Immediate Preceding Quarter 31.03.2018 (RM'000)</b>	<b>Variance</b>	
			<b>(RM'000)</b>	<b>%</b>
Revenue	48,784	64,641	(15,857)	-25%
Profit from operations	9,999	19,855	(9,856)	-50%
Profit before tax	7,902	17,837	(9,935)	-56%
Profit after tax	7,363	17,385	(10,022)	-58%
Profit attributable to owners of the Company	7,394	17,410	(10,016)	-58%

The Group's revenue of RM48.78 million in the current financial quarter was lower than RM64.64 million reported in the immediate preceding quarter principally due to lesser deliveries of smart cards which led to reduced profit before and after tax for the quarter under review.

**B3 Commentary on Prospects**

The management has continuously negotiated for better competitive pricing for purchases of the required materials and services from suppliers coupled with the on going implementation of cost control initiatives in the administration of the group's operations.

The order book as at 30 June 2018 was in the vicinity of RM885 million which would have a positive impact on revenue generation in future

The prospects for growth are expected to be satisfactory in the financial year ending 31 March 2019, 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.

**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)**

**B5 Profit Before Taxation**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.06.2018 (RM'000)	Preceding Year Quarter 30.06.2017 (RM'000)	Current Year Year To Date 30.06.2018 (RM'000)	Preceding Year Year To Date 30.06.2017 (RM'000)
Amortisation of development expenditure	1,416	1,329	1,416	1,329
Equipment written off	#	8	#	8
Interest income	(138)	(320)	(138)	(320)
Interest expense	2,097	1,893	2,097	1,893
Depreciation of property, plant and equipment	3,641	1,882	3,641	1,882
Staff costs	10,473	10,138	10,473	10,138
Loss/(Gain) on foreign exchange:				
- realised	53	(137)	53	(137)
- unrealised	152	51	152	51
Writeback of impairments losses on:				
- trade receivables	-	2,087	-	2,087

Note:

# - Amount less than RM1,000.

**B6 Income Tax Expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.06.2018 (RM'000)	Preceding Year Quarter 30.06.2017 (RM'000)	Current Year Year To Date 30.06.2018 (RM'000)	Preceding Year Year To Date 30.06.2017 (RM'000)
Current tax:				
- for the current financial quarter	567	123	567	123
Deferred tax:				
- for the current financial quarter	153	455	153	455
- overprovision in previous financial year	(181)	(293)	(181)	(293)
	539	285	539	285

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 for an extension of another five years was approved on 4 April 2018 for the years from 18 May 2017 to 17 May 2022.

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

**B7 Status of Corporate Proposals**

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

**B8 Group Borrowings**

	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
<b>30.06.2018</b>				
<u>Secured:</u>				
Hire purchase	4.53 - 4.75	130	194	324
Leasing	8.52 - 13.40	6,599	9,958	16,557
Contract Financing	5.67 - 5.70	-	50,275	50,275
Term Financing	4.60	1,086	7,019	8,105
Term Loans	4.55 - 5.80	2,681	20,307	22,988
Trade Financing	5.20 - 6.01	41,962	-	41,962
		<u>52,458</u>	<u>87,753</u>	<u>140,211</u>
<b>31.03.2018</b>				
<u>Secured:</u>				
Hire purchase	4.53 - 4.75	129	227	356
Leasing	8.52 - 13.40	6,447	11,666	18,113
Contract Financing	5.67 - 5.70	-	50,315	50,315
Term Financing	4.60	1,176	7,214	8,390
Term Loans	4.55 - 5.80	2,665	20,980	23,645
Trade Financing	5.20 - 6.01	41,355	-	41,355
		<u>51,772</u>	<u>90,402</u>	<u>142,174</u>

All borrowings are denominated in Ringgit Malaysia.

**B9 Material Litigation**

A wholly-owned subsidiary, Datasonic Technologies Sdn. Bhd. ("DTSB"), has on 1 August 2018 received a writ of summons together with the statement of claim dated 30 July 2018 ("Suit") filed by Percetakan Keselamatan Nasional Sdn Bhd ("PKN") against DTSB.

The Suit is in relation to a disagreement between DTSB and PKN over the price of 1,500,000 Malaysian Passport booklets supplied by PKN to DTSB as DTSB's sub-contractor for the interim period of 6 months from 1 December 2016 to 31 May 2017, before the Malaysian Passport booklets were fully printed and supplied by DTSB to the Government of Malaysia.

PKN is now claiming the following against DTSB:-

- The amount of RM24,975,000.00 (inclusive of GST);
- The interest at the rate of 5% per annum on the amount of RM24,975,000.00, calculated from the respective due dates until full and final payment or, alternatively, at such rate and period as the Court deems fit;
- Costs; and
- Any and all other reliefs as the Court deems fit.

At the case management on 17 August 2018, it was stated that our Statement of Defence would need to be filed on 28 August 2018, the Reply to Defence by the plaintiff to be submitted on or before 18 September 2018, the Interlocutory Application from both parties by 2 October 2018 and the next case management scheduled on 3 October 2018.

The plaintiff's solicitors have mentioned that the plaintiff is agreeable to continue any discussion on any settlement offer from us.

The Suit will not have any significant financial and operational impact on the Group for the financial year ending 31 March 2019. The Group estimated that the potential financial impact, if any, could be approximately RM5 million.

**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 2018:		
- A fourth interim single tier tax-exempt dividend of 1.0 sen per share declared on 31 May 2018	<u>13,500</u>	06.07.2018

In respect of the financial period ended 30 June 2018, the directors had on 24 August 2018 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 2018 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 2018 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 September 2018.

**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 30.06.2018 (RM'000)	Preceding Year Quarter 30.06.2017 (RM'000)	Current Year Year To Date 30.06.2018 (RM'000)	Preceding Year Year To Date 30.06.2017 (RM'000)
Profit attributable to owners of the Company (RM'000)	7,394	15,124	7,394	15,124
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>0.55</u>	<u>1.12</u>	<u>0.55</u>	<u>1.12</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.

By order of the Board  
Kuala Lumpur  
24 August 2018