

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 31 March 2019 as follows:

SUMMARY OF KEY INFORMATION

FOR THE FOURTH QUARTER ENDED 31 MARCH 2019

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 31.03.2019 RM'000	Preceding Year Quarter 31.03.2018 RM'000	Current Year to-date 31.03.2019 RM'000	Preceding Year to-date 31.03.2018 RM'000
1	Revenue	56,717	64,641	219,559	258,601
2	Profit before tax	12,790	17,837	40,474	70,341
3	Profit for the year	11,605	17,385	36,435	67,121
4	Profit after tax attributable to owners of the Company	11,627	17,410	36,533	67,244
5	Basic earnings per share (sen)	0.86	1.29	2.71	4.98
6	Diluted earnings per share (sen)	0.86	1.29	2.71	4.98
7	Proposed/Declared dividend per share (sen)	0.50	1.00	2.50	4.00
		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END		
8	Net assets per share attributable to owners of the Company (RM)	0.1950	0.1979		

Remarks:

Included in the proposed/declared dividend per share for the current year quarter ended 31 March 2019 is the fourth interim single-tier tax exempt dividend of 0.5 sen per share, in respect of the financial year ended 31 March 2019, which was declared on 31 May 2019 and the Entitlement Date will be determine and announced in due course. This dividend has not been reflected in the financial statements for the financial period 31 March 2019 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 June 2019.

ADDITIONAL INFORMATION

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 31.03.2019 RM'000	Preceding Year Quarter 31.03.2018 RM'000	Current Year to-date 31.03.2019 RM'000	Preceding Year to-date 31.03.2018 RM'000
1	Gross interest income	379	274	720	967
2	Gross interest expense	(1,726)	(2,018)	(8,112)	(7,931)

DATASONIC GROUP BERHAD
(Company No. 809759-X)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 MARCH 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 31.03.2019 (RM'000) Unaudited	Preceding Quarter 31.03.2018 (RM'000) Unaudited	Current Year To Date 31.03.2019 (RM'000) Audited	Preceding Year To Date 31.03.2018 (RM'000) Audited
Continuing Operations				
Revenue	56,717	64,641	219,559	258,601
Operating expenses	(42,669)	(45,793)	(172,067)	(185,660)
Other income	468	1,007	1,094	5,331
Profit from operations	14,516	19,855	48,586	78,272
Finance costs	(1,726)	(2,018)	(8,112)	(7,931)
Profit before tax	12,790	17,837	40,474	70,341
Income tax expense	(1,185)	(452)	(4,039)	(3,220)
Profit after tax	11,605	17,385	36,435	67,121
Other comprehensive income, net of tax				
- Foreign currency translation differences	4	(36)	16	(82)
Total comprehensive income for the quarter	11,609	17,349	36,451	67,039
Profit after taxation attributable to:				
Owners of the Company	11,627	17,410	36,533	67,244
Non-controlling interests	(22)	(25)	(98)	(123)
	11,605	17,385	36,435	67,121
Total comprehensive income attributable to:				
Owners of the Company	11,631	17,374	36,549	67,162
Non-controlling interests	(22)	(25)	(98)	(123)
	11,609	17,349	36,451	67,039
Earnings per share (sen) attributable to owners of the Company :				
- Basic (Note B12)	0.86	1.29	2.71	4.98
- Diluted	0.86	1.29	2.71	4.98

The 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)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	As at 31.03.2019 (RM'000) Audited	As at 31.03.2018 (RM'000) Audited
NON-CURRENT ASSETS		
Property, plant and equipment	177,575	172,798
Other investment	110	110
Goodwill	4,153	4,153
Development expenditures	31,111	36,969
Trade receivables (2)	6,162	4,351
	<u>219,111</u>	<u>218,381</u>
CURRENT ASSETS		
Projects-in-progress	3,161	4,562
Inventories	49,431	34,213
Trade receivables	119,293	137,947
Other receivables, deposits and prepayments	14,418	12,397
Tax recoverable	4,806	5,193
Short-term investments	3,716	1,151
Deposits with licensed banks	6,462	7,651
Cash and bank balances	26,935	23,941
	<u>228,222</u>	<u>227,055</u>
TOTAL ASSETS	<u>447,333</u>	<u>445,436</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	135,000	135,000
Merger deficit	(11,072)	(11,072)
Foreign exchange translation reserve	(56)	(72)
Retained profits	139,373	143,340
Equity attributable to owners of the Company	<u>263,245</u>	<u>267,196</u>
Non-controlling interests	(617)	(519)
TOTAL EQUITY	<u>262,628</u>	<u>266,677</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	81,350	90,402
Deferred taxation	2,026	506
	<u>83,376</u>	<u>90,908</u>
CURRENT LIABILITIES		
Trade payables	12,169	6,935
Other payables and accruals	27,130	29,144
Short-term borrowings	55,280	51,772
Dividend payable	6,750	-
	<u>101,329</u>	<u>87,851</u>
TOTAL LIABILITIES	<u>184,705</u>	<u>178,759</u>
TOTAL EQUITY AND LIABILITIES	<u>447,333</u>	<u>445,436</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.1950	0.1979

Notes:

- (1) The audited 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)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2019

	<---- Non distributable ---->			Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests 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	-	-	-	36,533	36,533	(98)	36,435
Other comprehensive income for the financial year:							
- Foreign exchange translation differences	-	-	16	-	16	-	16
Total comprehensive income for the financial year	-	-	16	36,533	36,549	(98)	36,451
Distributions to owners of the Company:							
- dividends (Note B11)	-	-	-	(40,500)	(40,500)	-	(40,500)
At 31 March 2019	135,000	(11,072)	(56)	139,373	263,245	(617)	262,628

The audited 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)

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2019**

	CUMULATIVE QUARTERS	
	Current Year To Date 31.03.2019 (RM'000) Audited	Preceding Year To Date 31.03.2018 (RM'000) Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,474	70,341
Adjustments for :		
Allowance for impairment losses on:		
- inventories	-	104
- trade receivables	-	2,518
Depreciation of property, plant and equipment	16,037	11,444
Amortisation of development expenditure	5,916	4,499
Property, plant and equipment written off	#	17
Interest expense	8,112	7,931
Loss/(Gain) on disposal of property, plant and equipment	3,059	(#)
Unrealised gain on foreign exchange	(172)	(41)
Interest income	(720)	(967)
Writeback of impairment losses on:		
- inventories	-	(109)
- trade receivables	-	(2,094)
Operating profit before changes in working capital	72,706	93,643
Changes in projects-in-progress	1,401	1,771
Changes in inventories	(15,221)	15,362
Changes in trade and other receivables	14,824	23,869
Changes in trade and other payables	3,373	(13,187)
Cash generated from operations	77,083	121,458
Income tax paid	(2,132)	(2,926)
Interest paid	(8,112)	(7,931)
Net cash from operating activities	66,839	110,601
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	720	967
Development expenditures paid	(58)	(799)
Placement of short-term investments	(2,565)	-
Proceeds from disposal of short-term investments	-	28,002
Proceeds from disposal of property, plant and equipment	42	-
Purchase of property, plant and equipment	(24,083)	(49,029)
Withdrawal of deposits pledged to licensed banks	(111)	262
Net cash for investing activities	(26,055)	(20,597)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(33,750)	(67,500)
Drawdown of hire purchase and finance lease	400	18,747
Repayment of hire purchase and finance lease	(6,590)	(4,907)
Drawdown of trade financing	97,874	85,876
Repayment of trade financing	(95,341)	(116,670)
Drawdown of term loans	18,776	8,536
Repayment of term loans	(19,496)	(4,535)
Repayment of term financing	(1,167)	(1,762)
Net cash for financing activities	(39,294)	(82,215)
Net increase in Cash and Cash Equivalents	1,490	7,789
Effects of foreign exchange translation	204	(101)
Cash and Cash Equivalents at beginning of the financial year	25,241	17,553
Cash and Cash Equivalents at end of the financial year	26,935	25,241

DATASONIC GROUP BERHAD
(Company No. 809759-X)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2019 (CONT'D)

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	31.03.2019	31.03.2018
	(RM'000)	(RM'000)
	Audited	Audited
Cash and Cash equivalents at the end of the financial year comprise the following:		
Deposits with licensed banks	6,462	7,651
Cash and bank balances	26,935	23,941
	<u>33,397</u>	<u>31,592</u>
Less: deposits pledged to licensed banks	(6,462)	(6,351)
	<u>26,935</u>	<u>25,241</u>

The audited 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 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") 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 financial 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 standards and interpretations (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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements other than the new classification of financial assets under MFRS 9. This is because the measurement of financial assets under MFRS 9 and the timing and amount of revenue recognised under MFRS 15 are consistent to the Group's current practice.

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

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

The Group 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:-

Malaysian Financial Reporting Standards ("MFRS") and IC Interpretations (including the Consequential Amendments)	<u>Effective Date</u>
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 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 101 and MFRS 108: Definition of Material	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
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Annual improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial applications except as follows:-

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosures of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

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:-

31 March 2019	Customised Solutions (RM'000)	Manufacturing (RM'000)	Investment Holding (RM'000)	Elimination (RM'000)	Consolidated (RM'000)
REVENUE					
External	184,086	35,473	-	-	219,559
Inter-segment	5,590	13,907	50,252	(69,749)	-
Total Revenue	<u>189,676</u>	<u>49,380</u>	<u>50,252</u>	<u>(69,749)</u>	<u>219,559</u>
RESULT					
Profit from operations	58,596	8,506	35,128	(53,644)	48,586
Finance costs					<u>(8,112)</u>
Profit before tax					<u>40,474</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 During the Reporting Period

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.

Each warrant entitles the registered holder to subscribe for one (1) ordinary share in the Company at any time on or before the maturity date, 5 July 2023.

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.

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

A9 Material Events During the Reporting Period (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 31 May 2019, 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 changes in the composition of the Group in the current financial period under review except as disclosed under Note B7.

A11 Capital Commitments

	As at 31.03.2019 RM'000	As at 31.03.2018 RM'000
<u>Approved and contracted for:</u>		
Renovation	67	38
Acquisition of machineries and equipment	1,102	182
Acquisitions of a property ^(Note)	472	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 RM15.95 million were paid by cash and term loan during the current quarter. The factory is intended to be used for production of smart card.

A12 Changes in Contingent Liabilities

	As at 31.03.2019 RM'000	As at 31.03.2018 RM'000
Performance guarantees (secured) extended to customers	16,788	17,737
Performance guarantees (secured) extended to suppliers	20	40
	<u>16,808</u>	<u>17,777</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

	Individual Quarter				Cumulative Quarters			
	Current Year	Preceding Year	Variance	%	Current Year	Preceding Year	Variance	%
	Quarter	Quarter			To Date	To Date		
	31.03.2019	31.03.2018	(RM'000)	%	31.03.2019	31.03.2018	(RM'000)	%
	(RM'000)	(RM'000)			(RM'000)	(RM'000)		
Revenue	56,717	64,641	(7,924)	-12%	219,559	258,601	(39,042)	-15%
Profit from operations	14,516	19,855	(5,339)	-27%	48,586	78,272	(29,686)	-38%
Profit before tax	12,790	17,837	(5,047)	-28%	40,474	70,341	(29,867)	-42%
Profit after tax	11,605	17,385	(5,780)	-33%	36,435	67,121	(30,686)	-46%
Profit after tax attributable to owners of the Company	11,627	17,410	(5,783)	-33%	36,533	67,244	(30,711)	-46%

Individual Quarter/Cumulative Quarter

The Group achieved a revenue of RM56.72 million in the current financial quarter which was lower when compared to RM64.64 million in the corresponding quarter of the preceding financial year.

RM46.06 million of the Group's revenue in the current financial quarter is derived from the supply of consumables, passports and personalisation services, which was below that of RM56.03 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 increases in total assets and total liabilities as at 31 March 2019 against balances of 31 March 2018 are as follows:

	As at	As at	Variance	
	31.03.2019	31.03.2018	RM'000	%
Total assets	447,333	445,436	1,897	0.4%
Total liabilities	184,705	178,759	5,946	3.3%

The net increase in total assets of RM1.90 million relates to improved collections from customers and higher purchases of inventories.

The net increase in total liabilities of RM5.95 million is mainly from dividend payable to shareholders, as disclosed in Note B11.

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 (Cont'd)

Cash flow for the twelve months ended 31 March 2019

The Group achieved a cash inflow of RM66.84 million from operating activities in the financial year under review and a sum of RM24.08 million was expended for capital expenditure on assets related to projects.

The net cash used in financing activities was mainly from repayment of facilities amounted to approximately RM122.59 million.

B2 Comparison with Immediate Preceding Quarter's Results

	Current Quarter 31.03.2019 (RM'000)	Immediate Preceding Quarter 31.12.2018 (RM'000)	Variance	
			(RM'000)	%
Revenue	56,717	56,755	(38)	0%
Profit from operations	14,516	12,765	1,751	14%
Profit before tax	12,790	10,589	2,201	21%
Profit after tax	11,605	8,986	2,619	29%
Profit after tax attributable to owners of the Company	11,627	8,997	2,630	29%

The Group achieved a revenue of RM56.72 million in the current financial quarter which was marginally the same as what was generated in the immediate preceding quarter.

The Group's profit before tax of RM12.79 million in the current financial quarter was higher than the RM10.59 million in the immediate preceding quarter as a result of a loss on disposal of plant and equipment incurred in the immediate preceding quarter.

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 prevalent cost control initiatives implemented in the administration of the group's operations.

The order book as at 31 March 2019 was in the vicinity of RM743 million which would have a positive impact on revenue generation in future operations.

The prospects for growth are expected to be satisfactory in the financial year ending 31 March 2020, 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.

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 31.03.2019 (RM'000)	Preceding Year Quarter 31.03.2018 (RM'000)	Current Year Year To Date 31.03.2019 (RM'000)	Preceding Year Year To Date 31.03.2018 (RM'000)
Allowance for impairment losses on:				
- inventories	-	104	-	104
- trade receivables	-	2,518	-	2,518
Amortisation of development expenditure	1,669	1,115	5,916	4,499
Property, plant and equipment written off	-	-	#	17
Interest income	(379)	(274)	(720)	(967)
Interest expense	1,726	2,018	8,112	7,931
Depreciation of property, plant and equipment	4,215	3,614	16,037	11,444
Staff costs	12,611	10,253	42,474	40,591
Loss/(Gain) on disposal of property, plant and equipment	(7)	-	3,059	(#)
Loss/(Gain) on foreign exchange:				
- realised	(267)	394	209	32
- unrealised	1	35	(172)	(41)
Writeback of impairments losses on:				
- inventories	-	(109)	-	(109)
- trade receivables	-	(7)	-	(2,094)

Note:

- Amount less than RM1,000.

B6 Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 31.03.2019 (RM'000)	Preceding Year Quarter 31.03.2018 (RM'000)	Current Year Year To Date 31.03.2019 (RM'000)	Preceding Year Year To Date 31.03.2018 (RM'000)
Current tax:				
- for the current financial quarter	639	677	2,545	3,181
- (over)/underprovision in previous financial years	-	-	(26)	91
Deferred tax:				
- for the current financial quarter	757	(225)	1,520	2
- overprovision in previous financial year	(211)	-	-	(54)
	<u>1,185</u>	<u>452</u>	<u>4,039</u>	<u>3,220</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 for an extension of another five years was approved on 4 April 2018 for the years from 18 May 2017 to 17 May 2022.

B7 Incorporation and Acquisition of a Company

On 10 January 2019, the Company incorporated a new subsidiary, Datasonic International W.L.L ("DIWLL") with a holding of 95% equity interest whilst the remaining 5% is held by DTSSB, a wholly-owned subsidiary of the Company.

The intended principal activities of DIWLL are to undertake Information and Communications Technology solutions and services.

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

B8 Status of Corporate Proposals

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

B9 Group Borrowings

	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
31.03.2019				
<u>Secured:</u>				
Hire purchase	4.33 - 4.75	208	405	613
Leasing	8.52 - 13.40	7,229	4,437	11,666
Contract Financing	5.67 - 5.70	-	36,683	36,683
Term Financing	4.70	1,220	6,003	7,223
Term Loans	4.55 - 5.80	2,735	33,822	36,557
Trade Financing	5.30 - 5.92	43,888	-	43,888
		55,280	81,350	136,630
31.03.2018				
<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
		51,772	90,402	142,174

All borrowings are denominated in Ringgit Malaysia.

B10 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:-

- (a) The amount of RM24,975,000.00 (inclusive of GST);
- (b) 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;
- (c) Costs; and
- (d) 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.

On 3 October 2018, The High Court Judge has advised both parties to attempt mediation for the Suit and the mediation session was held on 17 and 19 October 2018. However, both parties could not reach a resolution. The mediator had advised both parties to continue discussions for an amicable settlement and to inform the High Court Judge in the next case management on 2 November 2018 whether parties are able to settle the matter or to proceed for trial.

At the case management on 2 November 2018, the High Court took note that the parties are still keen to settle the matter without going to trial and the next case management scheduled on 7 December 2018 to inform the court on the status of the settlement.

At the case management on 7 December 2018, the High Court judge took note that DTSB was still keen to settle the matter without going to trial. As such, the court fixed the next case management on 15 January 2019 for parties to inform the court on the status of the settlement negotiation.

On 15 January 2019, the court fixed the next case management on 22 January 2019 for parties to inform the court on the status of the settlement negotiation.

**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 (Cont'd)

On 22 January 2019, the court fixed the next case management on 14 February 2019 for parties to inform the court on the status of the settlement negotiation.

At the case management on 14 February 2019, the court directed both parties are to jointly resolve the outstanding matter pertaining to Goods and Services Tax with the Royal Malaysian Customs Department before the next case management dated for 1 March 2019 pending settlement.

On 1 March 2019, the court has fixed next case management on 10 April 2019 for both parties to jointly resolve the outstanding matter pertaining to Goods and Services Tax with the Royal Malaysia Customs Department.

On 10 April 2019, the court has fixed next case management on 19 April 2019 for both parties to jointly resolve the outstanding matter pertaining to Goods and Services Tax with the Royal Malaysia Customs Department.

At the case management on 19 April 2019, the court has accordingly given the following trial directions:-

- (a) The case management fixed for 13 May 2019.
- (b) The parties are to file the following before the case management:-
 - (i) Joint case summary;
 - (ii) Joint issues for trial
 - (iii) Joint agreed facts
 - (iv) List of witnesses (with reasons assigned); and
 - (v) The Pleadings are deemed closed

The hearing dates are fixed for four (4) days on 12 July 2019, 9 August 2019, 8 January 2020 and 9 January 2020. The parties are advised to continue with settlement negotiations.

At the case management on 13 May 2019, the court has given a further case management date on 31 May 2019 for compliance with the High Court's previous directions and the parties are advised to continue with settlement negotiations.

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

B11 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	13,500	06.07.2018
In respect of the financial year ending 31 March 2019:		
- A first interim single tier tax-exempt dividend of 1.0 sen per share declared on 24 August 2018	13,500	23.11.2018
- A second interim single tier tax-exempt dividend of 0.5 sen per share declared on 10 December 2018	6,750	08.01.2019
- A third interim single tier tax-exempt dividend of 0.5 sen per share declared on 28 February 2019	6,750	27.05.2019
	<u>40,500</u>	

In respect of the financial period ended 31 March 2019, the directors had on 31 May 2019 declared a fourth interim single tier tax-exempt dividend of 0.5 sen per share, amounting to RM6.75 million based on the issued and paid-up share capital as at 31 March 2019 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 year ended 31 March 2019 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 June 2019.

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

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 31.03.2019 (RM'000)	Preceding Year Quarter 31.03.2018 (RM'000)	Current Year Year To Date 31.03.2019 (RM'000)	Preceding Year Year To Date 31.03.2018 (RM'000)
Profit after tax attributable to owners of the Company (RM'000)	11,627	17,410	36,533	67,244
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>0.86</u>	<u>1.29</u>	<u>2.71</u>	<u>4.98</u>

(b) The effects of potential ordinary shares arising from the conversion of Warrants are anti-dilutive and accordingly, they have been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary share is the same as basic earnings per share.

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.

By order of the Board
 Kuala Lumpur
 31 May 2019