

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 September 2022 as follows:

SUMMARY OF KEY INFORMATION**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.09.2022 RM'000	Preceding Year Quarter 30.09.2021 RM'000	Current Year to-date 30.09.2022 RM'000	Preceding Year to-date 30.09.2021 RM'000
1 Revenue	93,630	28,748	157,712	46,142
2 Profit/(Loss) before tax	35,912	878	52,396	(4,517)
3 Profit/(Loss) for the period	24,901	1,008	36,930	(4,642)
4 Profit/(Loss) after tax attributable to owners of the Company	24,905	1,012	36,938	(4,634)
5 Basic earnings/(loss) per share (sen)	0.87	0.04	1.29	(0.16)
6 Diluted earnings/(loss) per share (sen)	0.87	0.02	1.29	(0.11)
7 Proposed/Declared dividend per share (sen)	0.50	0.125	0.75	0.225
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
8 Net assets per share attributable to owners of the Company (RM)	0.1267		0.1194	

Remarks:

In the second quarter of the current financial year ending 31 March 2023, a second interim single-tier tax exempt dividend of 0.50 sen per share was declared on 29 November 2022, 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 year under review but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 31 December 2022.

ADDITIONAL INFORMATION

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30.09.2022 RM'000	Preceding Year Quarter 30.09.2021 RM'000	Current Year to-date 30.09.2022 RM'000	Preceding Year to-date 30.09.2021 RM'000
1 Gross interest income	88	729	158	2,290
2 Gross interest expense	(351)	(362)	(614)	(758)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 30.09.2022 (RM'000)	Preceding Quarter 30.09.2021 (RM'000)	Current Year To Date 30.09.2022 (RM'000)	Preceding Year To Date 30.09.2021 (RM'000)
Continuing Operations				
Revenue	93,630	28,748	157,712	46,142
Operating expenses	(58,176)	(28,294)	(106,130)	(52,311)
Other income	809	786	1,428	2,410
Profit/(Loss) from operations	36,263	1,240	53,010	(3,759)
Finance costs	(351)	(362)	(614)	(758)
Profit/(Loss) before tax	35,912	878	52,396	(4,517)
Income tax expense	(11,011)	130	(15,466)	(125)
Profit/(Loss) after tax	24,901	1,008	36,930	(4,642)
Other comprehensive income, net of tax				
- Foreign currency translation differences	(4)	39	(7)	40
Total comprehensive income/(loss) for the period	24,897	1,047	36,923	(4,602)
Profit/(Loss) after taxation attributable to:				
Owners of the Company	24,905	1,012	36,938	(4,634)
Non-controlling interests	(4)	(4)	(8)	(8)
	24,901	1,008	36,930	(4,642)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	24,905	1,050	36,939	(4,594)
Non-controlling interests	(8)	(3)	(16)	(8)
	24,897	1,047	36,923	(4,602)
Earnings/(Loss) per share (sen) attributable to				
owners of the Company :				
- Basic (Note B11a)	0.87	0.04	1.29	(0.16)
- Diluted (Note B11b)	0.87	0.02	1.29	(0.11)

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 2022 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 30 SEPTEMBER 2022

	As at 30.09.2022 (RM'000)	As at 31.03.2022 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	120,828	131,261
Right-of-use assets	10,903	11,027
Other investment	110	110
Goodwill	4,162	4,162
Development expenditures	9,764	15,359
Trade receivables (2)	913	2,146
	<u>146,680</u>	<u>164,065</u>
CURRENT ASSETS		
Projects-in-progress	4,872	3,180
Inventories	44,562	52,225
Trade receivables	100,934	48,619
Other receivables, deposits and prepayments	6,087	9,442
Tax recoverable	-	2,392
Short-term investments	114,056	110,111
Deposits with licensed banks	6,460	6,107
Cash and bank balances	24,699	4,637
	<u>301,670</u>	<u>236,713</u>
TOTAL ASSETS	<u>448,350</u>	<u>400,778</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	261,284	261,284
Treasury shares	(49,096)	(46,430)
Merger deficit	(11,072)	(11,072)
Foreign exchange translation reserve	(55)	(56)
Retained profits	161,136	138,520
Equity attributable to owners of the Company	<u>362,197</u>	<u>342,246</u>
Non-controlling interests	253	269
TOTAL EQUITY	<u>362,450</u>	<u>342,515</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	20,966	23,749
Deferred taxation	4,842	4,334
	<u>25,808</u>	<u>28,083</u>
CURRENT LIABILITIES		
Trade payables	5,839	6,583
Other payables and accruals	16,595	14,648
Provision for taxation	12,017	-
Short-term borrowings	18,480	8,949
Dividend payable	7,161	-
	<u>60,092</u>	<u>30,180</u>
TOTAL LIABILITIES	<u>85,900</u>	<u>58,263</u>
TOTAL EQUITY AND LIABILITIES	<u>448,350</u>	<u>400,778</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.1267	0.1194

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 2022 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 SECOND QUARTER ENDED 30 SEPTEMBER 2022

	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Non- distributable Foreign Exchange Translation 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 2022	261,284	(46,430)	(11,072)	(56)	138,520	342,246	269	342,515
Profit after taxation for the financial year	-	-	-	-	36,938	36,938	(8)	36,930
Other comprehensive income for the financial year:								
- Foreign exchange translation	-	-	-	1	-	1	(8)	(7)
Total comprehensive income for the financial year	-	-	-	1	36,938	36,939	(16)	36,923
Contributions by and distributions to owners of the Company:								
- purchase of treasury shares	-	(2,666)	-	-	-	(2,666)	-	(2,666)
- dividends (Note B10)	-	-	-	-	(14,322)	(14,322)	-	(14,322)
Total transactions with owners	-	(2,666)	-	-	(14,322)	(16,988)	-	(16,988)
At 30 September 2022	261,284	(49,096)	(11,072)	(55)	161,136	362,197	253	362,450

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022

	CUMULATIVE QUARTERS	
	Current Year To Date 30.09.2022 (RM'000)	Preceding Year To Date 30.09.2021 (RM'000)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	52,396	(4,517)
Adjustments for :		
Allowance for impairment losses on inventories	-	42
Amortisation of development expenditure	5,595	1,794
Depreciation of property, plant and equipment	12,055	5,350
Depreciation of right-of-use assets	124	290
Gain on disposal of property, plant and equipment	-	(33)
Interest income	(158)	(2,290)
Interest expense:		
- interest expense on lease liabilities	-	37
- other interest expense	614	721
Property, plant and equipment written off	2	-
Unrealised loss on foreign exchange	46	7
Writeback of impairment losses on inventories	(34)	(38)
Operating profit before working capital changes	<u>70,640</u>	<u>1,363</u>
Changes in projects-in-progress	(1,692)	(1,020)
Changes in inventories	7,697	(4,714)
Changes in trade and other receivables	(47,734)	3,278
Changes in trade and other payables	1,143	132
Cash from/(for) operating activities	<u>30,054</u>	<u>(961)</u>
Income tax paid	(549)	(1,089)
Interest paid	(614)	(758)
Net cash from/(for) operating activities	<u><u>28,891</u></u>	<u><u>(2,808)</u></u>
CASH FLOWS (USED)/FOR INVESTING ACTIVITIES		
Interest received	158	2,290
Proceeds from disposal of property, plant and equipment	-	84
Purchase of property, plant and equipment	(1,624)	(4,981)
(Placement)/Withdrawal of deposits pledged to licensed banks	(352)	100
Net cash for investing activities	<u><u>(1,818)</u></u>	<u><u>(2,507)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022 (CONT'D)

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	30.09.2022	30.09.2021
	(RM'000)	(RM'000)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	126,284
Dividends paid	(7,161)	(4,316)
Purchase of treasury shares	(2,666)	(5,086)
Repayment of lease liabilities	-	(475)
Drawdown of trade financing	14,421	8,570
Repayment of trade financing	(4,926)	(5,826)
Repayment of term loans	(2,055)	(17,602)
Repayment of term financing	(692)	(672)
Net cash (for)/from financing activities	(3,079)	100,877
Net increase in Cash and Cash Equivalents	23,994	95,562
Effects of foreign exchange translation	13	(9)
Cash and Cash Equivalents at beginning of the financial year	114,748	42,191
Cash and Cash Equivalents at end of the financial year	138,755	137,744
Cash and Cash equivalents at the end of the financial year comprise the following:		
Deposits with licensed banks	6,460	6,003
Cash and bank balances	24,699	7,497
Short-term investments	114,056	130,247
	145,215	143,747
Less: deposits pledged to licensed banks	(6,460)	(6,003)
	138,755	137,744

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 2022 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 2022.

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 2022.

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 2022.

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):-

Amendment to MFRS 3: Reference to the Conceptual Framework

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

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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>
Amendment to MFRS 16 Leases: Lease Liability in Sale and Leaseback	1 January 2024
MFRS 17 Insurance Contracts	1 January 2023
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 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	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

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.

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 2022 was not qualified.

A3 Comments about Seasonality or Cyclicity

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

A4 Unusual Items Due to Their Nature, Size or Incidence

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

A5 Changes in Estimates

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

A6 Debt and Equity Securities

(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.

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") and 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 shares 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) Exercise price of the Outstanding Warrants 2018/2023 = RM0.54 sen;
- (c) Number of additional Warrants 2018/2023 arising from the Adjustments = 675,000,000 Warrants 2018/2023; and
- (d) 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.

To date of this report 1,350,000,000 Warrants remained unexercised.

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

A6 Debt and Equity Securities (Cont'd)

(ii) Share Buy-Back

The Company had obtained the approval from its shareholders at the 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").

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.

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 30 September 2022, the Company had repurchased, in total its equity securities of 102,281,200 ordinary shares at an average price of RM0.48 per share as treasury shares, the consideration of which amounted to RM49,095,762 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 year.

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

On 6 December 2019, the Company had proposed to establish and implement an ESOS of up to 7.5% of the total number of issued ordinary shares of Datasonic (excluding treasury shares, if any) at any point in time during the duration of the ESOS for the eligible Directors and employees of Datasonic and its subsidiaries ("Datasonic Group or Group") (excluding dormant subsidiaries).

On 24 December 2019, the additional listing application in relation to the Proposed ESOS has been submitted to Bursa Securities. On 20 January 2020, Bursa Securities approved the listing of and quotation for such number of new ordinary shares to be issued pursuant to the exercise of option under the ESOS, subject to the following conditions:

- i) An Investment Bank is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the ESOS; and
- ii) Datasonic is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the ESOS as at the end of each quarter together with a detailed computation of the listing fee payable.

At the Extraordinary General Meeting held on 20 February 2020, the shareholders had approved of the ESOS. The ESOS Committee was formed by the Board on 27 February 2020.

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 Listing Requirements.

On 29 September 2022 and 12 October 2022, the Company announced the changes in the composition of the ESOS Committee.

To date of this report no share option has been offered.

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

A6 Debt and Equity Securities (Cont'd)

(iv) Private Placement

On 20 November 2020, the Company had 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.

On 2 December 2020, Bursa Securities approved the listing and quotation of up to 405,000,000 Placement Shares.

On 29 March 2021, the Board had fixed the issue price for 262,000,000 Placement Shares at RM0.482 per Placement Shares, 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.

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 proceeds.

On 4 April 2022, the Board has resolved to extend the timeframe for the utilisation of the remaining unutilised proceeds raised from the Private Placement, re-allocated to finance Datasonic's existing and future projects for an additional six (6) months of up to eighteen (18) months from the listing of placement shares.

The Board is of the opinion that the extension of time for the utilisation of proceeds raised from the Private Placement is in the best interest of the Company and is not subject to the approval of the shareholders of the Company or any regulatory authorities.

The proceeds raised from the Private Placement has been fully utilised in May 2022.

Description	Proposed utilisation RM'000	Reallocation 7.10.2021 RM'000	Revised utilisation RM'000	Actual Utilisation RM'000	Unutilised balance RM'000	Revised timeframe for
Repayment of bank borrowings	79,950	(55,356)	24,594	(24,594)	-	-
Finance Datasonic's existing and future projects	45,949	55,356	101,305	(101,305)	-	Within 18 months
Estimated expenses in relation to the Private Placement	385	-	385	(385)	-	-
	<u>126,284</u>	<u>-</u>	<u>126,284</u>	<u>(126,284)</u>	<u>-</u>	

There was no other issuance, cancellation, repurchase, resale or repayment of debt securities or 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 September 2022	Customised Solutions	Manufacturing	Investment Holding	Elimination	Consolidated
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
REVENUE					
External	135,230	22,482	-	-	157,712
Inter-segment	3,240	6,712	25,672	(35,624)	-
Total Revenue	<u>138,470</u>	<u>29,194</u>	<u>25,672</u>	<u>(35,624)</u>	<u>157,712</u>
RESULT					
Profit from operations					53,010
Finance costs					<u>(614)</u>
Profit before tax					<u>52,396</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

- (a) On 15 June 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 June 2022 from PERKESO to provide the services of developing the Data Analytics Hub for Employment Insurance System, PERKESO for a period of five (5) years commencing from 1 July 2022 to 30 June 2027 for a contract sum of RM9,658,398.40.
- (b) On 15 August 2022, the Company announced that DTSB received and accepted a Letter dated 9 August 2022 from Kementerian Dalam Negeri ("KDN") in respect of the amendments to the contract for the supply of the Malaysian Passport Chips or 12.5 million of Passport Chips commencing from 1 December 2021 to 30 November 2023 with total additional contract ceiling value of RM31,390,000 from RM318,750,000 to RM350,140,000.

(ii) Subsequent the Reporting Period

On 7 November 2022, the Company announced that DTSB received and accepted LOA dated 31 October 2022 from KDN for the supply of foreign worker card (i-Kad) to Jabatan Imigresen Malaysia for a period of thirty-six (36) months commencing from 1 November 2022 to 31 October 2025 for a contract value of RM140,000,000.00.

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

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 30.09.2022 RM'000	As at 31.03.2022 RM'000
<u>Approved and contracted for:</u>		
Renovation	106	5
Acquisition of machineries and equipment	138	681

A12 Changes in Contingent Liabilities

	As at 30.09.2022 RM'000	As at 31.03.2022 RM'000
Performance guarantees extended to customers	18,645	19,833
Performance guarantees extended to suppliers	-	20
	<u>18,645</u>	<u>19,853</u>

A13 Related Party Transactions

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

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)**B1 Review of Performance**

	Individual Quarter				Cumulative Quarters			
	Current Year Quarter 30.09.2022 (RM'000)	Preceding Year Quarter 30.09.2021 (RM'000)	Variance		Current Year To Date 30.09.2022 (RM'000)	Preceding Year To Date 30.09.2021 (RM'000)	Variance	
			(RM'000)	%			(RM'000)	%
Revenue	93,630	28,748	64,882	226%	157,712	46,142	111,570	242%
Profit/(Loss) from operations	36,263	1,240	35,023	2824%	53,010	(3,759)	56,769	-1510%
Profit/(Loss) before tax	35,912	878	35,034	3990%	52,396	(4,517)	56,913	-1260%
Profit/(Loss) after tax	24,901	1,008	23,893	2370%	36,930	(4,642)	41,572	-896%
Profit/(Loss) after tax attributable to owners of the Company	24,905	1,012	23,893	2361%	36,938	(4,634)	41,572	-897%

Individual Quarter

The Group achieved a revenue of RM93.63 million in the current financial quarter which was higher when compared to RM28.75 million in the corresponding quarter of the preceding financial year.

RM84.07 million of the Group's revenue in the current financial quarter was derived from the supply of smart cards, passport and personalisation services which was higher than the total of RM20.56 million earned in the corresponding quarter of the preceding financial year resulted from more demand from customers for the said materials and services.

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

Cumulative Quarters

The Group achieved a revenue of RM157.71 million in the current financial period which was higher when compared to RM46.14 million in the preceding financial period.

RM139.87 million of the Group's revenue in the current financial period was derived from the supply of smart cards, passport and personalisation services which was higher than the total of RM31.85 million earned in the preceding financial period resulted from more demand from customers of the said materials and services.

The current financial period reported a higher profit from operations when compared with a loss in the the preceding financial period.

Assets and liabilities

The increase in total assets and total liabilities as at 30 September 2022 against the balances of 31 March 2022 was as follows:

	As at	As at	Variance	
	30.09.2022	31.03.2022	RM'000	%
Total assets	448,350	400,778	47,572	11.9%
Total liabilities	85,900	58,263	27,637	47.4%

The increase in total assets of RM47.58 million was due to higher receivables.

The increase in total liabilities of RM27.64 million principally resulted from greater provision for taxation.

Cash flow for the six months ended 30 September 2022

The Group had cash inflow of RM28.89 million from operating activities in the financial period under review.

The net cash in financing activities was mainly for repayments of facilities amounted to approximately RM7.67 million.

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

	Current Quarter 30.09.2022 (RM'000)	Immediate Preceding Quarter 30.06.2022 (RM'000)	Variance	
			(RM'000)	%
Revenue	93,630	64,082	29,548	46%
Profit from operations	36,263	16,747	19,516	117%
Profit before tax	35,912	16,484	19,428	118%
Profit after tax	24,901	12,029	12,872	107%
Profit after tax attributable to owners of the Company	24,905	12,033	12,872	107%

The Group's revenue of RM93.63 million in the current financial quarter was higher than RM64.08 million reported in the immediate preceding quarter mainly due to more supplies of smart cards and passport which led to greater profit before tax for the quarter under review.

B3 Commentary on Prospects

Business world is suffering from new challenges arose in the resurrection of world economy after Covid 19 pandemic that contributed to supply chain disruption, elevated level of inflation, rising cost of raw materials and labour shortage. However, as a sign of the silver lining, with the opening of international borders, our business is gaining traction as the Covid 19 transitions from a pandemic to endemic environment.

With the reopening of international borders starting 1 April 2022, Malaysians gradually resume their business and leisure activities, which contribute to higher new applications and renewal of passports as well as surge in first time applications and replacement of MyKad documents. With this, we envisage orders of passport and MyKad documents by the Government to bounce back firmly comparable to pre-COVID-19 levels. In addition, we continue to pursue various new programmes and initiatives in support of Group's diversification of its revenue stream, particularly in the areas of digitalisation and payment support services.

The Group is cautiously optimistic that the outlook ahead is promising for Datasonic. Barring any unforeseen circumstances, the Group looks forward for a better financial performance for FY2023.

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/(Loss) Before Taxation**

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

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 30.09.2022 (RM'000)	Preceding Year Quarter 30.09.2021 (RM'000)	Current Year Year To Date 30.09.2022 (RM'000)	Preceding Year Year To Date 30.09.2021 (RM'000)
Amortisation of development expenditure	3,352	1,135	5,595	1,794
Depreciation of property, plant and equipment	6,395	2,758	12,055	5,350
Depreciation of right-of-use assets	62	133	124	290
Gain on disposal of property, plant and equipment	-	(22)	-	(33)
Interest income:				
- at fair value through profit or loss	(5)	(658)	(9)	(1,241)
- not at fair value through profit or loss	(83)	(71)	(149)	(1,049)
Interest expense:				
- interest expense on lease liabilities	-	17	-	37
- other interest expense	351	345	614	721
Loss/(Gain) on foreign exchange:				
- realised	(13)	10	162	30
- unrealised	87	(25)	46	7
Property, plant and equipment written off	2	-	2	-
Staff costs	13,252	10,309	27,459	19,893

Note:

- Amount less than RM1,000.

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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)**B6 Income Tax Expense**

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter	Preceding Year Quarter	Current Year Year To Date	Preceding Year Year To Date
	30.09.2022 (RM'000)	30.09.2021 (RM'000)	30.09.2022 (RM'000)	30.09.2021 (RM'000)
Current tax:				
- for the current financial quarter	10,840	172	14,958	644
- underprovision in previous financial year	-	21		21
Deferred tax:				
- for the current financial quarter	173	-	310	-
- (over)/underprovision in previous financial year	(2)	(323)	198	(540)
	<u>11,011</u>	<u>(130)</u>	<u>15,466</u>	<u>125</u>

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

	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
30.09.2022				
<u>Secured:</u>				
Term Financing	3.70	1,419	1,226	2,645
Term Loans	3.55 - 3.70	4,141	19,740	23,881
Trade Financing	4.36 - 4.71	12,920	-	12,920
		<u>18,480</u>	<u>20,966</u>	<u>39,446</u>
31.03.2022				
<u>Secured:</u>				
Term Financing	3.20	1,398	1,939	3,337
Term Loans	3.05 - 3.20	4,126	21,810	25,936
Trade Financing	3.76 - 3.91	3,425	-	3,425
		<u>8,949</u>	<u>23,749</u>	<u>32,698</u>

All borrowings are denominated in Ringgit Malaysia.

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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.

In the last financial year, 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 PKN at the Court of Appeal on 29 October 2021.

For the reporting date under review, further developments are as follows:-

On 15 June 2022, the appeal filed by PKN against DTSB was heard by the Court of Appeal. After having heard the arguments by Counsels of both parties, the Court of Appeal has fixed the date for decision on 18 August 2022.

On 18 August 2022, the Court of Appeal has been vacated by the Court and a new Case Management to set new decision date is fixed on 30 August 2022.

On 1 September 2022, the Court of Appeal has fixed the date for decision on 26 October 2022.

On 26 October 2022, Court of Appeal had allowed part of PKN's appeal, that is only with regards to the judgment interest and cost awarded by the High Court.

The Court of Appeal agreed with the findings of the High Court. The sum to be paid for the passport booklet is RM10.00 per passport booklet and PKN is not entitled to the Goods and Services Tax.

The Court of Appeal found that the learned trial judge has erred in deciding that the post judgment interest rate of 4% per annum and awarding the cost of RM30,000 to DTSB. The Court of Appeal ordered that PKN is entitled to the interest of 5% per annum. Therefore, the Court of Appeal ordered DTSB to refund the cost of RM30,000 to PKN and further awarded the cost of RM5,000 to PKN for the appeal.

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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)**B10 Dividends**

	RM'000	Date of Payment
In respect of the financial year ended 31 March 2022:		
- A fourth interim single tier tax-exempt dividend of 0.25 sen per share declared on 31 May 2022	7,161	30.06.2022
In respect of the financial year ended 31 March 2023:		
- A first interim single tier tax-exempt dividend of 0.25 sen per share declared on 30 August 2022	7,161	28.10.2022
	14,322	

In respect of the financial quarter ended 30 September 2022, the directors had on 29 November 2022 declared a second interim single tier tax-exempt dividend of 0.50 sen per share, 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 current financial period ended 30 September 2022 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 31 December 2022.

B11 Earnings/(Loss) per Share**(a) Basic Earnings/(Loss) Per Share**

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 30.09.2022 (RM'000)	Preceding Year Quarter 30.09.2021 (RM'000)	Current Year Year To Date 30.09.2022 (RM'000)	Preceding Year Year To Date 30.09.2021 (RM'000)
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	24,905	1,012	36,938	(4,634)
Weighted average number of ordinary shares in issue ('000)	2,864,137	2,881,614	2,864,137	2,881,614
Basic earnings/(loss) per share (sen)	0.87	0.04	1.29	(0.16)

(b) Diluted Earnings/(Loss) Per Share

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 30.09.2022 (RM'000)	Preceding Year Quarter 30.09.2021 (RM'000)	Current Year Year To Date 30.09.2022 (RM'000)	Preceding Year Year To Date 30.09.2021 (RM'000)
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	24,905	1,012	36,938	(4,634)
Weighted average number of ordinary shares in issue ('000)	2,864,137	2,881,614	2,864,137	2,881,614
Effect of dilution of warrants ('000)	-	1,350,000	-	1,350,000
Adjusted weighted average number of ordinary shares in issue ('000)	2,864,137	4,231,614	2,864,137	4,231,614
Diluted earnings/(loss) per share (sen)	0.87	0.02	1.29	(0.11)

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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)**

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 2022