

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 31 December 2021 as follows:

SUMMARY OF KEY INFORMATION**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021**

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 31.12.2021 RM'000	Preceding Year Quarter 31.12.2020 RM'000	Current Year to-date 31.12.2021 RM'000	Preceding Year to-date 31.12.2020 RM'000
1	Revenue	35,949	29,445	82,091	112,590
2	Profit/(Loss) before tax	2,013	627	(2,504)	16,093
3	Profit/(Loss) for the period	1,503	621	(3,139)	12,917
4	Profit/(Loss) after tax attributable to owners of the Company	1,510	627	(3,124)	12,929
5	Basic earnings/(loss) per share (sen)	0.05	0.04	(0.11)	0.74
6	Diluted earnings/(loss) per share (sen)	0.04	0.02	(0.07)	0.42
7	Proposed/Declared dividend per share (sen)	0.125	0.25	0.350	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)	0.0117		0.0862	

Remarks:

In the third quarter of the current financial year ending 31 March 2022, a third interim single-tier tax exempt dividend of 0.125 sen per share was declared on 28 February 2022, the Entitlement Date is 15 March 2022 and payable on 30 March 2022. 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 March 2022.

ADDITIONAL INFORMATION

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 31.12.2021 RM'000	Preceding Year Quarter 31.12.2020 RM'000	Current Year to-date 31.12.2021 RM'000	Preceding Year to-date 31.12.2020 RM'000
1	Gross interest income	622	222	2,912	834
2	Gross interest expense	(388)	(640)	(1,146)	(2,546)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 31.12.2021 (RM'000)	Preceding Quarter 31.12.2020 (RM'000)	Current Year To Date 31.12.2021 (RM'000)	Preceding Year To Date 31.12.2020 (RM'000)
Continuing Operations				
Revenue	35,949	29,445	82,091	112,590
Operating expenses	(34,243)	(28,503)	(86,554)	(95,083)
Other income	695	325	3,105	1,132
Profit/(Loss) from operations	2,401	1,267	(1,358)	18,639
Finance costs	(388)	(640)	(1,146)	(2,546)
Profit/(Loss) before tax	2,013	627	(2,504)	16,093
Income tax expense	(510)	(6)	(635)	(3,176)
Profit/(Loss) after tax	1,503	621	(3,139)	12,917
Other comprehensive income, net of tax				
- Foreign currency translation differences	-	65	40	171
Total comprehensive income/(loss) for the period	1,503	686	(3,099)	13,088
Profit/(Loss) after taxation attributable to:				
Owners of the Company	1,510	627	(3,124)	12,929
Non-controlling interests	(7)	(6)	(15)	(12)
	1,503	621	(3,139)	12,917
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,510	692	(3,084)	13,100
Non-controlling interests	(7)	(6)	(15)	(12)
	1,503	686	(3,099)	13,088
Earnings/(Loss) per share (sen) attributable to owners of the Company :				
- Basic (Note B12a)	0.05	0.04	(0.11)	0.74
- Diluted (Note B12b)	0.04	0.02	(0.07)	0.42

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

DATASONIC GROUP BERHAD
Registration No. 200801008472 (809759-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	As at 31.12.2021 (RM'000)	As at 31.03.2021 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	131,320	134,370
Right-of-use assets	12,449	13,209
Other investment	110	110
Goodwill	4,162	4,162
Development expenditures	17,444	20,341
Trade receivables (2)	2,572	5,294
	<u>168,057</u>	<u>177,486</u>
CURRENT ASSETS		
Projects-in-progress	2,639	2,203
Inventories	50,883	48,281
Trade receivables	29,272	33,272
Other receivables, deposits and prepayments	6,643	8,596
Tax recoverable	2,644	2,399
Short-term investments	121,961	31,449
Deposits with licensed banks	5,989	6,103
Cash and bank balances	13,096	10,742
	<u>233,127</u>	<u>143,045</u>
TOTAL ASSETS	<u>401,184</u>	<u>320,531</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	261,284	135,000
Treasury shares	(44,648)	(37,580)
Merger deficit	(11,072)	(11,072)
Foreign exchange translation reserve	(54)	(94)
Retained profits	128,729	139,760
Equity attributable to owners of the Company	<u>334,239</u>	<u>226,014</u>
Non-controlling interests	274	302
TOTAL EQUITY	<u>334,513</u>	<u>226,316</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	25,872	45,974
Lease liabilities	-	155
Deferred taxation	3,467	4,007
	<u>29,339</u>	<u>50,136</u>
CURRENT LIABILITIES		
Trade payables	4,925	1,048
Other payables and accruals	13,033	29,263
Short-term borrowings	15,470	13,011
Lease liabilities	313	757
Dividend payable	3,591	-
	<u>37,332</u>	<u>44,079</u>
TOTAL LIABILITIES	<u>66,671</u>	<u>94,215</u>
TOTAL EQUITY AND LIABILITIES	<u>401,184</u>	<u>320,531</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.0117	0.0862

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 2021 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 THIRD QUARTER ENDED 31 DECEMBER 2021

	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Non- distributable Foreign Exchange Reserve RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 April 2021	135,000	(37,580)	(11,072)	(94)	139,760	226,014	302	226,316
Loss after taxation for the financial period	-	-	-	-	(3,124)	(3,124)	(15)	(3,139)
Other comprehensive income for the financial period:								
- Foreign exchange translation	-	-	-	40	-	40	(13)	27
Total comprehensive income for the financial period	-	-	-	40	(3,124)	(3,084)	(28)	(3,112)
Contributions by and distributions to owners of the Company:								
- issuance of shares pursuant to Private Placement	126,284	-	-	-	-	126,284	-	126,284
- purchase of treasury shares	-	(7,068)	-	-	-	(7,068)	-	(7,068)
- dividends (Note B11)	-	-	-	-	(7,907)	(7,907)	-	(7,907)
Total transactions with owners	126,284	(7,068)	-	-	(7,907)	111,309	-	111,309
At 31 December 2021	261,284	(44,648)	(11,072)	(54)	128,729	334,239	274	334,513

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	31.12.2021	31.12.2020
	(RM'000)	(RM'000)
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(2,504)	16,093
Adjustments for :		
Allowance for impairment losses on inventories	42	-
Amortisation of development expenditure	2,897	2,296
Depreciation of property, plant and equipment	8,593	6,841
Depreciation of right-of-use assets	412	1,087
Gain on disposal of property, plant and equipment	(33)	(62)
Interest income	(2,912)	(834)
Interest expense:		
- interest expense on lease liabilities	46	261
- other interest expense	1,100	2,285
Property, plant and equipment written off	-	#
Unrealised gain on foreign exchange	(10)	(823)
Writeback of impairment losses on inventories	(38)	-
Operating profit before working capital changes	<u>7,593</u>	<u>27,144</u>
Changes in projects-in-progress	(436)	(436)
Changes in inventories	(2,605)	5,620
Changes in trade and other receivables	8,661	62,057
Changes in trade and other payables	<u>(12,296)</u>	<u>2,370</u>
Cash from operating activities	917	96,755
Income tax paid	(1,420)	(1,938)
Income tax refund	-	1,019
Interest paid	<u>(1,146)</u>	<u>(2,546)</u>
Net cash (for)/from operating activities	<u>(1,649)</u>	<u>93,290</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	2,912	834
Proceeds from disposal of property, plant and equipment	99	249
Purchase of property, plant and equipment	(5,258)	(2,146)
Withdrawal of deposits pledged to licensed banks	<u>113</u>	<u>54</u>
Net cash for investing activities	<u>(2,134)</u>	<u>(1,009)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021 (CONT'D)

	CUMULATIVE QUARTERS	
	Current Year To Date 31.12.2021 (RM'000)	Preceding Year To Date 31.12.2020 (RM'000)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	126,284	-
Dividends paid	(4,316)	(19,768)
Purchase of treasury shares	(7,068)	(5,978)
Repayment of lease liabilities	(599)	(3,708)
Drawdown of trade financing	11,510	18,612
Repayment of trade financing	(8,803)	(42,192)
Repayment of term loans	(19,338)	(9,267)
Repayment of term financing	(1,012)	(973)
Net cash from/(for) financing activities	96,658	(63,274)
Net increase in Cash and Cash Equivalents	92,875	29,007
Effects of foreign exchange translation	(9)	15
Cash and Cash Equivalents at beginning of the financial period	42,191	40,263
Cash and Cash Equivalents at end of the financial period	<u>135,057</u>	<u>69,285</u>
Cash and Cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed banks	5,989	6,063
Cash and bank balances	13,096	4,439
Short-term investments	121,961	64,846
	<u>141,046</u>	<u>75,348</u>
Less: deposits pledged to licensed banks	(5,989)	(6,063)
	<u>135,057</u>	<u>69,285</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 2021 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 2021.

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 2021.

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 2021.

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

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

Amendment to MFRS 16: Covid-19 - Related Rent Concessions

Amendment to MFRS 16: Covid-19 - Related Rent Concessions beyond 30 June 2021

The adoption of the above accounting standard(s) and/or interpretation(s) (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 standard(s) and/or interpretation(s) (including the consequential amendments, if any) 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 2023
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
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from Single Transaction	1 January 2023
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 Group did not early adopt the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) as they are not expected to have material impact on the financial statements of the Group upon their initial applications.

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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 2021 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 other than as disclosed under Note B14 COVID-19 Outbreak.

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) Warrants

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 RM0.545 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.

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

A6 Debt and Equity Securities (Cont'd)

(i) Warrants (Cont'd)

Following the completion of the Bonus Issue on 2 October 2020, the exercise price and the number of outstanding Warrants 2018/2023 had been adjusted in accordance with the provisions of the Deed Poll ("Adjustments") as follows:-

- (a) Exercise price of the Outstanding Warrants 2018/2023 = RM0.54 sen;
- (b) Number of additional Warrants 2018/2023 arising from the Adjustments = 675,000,000 Warrants 2018/2023.

Up to 28 February 2022, being the last practicable date from the date of the issue of this report, 1,350,000,000 Warrants remained unexercised.

(ii) Share Buy-Back

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

On 17 September 2020, the Company obtained the approval from its shareholders at the Twelfth Annual General Meeting to renew the Share Buy-Back authority.

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.

Subsequently, on 2 October 2020, the Company announced that the Bonus Issue was completed and the total repurchased equity securities amounted to 64,084,000 at an average price of RM0.48 per share held as treasury shares.

On 15 September 2021, the Company obtained the approval from its shareholders at the Thirteenth Annual General Meeting to renew the Share Buy-Back authority.

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.

As at 31 December 2021, the Company had repurchased, in total its equity securities of 93,041,000 ordinary shares at an average price of RM0.48 per share as treasury shares, the consideration of which amounted to RM44,812,314 with transaction costs.

None of the treasury shares held were distributed, resold, cancelled, transferred in accordance with Section 127 of the Companies Act 2016 during the financial period.

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

A6 Debt and Equity Securities (Cont'd)

(iii) Employees' Share Option Scheme ("ESOS")

The Company had on 6 December 2019, 24 December 2019, 20 January 2020, 4 February 2020 and 5 February 2020 made an announcements in relation to the ESOS. Unless otherwise defined, the definition set out in the Announcements shall apply therein.

The Company had on 20 February 2020 obtained the approval from its shareholders at the Extraordinary General Meeting on the proposed establishment of ESOS of up to 7.5% of the total number of issued ordinary shares of the Company and on the proposed allocation of ESOS options to the members of Boards of Directors.

On 2 September 2020, the Company announced that Bursa Securities had, vide its letter dated 1 September 2020, approved the Company's application for an extension of time until 19 January 2021 to complete the implementation of the ESOS.

The Company had on 17 September 2020 obtained the approval from its shareholders at the Twelfth Annual General Meeting for the proposed allocation of ESOS options to Dato' Sri Sharifuddin bin Ab Ghani, Dato' Ibrahim bin Abdullah, Encik Handrianov Putra bin Abu Hanifah and Cik Noor Suhaila binti Saad who were appointed to the Board on 5 February 2020.

On 18 January 2021, the Company announced that Bursa Securities had, vide its letter 15 January 2021, approved the Company's application for a further extension of time until 19 July 2021 to complete the implementation of the ESOS.

On 24 February 2021, the Company announced that Encik Wan Zalizan Bin Wan Jusoh was appointed as the Chairman of the Employees' Share Option Scheme Committee.

On 29 March 2021, the Company announced that Mr Chia Kok Khuang and Encik Safian Bin Mohd Yunus were appointed as members of the Employees' Share Option Scheme Committee.

On 16 July 2021, the Company announced the effective date for the implementation of the ESOS, which was the date of full compliance of the ESOS in accordance with paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Securities.

The ESOS Committee was formed by the Board on 27 February 2020. To date of this report no share option has been offered.

(iv) Bonus Issue

On 5 August 2020, Kenanga Investment Bank Berhad ("Kenanga IB") had, on behalf of the Board, announced that the Company proposed to undertake the 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.

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

A6 Debt and Equity Securities (Cont'd)

(iv) Bonus Issue (Con't)

On 18 August 2020, Kenanga IB had, on behalf of the Board, announced that Bursa Malaysia 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; and
- (iii) up to 675,000,000 new Datasonic Shares to be issued from the exercise of the said Additional Warrants, on the Main Market of Bursa Securities.

On 2 October 2020, the Bonus Issue was completed following the listing and quotation of:-

- (i) 1,350,000,000 Bonus Shares issued pursuant to the Bonus Issue; and
- (ii) 675,000,000 Additional Warrants issued arising from the Adjustments, on the Main Market of Bursa Securities.

(v) Private Placement

On 20 November 2020, the Company proposed to undertake a private placement of new ordinary shares in Datasonic ("Datasonic Shares" or "Shares"), representing up to 10% of the total number of issued shares (excluding treasury shares), to independent third-party investors to be identified at a later date and at an issue price to be determined and fixed later.

The Proposed Private Placement will be implemented in accordance with the general mandate obtained from the shareholders of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") at its 12th Annual General Meeting ("AGM") convened on 17 September 2020, whereby the Board had been authorised to allot and issue new Datasonic Shares not exceeding 10% of the total number of issued shares in the Company ("General Mandate").

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

A6 Debt and Equity Securities (Cont'd)

(v) Private Placement (Cont'd)

The Proposed Private Placement entails the issuance of up to 405,000,000 new Datasonic Shares ("Placement Shares"), representing up to 10% of the total number of issued shares as at 19 November 2020, after taking into consideration the following:

- (a) Datasonic's existing number of issued shares of 2,633,546,000 Datasonic Shares (excluding 66,454,000 Datasonic Shares held as treasury shares by the Company ("Treasury Shares") as at the Latest Practical Date;
- (b) assuming all Treasury Shares are resold in the open market; and
- (c) assuming full exercise of the 1,350,000,000 outstanding warrants 2018/2023 of Datasonic issued pursuant to the provisions of the deed poll dated 18 June 2018 and expiring on 5 July 2023 ("Warrants") into 1,350,000,000 new Datasonic Shares at the exercise price of RM0.54 each, prior to the implementation of the Proposed Private Placement (collectively known as "Maximum Scenario").

Under the minimum scenario, the size of the Proposed Private Placement is up to 263,354,600 Placement Shares, representing up to 10% of the existing number of issued shares of Datasonic of 2,633,546,000 (excluding Treasury Shares), assuming none of the Treasury Shares are resold and none of the Warrants A is exercised into new Datasonic Shares prior to the implementation of the Proposed Private Placement ("Minimum Scenario").

On 27 November 2020, the Company announced that an application to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities was submitted.

On 2 December 2020, the Company announced that Bursa Securities had, via its letter, approved the listing and quotation of up to 405,000,000 Placement Shares subject to the following conditions:-

- (a) Datasonic and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (b) Datasonic and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (c) Datasonic to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
- (d) AmInvestment Bank to furnish Bursa Securities with details of the places in accordance with paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement.

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A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING**A6 Debt and Equity Securities (Cont'd)****(v) Private Placement (Cont'd)**

On 29 March 2021, the Company announced that the Board has fixed the issue price for 262,000,000 Placement Shares at RM0.482 per Placement Shares ("Issue Price").

The Issue Price represents a discount of approximately RM0.0532 or 9.94% to the 5D-VWAP of Datasonic Shares up to and including 26 March 2021 of RM0.5352 per Datasonic Share.

On 6 April 2021, the Company received the gross proceeds amounting to RM126,284,000 from the Private Placement of 262,000,000 new ordinary shares at an issue price of RM0.482 per share of which the issued share capital of the Company was increased to RM261,284,000 comprising of 2,962,000,000 ordinary shares. The Private Placement was completed on 7 April 2021 and the new ordinary shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 8 April 2021.

On 7 October 2021, the Board resolved to revise the utilisation of proceeds raised from the Private Placement by re-allocating the balance of proceeds previously earmarked for repayment of bank borrowings of approximately RM55.36 million to funding for Datasonic's existing and/or future projects. This amount is expected to be utilised by 7 April 2022, being 12 months from the listing of placement shares.

The utilisation of the Private Placement proceeds as at 31 December 2021 as follows:-

Description	Proposed utilisation RM'000	Utilisation RM'000	As at 7.10.2021		Additional utilisation RM'000	As at	Intended timeframe for utilisation
			Reallocation RM'000	Revised balance to be utilised RM'000		31.12.2021	
						Balance to be utilised RM'000	
Repayment of bank borrowings	79,950	(24,594)	(55,356)	-	-	-	Within 6 months
Finance Datasonic's existing and future projects	45,949	-	55,356	101,305	(42,477)	58,828	Within 12 months
Estimated expenses in relation to the Private Placement	385	(385)	-	-	-	-	Within 1 month
	<u>126,284</u>	<u>(24,979)</u>	<u>-</u>	<u>101,305</u>	<u>(42,477)</u>	<u>58,828</u>	

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:-

31 December 2021	Customised Solutions (RM'000)	Manufacturing (RM'000)	Investment Holding (RM'000)	Elimination (RM'000)	Consolidated (RM'000)
REVENUE					
External	77,252	4,839	-	-	82,091
Inter-segment	522	696	12,223	(13,441)	-
Total Revenue	<u>77,774</u>	<u>5,535</u>	<u>12,223</u>	<u>(13,441)</u>	<u>82,091</u>
RESULT					
Loss from operations					(1,358)
Finance costs					<u>(1,146)</u>
Loss before tax					<u>(2,504)</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

(i) During the Reporting Period

On 18 November 2021, the Company announced that Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company received Letter of Extension dated 29 October 2021 from Kementerian Dalam Negeri ("KDN") in respect of the following Contracts:-

- (a) Supply of the Malaysian Passport Chips;
- (b) Supply of the Malaysian Passport Documents; and
- (c) Supply of Polycarbonate Biodata Pages

Extension of the Contracts shall be for a period of twenty four (24) months from 1 December 2021 to 30 November 2023. The remaining value of the three Contracts is estimated at RM280 million.

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

A9 Material Events (Cont'd)

(ii) Subsequent the Reporting Period

On 17 February 2022, the Company announced that Datasonic Technologies Sdn. Bhd. ("DTSB"), a wholly-owned subsidiary of the Company received and accepted Letter of Award ("LOA") dated 10 February 2022 from Kementerian Dalam Negeri ("KDN") for the supply of MyKad, MyTentera, MyPoca raw cards and consumables to the National Registration Department ("Contract") for a period of 12 months commencing from 15 February 2022 to 14 February 2023 for a contract sum of RM50,118,868.00.

A10 Effects of changes in Composition of the Group

There are no changes in the composition of the Group in the current financial quarter under review.

A11 Capital Commitments

	As at 31.12.2021 RM'000	As at 31.03.2021 RM'000
<u>Approved and contracted for:</u>		
Renovation	17	91
Acquisition of machineries and equipment	1,162	844

A12 Changes in Contingent Liabilities

	As at 31.12.2021 RM'000	As at 31.03.2021 RM'000
Performance guarantees extended to customers	17,040	17,174
Performance guarantees extended to suppliers	20	20
	<u>17,060</u>	<u>17,194</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 31.12.2021 (RM'000)	Preceding Year Quarter 31.12.2020 (RM'000)	(RM'000)	%	Current Year To Date 31.12.2021 (RM'000)	Preceding Year To Date 31.12.2020 (RM'000)	(RM'000)	%
Revenue	35,949	29,445	6,504	22%	82,091	112,590	(30,499)	-27%
Profit/(Loss) from operations	2,401	1,267	1,134	90%	(1,358)	18,639	(19,997)	-107%
Profit/(Loss) before tax	2,013	627	1,386	221%	(2,504)	16,093	(18,597)	-116%
Profit/(Loss) after tax	1,503	621	882	142%	(3,139)	12,917	(16,056)	-124%
Profit/(Loss) after tax attributable to owners of the Company	1,510	627	883	141%	(3,124)	12,929	(16,053)	-124%

Individual Quarter/Cumulative Quarter

The Group achieved a revenue of RM35.95 million in the current financial quarter which was higher when compared to RM29.45 million in the corresponding quarter of the preceding financial year.

RM25.24 million of the Group's revenue in the current financial quarter was derived from the supply of passport and personalisation services which was higher than the total of RM16.71 million earned in the corresponding quarter of the preceding financial year resulted from more supplies to customers of the said materials and services.

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

Assets and liabilities

The increase in total assets and decrease in total liabilities as at 31 December 2021 against balances of 31 March 2021 was as follows:

	As at 31.12.2021	As at 31.03.2021	Variance RM'000	%
Total assets	401,184	320,531	80,653	25.2%
Total liabilities	66,671	94,215	(27,544)	-29.2%

The increase in total assets of RM80.65 million was mainly consists of proceeds derived from the private placement exercise as disclosed in Note A6 (v).

The decrease in total liabilities of RM27.54 million principally resulted from repayment of borrowings.

Cash flow for the nine months ended 31 December 2021

The Group had cash outflow of RM1.65 million from operating activities in the financial period under review.

The net cash used in financing activities was mainly for repayments of borrowings amounted to approximately RM29.75 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 31.12.2021 (RM'000)	Immediate Preceding Quarter 30.09.2021 (RM'000)	Variance	
			(RM'000)	%
Revenue	35,949	28,748	7,201	25%
Profit from operations	2,401	1,240	1,161	94%
Profit before tax	2,013	878	1,135	129%
Profit after tax	1,503	1,008	495	49%
Profit after tax attributable to owners of the Company	1,510	1,012	498	49%

The Group's revenue of RM35.95 million in the current financial quarter was higher than RM28.75 million reported in the immediate preceding quarter mainly due to more supplies of passport and increased personalisation services which led to greater profit before tax for the quarter under review.

B3 Commentary on Prospects

Business operating environment for the remaining financial year is expected to be encouraging amid positive recovery of the Malaysian economy supported by continued progress of vaccination programmes and prospect on international border reopening.

The Board is confident that the Group will register improve performance in the coming quarter fuelled by positive revenue contribution from Government segment, particularly new passport issuance and additional MyKad supply. In addition, the Group expects contribution from the personalisation services will also continue to yield positive results.

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/(Loss) Before Taxation

Profit/(Loss) before taxation is derived after taking the following into consideration:-

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter	Preceding Year Quarter	Current Year Year To Date	Preceding Year Year To Date
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Amortisation of development expenditure	1,103	818	2,897	2,296
Depreciation of property, plant and equipment	3,243	1,683	8,593	6,841
Depreciation of right-of-use assets	122	157	412	1,087
Gain on disposal of property, plant and equipment	-	-	(33)	(62)
Interest income	(622)	(222)	(2,912)	(834)
Interest expense:				
- interest expense on lease liabilities	9	28	46	261
- other interest expense	379	612	1,100	2,285
Loss/(Gain) on foreign exchange:				
- realised	6	26	36	195
- unrealised	(17)	(188)	(10)	(823)
Property, plant and equipment written off	-	-	#	-
Staff costs	10,116	10,247	30,009	32,142

Note:

- Amount less than RM1,000.

B6 Income Tax Expense

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter	Preceding Year Quarter	Current Year Year To Date	Preceding Year Year To Date
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Current tax:				
- for the current financial quarter	397	(286)	1,041	2,511
- under/(over)provision in previous financial years	113	(182)	134	(182)
Deferred tax:				
- under/(over)provision in previous financial year	-	474	(540)	847
	510	6	635	3,176

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.

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

B7 Status of Corporate Proposals

There were no corporate proposals for the current financial quarter under review except as disclosed under Note A6.

B8 Group Borrowings

31.12.2021	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
<u>Secured:</u>				
Contract Financing	4.17 - 4.20	-	732	732
Term Financing	3.20	1,388	2,293	3,681
Term Loans	3.05 - 4.55	4,116	22,847	26,963
Trade Financing	3.68 - 3.80	9,966	-	9,966
		<u>15,470</u>	<u>25,872</u>	<u>41,342</u>

31.03.2021	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
<u>Secured:</u>				
Contract Financing	3.92 - 4.20	-	16,699	16,699
Term Financing	3.20	1,355	3,338	4,693
Term Loans	3.05 - 4.30	4,397	25,937	30,334
Trade Financing	2.08 - 4.73	7,259	-	7,259
		<u>13,011</u>	<u>45,974</u>	<u>58,985</u>

All borrowings are denominated in Ringgit Malaysia.

B9 Lease Liabilities

31.12.2021	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
<u>Secured:</u>				
Leasing	4.33 - 10.72	<u>313</u>	<u>-</u>	<u>313</u>

31.03.2021

<u>Secured:</u>				
Leasing	4.33 - 13.40	<u>757</u>	<u>155</u>	<u>912</u>

DATASONIC GROUP BERHAD**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)****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 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.

On 13 October 2021, the High Court had delivered its judgement for the Defendant i.e. DTSB to pay a total sum of RM15,000,000 to the Plaintiff.

The High Court also dismissed the Plaintiff's claim for GST and prejudgement interest calculated from the date of the Plaintiff's invoices. Instead, the High Court had only awarded a post judgment interest rate of 4% per annum.

Cost of RM30,000 was awarded and to be paid to the Defendant.

On 2 November 2021, DTSB had been served with a Notice of Appeal filed by Percetakan Keselamatan Nasional Sdn. Bhd. ("Appellant") at the Court of Appeal on 29 October 2021.

On 24 December 2021, the Court of Appeal had fixed the date of hearing on 15 June 2022 and had further directed the parties to file written submissions on/before 31 May 2022. The pre-hearing case management is on 2 June 2022 to update the Court on the status of filing of the written submission.

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

B11 Dividends

	RM'000	Date of Payment
In respect of the financial year ended 31 March 2021:		
- A fourth interim single tier tax-exempt dividend of 0.05 sen per share declared on 2 June 2021	1,442	30.06.2021
In respect of the financial year ended 31 March 2022:		
- A first interim single tier tax-exempt dividend of 0.10 sen per share declared on 30 August 2021	2,874	29.09.2021
- A second interim single tier tax-exempt dividend of 0.125 sen per share declared on 30 November 2021	3,591	21.01.2022
	7,907	

In respect of the financial quarter ended 31 December 2021, the directors had on 28 February 2022 declared a third interim single tier tax-exempt dividend of 0.125 sen per share, the Entitlement Date is 15 March 2022 and payable on 30 March 2022. This dividend has not been reflected in the financial statements for the current financial period ended 31 December 2021 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 31 March 2022.

B12 Earnings/(Loss) per Share

(a) Basic Earnings/(Loss) Per Share

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 31.12.2021 (RM'000)	Preceding Year Quarter 31.12.2020 (RM'000)	Current Year Year To Date 31.12.2021 (RM'000)	Preceding Year Year To Date 31.12.2020 (RM'000)
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	1,510	627	(3,124)	12,929
Weighted average number of ordinary shares in issue ('000)	2,878,552	1,758,777	2,878,552	1,758,777
Basic earnings/(loss) per share (sen)	0.05	0.04	(0.11)	0.74

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/(Loss) per Share (Cont'd)

(b) Diluted Earnings/(Loss) Per Share (Cont'd)

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 31.12.2021 (RM'000)	Preceding Year Quarter 31.12.2020 (RM'000)	Current Year Year To Date 31.12.2021 (RM'000)	Preceding Year Year To Date 31.12.2020 (RM'000)
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	1,510	627	(3,124)	12,929
Weighted average number of ordinary shares in issue ('000)	2,878,552	1,758,777	2,878,552	1,758,777
Effect of dilution of warrants ('000)	1,350,000	1,350,000	1,350,000	1,350,000
Adjusted weighted average number of ordinary shares in issue ('000)	4,228,552	3,108,777	4,228,552	3,108,777
Diluted earnings/(loss) per share (sen)	0.04	0.02	(0.07)	0.42

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.

B14 COVID-19 Outbreak

The outbreak of COVID-19 in early 2020, has affected the business and operating environment of the Group. Several measures taken by the Government to prevent the spread of COVID-19 through implementation of movement control order (“MCO”) such as introduction of various standard operating procedures (“SOP”), closure of non-essential services as well as restricted domestic and international travelling, have impacted consumers’ spending pattern and the Group’s operations directly and indirectly.

The Group expects the operating environment to remain challenging going forward as the disruption and full impact from the COVID-19 pandemic on the economy are still being cautiously assessed by the Government. Hence, it is not practicable to provide a reasonable estimate of COVID-19 impact on the Group’s financial position, operating results and cash flows on 28 February 2022, the date of which these financial statements are approved by the Board.

The Group is of the view that the Covid-19 pandemic will not significantly affect the fundamentals and going concern of its business operations and that it will continue to remain resilient. Accordingly, the Group's financial statement for the financial period of 9 months ended 2021 have been prepared based on the application of going concern assumption.

By order of the Board
Kuala Lumpur
28 February 2022