

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 September 2019 as follows:

SUMMARY OF KEY INFORMATION**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

| | Individual Quarter | | Cumulative Quarters | |
|--|---|---|---|---|
| | Current Year Quarter 30.09.2019 RM'000 | Preceding Year Quarter 30.09.2018 RM'000 | Current Year to-date 30.09.2019 RM'000 | Preceding Year to-date 30.09.2018 RM'000 |
| 1 Revenue | 63,544 | 57,303 | 121,860 | 106,087 |
| 2 Profit before tax | 15,300 | 9,193 | 29,788 | 17,095 |
| 3 Profit for the year | 13,918 | 8,481 | 27,920 | 15,844 |
| 4 Profit after tax attributable to owners of the Company | 13,864 | 8,515 | 27,873 | 15,909 |
| 5 Basic earnings per share (sen) | 1.03 | 0.63 | 2.06 | 1.18 |
| 6 Diluted earnings per share (sen) | 1.03 | 0.63 | 2.06 | 1.18 |
| 7 Proposed/Declared dividend per share (sen) | 0.75 | 0.00 | 1.50 | 1.00 |
| | AS AT END OF CURRENT QUARTER | | AS AT PRECEDING FINANCIAL YEAR END | |
| 8 Net assets per share attributable to owners of the Company (RM) | 0.2032 | | 0.1950 | |

Remarks:

In the second quarter of the current financial year ending 31 March 2020, a second interim single-tier tax exempt dividend of 0.75 sen per share was declared on 29 November 2019, the Entitlement Date of which will be determined and announced in due course. This dividend has not been reflected in the financial statements for the financial period under review but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 31 December 2019.

ADDITIONAL INFORMATION

| | Individual Quarter | | Cumulative Quarters | |
|--------------------------|---|---|---|---|
| | Current Year Quarter 30.09.2019 RM'000 | Preceding Year Quarter 30.09.2018 RM'000 | Current Year to-date 30.09.2019 RM'000 | Preceding Year to-date 30.09.2018 RM'000 |
| 1 Gross interest income | 158 | 73 | 321 | 211 |
| 2 Gross interest expense | (1,601) | (2,113) | (3,290) | (4,210) |

DATASONIC GROUP BERHAD
(Company No. 809759-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|--|--|--|---|---|
| | Current Quarter 30.09.2019 (RM'000) | Preceding Quarter 30.09.2018 (RM'000) | Current Year To Date 30.09.2019 (RM'000) | Preceding Year To Date 30.09.2018 (RM'000) |
| Continuing Operations | | | | |
| Revenue | 63,544 | 57,303 | 121,860 | 106,087 |
| Operating expenses | (46,870) | (46,161) | (89,269) | (85,153) |
| Other income | 227 | 164 | 487 | 371 |
| Profit from operations | 16,901 | 11,306 | 33,078 | 21,305 |
| Finance costs | (1,601) | (2,113) | (3,290) | (4,210) |
| Profit before tax | 15,300 | 9,193 | 29,788 | 17,095 |
| Income tax expense | (1,382) | (712) | (1,868) | (1,251) |
| Profit after tax | 13,918 | 8,481 | 27,920 | 15,844 |
| Other comprehensive income, net of tax | | | | |
| - Foreign currency translation differences | 14 | (6) | 24 | (1) |
| Total comprehensive income for the quarter | 13,932 | 8,475 | 27,944 | 15,843 |
| Profit after taxation attributable to: | | | | |
| Owners of the Company | 13,864 | 8,515 | 27,873 | 15,909 |
| Non-controlling interests | 54 | (34) | 47 | (65) |
| | 13,918 | 8,481 | 27,920 | 15,844 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 13,878 | 8,509 | 27,897 | 15,908 |
| Non-controlling interests | 54 | (34) | 47 | (65) |
| | 13,932 | 8,475 | 27,944 | 15,843 |
| Earnings per share (sen) attributable to owners of the Company : | | | | |
| - Basic (Note B11) | 1.03 | 0.63 | 2.06 | 1.18 |
| - Diluted | 1.03 | 0.63 | 2.06 | 1.18 |

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 2019 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 SEPTEMBER 2019

| | As at 30.09.2019 (RM'000) Unaudited | As at 31.03.2019 (RM'000) Audited |
|--|--|--|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 172,919 | 177,575 |
| Other investment | 110 | 110 |
| Goodwill | 4,162 | 4,153 |
| Development expenditures | 28,521 | 31,111 |
| Trade receivables (2) | 4,744 | 6,162 |
| | <u>210,456</u> | <u>219,111</u> |
| CURRENT ASSETS | | |
| Projects-in-progress | 4,905 | 3,161 |
| Inventories | 52,872 | 49,431 |
| Trade receivables | 106,791 | 119,293 |
| Other receivables, deposits and prepayments | 12,902 | 14,418 |
| Tax recoverable | 3,679 | 4,806 |
| Short-term investments | 40,038 | 3,716 |
| Deposits with licensed banks | 6,069 | 6,462 |
| Cash and bank balances | 20,397 | 26,935 |
| | <u>247,653</u> | <u>228,222</u> |
| TOTAL ASSETS | <u>458,109</u> | <u>447,333</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 135,000 | 135,000 |
| Merger deficit | (11,072) | (11,072) |
| Foreign exchange translation reserve | (42) | (56) |
| Retained profits | 150,371 | 139,373 |
| Equity attributable to owners of the Company | <u>274,257</u> | <u>263,245</u> |
| Non-controlling interests | (570) | (617) |
| TOTAL EQUITY | <u>273,687</u> | <u>262,628</u> |
| NON-CURRENT LIABILITIES | | |
| Long-term borrowings | 71,487 | 81,350 |
| Deferred taxation | 2,419 | 2,026 |
| | <u>73,906</u> | <u>83,376</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 12,768 | 12,169 |
| Other payables and accruals | 27,016 | 27,130 |
| Short-term borrowings | 60,607 | 55,280 |
| Dividend payable | 10,125 | 6,750 |
| | <u>110,516</u> | <u>101,329</u> |
| TOTAL LIABILITIES | <u>184,422</u> | <u>184,705</u> |
| TOTAL EQUITY AND LIABILITIES | <u>458,109</u> | <u>447,333</u> |
| Net assets per share attributable to ordinary owners of the Company (RM) | 0.2032 | 0.1950 |

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 2019 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 SECOND QUARTER ENDED 30 SEPTEMBER 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 2019 | 135,000 | (11,072) | (56) | 139,373 | 263,245 | (617) | 262,628 |
| Profit after taxation for the financial period | - | - | - | 27,873 | 27,873 | 47 | 27,920 |
| Other comprehensive income for the financial period: | | | | | | | |
| - Foreign exchange translation differences | - | - | 14 | - | 14 | - | 14 |
| Total comprehensive income for the financial period | - | - | 14 | 27,873 | 27,887 | 47 | 27,934 |
| Distributions to owners of the Company: | | | | | | | |
| - dividends (Note B10) | - | - | - | (16,875) | (16,875) | - | (16,875) |
| At 30 September 2019 | 135,000 | (11,072) | (42) | 150,371 | 274,257 | (570) | 273,687 |

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 2019 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 SECOND QUARTER ENDED 30 SEPTEMBER 2019

| | CUMULATIVE QUARTERS | |
|--|----------------------------|-----------------------|
| | Current Year | Preceding Year |
| | To Date | To Date |
| | 30.09.2019 | 30.09.2018 |
| | (RM'000) | (RM'000) |
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | |
| Profit before taxation | 29,788 | 17,095 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 8,275 | 7,526 |
| Amortisation of development expenditure | 2,590 | 2,675 |
| Property, plant and equipment written off | # | # |
| Interest expense | 3,290 | 4,210 |
| Gain on disposal of property, plant and equipment | (9) | - |
| Unrealised loss on foreign exchange | 1 | 106 |
| Interest income | (321) | (211) |
| Operating profit before changes in working capital | 43,614 | 31,401 |
| Changes in projects-in-progress | (854) | 3,288 |
| Changes in inventories | (3,477) | (11,518) |
| Changes in trade and other receivables | 15,429 | (34,914) |
| Changes in trade and other payables | 360 | 2,715 |
| Cash generated from/(used for) operations | 55,072 | (9,028) |
| Income tax paid | (348) | (1,076) |
| Interest paid | (3,290) | (4,210) |
| Net cash from/(for) operating activities | 51,434 | (14,314) |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Investment in subsidiary | 3 | - |
| Interest received | 321 | 211 |
| Development expenditures paid | - | (58) |
| Proceeds from disposal of property, plant and equipment | 9 | - |
| Purchase of property, plant and equipment | (4,419) | (16,838) |
| Withdrawal of deposits pledged to licensed banks | 393 | 378 |
| Net cash for investing activities | (3,693) | (16,307) |
| CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES | | |
| Dividends paid | (13,500) | (13,500) |
| Drawdown of hire purchase and finance lease | - | 100 |
| Repayment of hire purchase and finance lease | (3,560) | (3,212) |
| Drawdown of trade financing | 37,531 | 59,105 |
| Repayment of trade financing | (32,367) | (42,275) |
| Drawdown of term loans | 472 | 14,272 |
| Repayment of term loans | (6,008) | (2,392) |
| Repayment of term financing | (604) | (575) |
| Net cash (for)/from financing activities | (18,036) | 11,523 |
| Net decrease in Cash and Cash Equivalents | 29,705 | (19,098) |
| Effects of foreign exchange translation | 79 | 45 |
| Cash and Cash Equivalents at beginning of the financial period | 30,651 | 26,392 |
| Cash and Cash Equivalents at end of the financial period | 60,435 | 7,339 |

DATASONIC GROUP BERHAD
(Company No. 809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019 (CONT'D)

| | CUMULATIVE QUARTERS | |
|---|----------------------------|-----------------------|
| | Current Year | Preceding Year |
| | To Date | To Date |
| | 30.09.2019 | 30.09.2018 |
| | (RM'000) | (RM'000) |
| Cash and Cash equivalents at the end of the financial period comprise the following: | | |
| Deposits with licensed banks | 6,069 | 5,973 |
| Cash and bank balances | 20,397 | 7,182 |
| Short-term investments | 40,038 | 157 |
| | <u>66,504</u> | <u>13,312</u> |
| Less: deposits pledged to licensed banks | (6,069) | (5,973) |
| | <u>60,435</u> | <u>7,339</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 2019 and the accompanying explanatory notes attached to these interim financial statements.

Note:

- Amount less than RM1,000.

DATASONIC GROUP BERHAD
(Company No. 809759-X)

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

A1 Accounting Policies and Basis of Preparation

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 2019.

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 2019.

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 2019.

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-Term Interest in Associates and Joint Ventures

Annual improvements to MFRS Standards 2015 - 2017 Cycles

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.

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

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

b) Changes in Accounting Policies (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 17 Insurance Contracts | 1 January 2021 |
| Amendment to MFRS 3: Definition of a Business | 1 January 2020 |
| Amendment to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform | 1 January 2020 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor or Joint Venture | Deferred |
| Amendment to MFRS 101 and MFRS 108: Definition of Material | 1 January 2020 |
| Amendments to references to the Conceptual Framework in MFRS Standards | 1 January 2020 |

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.

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 2019 was not qualified.

A3 Comments about Seasonality or Cyclicity

The Group did not experience any significant cyclical or seasonal sales cycle factors during the current financial quarter under review.

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

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows for the current financial quarter under review.

A5 Changes in Estimates

There were no changes in estimates that have a material effect on the results of the current financial quarter under review.

A6 Debt and Equity Securities

The Company had on 6 July 2018 issued 675,000,000 free Warrants on the basis of one (1) Warrant for every two (2) existing ordinary shares. The Warrants are constituted by a Deed Poll dated 18 June 2018.

The salient terms of the Warrants 2018/2023 are as follows:-

- (a) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or before the maturity date, 5 July 2023, falling five (5) years from the date of issue of the Warrants. Unexercised Warrants after the exercise period will thereafter lapse and cease to be valid;
- (b) The exercise price of the Warrants is fixed at RM1.09 per Warrant;
- (c) The new ordinary shares to be issued upon the exercise of the Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company; and
- (d) The Warrants were listed and quoted on the Main Market of Bursa Securities on 12 July 2018.

Up to 29 November 2019, being the last practicable date from the date of the issue of this report, 675,000,000 Warrants remained unexercised.

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.

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

A7 Segmental Information

The Group is organised into the following:-

| 30 September 2019 | Customised Solutions | Manufacturing | Investment Holding | Elimination | Consolidated |
|--------------------------|---------------------------------|----------------------|-------------------------------|--------------------|---------------------|
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| REVENUE | | | | | |
| External | 106,937 | 14,923 | - | - | 121,860 |
| Inter-segment | 2,352 | 1,603 | 25,750 | (29,705) | - |
| Total Revenue | <u>109,289</u> | <u>16,526</u> | <u>25,750</u> | <u>(29,705)</u> | <u>121,860</u> |
| RESULT | | | | | |
| Profit from operations | | | | | 33,078 |
| Finance costs | | | | | <u>(3,290)</u> |
| Profit before tax | | | | | <u>29,788</u> |

A8 Valuations of Property, Plant and Equipment

The Group has not revalued its property, plant and equipment for the current financial quarter under review.

A9 Material Events

(a) During the Reporting Period

- (i) The Company had on 1 August 2019 obtained the approval from its shareholders at the Eleventh Annual General Meeting to purchase shares at any time up to 10% of the total number of issued shares quoted on Bursa Malaysia Securities Berhad ("Share Buy-Back").

The Share Buy-Back shall continue to be in force until the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed.

The shares purchased can be retained as treasury shares, distributed as dividend, transfer, resold or subsequently cancelled.

To-date, the Company has not purchased any share pursuant to the Share Buy-Back.

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

A9 Material Events (Cont'd)

(a) During the Reporting Period (Cont'd)

- (ii) The Company had on 17 September 2019, entered into a Joint Venture Agreement with Chrome Group to establish a Joint Venture Company in Nigeria to explore and carry on business in Information Communications Technology ("ICT") in Nigeria which include and not restricted to Data Centre, Data Mining, Cloud Computing, Artificial Intelligence, Security Printing, Multi-application Secure Identity, e-passport, e-Driving License, e-Health Solutions, e-Commerce, e-Payment, Fintech, Integrated Security and Surveillance Systems, Multimodal Facial Recognition Solutions, Border Control System, establish plants and factories in Nigeria for the purposes of delivery of these services, and explore any other business opportunities the parties may mutually agree to explore.

(b) Subsequent to the Reporting Period

The Company had on 23 October 2019, entered into a Shareholders Agreement with Digent Co. Ltd ("Digent") for the purpose of incorporating a company in Malaysia known as Datasonic Digent Sdn. Bhd. ("DDSB"), to co-operate and jointly develop, introduce and exclusively market the next generation biometric applications.

DDSB was subsequently incorporated in October 2019 and the proportion of the shareholdings held by the Company and Digent comprises 60% and 40% respectively.

A10 Effects of changes in Composition of the Group

There were no changes in the composition of the Group in the current financial quarter under review except as disclosed under note B7.

A11 Capital Commitments

| | As at 30.09.2019 RM'000 | As at 31.03.2019 RM'000 |
|--|--|--|
| <u>Approved and contracted for:</u> | | |
| Renovation | 2,369 | 67 |
| Acquisition of machineries and equipment | 79 | 1,102 |
| Acquisitions of a property ^(Note) | - | 472 |

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. The purchase was completed in the current quarter. The factory is intended to be used for production of smart card.

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

A12 Changes in Contingent Liabilities

| | As at 30.09.2019 RM'000 | As at 31.03.2019 RM'000 |
|--|--|--|
| Performance guarantees (secured) extended to customers | 17,555 | 16,788 |
| Performance guarantees (secured) extended to suppliers | 20 | 20 |
| | <u>17,575</u> | <u>16,808</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 | | Variance | | Cumulative Quarters | | Variance | |
|--|---|---|----------|-----|---|---|----------|-----|
| | Current Year Quarter 30.09.2019 (RM'000) | Preceding Year Quarter 30.09.2018 (RM'000) | (RM'000) | % | Current Year To Date 30.09.2019 (RM'000) | Preceding Year To Date 30.09.2018 (RM'000) | (RM'000) | % |
| Revenue | 63,544 | 57,303 | 6,241 | 11% | 121,860 | 106,087 | 15,773 | 15% |
| Profit from operations | 16,901 | 11,306 | 5,595 | 49% | 33,078 | 21,305 | 11,773 | 55% |
| Profit before tax | 15,300 | 9,193 | 6,107 | 66% | 29,788 | 17,095 | 12,693 | 74% |
| Profit after tax | 13,918 | 8,481 | 5,437 | 64% | 27,920 | 15,844 | 12,076 | 76% |
| Profit after tax attributable to owners of the Company | 13,864 | 8,515 | 5,349 | 63% | 27,873 | 15,909 | 11,964 | 75% |

Individual Quarter/Cumulative Quarter

The Group achieved a revenue of RM63.54 million in the current financial quarter which was higher when compared to RM57.30 million in the corresponding quarter of the preceding financial year.

RM55.15 million of the Group's revenue in the current financial quarter is derived from the supply of smart cards, passports and provision of personalisation services, which was above that of RM41.15 million earned in the corresponding quarter of the preceding financial year mainly as a result of higher supplies of consumables, passports and provision of personalisation services.

Consequently, the current financial quarter recorded a higher 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 30 September 2019 against balances of 31 March 2019 are as follows:

| | As at 30.09.2019 | As at 31.03.2019 | Variance RM'000 | % |
|-------------------|---------------------|---------------------|--------------------|-------|
| Total assets | 458,109 | 447,333 | 10,776 | 2.4% |
| Total liabilities | 184,422 | 184,705 | (283) | -0.2% |

The net increase in total assets of RM10.78 million was substantially due to improved collections from customers.

Cash flow for the six months ended 30 September 2019

The Group achieved a cash inflow of RM51.43 million from operating activities in the financial year under review and a sum of RM4.42 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 RM18.04 million.

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

B2 Comparison with Immediate Preceding Quarter's Results

| | Current Quarter 30.09.2019 (RM'000) | Immediate Quarter 30.06.2019 (RM'000) | Variance (RM'000) | % |
|--|--|--|------------------------------|----------|
| Revenue | 63,544 | 58,316 | 5,228 | 9% |
| Profit from operations | 16,901 | 16,177 | 724 | 4% |
| Profit before tax | 15,300 | 14,488 | 812 | 6% |
| Profit after tax | 13,918 | 14,002 | (84) | -1% |
| Profit after tax attributable to owners of the Company | 13,864 | 14,009 | (145) | -1% |

The Group's revenue of RM63.54 million in the current financial quarter was higher than RM58.32 million reported in the immediate preceding quarter principally due to higher supplies of consumables, passport and provision of personalisation services which led to increased profit before tax for the quarter under review.

B3 Commentary on Prospects

The management 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 30 September 2019 was in the vicinity of RM673 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.

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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)

B5 Profit Before Taxation

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

| | INDIVIDUAL | | CUMULATIVE | |
|---|----------------------|------------------------|----------------------|------------------------|
| | Current Year Quarter | Preceding Year Quarter | Current Year To Date | Preceding Year To Date |
| | 30.09.2019 | 30.09.2018 | 30.09.2019 | 30.09.2018 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Amortisation of development expenditure | 1,259 | 1,259 | 2,590 | 2,675 |
| Property, plant and equipment written off | - | # | # | # |
| Interest income | (158) | (73) | (321) | (211) |
| Interest expense | 1,601 | 2,113 | 3,290 | 4,210 |
| Depreciation of property, plant and equipment | 4,264 | 3,885 | 8,275 | 7,526 |
| Staff costs | 10,064 | 9,934 | 19,750 | 20,407 |
| Gain on disposal of property, plant and equipment | - | - | (9) | - |
| Loss/(Gain) on foreign exchange: | | | | |
| - realised | 184 | 348 | 316 | 401 |
| - unrealised | (120) | (46) | 1 | 106 |

Note:

- Amount less than RM1,000.

B6 Income Tax Expense

| | INDIVIDUAL | | CUMULATIVE | |
|--|----------------------|------------------------|----------------------|------------------------|
| | Current Year Quarter | Preceding Year Quarter | Current Year To Date | Preceding Year To Date |
| | 30.09.2019 | 30.09.2018 | 30.09.2019 | 30.09.2018 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Current tax: | | | | |
| - for the current financial quarter | 1,062 | 671 | 1,475 | 1,238 |
| Deferred tax: | | | | |
| - for the current financial quarter | 320 | 41 | 447 | 194 |
| - overprovision in previous financial year | - | - | (54) | (181) |
| | 1,382 | 712 | 1,868 | 1,251 |

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 extended years from 18 May 2017 to 17 May 2022.

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(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)

B7 Incorporation and Acquisition of a Company

- (a) On 16 August 2019, Datasonic Group Berhad ("DGB") entered into a Share Sale Agreement for the acquisition of 2 ordinary shares, representing 100% of the equity interest in Medicloud Malaysia Sdn. Bhd. ("MMSB") for a total cash consideration of RM2.

The acquisition of 100% shares of MMSB was completed on 12 September 2019. The intended principal activity of MMSB is for the provision of cloud solutions for medical facilities.

- (b) The Company had on 28 August 2019 entered into a Joint Venture Agreement with Rey Pedro Depra Viernesto and Arnold Lazarito Vegafria (as a partnership), Virginia Pinto Hilario, Chia Kok Khuang and Chandresh A/L Jitendrakumar Babulal for the purpose of establishing a Joint Venture Corporation to participate in the public bidding to be conducted by the Bids and Award committee of the Government of Philippines for the works of, or in respect of the Philippines National Identity System and Philippines Security Surveillance and Monitoring Solutions ("Project(s)" and/or "Contract(s)") which may include other solution and services relevant to the Project(s) and/or Contract(s).

On 29 August 2019, a joint venture corporation known as Datasonic Business Technologies Philippines Inc ("DBTP") was established. The Company is holding 39.99% equity interest and the remaining is held by Virginia Pinto Hilario, Arnold Lazarito Vegafria, Ildebrando Depra Viernesto, Chia Kok Khuang and Chandrash A/L Jitendrakumar Babulal of 30%, 15%, 15%, 0.0004% and 0.0004% respectively.

The intended principal activities of DBTP are for system integration, registration, data encoding, data storage, printing and all services and manufacturing of secured ID cards and chips.

B8 Group Borrowings

| | Effective interest rates % | Short term RM'000 | Long term RM'000 | Total RM'000 |
|--------------------|-----------------------------------|--------------------------|-------------------------|---------------------|
| 30.09.2019 | | | | |
| <u>Secured:</u> | | | | |
| Hire purchase | 4.33 - 4.75 | 205 | 305 | 510 |
| Leasing | 8.52 - 13.40 | 7,306 | 903 | 8,209 |
| Contract Financing | 5.42 - 5.45 | - | 32,033 | 32,033 |
| Term Financing | 4.45 | 1,255 | 5,364 | 6,619 |
| Term Loans | 4.30 - 5.55 | 2,789 | 32,882 | 35,671 |
| Trade Financing | 5.06 - 5.67 | 49,052 | - | 49,052 |
| | | <u>60,607</u> | <u>71,487</u> | <u>132,094</u> |
| 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 |
| | | <u>55,280</u> | <u>81,350</u> | <u>136,630</u> |

All borrowings are denominated in Ringgit Malaysia.

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

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:-

- (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.

There are several case managements fixed by the court for both parties to inform the court on the status of the settlement negotiation in the previous financial year ended 31 March 2019.

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.

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

B9 Material Litigation (Cont'd)

On 31 May 2019, the suit came up for case management whereby the High Court has fixed the suit for mediation before the High Court and has given the directions as follows:-

- (a) The mediation date shall be 12 July 2019.
- (b) All previous hearing date fixtures are vacated.
- (c) The case is re-fixed for hearing from the 21 to 24 January 2020.

On 12 July 2019, the suit came up for mediation whereby the High Court has fixed the suit for further mediation before the High Court and has given the directions as follows:-

- (a) The further mediation date shall be 19 July 2019.
- (b) The case remains for hearing from the 21 to 24 January 2020.

On 19 July 2019, the suit came up for mediation whereby the High Court has given the directions as follows:-

- (a) The case is fixed case management on 23 August 2019.
- (b) The case remains for hearing from the 21 to 24 January 2020.

On 23 August 2019, the suit came up for mediation whereby the High Court has given the directions as follows:-

- (a) The case is fixed case management on 26 November 2019.
- (b) The case remains for hearing from the 21 to 24 January 2020.

On 26 November 2019, the suit came up for case management whereby the High Court has given the directions as follows:-

- (a) The case is fixed for hearing of the application by Percetakan Keselamatan Nasional Sdn Bhd for their Writ of Summons and Statement of Claim on 6 April 2020.
- (b) The Suit is fixed for Case Management on 6 April 2020 for trial directions.
- (c) The Suit's hearing dates of 21 to 24 January 2020 are vacated and the Suit is re-fixed for hearing on 13, 14, 27 and 28 August 2020.
- (d) The parties are advised to continue with negotiations for a settlement.

The Suit will not have any significant financial and operational impact on the Group for the financial year ended 31 March 2020. The Group estimated that the potential financial impact, if any, could be approximately RM5 million.

B10 Dividends

| | RM'000 | Date of Payment |
|--|---------------|------------------------|
| In respect of the financial year ended 31 March 2019: | | |
| - A fourth interim single tier tax-exempt dividend of 0.50 sen per share declared on 31 May 2019 | 6,750 | 30.08.2019 |
| In respect of the financial year ending 31 March 2020: | | |
| - A first interim single tier tax-exempt dividend of 0.75 sen per share declared on 30 August 2019 | 10,125 | 18.10.2019 |
| | 16,875 | |

In respect of the financial year ending 31 March 2020, the directors had on 29 November 2019 declared a second interim single tier tax-exempt dividend of 0.75 sen per share, amounting to RM10.125 million based on the issued and paid-up share capital as at 30 September 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 period ended 30 September 2019 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 31 December 2019.

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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)**

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 | | CUMULATIVE | |
|---|----------------------------|------------------------------|---------------------------------|-----------------------------------|
| | Current Year Quarter | Preceding Year Quarter | Current Year Year To Date | Preceding Year Year To Date |
| | 30.09.2019 (RM'000) | 30.09.2018 (RM'000) | 30.09.2019 (RM'000) | 30.09.2018 (RM'000) |
| Profit after tax attributable to owners of the Company (RM'000) | 13,864 | 8,515 | 27,873 | 15,909 |
| 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>1.03</u> | <u>0.63</u> | <u>2.06</u> | <u>1.18</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.

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
29 November 2019