

## INTERIM FINANCIAL REPORT

### DATASONIC GROUP BERHAD

(Company No. 809759-X)

(Incorporated in Malaysia)

The Directors are pleased to present the Interim Financial Report for the period ended 30 June 2019 as follows:

### SUMMARY OF KEY INFORMATION

#### FOR THE FIRST QUARTER ENDED 30 JUNE 2019

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 30.06.2019 RM'000	Preceding Year Quarter 30.06.2018 RM'000	Current Year to-date 30.06.2019 RM'000	Preceding Year to-date 30.06.2018 RM'000
1	Revenue	58,316	48,784	58,316	48,784
2	Profit before tax	14,488	7,902	14,488	7,902
3	Profit for the year	14,002	7,363	14,002	7,363
4	Profit after tax attributable to owners of the Company	14,009	7,394	14,009	7,394
5	Basic earnings per share (sen)	1.04	0.55	1.04	0.55
6	Diluted earnings per share (sen)	1.04	N/A	1.04	N/A
7	Proposed/Declared dividend per share (sen)	0.75	1.00	0.75	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)	0.2004	0.1950		

**Remarks:**

Included in the proposed/declared dividend per share for the current year quarter ended 30 June 2019 is the first interim single-tier tax exempt dividend of 0.75 sen per share, in respect of the financial year ending 31 March 2020, which was declared on 30 August 2019 and the Entitlement Date will be determined and announced in due course. This dividend has not been reflected in the financial statements for the financial period ended 30 June 2019 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 September 2019.

### ADDITIONAL INFORMATION

		Individual Quarter		Cumulative Quarters	
		Current Year Quarter 30.06.2019 RM'000	Preceding Year Quarter 30.06.2018 RM'000	Current Year to-date 30.06.2019 RM'000	Preceding Year to-date 30.06.2018 RM'000
1	Gross interest income	163	138	163	138
2	Gross interest expense	(1,689)	(2,097)	(1,689)	(2,097)

**DATASONIC GROUP BERHAD**  
**(Company No. 809759-X)**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 30.06.2019 (RM'000)	Preceding Quarter 30.06.2018 (RM'000)	Current Year To Date 30.06.2019 (RM'000)	Preceding Year To Date 30.06.2018 (RM'000)
<b>Continuing Operations</b>				
Revenue	58,316	48,784	58,316	48,784
Operating expenses	(42,399)	(38,992)	(42,399)	(38,992)
Other income	260	207	260	207
Profit from operations	16,177	9,999	16,177	9,999
Finance costs	(1,689)	(2,097)	(1,689)	(2,097)
<b>Profit before tax</b>	14,488	7,902	14,488	7,902
Income tax expense	(486)	(539)	(486)	(539)
<b>Profit after tax</b>	14,002	7,363	14,002	7,363
<b>Other comprehensive income, net of tax</b>				
- Foreign currency translation differences	10	5	10	5
<b>Total comprehensive income for the quarter</b>	14,012	7,368	14,012	7,368
<b>Profit after taxation attributable to:</b>				
Owners of the Company	14,009	7,394	14,009	7,394
Non-controlling interests	(7)	(31)	(7)	(31)
	14,002	7,363	14,002	7,363
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	14,019	7,399	14,019	7,399
Non-controlling interests	(7)	(31)	(7)	(31)
	14,012	7,368	14,012	7,368
Earnings per share (sen) attributable to owners of the Company :				
- Basic (Note B12)	1.04	0.55	1.04	0.55
- Diluted	1.04	N/A	1.04	N/A

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to these interim financial statements.

**DATASONIC GROUP BERHAD**  
**(Company No. 809759-X)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	<b>As at 30.06.2019 (RM'000) Unaudited</b>	<b>As at 31.03.2019 (RM'000) Audited</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	175,114	177,575
Other investment	110	110
Goodwill	4,153	4,153
Development expenditures	29,780	31,111
Trade receivables (2)	5,449	6,162
	<u>214,606</u>	<u>219,111</u>
<b>CURRENT ASSETS</b>		
Projects-in-progress	3,769	3,161
Inventories	48,466	49,431
Trade receivables	140,511	119,293
Other receivables, deposits and prepayments	11,578	14,418
Tax recoverable	4,433	4,806
Short-term investments	6,162	3,716
Deposits with licensed banks	6,127	6,462
Cash and bank balances	8,172	26,935
	<u>229,218</u>	<u>228,222</u>
<b>TOTAL ASSETS</b>	<u>443,824</u>	<u>447,333</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	135,000	135,000
Merger deficit	(11,072)	(11,072)
Foreign exchange translation reserve	(46)	(56)
Retained profits	146,632	139,373
Equity attributable to owners of the Company	<u>270,514</u>	<u>263,245</u>
Non-controlling interests	(624)	(617)
<b>TOTAL EQUITY</b>	<u>269,890</u>	<u>262,628</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	73,925	81,350
Deferred taxation	2,099	2,026
	<u>76,024</u>	<u>83,376</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	9,558	12,169
Other payables and accruals	27,072	27,130
Short-term borrowings	54,530	55,280
Dividend payable	6,750	6,750
	<u>97,910</u>	<u>101,329</u>
<b>TOTAL LIABILITIES</b>	<u>173,934</u>	<u>184,705</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>443,824</u>	<u>447,333</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.2004	0.1950

Notes:

- (1) The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to these interim financial statements.
- (2) These represent revenue earned for work performed and goods delivered but related invoices have yet to be issued in accordance with contractual terms.

**DATASONIC GROUP BERHAD**  
**(Company No. 809759-X)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

	<---- Non distributable ---->			Distributable	Attributable	Non-	Total
	Share	Merger	Foreign				
	Capital	Deficit	Exchange	Profits	of the	Interests	
	RM'000	RM'000	Translation	RM'000	Company	RM'000	RM'000
			Reserve		RM'000		
			RM'000				
At 1 April 2019	135,000	(11,072)	(56)	139,373	263,245	(617)	262,628
Profit after taxation for the financial period	-	-	-	14,009	14,009	(7)	14,002
Other comprehensive income for the financial period:							
- Foreign exchange translation differences	-	-	10	-	10	-	10
Total comprehensive income for the financial period	-	-	10	14,009	14,019	(7)	14,012
Distributions to owners of the Company:							
- dividends (Note B11)	-	-	-	(6,750)	(6,750)	-	(6,750)
At 30 June 2019	135,000	(11,072)	(46)	146,632	270,514	(624)	269,890

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to these interim financial statements.

**DATASONIC GROUP BERHAD**  
**(Company No. 809759-X)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

	<b>CUMULATIVE QUARTERS</b>	
	<b>Current Year</b>	<b>Preceding Year</b>
	<b>To Date</b>	<b>To Date</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,488	7,902
Adjustments for :		
Depreciation of property, plant and equipment	4,011	3,641
Amortisation of development expenditure	1,331	1,416
Property, plant and equipment written off	#	#
Interest expense	1,689	2,097
Gain on disposal of property, plant and equipment	(9)	-
Unrealised loss on foreign exchange	121	152
Interest income	(163)	(138)
Operating profit before changes in working capital	21,468	15,070
Changes in projects-in-progress	304	(1,058)
Changes in inventories	965	(3,311)
Changes in trade and other receivables	(17,653)	(6,367)
Changes in trade and other payables	(2,882)	14,834
Cash generated from operations	2,202	19,168
Income tax paid	(40)	(594)
Interest paid	(1,689)	(2,097)
<b>Net cash from operating activities</b>	<b>473</b>	<b>16,477</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	163	138
Development expenditures paid	-	(58)
Proceeds from additional of short-term investments	(2,446)	(15,869)
Proceeds from disposal of property, plant and equipment	9	-
Purchase of property, plant and equipment	(2,383)	(12,118)
Withdrawal/(Placement) of deposits pledged to licensed banks	335	(46)
<b>Net cash for investing activities</b>	<b>(4,322)</b>	<b>(27,953)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividends paid	(6,750)	-
Repayment of hire purchase and finance lease	(1,759)	(1,588)
Drawdown of trade financing	15,696	24,978
Repayment of trade financing	(17,404)	(24,371)
Repayment of term loans	(4,409)	(697)
Repayment of term financing	(299)	(285)
<b>Net cash for financing activities</b>	<b>(14,925)</b>	<b>(1,963)</b>
Net decrease in Cash and Cash Equivalents	(18,774)	(13,439)
Effects of foreign exchange translation	11	3
Cash and Cash Equivalents at beginning of the financial period	26,935	25,241
Cash and Cash Equivalents at end of the financial period	8,172	11,805

**DATASONIC GROUP BERHAD**  
**(Company No. 809759-X)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2019 (CONT'D)**

	<b>CUMULATIVE QUARTERS</b>	
	<b>Current Year</b>	<b>Preceding Year</b>
	<b>To Date</b>	<b>To Date</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
Cash and Cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed banks	6,127	6,397
Cash and bank balances	8,172	11,805
	<hr/>	<hr/>
	14,299	18,202
Less: deposits pledged to licensed banks	(6,127)	(6,397)
	<hr/>	<hr/>
	8,172	11,805
	<hr/>	<hr/>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to these interim financial statements.

Note:

# - Amount less than RM1,000.

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

**A1 Accounting Policies and Basis of Preparation**

a) Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Issuers Communication No. 1/2017 - Guidance on Disclosures in Notes to Quarterly Report issued by Bursa Malaysia. The condensed consolidated interim financial statements also complies with International Accounting Standard 34: Interim Financial Reporting issued by the International Accounting Standards Board.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2019.

These interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and financial performance of the Company and its subsidiaries ("The Group") since the financial year ended 31 March 2019.

b) Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements as disclosed in the audited financial statements for the year ended 31 March 2019.

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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

Annual improvements to MFRS Standards 2015 - 2017 Cycles

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

**MFRS 16 Leases**

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosures of leases and replaces the current guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

Based on the assessments undertaken to date, the Group has determined that the impact on its financial statements upon the initial applications of MFRS 16 is insignificant.

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) Effective Date**

MFRS 17 Insurance Contracts	1 January 2021
Amendment to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020

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

**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 2019 was not qualified.

**A3 Comments about Seasonality or Cyclicity**

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

**A4 Unusual Items Due to Their Nature, Size or Incidence**

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

**A5 Changes in Estimates**

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

**A6 Debt and Equity Securities**

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

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

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

Up to 30 August 2019, being the last practicable date from the date of the issue of this report, 675,000,000 Warrants remained unexercised.

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

**A7 Segmental Information**

The Group is organised into the following:-

<b>30 June 2019</b>	<b>Customised Solutions (RM'000)</b>	<b>Manufacturing (RM'000)</b>	<b>Investment Holding (RM'000)</b>	<b>Elimination (RM'000)</b>	<b>Consolidated (RM'000)</b>
<b>REVENUE</b>					
External	50,627	7,689	-	-	58,316
Inter-segment	1,211	886	10,813	(12,910)	-
<b>Total Revenue</b>	<u>51,838</u>	<u>8,575</u>	<u>10,813</u>	<u>(12,910)</u>	<u>58,316</u>
<b>RESULT</b>					
Profit from operations	17,752	3,030	7,101	(11,706)	16,177
Finance costs					<u>(1,689)</u>
Profit before tax					<u>14,488</u>

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

**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 Subsequent To The End of the Interim quarter**

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

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

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

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

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

**A10 Effects of changes in Composition of the Group**

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

**A11 Capital Commitments**

	<b>As at 30.06.2019 RM'000</b>	<b>As at 31.03.2019 RM'000</b>
<u>Approved and contracted for:</u>		
Renovation	3,060	67
Acquisition of machineries and equipment	27	1,102
Acquisitions of a property <sup>(Note)</sup>	472	472

Note:

On 21 February 2018, Datasonic Manufacturing Sdn Bhd, a wholly-owned subsidiary of the Company, accepted the offer to purchase a factory with a total built up area of 46,610 square feet known as "Excellent Technology Park II Phase 2" located in Klang, Selangor and thereafter on 2 April 2018, DMSB entered into an Agreement for the purchase of the said factory at a total purchase price of RM18.88 million, of which an amount of RM0.38 million was paid as a deposit together with a further discount granted by the developer. Progress payments amounting to RM15.95 million were paid by cash and term loan during the current quarter. The factory is intended to be used for production of smart card.

**A12 Changes in Contingent Liabilities**

	<b>As at 30.06.2019 RM'000</b>	<b>As at 31.03.2019 RM'000</b>
Performance guarantees (secured) extended to customers	17,839	16,788
Performance guarantees (secured) extended to suppliers	20	20
	<u>17,859</u>	<u>16,808</u>

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

**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 (RM'000)	%	Cumulative Quarters		Variance (RM'000)	%
	Current Year Quarter 30.06.2019 (RM'000)	Preceding Year Quarter 30.06.2018 (RM'000)			Current Year To Date 30.06.2019 (RM'000)	Preceding Year To Date 30.06.2018 (RM'000)		
Revenue	58,316	48,784	9,532	20%	58,316	48,784	9,532	20%
Profit from operations	16,177	9,999	6,178	62%	16,177	9,999	6,178	62%
Profit before tax	14,488	7,902	6,586	83%	14,488	7,902	6,586	83%
Profit after tax	14,002	7,363	6,639	90%	14,002	7,363	6,639	90%
Profit after tax attributable to owners of the Company	14,009	7,394	6,615	89%	14,009	7,394	6,615	89%

**Individual Quarter/Cumulative Quarter**

The Group achieved a revenue of RM58.32 million in the current financial quarter which was higher when compared to RM48.78 million in the corresponding quarter of the preceding financial year.

RM51.04 million of the Group's revenue in the current financial quarter is derived from the supply of smart cards, passports and personalisation services, which was above that of RM41.42 million earned in the corresponding quarter of the preceding financial year mainly as a result of higher deliveries for smart cards.

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

**Assets and liabilities**

The increases in total assets and total liabilities as at 30 June 2019 against balances of 31 March 2019 are as follows:

	As at 30.06.2019	As at 31.03.2019	Variance RM'000	%
Total assets	443,824	447,333	(3,509)	-0.8%
Total liabilities	173,934	184,705	(10,771)	-5.8%

The net decrease in total assets of RM3.51 million was substantially due to utilisation of funds for working capital.

The net decrease in total liabilities of RM10.77 million resulted from settlement of balances owing to suppliers and repayment of borrowings.

**Cash flow for the three months ended 30 June 2019**

The Group achieved a cash inflow of RM0.47 million from operating activities in the financial year under review and a sum of RM2.38 million was expended for capital expenditure on assets related to projects.

The net cash used in financing activities was mainly from repayment of facilities amounted to approximately RM23.87 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**

	<b>Current</b>	<b>Immediate</b>	<b>Variance</b>	
	<b>Quarter</b>	<b>Preceding</b>		
	<b>30.06.2019</b>	<b>31.03.2019</b>	<b>(RM'000)</b>	<b>%</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>		
Revenue	58,316	56,717	1,599	3%
Profit from operations	16,177	14,516	1,661	11%
Profit before tax	14,488	12,790	1,698	13%
Profit after tax	14,002	11,605	2,397	21%
Profit after tax attributable to owners of the Company	14,009	11,627	2,382	20%

The Group's revenue of RM58.32 million in the current financial quarter was higher than RM56.72 million reported in the immediate preceding quarter principally due to more deliveries for smart cards which led to increased profit before and after tax for the quarter under review.

**B3 Commentary on Prospects**

The management has continuously negotiated for better competitive pricing for purchases of the required materials and services from suppliers coupled with the prevalent cost control initiatives implemented in the administration of the group's operations.

The order book as at 30 June 2019 was in the vicinity of RM722 million which would have a positive impact on revenue generation in future operations.

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

**B4 Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast or profit guarantee for the current financial quarter under review.

**B5 Profit Before Taxation**

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year</b>	<b>Year</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Year To Date</b>	<b>Year To Date</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Amortisation of development expenditure	1,331	1,416	1,331	1,416
Property, plant and equipment written off	-	#	-	#
Interest income	(163)	(138)	(163)	(138)
Interest expense	1,689	2,097	1,689	2,097
Depreciation of property, plant and equipment	4,011	3,641	4,011	3,641
Staff costs	9,686	10,473	9,686	10,473
Gain on disposal of property, plant and equipment	(9)	-	(9)	-
Loss on foreign exchange:				
- realised	132	53	132	53
- unrealised	121	152	121	152

Note:

# - Amount less than RM1,000.

**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 QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.06.2019 (RM'000)	Preceding Year Quarter 30.06.2018 (RM'000)	Current Year To Date 30.06.2019 (RM'000)	Preceding Year To Date 30.06.2018 (RM'000)
Current tax:				
- for the current financial quarter	413	567	413	567
Deferred tax:				
- for the current financial quarter	127	153	127	153
- overprovision in previous financial year	(54)	(181)	(54)	(181)
	<u>486</u>	<u>539</u>	<u>486</u>	<u>539</u>

On 6 November 2012, a wholly-owned subsidiary, Datasonic Smart Solutions Sdn Bhd was granted Multimedia Super Corridor ("MSC") status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986 for the period from 18 May 2012 to 17 May 2017 whereby the statutory income from approved activities are exempted from tax. The application for an extension of another five years was approved on 4 April 2018 for the years from 18 May 2017 to 17 May 2022.

**B7 Incorporation and Acquisition of a Company**

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

The completion of acquisition is still pending.

**B8 Group Borrowings**

	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
<b>30.06.2019</b>				
<u>Secured:</u>				
Hire purchase	4.33 - 4.75	209	354	563
Leasing	8.52 - 13.40	8,131	1,826	9,957
Contract Financing	5.42 - 5.45	-	32,947	32,947
Term Financing	4.45	1,241	5,683	6,924
Term Loans	4.30 - 5.55	2,769	33,115	35,884
Trade Financing	5.06 - 5.92	42,180	-	42,180
		<u>54,530</u>	<u>73,925</u>	<u>128,455</u>
<b>31.03.2019</b>				
<u>Secured:</u>				
Hire purchase	4.33 - 4.75	208	405	613
Leasing	8.52 - 13.40	7,229	4,437	11,666
Contract Financing	5.67 - 5.70	-	36,683	36,683
Term Financing	4.70	1,220	6,003	7,223
Term Loans	4.55 - 5.80	2,735	33,822	36,557
Trade Financing	5.30 - 5.92	43,888	-	43,888
		<u>55,280</u>	<u>81,350</u>	<u>136,630</u>

All borrowings are denominated in Ringgit Malaysia.

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

**B9 Material Litigation**

A wholly-owned subsidiary, Datasonic Technologies Sdn. Bhd. ("DTSB"), has on 1 August 2018 received a writ of summons together with the statement of claim dated 30 July 2018 ("Suit") filed by Percetakan Keselamatan Nasional Sdn Bhd ("PKN") against DTSB.

The Suit is in relation to a disagreement between DTSB and PKN over the price of 1,500,000 Malaysian Passport booklets supplied by PKN to DTSB as DTSB's sub-contractor for the interim period of 6 months from 1 December 2016 to 31 May 2017, before the Malaysian Passport booklets were fully printed and supplied by DTSB to the Government of Malaysia.

PKN is now claiming the following against DTSB:-

- (a) The amount of RM24,975,000.00 (inclusive of GST);
- (b) The interest at the rate of 5% per annum on the amount of RM24,975,000.00, calculated from the respective due dates until full and final payment or, alternatively, at such rate and period as the Court deems fit;
- (c) Costs; and
- (d) Any and all other reliefs as the Court deems fit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**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 2019:		
- A fourth interim single tier tax-exempt dividend of 0.50 sen per share declared on 31 May 2019	6,750	30.08.2019
	<u>6,750</u>	

In respect of the financial period ended 30 June 2019, the directors had on 30 August 2019 declared a first interim single tier tax-exempt dividend of 0.75 sen per share, amounting to RM10.125 million based on the issued and paid-up share capital as at 30 June 2019 of 1,350,000,000 ordinary shares. The Entitlement Date will be determined and announced in due course. This dividend has not been reflected in the financial statements for the current financial period ended 30 June 2019 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 30 September 2019.

**B11 Earnings per Share**

(a) Basic Earnings Per Share

Basic earnings per share is calculated based on the profit after tax attributable to the equity holders of the Company divided by the share capital of 1.35 billion ordinary shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Quarter 30.06.2019 (RM'000)	Preceding Year Quarter 30.06.2018 (RM'000)	Current Year To Date 30.06.2019 (RM'000)	Preceding Year To Date 30.06.2018 (RM'000)
Profit after tax attributable to owners of the Company (RM'000)	14,009	7,394	14,009	7,394
Weighted average number of ordinary shares in issue ('000)	1,350,000	1,350,000	1,350,000	1,350,000
Basic earnings per share (sen)	<u>1.04</u>	<u>0.55</u>	<u>1.04</u>	<u>0.55</u>

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

**B12 Fair value of changes in financial liabilities**

The Group does not have any financial liabilities that are measured at fair value for the current financial quarter under review.

By order of the Board  
Kuala Lumpur  
30 August 2019