

INTERIM FINANCIAL REPORT**DATASONIC GROUP BERHAD**

Registration No. 200801008472 (809759-X)

Incorporated in Malaysia

The Directors are pleased to present the Interim Financial Report for the period ended 30 June 2020 as follows:

SUMMARY OF KEY INFORMATION**FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 RM'000	Current Year to-date 30.06.2020 RM'000	Preceding Year to-date 30.06.2019 RM'000
1	Revenue	39,396	58,316	39,396	58,316
2	Profit before tax	6,131	14,488	6,131	14,488
3	Profit for the year	4,770	14,002	4,770	14,002
4	Profit after tax attributable to owners of the Company	4,775	14,009	4,775	14,009
5	Basic earnings per share (sen)	0.36	1.04	0.36	1.04
6	Diluted earnings per share (sen)	0.24	1.04	0.24	1.04
7	Proposed/Declared dividend per share (sen)	0.50	0.75	0.50	0.75
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
8	Net assets per share attributable to owners of the Company (RM)	0.1906		0.1939	

Remarks:

In the first quarter of the current financial period ended 30 June 2020, a first interim single-tier tax exempt dividend of 0.5 sen per share was declared on 28 August 2020, the Entitlement Date is 15 September 2020 and payable on 1 October 2020. 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 30 September 2020.

ADDITIONAL INFORMATION

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 RM'000	Current Year to-date 30.06.2020 RM'000	Preceding Year to-date 30.06.2019 RM'000
1	Gross interest income	261	163	261	163
2	Gross interest expense	(1,143)	(1,689)	(1,143)	(1,689)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 30.06.2020 (RM'000)	Preceding Quarter 30.06.2019 (RM'000)	Current Year To Date 30.06.2020 (RM'000)	Preceding Year To Date 30.06.2019 (RM'000)
Continuing Operations				
Revenue	39,396	58,316	39,396	58,316
Operating expenses	(32,596)	(42,399)	(32,596)	(42,399)
Other income	474	260	474	260
Profit from operations	7,274	16,177	7,274	16,177
Finance costs	(1,143)	(1,689)	(1,143)	(1,689)
Profit before tax	6,131	14,488	6,131	14,488
Income tax expense	(1,361)	(486)	(1,361)	(486)
Profit after tax	4,770	14,002	4,770	14,002
Other comprehensive income, net of tax				
- Foreign currency translation differences	288	10	288	10
Total comprehensive income for the quarter	5,058	14,012	5,058	14,012
Profit after taxation attributable to:				
Owners of the Company	4,775	14,009	4,775	14,009
Non-controlling interests	(5)	(7)	(5)	(7)
	4,770	14,002	4,770	14,002
Total comprehensive income attributable to:				
Owners of the Company	5,063	14,019	5,063	14,019
Non-controlling interests	(5)	(7)	(5)	(7)
	5,058	14,012	5,058	14,012
Earnings per share (sen) attributable to owners of the Company :				
- Basic (Note B12a)	0.36	1.04	0.36	1.04
- Diluted (Note B12b)	0.24	1.04	0.24	1.04

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	As at 30.06.2020 (RM'000)	As at 31.03.2020 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	138,906	138,255
Right-of-use assets	27,636	29,859
Other investment	110	110
Goodwill	4,162	4,162
Development expenditures	22,953	23,614
Trade receivables (2)	4,725	5,533
	<u>198,492</u>	<u>201,533</u>
CURRENT ASSETS		
Projects-in-progress	2,309	2,170
Inventories	41,138	43,313
Trade receivables	73,543	82,445
Other receivables, deposits and prepayments	7,635	9,664
Tax recoverable	1,555	2,585
Short-term investments	29,130	27,409
Deposits with licensed banks	6,103	6,117
Cash and bank balances	17,141	12,854
	<u>178,554</u>	<u>186,557</u>
TOTAL ASSETS	<u>377,046</u>	<u>388,090</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	135,000	135,000
Treasury shares	(29,480)	(26,134)
Merger deficit	(11,072)	(11,072)
Foreign exchange translation reserve	21	(267)
Retained profits	156,963	158,783
Equity attributable to owners of the Company	<u>251,432</u>	<u>256,310</u>
Non-controlling interests	317	317
TOTAL EQUITY	<u>251,749</u>	<u>256,627</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	55,793	58,439
Lease liabilities	775	913
Deferred taxation	1,947	2,294
	<u>58,515</u>	<u>61,646</u>
CURRENT LIABILITIES		
Trade payables	3,462	2,325
Other payables and accruals	30,172	27,972
Short-term borrowings	24,157	35,678
Lease liabilities	2,396	3,842
Dividend payable	6,595	-
	<u>66,782</u>	<u>69,817</u>
TOTAL LIABILITIES	<u>125,297</u>	<u>131,463</u>
TOTAL EQUITY AND LIABILITIES	<u>377,046</u>	<u>388,090</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.1906	0.1939

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 2020 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2020

	<---- Non distributable ---->			Distributable		Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000			
At 1 April 2020	135,000	(26,134)	(11,072)	(267)	158,783	256,310	317	256,627
Profit after taxation for the financial year	-	-	-	-	4,775	4,775	(5)	4,770
Other comprehensive income for the financial year:								
- Foreign exchange translation	-	-	-	288	-	288	5	293
Total comprehensive income for the financial year	-	-	-	288	4,775	5,063	-	5,063
Contributions by and distributions to owners of the Company								
- purchase of treasury shares	-	(3,346)	-	-	-	(3,346)	-	(3,346)
- dividends (Note B11)	-	-	-	-	(6,595)	(6,595)	-	(6,595)
Total transactions with owners	-	(3,346)	-	-	(6,595)	(9,941)	-	(9,941)
At 30 June 2020	135,000	(29,480)	(11,072)	21	156,963	251,432	317	251,749

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2020

	CUMULATIVE QUARTERS	
	Current Year To Date 30.06.2020 (RM'000)	Preceding Year To Date 30.06.2019 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,131	14,488
Adjustments for :		
Amortisation of development expenditure	661	1,331
Depreciation of property, plant and equipment	2,261	4,011
Depreciation of right-of-use assets	650	-
Property, plant and equipment written off	-	#
Gain on disposal of property, plant and equipment	-	(9)
Interest expense:		
- interest expense on lease liabilities	182	-
- other interest expense	961	1,689
Interest income	(261)	(163)
Unrealised (gain)/loss on foreign exchange	(1,291)	121
Operating profit before changes in working capital	9,294	21,468
Changes in projects-in-progress	(139)	304
Changes in inventories	2,185	965
Changes in trade and other receivables	12,841	(17,653)
Changes in trade and other payables	3,305	(2,882)
Cash generated from operations	27,486	2,202
Income tax paid	(683)	(723)
Income tax refund	-	683
Interest paid	(1,143)	(1,689)
Net cash from operating activities	25,660	473
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	261	163
Proceeds from disposal of property, plant and equipment	-	9
Purchase of property, plant and equipment	(889)	(2,383)
Withdrawal of deposits pledged to licensed banks	14	335
Net cash for investing activities	(614)	(1,876)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2020 (CONT'D)

	CUMULATIVE QUARTERS	
	Current Year To Date 30.06.2020 (RM'000)	Preceding Year To Date 30.06.2019 (RM'000)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	-	(6,750)
Purchase of treasury shares	(3,346)	-
Repayment of hire purchase and finance lease	-	(1,759)
Repayment of lease liabilities	(1,584)	-
Drawdown of trade financing	5,860	15,696
Repayment of trade financing	(17,453)	(17,404)
Repayment of term loans	(2,256)	(4,409)
Repayment of term financing	(318)	(299)
Net cash for financing activities	<u>(19,097)</u>	<u>(14,925)</u>
Net increase/(decrease) in Cash and Cash Equivalents	5,949	(16,328)
Effects of foreign exchange translation	59	11
Cash and Cash Equivalents at beginning of the financial period	40,263	30,651
Cash and Cash Equivalents at end of the financial period	<u>46,271</u>	<u>14,334</u>
Cash and Cash equivalents at the end of the financial year comprise the following:		
Deposits with licensed banks	6,103	6,127
Cash and bank balances	17,141	8,172
Short-term investments	29,130	6,162
	<u>52,374</u>	<u>20,461</u>
Less: deposits pledged to licensed banks	(6,103)	(6,127)
	<u>46,271</u>	<u>14,334</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 2020 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 2020.

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 2020.

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 2020.

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

Amendment to MFRS 3: Definition of a Business

Amendment to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendment to MFRS 101 and MFRS 108: Definition of Material

Amendments to references to the Conceptual Framework in MFRS Standards

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.

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: Reference to the Conceptual Framework	1 January 2022
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 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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 2020 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.

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

- (i) 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 28 August 2020, being the last practicable date from the date of the issue of this report, 675,000,000 Warrants remained unexercised.

- (ii) 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 the meeting, the authority is renewed.

The shares purchased can be retained as treasury shares, distributed as dividend, transfer, resold or subsequently cancelled in accordance with Section 127 of the Companies Act 2016.

As at 30 June 2020, the Company had repurchased its equity securities of 31,042,000 ordinary shares at an average price of RM0.95 per share as treasury shares. The total consideration paid for the purchase was RM29,480,447 including transaction costs.

None of the treasury shares were resold during the financial year.

There was no other issuance, cancellation, repurchase, resale or repayment of debt securities or any movement in the share capital for the current financial quarter under review.

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 June 2020	Customised Solutions (RM'000)	Manufacturing (RM'000)	Investment Holding (RM'000)	Elimination (RM'000)	Consolidated (RM'000)
REVENUE					
External	39,386	10	-	-	39,396
Inter-segment	103	3	10,879	(10,985)	-
Total Revenue	<u>39,489</u>	<u>13</u>	<u>10,879</u>	<u>(10,985)</u>	<u>39,396</u>
RESULT					
Profit from operations					7,274
Finance costs					<u>(1,143)</u>
Profit before tax					<u>6,131</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 3 June 2019, the Company announced that Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company had accepted the Letter of Award from Kementerian Dalam Negeri ("KDN") for the maintenance services of card personalisation centres at the National Registration Department ("Contract") for a period of two (2) years commencing from 1 June 2019 to 31 May 2021 for a contract sum of RM28,785,686.27 (inclusive of 6% SST) or RM14,392,843.14 per year, with an option to extend the Contract for another one (1) year.

On 10 June 2020, the Company announced that DTSB received and accepted the Letter of Additional Spare Parts Scope ("LOASPS") dated 4 June 2020 from KDN in respect of the Contract with additional spare parts scope.

Under the LOASPS, the contract sum would be increased from RM28,785,686.27 to RM36,084,172.36 (inclusive of 6% SST) (with an additional contract value of RM7,298,486.09).

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

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.

A11 Capital Commitments

	As at 30.06.2020 RM'000	As at 31.03.2020 RM'000
<u>Approved and contracted for:</u>		
Renovation	102	120
Acquisition of machineries and equipment	2,533	2,738

A12 Changes in Contingent Liabilities

	As at 30.06.2020 RM'000	As at 31.03.2020 RM'000
Performance guarantees (secured) extended to customers	17,772	17,693
Performance guarantees (secured) extended to suppliers	20	20
	<u>17,792</u>	<u>17,713</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	
	30.06.2020	30.06.2019	(RM'000)	%	To Date 30.06.2020	To Date 30.06.2019	(RM'000)	%
	(RM'000)	(RM'000)	(RM'000)	%	(RM'000)	(RM'000)	(RM'000)	%
Revenue	39,396	58,316	(18,920)	-32%	39,396	58,316	(18,920)	-32%
Profit from operations	7,274	16,177	(8,903)	-55%	7,274	16,177	(8,903)	-55%
Profit before tax	6,131	14,488	(8,357)	-58%	6,131	14,488	(8,357)	-58%
Profit after tax	4,770	14,002	(9,232)	-66%	4,770	14,002	(9,232)	-66%
Profit after tax attributable to owners of the Company	4,775	14,009	(9,234)	-66%	4,775	14,009	(9,234)	-66%

Individual Quarter/Cumulative Quarter

The Group achieved a revenue of RM39.40 million in the current financial quarter which was lower when compared to RM58.32 million in the corresponding quarter of the preceding financial year.

RM31.60 million of the Group's revenue in the current financial quarter was derived from the supply of smart cards, consumables, personalisation services and maintenance services, lower than that of RM51.05 million earned in the corresponding quarter of the preceding financial year resulted from no supply of passports due to *Perintah Kawalan Pergerakan*, *Perintah Kawalan Pergerakan Bersyarat* and *Perintah Kawalan Pergerakan Pemulihan* effective from 18 March 2020 to 31 August 2020.

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

Assets and liabilities

The decrease in total assets and liabilities as at 30 June 2020 against balances of 31 March 2020 was as follows:

	As at	As at	Variance	
	30.06.2020	31.03.2020	RM'000	%
Total assets	377,046	388,090	(11,044)	-2.8%
Total liabilities	125,297	131,463	(6,166)	-4.7%

The decrease in total assets of RM11.04 million was mainly due to depreciation, amortisation of applicable assets and better collections from customers.

The decrease in total liabilities of RM6.17million was resulted from repayment of borrowings.

Cash flow for the three months ended 30 June 2020

The Group achieved a cash inflow of RM25.66 million from operating activities in the financial year under review and a sum of RM0.89 million was expended for capital expenditure on assets related to projects.

The net cash used in financing activities was mainly for repayment of facilities amounted to approximately RM21.61 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 30.06.2020 (RM'000)	Immediate Preceding Quarter 31.03.2020 (RM'000)	Variance	
			(RM'000)	%
Revenue	39,396	50,715	(11,319)	-22%
Profit from operations	7,274	13,276	(6,002)	-45%
Profit before tax	6,131	11,976	(5,845)	-49%
Profit after tax	4,770	12,256	(7,486)	-61%
Profit after tax attributable to owners of the Company	4,775	12,273	(7,498)	-61%

The Group's revenue of RM39.40 million in the current financial quarter was lower than RM50.72 million reported in the immediate preceding quarter principally due to no supply of passports due to *Perintah Kawalan Pergerakan, Perintah Kawalan Pergerakan Bersyarat and Perintah Kawalan Pergerakan Pemulihan* effective from 18 March 2020 to 31 August 2020 which led to decreased profit before tax for the quarter under review.

B3 Commentary on Prospects

The existing phases of the Movement Control Orders implemented in Malaysia since 18 March 2020 as a result of the Coronavirus outbreak particularly on the issue of international travel, is expected to have an impact on the Group's operations.

The Board expects the prospect for the coming quarters to be brighter in line with the national economic recovery phase and new business opportunities in the areas of public security, public health and also e-commerce.

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		CUMULATIVE	
	Current Year Quarter 30.06.2020 (RM'000)	Preceding Year Quarter 30.06.2019 (RM'000)	Current Year Year To Date 30.06.2020 (RM'000)	Preceding Year Year To Date 30.06.2019 (RM'000)
Amortisation of development expenditure	661	1,331	661	1,331
Property, plant and equipment written off	-	#	-	#
Interest income	(261)	(163)	(261)	(163)
Interest expense:				
- interest expense on lease liabilities	182	-	182	-
- other interest expense	961	1,689	961	1,689
Depreciation of property, plant and equipment	2,261	4,011	2,261	4,011
Depreciation of right-of-use assets	650	-	650	-
Staff costs	12,163	9,686	12,163	9,686
Gain on disposal of property, plant and equipment	-	(9)	-	(9)
Loss/(Gain) on foreign exchange:				
- realised	83	132	83	132
- unrealised	(1,291)	121	(1,291)	121

Note:

- Amount less than RM1,000.

B6 Income Tax Expense

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 30.06.2020 (RM'000)	Preceding Year Quarter 30.06.2019 (RM'000)	Current Year Year To Date 30.06.2020 (RM'000)	Preceding Year Year To Date 30.06.2019 (RM'000)
Current tax:				
- for the current financial quarter	1,709	413	1,709	413
Deferred tax:				
- for the current financial quarter	(122)	127	(122)	127
- overprovision in previous financial year	(226)	(54)	(226)	(54)
	<u>1,361</u>	<u>486</u>	<u>1,361</u>	<u>486</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 extended years from 18 May 2017 to 17 May 2022.

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Registration No. 200801008472 (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 Status of Corporate Proposals**

On 5 August 2020, Kenanga Investment Bank Berhad ("Kenanga IB") had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Bonus Issue of up to 2,176,875,000 new ordinary shares in Datasonic Group Berhad ("Datasonic Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every 1 Datasonic Share held on an entitlement date to be determined and announced later.

On 18 August 2020, Kenanga IB had, on behalf of the Board, announced that Bursa Malaysia had vide its letter dated 17 August 2020, resolved to approve the listing and quotation of the following:-

- (i) up to 2,176,875,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue;
 - (ii) up to 675,000,000 Additional Warrants A; and
 - (iii) up to 675,000,000 new Datasonic Shares to be issued arising from the exercise of Additional Warrants A,
- on the Main Market of Bursa Securities.

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue is expected to be completed by the 4th quarter of 2020.

B8 Group Borrowings

	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
30.06.2020				
<u>Secured:</u>				
Contract Financing	4.42 - 4.45	-	21,951	21,951
Term Financing	3.95	1,317	4,362	5,679
Term Loans	3.30 - 4.55	4,097	29,480	33,577
Trade Financing	2.30 - 5.35	18,743	-	18,743
		24,157	55,793	79,950
31.03.2020				
<u>Secured:</u>				
Contract Financing	4.92 - 4.95	-	23,501	23,501
Term Financing	4.20	1,289	4,708	5,997
Term Loans	3.80 - 5.05	4,053	30,230	34,283
Trade Financing	3.40 - 5.54	30,336	-	30,336
		35,678	58,439	94,117

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 Lease Liabilities

	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
30.06.2020				
<u>Secured:</u>				
Leasing	4.33 - 13.40	<u>2,396</u>	<u>775</u>	<u>3,171</u>
31.03.2020				
<u>Secured:</u>				
Leasing	4.33 - 13.40	<u>3,842</u>	<u>913</u>	<u>4,755</u>

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")

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 and two mediation sessions were held in the previous financial years. However, the parties were unable to reach a mutual agreement and the case is now proceeding to trial.

In conjunction with Malaysia Prime Minister's announcement on *Perintah Kawalan Pergerakan* and *Perintah Kawalan Pergerakan Bersyarat* which effective from 18 March 2020 to 9 June 2020, the date for hearing and case management on 6 April 2020 has been postponed to 3 August 2020 via letter dated 8 May 2020 from High Court Kuala Lumpur.

On 2 June 2020, DTSB had been informed that the date for hearing and case management on 3 August 2020 was vacated and has been rescheduled to 8 July 2020 via letter from High Court Kuala Lumpur.

On 8 July 2020, the suit came up for Hearing of the Plaintiff's Notice of Application to amend the Writ and Statement of Claim and Case Management whereby the High Court has given the directions as follows:-

- (a) That the Hearing of the Plaintiff's Notice of Application to amend the Writ and Statement of Claim and Case Management of the Writ of Summons is adjourned from 8 July 2020 to 17 July 2020 before YA Dato' Akhtar bin Tahir.
- (b) That the Full Trial dates fixes on 13 August 2020, 14 August 2020, 27 August 2020, 28 August 2020 are maintained and will be heard before YA Dato' Akhtar bin Tahir.

**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 16 July 2020, DTSB had been informed that Plaintiff applied for a postponement of their application to amend the Writ and Statement of Claim and Case Management to be heard on 30 July 2020.

On 30 July 2020, the suit came up for Hearing of the Plaintiff's Notice of Application to amend the Writ and Statement of Claim and Case Management whereby the High Court has given the directions as follows:-

- (a) That the Decision of the Plaintiff's Notice of Application to amend the Writ of Summons and Statement of Claim is to be delivered on 7 August 2020, before YA Dato' Akhtar bin Tahir.
- (b) That the Full Trial dates fixed on 13 August 2020, 14 August 2020, 27 August 2020 and 28 August 2020 are vacated.
- (c) That the Full Trial dates are now fixed on 9 November 2020 and 10 November 2020 to be heard before YA Dato' Akhtar bin Tahir.
- (d) That Pre-Trial Case Management is fixed on 9 October 2020 for parties to file the Statement of Agreed Facts, Issues to be Tried, Bundle of Documents duly categorized in their respective parts, and that parties are to file and dispose of any interlocutory applications prior to the Pre-Trial Case Management date on 9 October 2020.

The Suit will not have any significant financial and operational impact on the Group for the financial year ending 31 March 2021. The Group estimated that the potential financial impact, if any, could be approximately RM5 million.

B11 Dividends

	RM'000	Date of Payment
In respect of the financial year ended 31 March 2020:		
- A fourth interim single tier tax-exempt dividend of 0.50 sen per share declared on 25 June 2020	6,595	27.07.2020
	<u>6,595</u>	

In respect of the financial period ended 30 June 2020, the directors had on 28 August 2020 declared a first interim single tier tax-exempt dividend of 0.5 sen per share, the Entitlement Date is 15 September 2020 and payable on 1 October 2020. This dividend has not been reflected in the financial statements for the current financial period ended 30 June 2020 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 September 2020.

**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

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 30.06.2020 (RM'000)	Preceding Year Quarter 30.06.2019 (RM'000)	Current Year Year To Date 30.06.2020 (RM'000)	Preceding Year Year To Date 30.06.2019 (RM'000)
Profit after tax attributable to owners of the Company (RM'000)	4,775	14,009	4,775	14,009
Weighted average number of ordinary shares in issue ('000)	1,319,785	1,350,000	1,319,785	1,350,000
Basic earnings per share (sen)	<u>0.36</u>	<u>1.04</u>	<u>0.36</u>	<u>1.04</u>

(b) Diluted Earnings Per Share

Profit after tax attributable to owners of the Company (RM'000)	4,775	14,009	4,775	14,009
Weighted average number of ordinary shares in issue ('000)	1,319,785	1,350,000	1,319,785	1,350,000
Effect of dilution of warrants ('000)	675,000	-	675,000	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,994,785</u>	<u>1,350,000</u>	<u>1,994,785</u>	<u>1,350,000</u>
Diluted earnings per share (sen)	<u>0.24</u>	<u>1.04</u>	<u>0.24</u>	<u>1.04</u>

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
28 August 2020