

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 2022 as follows:

SUMMARY OF KEY INFORMATION**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022**

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000	Current Year to-date 31.12.2022 RM'000	Preceding Year to-date 31.12.2021 RM'000
1 Revenue	82,091	35,949	239,803	82,091
2 Profit/(Loss) before tax	25,032	2,013	77,428	(2,504)
3 Profit/(Loss) for the period	16,721	1,503	53,651	(3,139)
4 Profit/(Loss) after tax attributable to owners of the Company	16,727	1,510	53,665	(3,124)
5 Basic earnings/(loss) per share (sen)	0.68	0.05	2.19	(0.11)
6 Diluted earnings/(loss) per share (sen)	0.68	0.04	2.19	(0.07)
7 Proposed/Declared dividend per share (sen)	0.50	0.125	1.25	0.350
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
8 Net assets per share attributable to owners of the Company (RM)	0.1241		0.1194	

Remarks:

In the third quarter of the current financial year ending 31 March 2023, a third interim single-tier tax exempt dividend of 0.50 sen per share was declared on 27 February 2023, 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 March 2023.

ADDITIONAL INFORMATION

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000	Current Year to-date 31.12.2022 RM'000	Preceding Year to-date 31.12.2021 RM'000
1 Gross interest income	127	622	285	2,912
2 Gross interest expense	(466)	(388)	(1,080)	(1,146)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Quarter 31.12.2022 (RM'000)	Preceding Quarter 31.12.2021 (RM'000)	Current Year To Date 31.12.2022 (RM'000)	Preceding Year To Date 31.12.2021 (RM'000)
Continuing Operations				
Revenue	82,091	35,949	239,803	82,091
Operating expenses	(57,733)	(34,243)	(163,863)	(86,554)
Other income	1,140	695	2,568	3,105
Profit/(Loss) from operations	25,498	2,401	78,508	(1,358)
Finance costs	(466)	(388)	(1,080)	(1,146)
Profit/(Loss) before tax	25,032	2,013	77,428	(2,504)
Income tax expense	(8,311)	(510)	(23,777)	(635)
Profit/(Loss) after tax	16,721	1,503	53,651	(3,139)
Other comprehensive income, net of tax				
- Foreign currency translation differences	-	-	(7)	40
Total comprehensive income/(loss) for the period	16,721	1,503	53,644	(3,099)
Profit/(Loss) after taxation attributable to:				
Owners of the Company	16,727	1,510	53,665	(3,124)
Non-controlling interests	(6)	(7)	(14)	(15)
	16,721	1,503	53,651	(3,139)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	16,727	1,510	53,666	(3,084)
Non-controlling interests	(6)	(7)	(22)	(15)
	16,721	1,503	53,644	(3,099)
Earnings/(Loss) per share (sen) attributable to				
owners of the Company :				
- Basic (Note B11a)	0.68	0.05	2.19	(0.11)
- Diluted (Note B11b)	0.68	0.04	2.19	(0.07)

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 31 DECEMBER 2022

	As at 31.12.2022 (RM'000)	As at 31.03.2022 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	115,419	131,261
Right-of-use assets	10,842	11,027
Other investment	110	110
Goodwill	4,162	4,162
Development expenditures	7,204	15,359
Trade receivables (2)	655	2,146
	<u>138,392</u>	<u>164,065</u>
CURRENT ASSETS		
Projects-in-progress	3,490	3,180
Inventories	40,726	52,225
Trade receivables	61,732	48,619
Other receivables, deposits and prepayments	12,316	9,442
Tax recoverable	-	2,392
Short-term investments	151,230	110,111
Deposits with licensed banks	6,382	6,107
Cash and bank balances	27,503	4,637
	<u>303,379</u>	<u>236,713</u>
TOTAL ASSETS	<u>441,771</u>	<u>400,778</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	261,284	261,284
Treasury shares	(62,267)	(46,430)
Merger deficit	(11,072)	(11,072)
Foreign exchange translation reserve	(55)	(56)
Retained profits	163,723	138,520
Equity attributable to owners of the Company	<u>351,613</u>	<u>342,246</u>
Non-controlling interests	247	269
TOTAL EQUITY	<u>351,860</u>	<u>342,515</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	19,589	23,749
Deferred taxation	5,355	4,334
	<u>24,944</u>	<u>28,083</u>
CURRENT LIABILITIES		
Trade payables	8,550	6,583
Other payables and accruals	15,332	14,648
Provision for taxation	15,030	-
Short-term borrowings	26,055	8,949
	<u>64,967</u>	<u>30,180</u>
TOTAL LIABILITIES	<u>89,911</u>	<u>58,263</u>
TOTAL EQUITY AND LIABILITIES	<u>441,771</u>	<u>400,778</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.1241	0.1194

Notes:

- 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.
- 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 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	-	-	-	-	53,665	53,665	(14)	53,651
Other comprehensive income for the financial year:								
- Foreign exchange translation	-	-	-	1	-	1	(8)	(7)
Total comprehensive income for the financial year	-	-	-	1	53,665	53,666	(22)	53,644
Contributions by and distributions to owners of the Company:								
- purchase of treasury shares	-	(15,837)	-	-	-	(15,837)	-	(15,837)
- dividends (Note B10)	-	-	-	-	(28,462)	(28,462)	-	(28,462)
Total transactions with owners	-	(15,837)	-	-	(28,462)	(44,299)	-	(44,299)
At 31 December 2022	261,284	(62,267)	(11,072)	(55)	163,723	351,613	247	351,860

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 THIRD QUARTER ENDED 31 DECEMBER 2022

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	31.12.2022	31.12.2021
	(RM'000)	(RM'000)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	77,428	(2,504)
Adjustments for :		
Allowance for impairment losses on inventories	-	42
Amortisation of development expenditure	8,155	2,897
Depreciation of property, plant and equipment	18,382	8,593
Depreciation of right-of-use assets	185	412
Gain on disposal of property, plant and equipment	-	(33)
Interest income	(285)	(2,912)
Interest expense:		
- interest expense on lease liabilities	-	46
- other interest expense	1,080	1,100
Property, plant and equipment written off	2	-
Unrealised loss/(gain) on foreign exchange	2	(10)
Writeback of impairment losses on inventories	(34)	(38)
Operating profit before working capital changes	<u>104,915</u>	<u>7,593</u>
Changes in projects-in-progress	(310)	(436)
Changes in inventories	11,533	(2,605)
Changes in trade and other receivables	(14,505)	8,661
Changes in trade and other payables	2,645	(12,296)
Cash from/(for) operating activities	<u>104,278</u>	<u>917</u>
Income tax paid	(5,335)	(1,420)
Interest paid	(1,080)	(1,146)
Net cash from/(for) operating activities	<u><u>97,863</u></u>	<u><u>(1,649)</u></u>
CASH FLOWS (USED)/FOR INVESTING ACTIVITIES		
Interest received	285	2,912
Proceeds from disposal of property, plant and equipment	-	99
Purchase of property, plant and equipment	(2,542)	(5,258)
(Placement)/Withdrawal of deposits pledged to licensed banks	(275)	113
Net cash for investing activities	<u><u>(2,532)</u></u>	<u><u>(2,134)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022 (CONT'D)

	CUMULATIVE QUARTERS	
	Current Year	Preceding Year
	To Date	To Date
	31.12.2022	31.12.2021
	(RM'000)	(RM'000)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	126,284
Dividends paid	(28,462)	(4,316)
Purchase of treasury shares	(15,837)	(7,068)
Repayment of lease liabilities	-	(599)
Drawdown of trade financing	21,996	11,510
Repayment of trade financing	(4,926)	(8,803)
Repayment of term loans	(3,082)	(19,338)
Repayment of term financing	(1,042)	(1,012)
Net cash (for)/from financing activities	(31,353)	96,658
Net increase in Cash and Cash Equivalents	63,978	92,875
Effects of foreign exchange translation	7	(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	178,733	135,057
Cash and Cash equivalents at the end of the financial year comprise the following:		
Deposits with licensed banks	6,382	5,989
Cash and bank balances	27,503	13,096
Short-term investments	151,230	121,961
	185,115	141,046
Less: deposits pledged to licensed banks	(6,382)	(5,989)
	178,733	135,057

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 2024
Amendment to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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 31 December 2022, the Company had repurchased, in total its equity securities of 129,450,000 ordinary shares at an average price of RM0.48 per share as treasury shares, the consideration of which amounted to RM62,266,106 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. The ESOS shall continue to be in force for a period of 5 years from the effective date.

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") (Cont'd)

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.

(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 utilisation
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:-

31 December 2022	Customised Solutions	Manufacturing	Investment Holding	Elimination	Consolidated
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
REVENUE					
External	207,327	32,476	-	-	239,803
Inter-segment	7,875	8,408	45,508	(61,791)	-
Total Revenue	<u>215,202</u>	<u>40,884</u>	<u>45,508</u>	<u>(61,791)</u>	<u>239,803</u>
RESULT					
Profit from operations					78,508
Finance costs					<u>(1,080)</u>
Profit before tax					<u>77,428</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.
- (c) 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.
- (d) On 9 December 2022, the Company announced that Datasonic Group Berhad ("DGB") entered into a Memorandum of Agreement ("MOA") with the Ministry of Urban Planning, Housing and Territorial Development ("MUHAT") of the Republic of Guinea to combine their capacities and resources to co-operate and collaborate on issues relating to the printing of secure documents, digitization and improvement of land management solutions and services of the Republic of Guinea ("eLandROG").

The Company is in the midst of negotiations on the collaboration with MUHAT.

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 31.12.2022 RM'000	As at 31.03.2022 1/1/2023
<u>Approved and contracted for:</u>		
Renovation	75	5
Acquisition of machineries and equipment	2,267	681

A12 Changes in Contingent Liabilities

	As at 31.12.2022 RM'000	As at 31.03.2022 RM'000
Performance guarantees extended to customers	20,872	19,833
Performance guarantees extended to suppliers	-	20
	<u>20,872</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		Variance		Cumulative Quarters		Variance	
	Current Year	Preceding Year			Current Year	Preceding Year		
	Quarter 31.12.2022 (RM'000)	Quarter 31.12.2021 (RM'000)	(RM'000)	%	To Date 31.12.2022 (RM'000)	To Date 31.12.2021 (RM'000)	(RM'000)	%
Revenue	82,091	35,949	46,142	128%	239,803	82,091	157,712	192%
Profit/(Loss) from operations	25,498	2,401	23,097	962%	78,508	(1,358)	79,866	5881%
Profit/(Loss) before tax	25,032	2,013	23,019	1144%	77,428	(2,504)	79,932	3192%
Profit/(Loss) after tax	16,721	1,503	15,218	1013%	53,651	(3,139)	56,790	1809%
Profit/(Loss) after tax attributable to owners of the Company	16,727	1,510	15,217	1008%	53,665	(3,124)	56,789	1818%

Individual Quarter

The Group achieved a revenue of RM82.09 million in the current financial quarter which was higher when compared to RM35.95 million in the corresponding quarter of the preceding financial year.

RM63.53 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 RM25.24 million earned in the corresponding quarter of the preceding financial year resulted from more demand from customers for the said products 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 RM239.80 million in the current financial period which was higher when compared to RM82.09 million in the preceding financial period.

RM203.41 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 RM57.09 million earned in the preceding financial period resulted from more demand from customers of the said products and services.

The current financial period, hence 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 31 December 2022 against the balances of 31 March 2022 was as follows:

	As at	As at	Variance	
	31.12.2022	31.03.2022	RM'000	%
Total assets	441,771	400,778	40,993	10.2%
Total liabilities	89,911	58,263	31,648	54.3%

The increase in total assets of RM40.99 million was due to higher placement of short-term investments.

The increase in total liabilities of RM31.64 million principally resulted from increase in provisions for taxation and in borrowings.

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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)**B1 Review of Performance (Cont'd)****Cash flow for the nine months ended 31 December 2022**

The Group had cash inflow of RM97.86 million from operating activities in the financial period under review.

The net cash for financing activities was mainly for dividend payment amounted to RM28.46 million.

B2 Comparison with Immediate Preceding Quarter's Results

	Current Quarter 31.12.2022 (RM'000)	Immediate Preceding Quarter 30.09.2022 (RM'000)	Variance (RM'000)	%
Revenue	82,091	93,630	(11,539)	-12%
Profit from operations	25,498	36,263	(10,765)	-30%
Profit before tax	25,032	35,912	(10,880)	-30%
Profit after tax	16,721	24,901	(8,180)	-33%
Profit after tax attributable to owners of the Company	16,727	24,905	(8,178)	-33%

The Group's revenue of RM82.09 million in the current financial quarter was lower than RM93.63 million reported in the immediate preceding quarter mainly due to lesser supplies of smart cards and passport which led to lower profit before tax for the quarter under review.

B3 Commentary on Prospects

Looking ahead, businesses globally are expected to continue grappling with a slew of issues such as inflationary pressures, rising interest rates, supply chain disruptions, rising input cost and labour shortage to name a few. The Group will continue to leverage on its proven track record and prudent management to navigate through these headwinds.

On a much brighter note, the demand for passport has been robust since the reopening of international borders. The pent-up demand is anticipated to sustain in the coming quarters and Datasonic is prioritising the continuous and smooth delivery to the client for best public delivery services. At the same time, the Group also envisage orders for MyKad to rebound firmly, comparable to pre-COVID-19 levels. Additionally, Datasonic will also continue to channel its efforts on its pursuit of various new programmes and initiatives, especially in the areas of digitalisation and payment support services, which is part of the Group's plan in diversification of its revenue stream.

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 31.12.2022 (RM'000)	Preceding Year Quarter 31.12.2021 (RM'000)	Current Year Year To Date 31.12.2022 (RM'000)	Preceding Year Year To Date 31.12.2021 (RM'000)
Amortisation of development expenditure	2,560	1,103	8,155	2,897
Depreciation of property, plant and equipment	6,327	3,243	18,382	8,593
Depreciation of right-of-use assets	61	122	185	412
Gain on disposal of property, plant and equipment	-	-	-	(33)
Interest income:				
- at fair value through profit or loss	9	(535)	-	(1,776)
- not at fair value through profit or loss	(136)	(87)	(285)	(1,136)
Interest expense:				
- interest expense on lease liabilities	-	9	-	46
- other interest expense	466	379	1,080	1,100
Loss/(Gain) on foreign exchange:				
- realised	485	6	647	36
- unrealised	(44)	(17)	2	(10)
Property, plant and equipment written off	-	-	2	#
Staff costs	12,580	10,116	40,039	30,009

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
	31.12.2022 (RM'000)	31.12.2021 (RM'000)	31.12.2022 (RM'000)	31.12.2021 (RM'000)
Current tax:				
- for the current financial quarter	7,886	397	22,844	1,041
- (over)/underprovision in previous financial year	(87)	113	(87)	134
Deferred tax:				
- for the current financial quarter	440	-	750	-
- under/(over)provision in previous financial year	72	-	270	(540)
	<u>8,311</u>	<u>510</u>	<u>23,777</u>	<u>635</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

31.12.2022	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
<u>Secured:</u>				
Term Financing	3.95	1,432	863	2,295
Term Loans	4.05 - 4.20	4,128	18,726	22,854
Trade Financing	4.36 - 5.36	20,495	-	20,495
		<u>26,055</u>	<u>19,589</u>	<u>45,644</u>
31.03.2022	Effective interest rates %	Short term RM'000	Long term RM'000	Total RM'000
<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.

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)****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.

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.

No Notice of Appeal has been filed by PKN and the time limit for PKN to file their appeal has lapsed on 26 November 2022.

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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
- A second interim single tier tax-exempt dividend of 0.50 sen per share declared on 30 November 2022	14,140	29.12.2022
	28,462	

In respect of the financial year ending 31 March 2023, the directors had on 27 February 2023 declared a third 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 31 December 2022 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the next quarter ending 31 March 2023.

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

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 31.12.2022 (RM'000)	Preceding Year Quarter 31.12.2021 (RM'000)	Current Year Year To Date 31.12.2022 (RM'000)	Preceding Year Year To Date 31.12.2021 (RM'000)
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	16,727	1,510	53,665	(3,124)
Weighted average number of ordinary shares in issue ('000)	2,455,051	2,878,552	2,455,051	2,878,552
Basic earnings/(loss) per share (sen)	0.68	0.05	2.19	(0.11)

(b) Diluted Earnings/(Loss) Per Share

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 31.12.2022 (RM'000)	Preceding Year Quarter 31.12.2021 (RM'000)	Current Year Year To Date 31.12.2022 (RM'000)	Preceding Year Year To Date 31.12.2021 (RM'000)
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	16,727	1,510	53,665	(3,124)
Weighted average number of ordinary shares in issue ('000)	2,455,051	2,878,552	2,455,051	2,878,552
Effect of dilution of warrants ('000)	-	1,350,000	-	1,350,000
Adjusted weighted average number of ordinary shares in issue ('000)	2,455,051	4,228,552	2,455,051	4,228,552
Diluted earnings/(loss) per share (sen)	0.68	0.04	2.19	(0.07)

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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
27 February 2023