

DATASONIC

GROUP BERHAD

(Company No. 809759-X)
(Incorporated in Malaysia)

Innovation • Excellence • Distinction

Enrich life through innovative ICT solutions

ANNUAL REPORT
2015



OUR VISION, MISSION AND STRATEGIES

OUR VISION

To enrich life through creative and innovative Information and Communication Technology solutions.



OUR MISSION

To focus on our customers' challenges and needs by providing excellent solutions and services in order to consistently create maximum values for customers.

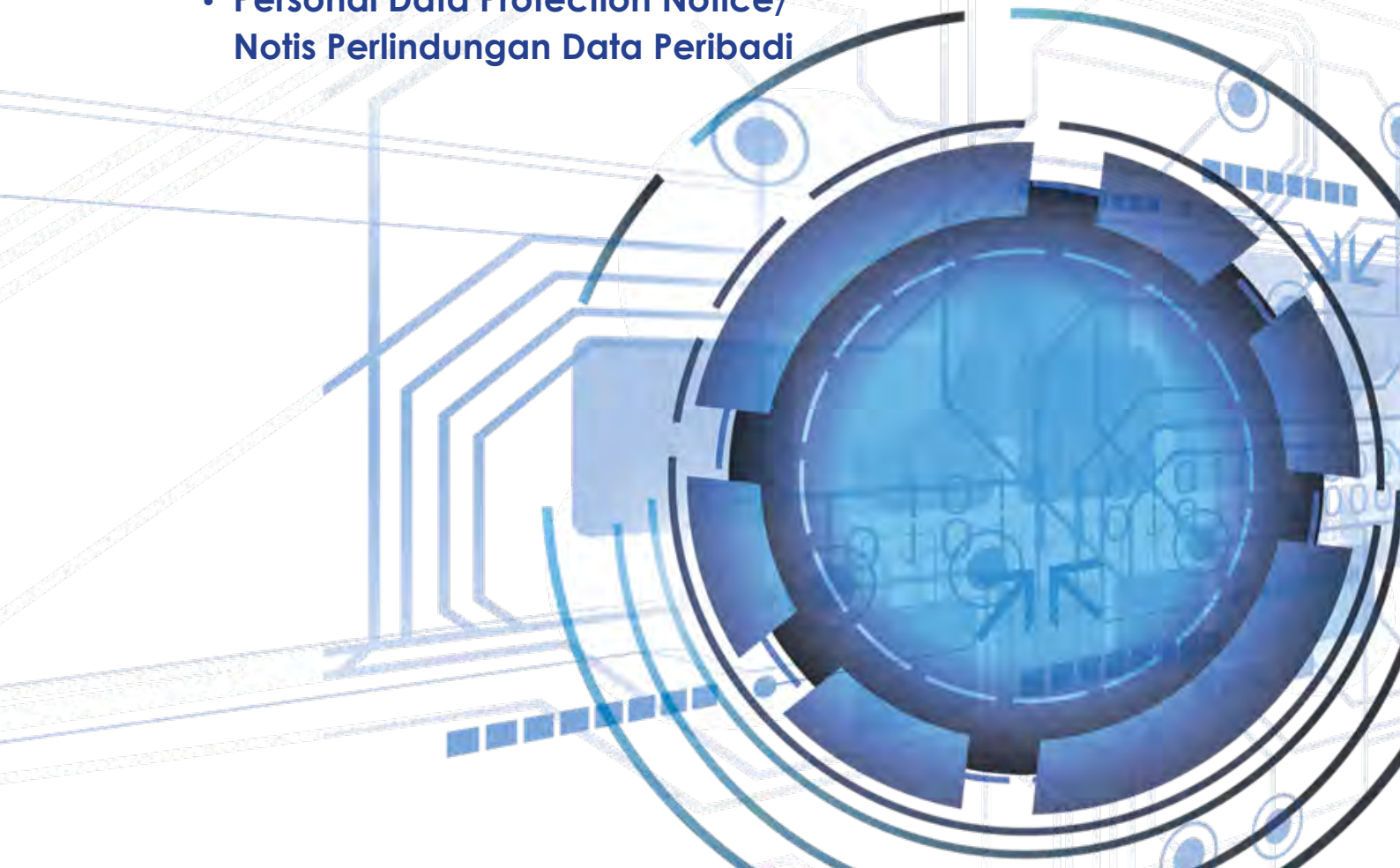


OUR STRATEGIES

1. To provide advance, innovative and high quality products and services to customers to meet or exceed their expectations in the fast-changing Information and Communication Technology market by way of extensive Research and Development activities.
2. To customise and deliver integrated solutions and services to maximise investment returns to customers.
3. To continuously conduct in-depth Research and Development for the improvement and invention of innovative and leading edge technologies to stay ahead of the global competition.
4. To recognise, develop and retain our most valuable human capital and to nurture a conducive environment for their success.
5. To develop strong distribution channels and marketing network to increase and widen our market penetration via our resellers and strategic partners in Malaysia and in overseas.

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FINANCIAL HIGHLIGHTS

REVENUE
RM285.2 million



**Earnings Before
Interest, tax,
Depreciation &
Amortisation
(EBITDA)**
RM120.3 million

*Included Other Income,
excluded Interest Income*

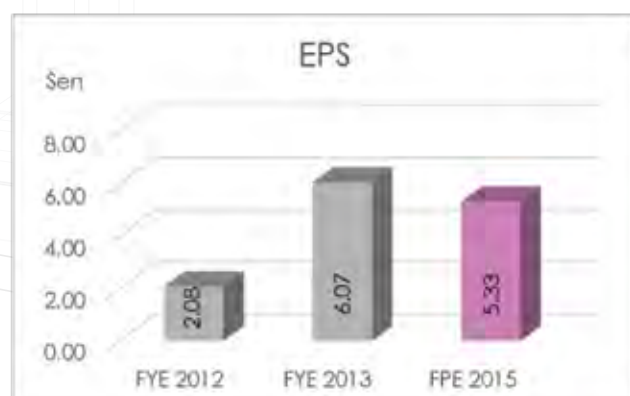


**Profit After
Taxation (PAT)**
RM71.8 million



**Earnings Per
Share (EPS)**
5.33 sen

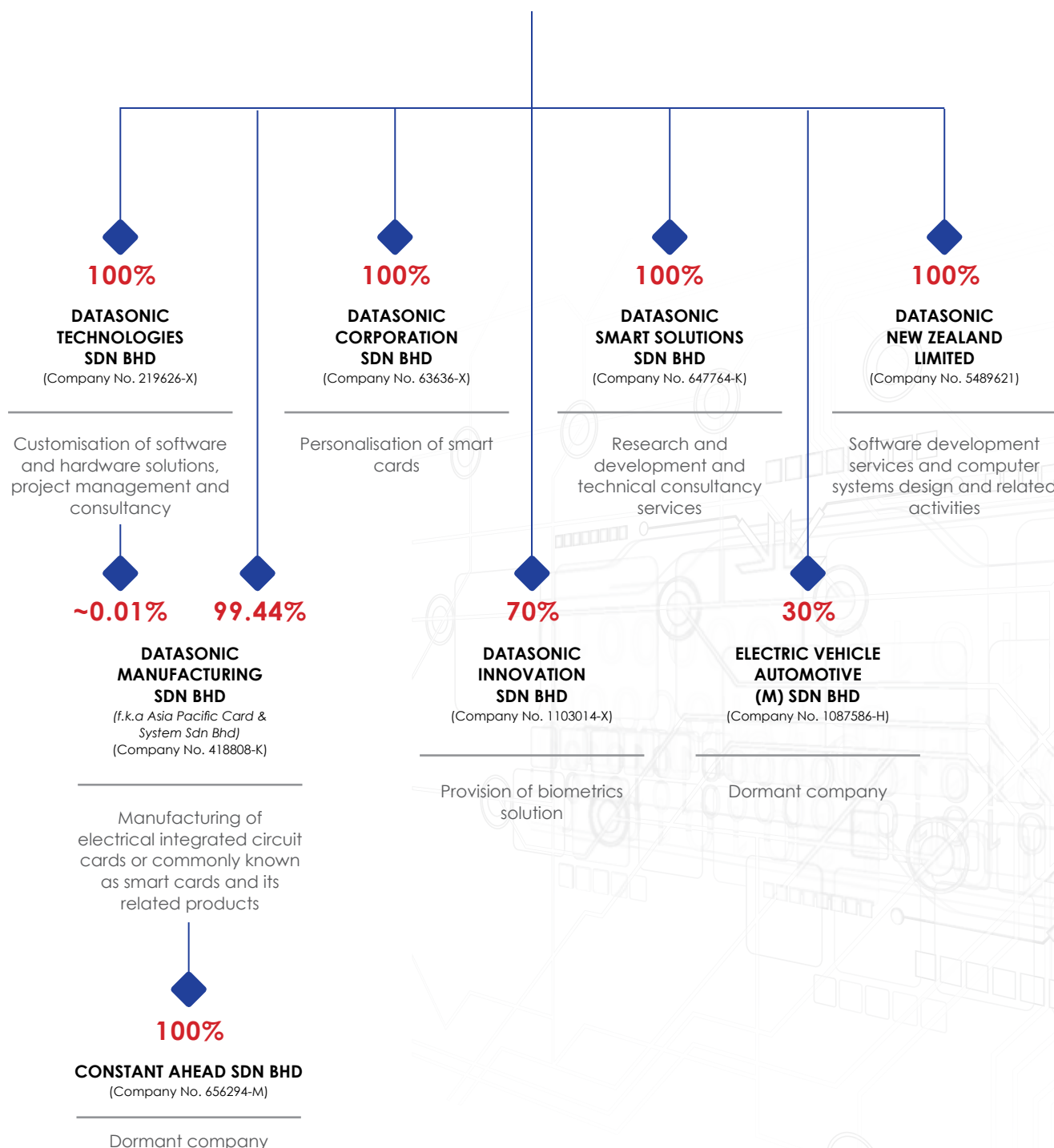
*Based on 1.35 billion
ordinary shares of RM0.10 each*



CORPORATE STRUCTURE



Investment holding and provision
of management services



CORPORATE INFORMATION

BOARD OF DIRECTORS

General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)
Independent Non-Executive Chairman

Dato' Wan Mohd Safiain bin Wan Hasan
Independent Non-Executive Deputy Chairman

Dato' Abu Hanifah bin Noordin
Managing Director

Mr. Chew Ben Ben
Deputy Managing Director

Encik Handrianov Putra bin Abu Hanifah
Executive Director

Encik Md Diah bin Ramli
Executive Director

Encik Mohamed Zulkhornain bin Ab Raneer
Executive Director

Mr. Raghbir Singh a/l Hari Singh
Executive Director

Puan Talya Zholeikha binti Abu Hanifah
Executive Director

Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir
Independent Non-Executive Director

Dato' Wan Ibrahim bin Wan Ahmad
Independent Non-Executive Director

Cik Safia Zuleira binti Abu Hanifah
Non-Independent Non-Executive Director

Mr. Yee Kim Shing @ Yew Kim Sing
Independent Non-Executive Director

Dato' Zaiful Ayu Ibrahim bin Ibrahim
Independent Non-Executive Director

AUDIT COMMITTEE

Name	Designation	Directorship
Mr. Yee Kim Shing @ Yew Kim Sing	Chairman	Independent Non-Executive Director
Dato' Wan Mohd Safiain bin Wan Hasan	Member	Independent Non-Executive Deputy Chairman
Dato' Wan Ibrahim bin Wan Ahmad	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Wan Mohd Safiain bin Wan Hasan	Chairman	Independent Non-Executive Deputy Chairman
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Member	Independent Non-Executive Director
Dato' Zaiful Ayu Ibrahim bin Ibrahim	Member	Independent Non-Executive Director

CORPORATE INFORMATION

(Cont'd)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Wan Ibrahim bin Wan Ahmad	Chairman	Independent Non-Executive Director
Dato' Wan Mohd Saifain bin Wan Hasan	Member	Independent Non-Executive Deputy Chairman
Mr. Chew Ben Ben	Member	Deputy Managing Director

COMPANY SECRETARY

Niu Chew Wei (MAICSA 7022900)

HEAD OFFICE

Level 6, Bangunan Setia 1
No. 15, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: (603) 2087 6000
Fax: (603) 2087 6001
Website: www.datasonic.com.my

REGISTERED OFFICE

Level 6, Bangunan Setia 1
No. 15, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: (603) 2087 6000
Fax: (603) 2094 3600

REPORTING ACCOUNTANTS & AUDITORS

Crowe Horwath (AF1018)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: (603) 2788 9999
Fax: (603) 2788 9998

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia
Securities Berhad on 3 September 2012
Stock Name/Code : DSONIC/5216
Stock Sector : Trading/Services

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7841 8000
Helpdesk: (603) 7849 0777
Fax: (603) 7841 8151/8152

INVESTOR RELATIONS

Imej Jiwa Communications Sdn Bhd (1022448-X)
Email: mahathir@imejjiwa.com

PRINCIPAL BANKERS

AmBank Islamic Berhad (295576-U)
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: (603) 2026 3939
Fax: (603) 2026 6855

CIMB Bank Berhad (13491-P)
1st Floor, 12 & 13
Jalan Kenari 1
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan
Tel: (603) 5891 6838
Fax: (603) 5891 6843

DIRECTORS' PROFILE

GENERAL TAN SRI (DR) MOHAMED HASHIM BIN MOHD ALI (RTD)

80 years of age, Malaysian

Independent Non-Executive Chairman

General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) joined the Board on 27 June 2011. He holds a Diploma in Advance Business Management from Harvard Business School. He was conferred the Honorary Doctorate by the University of Salford, United Kingdom in 1999 and the Honorary Doctorate by the Malaysian National Defence University in October 2012. He is a member of the Selangor Royal Court (Ahli Dewan DiRaja Selangor) since 1 January 2005.

Prior to his entry into the corporate world, General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) was the Chief of Defence Forces in the Malaysian Armed Forces where he chalked up 40 years of dedicated service. During his tenure in the Malaysian Armed Forces, he had initiated the re-organisation and modernisation of the Army.

He is the Chairman of Country Heights Holdings Berhad and Ajinomoto (Malaysia) Berhad. He is currently the Chairman of the Southeast Asian Association of Glutamate Science ("SEAAGS"). The member countries are Thailand, Indonesia, Philippines, Vietnam and Malaysia. He also sits on the Board of Institute of Strategic and International Studies ("ISIS"), Borneo Highlands Hornbill Golf & Jungle Club Berhad, Mines Resort Berhad, Mines Excellence Golf Resort Berhad as well as some other private companies.

DATO' WAN MOHD SAFIAIN BIN WAN HASAN

68 years of age, Malaysian

Independent Non-Executive Deputy Chairman, Chairman of the Nomination Committee, member of the Audit Committee and the Remuneration Committee

Dato' Wan Mohd Safiain bin Wan Hasan joined the Board on 27 June 2011. He was appointed as Deputy Chairman of the Company on 29 November 2013. He graduated from the Cambridge International University, US, in 2004 with a Diploma in Business Administration.

He began his career in 1974 as a Government Security Officer, and held this position till 1986, while working with the Malaysian Ministry of Home Affairs and the Prime Minister's Department. In 1986 he assumed the position of Deputy Chief Government Security Officer of the Prime Minister's Department and was promoted to Chief Government Security Officer in 1996. He left civil service in 2003 and joined PQM Consultancy and Management Services Sdn Bhd as Chief Executive Officer. He was responsible in overseeing the collaboration of training programmes between the Government of New South Wales, Australia and the Open University of Malaysia. He also held the position of the Honorary Member of the Royal Council of Terengganu (2006-2009) and the Comptroller of the Royal Household, Istana Negara (2006-2008).

In 2010, he was made the Director of Dibena Enterprise Sdn Bhd, the promoter and substantial shareholder of the Company.

DIRECTORS' PROFILE

(Cont'd)

DATO' ABU HANIFAH BIN NOORDIN

63 years of age, Malaysian

Managing Director

Dato' Hanifah bin Noordin is the Managing Director/Chief Executive Director of the Company and has been on the Board since 13 March 2008. He graduated from University Malaya with an Honours Degree in Economics in 1973 and subsequently qualified as a Chartered Accountant and Certified Public Accountant in 1976. He was a practising accountant for more than 20 years and was the Chairman and Managing Partner of Ernst & Whinney (now known as Ernst & Young) for 9 years.

He also served as the President of the Malaysian Institute of Accountants ("MIA") in 1987 and led the Institute for 13 years until 2000. In that capacity, he also served as a Board member of the International Accounting Standards Committee ("IASC").

He had also served on the boards of several public limited companies and government-linked companies. Currently, he is an Independent Non-Executive Deputy Chairman of Mega First Corporation Berhad.

MR. CHEW BEN BEN

58 years of age, Malaysian

Deputy Managing Director, member of the Remuneration Committee

Mr. Chew Ben Ben joined the Board since 27 June 2011. He served as a teacher between 1980 and 1983. He graduated from Universiti Kebangsaan Malaysia in 1988 with a Bachelor of Business Administration (Hons).

He began his career when he joined KL Mutual Fund Berhad as an Investment Officer and a member of the Fund Management Committee in 1989. In 1990, he became a dealer's representative in TA Securities Sdn Bhd and subsequently joined Inter-Pacific Securities Sdn Bhd as dealer's representative from 1991 to 2002.

He joined Mentiga Corporation Berhad as a Non-Executive Director in 2003 and was later promoted to Executive Director in 2004. He joined Dibena Enterprise Sdn Bhd, the promoter and substantial shareholder of the Company as a Consultant in 2005, and was later appointed as a Director of Datasonic Corporation Sdn Bhd ("Datasonic Corporation") which was the subsidiary of the Company, in 2006. Subsequently, he assumed the position of Executive Director in Datasonic Corporation in 2008 and later became its Managing Director in June 2011. He involves in the corporate planning and strategic development and is assisting the Managing Director in the overall management and business development of the Company.

Mr. Chew is a substantial shareholder of the Company.

ENCIK HANDRIANOV PUTRA BIN ABU HANIFAH

27 years of age, Malaysian

Executive Director

Encik Handrianov Putra bin Abu Hanifah joined the Board on 27 June 2011. He graduated from Limkokwing University in 2010 with a Diploma in Multimedia, Advertising and Broadcasting. He has also obtained his Bachelor of Communication from HELP University.

He began his career when he joined Dibena Enterprise Sdn Bhd, the promoter and substantial shareholder of the Company in 2008 as a Director of Public Relations. Subsequently in 2010, he assumed the position of Executive Director in Dibena Enterprise Sdn Bhd and Dibena Technologies Sdn Bhd as well as several subsidiary companies of the Group. He also holds directorships in several private limited companies.

DIRECTORS' PROFILE

(Cont'd)

ENCIK MD DIAH BIN RAMLI

*54 years of age, Malaysian
Executive Director*

Encik Md Diah bin Ramli joined the Board on 27 June 2011. He graduated from Institut Teknologi MARA in 1983 with a Diploma in Applied Science majoring in Planting Industry and Management. He attended Cranfield Global CEO Programme at Cranfield University School of Management, Bedfordshire, U.K and a member of Cranfield University Alumni.

He began his career as a Plantation Assistant Manager at Harrisson Malaysian Plantation Berhad in 1983. Subsequently he joined FELCRA Settlers Cooperatives in 1985 as a Project and Marketing Assistant Manager. In 1992, he joined Dibena Technologies Sdn Bhd as Sales and Marketing Executive and was later promoted to Senior Manager in 2004. He has vast experience and has involved in various business and management portfolio within the Company. He was appointed as Executive Director of Dibena Enterprise Sdn Bhd, the promoter and substantial shareholder of the Company in 2005.

ENCIK MOHAMED ZULKHORNAIN BIN AB RANEE

*54 years of age, Malaysian
Executive Director*

Encik Mohamed Zulkhornain bin Ab Ranee joined the Board on 29 November 2012. He has graduated from University of Strathclyde, Scotland in 1985 with a Bachelor of Science in Electrical and Electronic Engineering. He has also obtained his Masters in 2002 from the IAE Aix-en-Provence Graduate School of Management, University of Aix-Marseille, France in conjunction with University Putra Malaysia and a Post Graduate Diploma in Strategy and Innovation from the Said Business School, University of Oxford, England.

He has been involved in the Information Communication Technology ("ICT") industry for more than 25 years and has held numerous key positions in various multi-national corporations such as Getronics Solutions, Digital Equipment Corporation as well as Compaq Computer Corporation. He has held various positions across the governmental and non-governmental industries, providing technical support, professional services, sales and marketing and consultancy services. From January 2009 to March 2010, he served the role as Subject Matter Expert to provide consultancy services for the implementation of the National ID Smart Card for the Rwanda IT Authority ("RITA") in Kigali, Rwanda and subsequently in 2010, he served as the Project Director to provide consultancy services for the implementation of the new national ID, MyKad structure for the National Registration Department of Malaysia before appointed to the Board.

His professional certifications include the Project Management Professional ("PMP") and a member of the Project Management Institute ("PMI"), an ISC²'s Certified Information System Security Professional ("CISSP") and an International Register of Certificated Auditors ("IRCA")'s Certified ISO 27001:2005 – Information Security Management System ("ISMA") auditor, an US-based Prosci's Certification in Change Management and the Healthcare Information and Management Systems Society ("HIMSS")'s Certified Professional in Healthcare Information and Management System ("CPHIMS").

DIRECTORS' PROFILE

(Cont'd)

MR. RAGHBIR SINGH A/L HARI SINGH

70 years of age, Malaysian

Executive Director

Mr. Raghbir Singh a/l Hari Singh joined the Board on 27 June 2011. He graduated from University of Malaya in 1972 with a Bachelor of Arts (majoring in Economics).

He began his career as a Statistical Office for the National Statistics Department in 1972 before joining the Ministry of Finance (Tax Division) as an Assistant Secretary in 1980. Subsequently, he was appointed as Assistant Secretary in the Ministry of Finance from the year 1980 to 1986. From there he was promoted and appointed as the Senior Director of Administration and Finance in the Malaysia Prison Department in 1987, Deputy Director of the Immigration Department of Malaysia in 1992 and eventually became the Assistant Director of National Registration Department before retiring from the civil service in 1999. Mr. Raghbir joined Datasonic Corporation Sdn Bhd, the subsidiary company of the Company in 1999 as an Operations Manager and was later promoted to Deputy Managing Director in 2006.

PUAN TALYA ZHOLEIKHA BINTI ABU HANIFAH

33 years of age, Malaysian

Executive Director

Puan Talya Zholeikha binti Abu Hanifah joined the Board on 28 February 2014. She graduated from Sunway College with a Certificate in Accounting from the Association of Chartered Certified Accountants in 2000.

She began her career in 2000 with Sia & Co., a chartered accountancy firm as an intern. In 2003, she joined Hanifah Noordin & Associates Sdn Bhd, a management and business consultancy company as Manager of Finance and Administration. She joined Dibena Enterprise Sdn Bhd in 2008 as Director of Human Resources and Administration and was subsequently promoted to Executive Director of Datasonic Technologies Sdn Bhd and Dibena Enterprise Sdn Bhd in 2009 and 2010 respectively. Currently, she is our Group Director of Human Resources and Administration and responsible for overseeing the Human Resources and Administration Department.

She sits on the Board of several subsidiary companies of the Group. She also holds directorships in several private limited companies.

DIRECTORS' PROFILE

(Cont'd)

DATUK DR. AZIZ JAMALUDIN BIN HJ MHD TAHIR

60 years of age, Malaysian

Independent Non-Executive Director, member of the Nomination Committee

Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir joined the Board on 27 June 2011. He graduated from Deoband University, India in 1979 with a degree in Islamic Studies and later obtained a Bachelor of Arts in Syariah Law from the Al Azhar University, Egypt, in 1983. He subsequently obtained a PhD from Universitas Islam Negeri Sultan Syarif Kasim, Riau, Indonesia, in 2012.

He began his career in 1984 as a Federal Court Judge in the Syariah Court. In 1987, he joined the Prime Minister's Department as an Administration and Diplomatic Officer. During his period, he was the Consul General of the Malaysian Embassy in Saudi Arabia from 1991 to 1995 and Confidential Secretary to the Education Minister from 1995 to 1998. From 1999 to 2008, he has been appointed as a member of the Censorship Board of the Home Ministry of Malaysia.

In 2008, he represented UMNO as a candidate for the national election for the Parliamentary seat for Titiwangsa district. In the same year, he was appointed the post of Treasurer for The Scouts Association of Malaysia. Subsequently in 2009, he was appointed as the Chairman of Koperasi JASA ("KOJASA"), a government-linked body involved in the provision of credit loan management services for the public. In 2010, he was appointed as the Deputy Chief of The Scouts Associations of Malaysia.

He is a director of Dibena Enterprise Sdn Bhd, the promoter and substantial shareholder of the Company and also director for several private limited companies.

CIK SAFIA ZULEIRA BINTI ABU HANIFAH

28 years of age, Malaysian

Non-Independent Non-Executive Director

Cik Safia Zuleira binti Abu Hanifah joined the Board on 30 May 2014. She graduated from LaSalle College of the Arts, Singapore in 2012 with a Bachelor of Arts (Honours) degree. She has also obtained a Diploma in Business in 2007 from Monash College, Melbourne, Australia.

She joined Dibena Enterprise Sdn Bhd, a substantial shareholder of the Company, from 2008 to 2009 as Senior Executive in the Finance Department before pursuing her further studies in Singapore. Upon graduation in 2012, she assumed the position of Executive Director in Sarana Kencana Sdn Bhd, which is the holding company of Dibena Enterprise Sdn Bhd.

She sits on the Board of several subsidiary companies of the Group. She also holds directorships in several private limited companies.

DIRECTORS' PROFILE

(Cont'd)

DATO' WAN IBRAHIM BIN WAN AHMAD

65 years of age, Malaysian

Independent Non-Executive Director, Chairman of the Remuneration Committee, member of the Audit Committee

Dato' Wan Ibrahim bin Wan Ahmad joined the Board on 27 June 2011. He graduated from University of Malaya in 1972 with a Bachelor of Arts (Hons).

He began his career in the Ministry of Information as an Assistant Secretary in 1972 before assuming the position of Assistant Administrator of Hospital University in University of Malaya in 1976, Principal Assistant Secretary of the Education Service Commission in 1978, Deputy Director of the Public Service Department in 1985 and Deputy Director General of the National Anti-Drug Agency from 1997 to 2001. Between 2002 to 2003, he was appointed as the Director General of National Anti-Drug Agency. In 2003, he was promoted as the Director General of the National Registration Department. He retired from the civil service in 2005 and was appointed as an Advisor to Cito Holdings Sdn Bhd and Dibena Enterprise Sdn Bhd, the promoter and substantial shareholder of the Company.

He is also the Director of Datasonic Corporation Sdn Bhd, a wholly-owned subsidiary of the Company.

MR. YEE KIM SHING @ YEW KIM SING

77 years of age, Malaysian

Independent Non-Executive Director, Chairman of the Audit Committee

Mr. Yee Kim Shing joined the Board on 27 June 2011. He graduated from University of Melbourne in 1960 with a Bachelor of Commerce. He is a member of the Malaysian Institute of Accountants, the Institute of Chartered Accountants, Australia and the Institute of Certified Public Accountants of Singapore. He was a practising accountant for more than 26 years, retiring as a senior partner in Ernst & Whinney (now known as Ernst & Young) in 1990.

He is an Independent Non-Executive Director and Chairman of Audit Committees of Pacific & Orient Berhad and Dataprep Holdings Berhad. He is also a Non-Independent Non-Executive Director and member of Audit Committees of Pacific & Orient Insurance Co. Berhad.

DATO' ZAIFUL AYU IBRAHIM BIN IBRAHIM

43 years of age, Malaysian

Independent Non-Executive Director, member of the Nomination Committee

Dato' Zaiful Ayu Ibrahim bin Ibrahim joined the Board on 27 June 2011. He graduated from University of Missouri in 1995 with a Bachelor of Science in Industrial Engineering.

He began his career in 1996 with G-Two Holdings Berhad as a Corporate Affair Manager before moving to head the operations the company's subsidiary, G-Two Technologies Sdn Bhd in 1997. Subsequently, he joined Langkah Teknologi Sdn Bhd in 1999 as CEO until 2009.

He also holds directorships in several private limited companies.

DIRECTORS' PROFILE

(Cont'd)

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Family Relationships with any Director and/or Major Shareholder

Except for Dato' Abu Hanifah bin Noordin who is the father of Encik Handrianov Putra bin Abu Hanifah, Puan Talya Zholeikha binti Abu Hanifah and Cik Safia Zuleira binti Abu Hanifah, none of the Directors have family relationship with any other Directors and/or Major Shareholders of the Company.

Conflict of Interest

All the Directors have no conflict of interest with the Company.

Convictions for Offences (within the past 10 years, other than traffic offences)

None of the Directors have any convictions for offences.

Number of Board Meetings attended in the financial period ended 31 March 2015

Please refer to Page 23 in the Annual Report for details.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Datasonic Group Berhad ("Datasonic" or "the Company"), it is my pleasure to present to you the Annual Report and Financial Statements for the 15 months financial period ended 31 March 2015 ("FPE2015").

CHANGE IN FINANCIAL YEAR END

On 28 February 2014, the Board approved a change in the Company's fiscal year end from 31 December to 31 March of each year. This has resulted in a change to the calendar year reporting cycle which began from 1 January 2014 to 31 March 2015 for FPE2015 as compared to a period of twelve (12) months in respect of the financial year ended 31 December 2013 ("FYE2013").

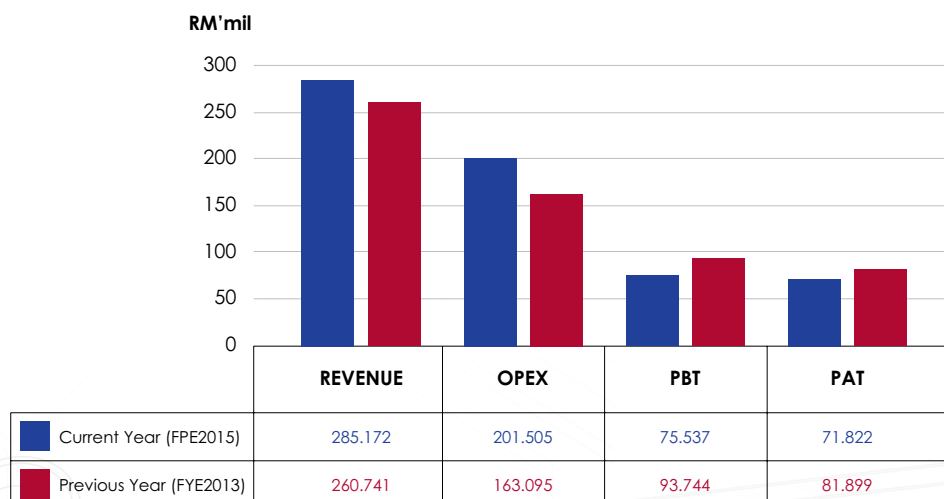


CHAIRMAN'S STATEMENT

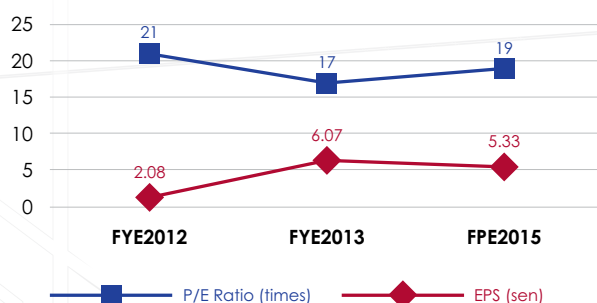
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REVIEW OF PERFORMANCE

Datasonic's net profit after tax ("PAT") for FPE2015 has decreased by approximately RM10 million as compared to the results of FYE2013 mainly due to relatively lower quantities of consumables delivered in the current period and increase in operating expenses. Although the Group has reported revenues of RM285.172 million in FPE2015 which surpasses the RM260.741 million reported in FYE2013, its current net PAT of RM71.822 million compares less favorably with the net PAT of RM81.899 million reported in FYE2013.

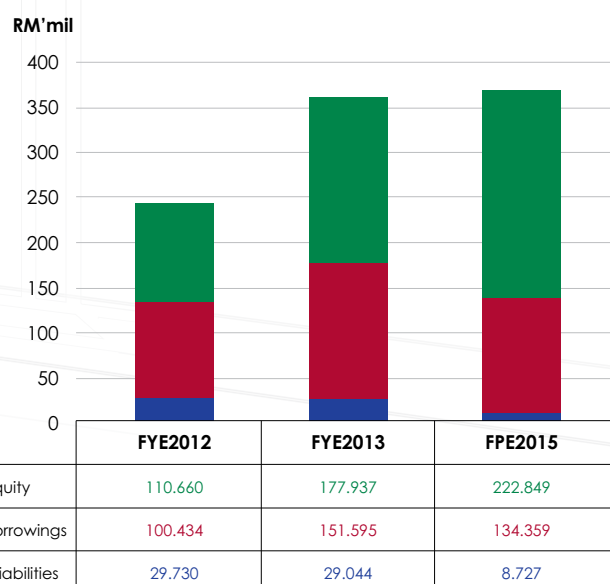


Congruently, the Group's basic earnings per share (EPS) has decreased to 5.33 sen in FPE2015 as compared to 6.07 sen in FYE2013 (ex 1:1 bonus issue), representing a decline of approximately 12%. Datasonic has a Price-Earnings ("P/E") Ratio which increased by 5 times upon its listing in 2012 to 33 times when Datasonic share price surged to RM4.87 (ex 1:2 bonus issue and 5:1 share split).



Year-on-year, the Group's total shareholders' equity rose from RM177.937 million as at 31 December 2013 to RM222.849 million as at 31 March 2015. On the other hand, total borrowings reduced from RM151.595 million as at 31 December 2013 to RM134.359 million as at 31 March 2015, which resulted in the Group's debt to total assets ratio to reduce by 5.6% (i.e. from FYE2013: 42.3% to FPE2015: 36.7%).

The net assets per share has increased to 16.51 sen from 13.18 sen in FYE2013, after adjusting for the enlarged share capital base as a result of the Group's bonus issue exercise to reward the shareholders for their continued support to the Group and to improve trading liquidity, making the shares more accessible to the investors.



CHAIRMAN'S STATEMENT

(Cont'd)

ECONOMIC OUTLOOK AND PROSPECTS

To recap, Datasonic's earnings derived from 2 main sources, namely, the supply of MyKad cards to the National Registration Department ("NRD") and the supply of polycarbonate datapage to the Immigration Department of Malaysia. Several new developments include the awards of CCTV and surveillance solutions by Majlis Perbandaran Pulau Pinang ("MPPP") and Majlis Perbandaran Seberang Perai ("MPSP") which contributed new streams of revenue in FPE2015. With its commendable track record, we believe Datasonic would be able to secure more smartcard related projects moving forward.

During FPE2015, Datasonic has also explored various other business opportunities, including "Government-to-Government" proposals for overseas expansion into emerging markets such as Myanmar, Philippines, Thailand and Vietnam. Bulk purchase discounts and the acquisition of Datasonic Manufacturing Sdn Bhd (Formerly known as Asia Pacific Card & System Sdn Bhd) with the anticipation to achieve greater economies of scale to meet the demands for higher deliveries of polycarbonate cards will further enhance our earnings moving forward. Additionally, our newly established manufacturing plant and regional personalisation center could potentially expand our card production capacity and technical competency in the personalisation of multi-application secure Identity ("ID") solutions.

In short, given the non-susceptible to recession business which derived mostly from Government-related projects, the expected improved margins as well as several large projects we are working on, the prospects for growth for Datasonic is positive as the Group is expected to remain satisfactory in the next financial year ending 31 March 2016, barring any unforeseen circumstances.

DIVIDENDS

Datasonic believes in continuous building of shareholders value and in sharing our success while at the same time upholding fundamental investment funds for the Group's strategic growth.

The following dividends were paid / payable in FPE2015:-

Fiscal Year	Declaration Date	Description	Dividend per Share	Dividend Paid RM'mil	Payment Date
FYE2013	28.02.2014	Second interim single-tier tax exempt dividend	2.0 sen	13.50	28.05.2014
FPE2015	29.08.2014	First interim single-tier tax exempt dividend	1.0 sen	13.50	07.11.2014
FPE2015	29.05.2015	Second interim single-tier tax exempt dividend	1.0 sen	13.50	25.06.2015

CORPORATE DEVELOPMENT

In FPE2015, Datasonic has acquired / incorporated the following companies for Business Development purposes:-

- (i) 99.45% equity interests in Asia Pacific Card & System Sdn Bhd (now known as Datasonic Manufacturing Sdn Bhd) together with its wholly-owned subsidiary, Constant Ahead Sdn Bhd, to expand our smart card manufacturing capacity;
- (ii) 70% owned subsidiary known as Datasonic Innovation Sdn Bhd to provide services relating to biometrics solutions;
- (iii) 30% equity interests in Electric Vehicle Automotive (M) Sdn Bhd with the intention to manufacture electric vehicles; and

CHAIRMAN'S STATEMENT

(Cont'd)

- (iv) Incorporated a wholly-owned subsidiary known as Datasonic New Zealand Limited for expansion of the Group's business in New Zealand.

CHANGES IN BOARDROOM

On behalf of the Board, I would like to welcome the following 2 female Directors on Board:-

Date of Appointment	Name of Director	Designation
28 February 2014	Puan Talya Zholeikha binti Abu Hanifah	Executive Director
30 May 2014	Cik Safia Zuleira binti Abu Hanifah	Non-Independent and Non-Executive Director

Their appointment on the Board is in line with the Government's call for gender diversity in the Board of public listed companies.

CORPORATE GOVERNANCE

Throughout the years, Datasonic and its Board have been resolute in ensuring that the Group's business and affairs are in line with the principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct. We adhere to laws and regulatory requirements to ensure a proper and well-structured management hierarchy.

CORPORATE RESPONSIBILITY

The Board recognises the value of corporate sustainability and its business impact on the Group's operations and will continue to identify changes to grow towards a sustainable future, integrating the Environmental, Social and Governance practices. In keeping with its corporate social responsibility, the Group has supported a few charitable events mainly through donations to support the projects and efforts for the poor, the under-privileged, the orphans, the elderly, the disadvantaged and the single parents. In April 2015, Datasonic Foundation, a charitable foundation has been established to undertake the Group's corporate social responsibility initiatives.

APPRECIATION

On behalf of the Board of Directors, I wish to express my heartfelt appreciation to my fellow Directors who have been providing their invaluable advice and contributions to the Group. I would like to thank the various government and local authorities, our valued clients, shareholders, bankers and business partners for their continuous support and confidence in our Group.

Last but not least, I wish to express my personal gratitude to all staff and the management of our Group for their relentless dedication and commitment to excellence and innovation which has gone a long way towards achieving the results and continued growth of the Group.

Thank you.

GENERAL TAN SRI (DR) MOHAMED HASHIM BIN MOHD ALI (RTD)

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Datasonic Group Berhad ("the Company") is committed to upholding and inculcating good corporate governance practices, with the primary objective of safeguarding the interests of the shareholders and enhancing the financial performance and financial position of the Company and its subsidiaries ("the Group").

The Board is pleased to present this statement on the application and extent of compliance with the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and Management

The Board is responsible for the overall oversight and management of the Group. The Board functions on the principle that all significant matters are addressed by the Board as it is accountable under the applicable laws and regulations for the Group's activities, strategies, financial position and performance.

To assist in carrying out its duties and responsibilities, the Board delegates certain functions to the Board Committees, the Executive Committee, the Management Committee and the Managing Director.

The Board Committees operate under its respective Terms of Reference. The Chairman of the respective Board Committees reports to the Board on the outcome of the Board Committee meetings and minutes of Board Committee meetings are made available to all Directors.

1.2 Clear roles and responsibilities

The Company is led and controlled by an effective Board which is comprised of members drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Group's business operations. The Company recognises the oversight role played by the Board in the stewardship of its strategic business direction and ultimately in the enhancement of its long term value to shareholders.

The Board remains resolute in upholding its responsibility in governing, guiding and monitoring the direction of the Company with the eventual objective of enhancing long term sustainable value creation taking into account the long term interests of all stakeholders, including shareholders, employees, customers and the interest of the community in which it operates.

The Board assumes, amongst others, the following significant responsibilities:-

- a) reviewing and adopting strategic plans for the Company including monitoring the implementation of the strategic plan by management;
- b) overseeing the conduct of the Company's business and the performance of management to determine whether the business is properly managed;
- c) identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures which effectively monitor and manage these risks;
- d) establishing succession planning and ensuring that all candidates appointed to senior management are of sufficient calibre;
- e) overseeing the development and implementation of a shareholder communications policy for the Company to enable effective communications with its shareholders and other stakeholders; and
- f) reviewing the adequacy and the integrity of the management information and internal control systems of the Company.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.3 Formalise ethical standards through a Code of Conduct

The Group is committed to promoting and maintaining high standards of transparency, accountability and ethics in the conduct of its business and operations.

The Group's Employee Handbook governs the terms and conditions of employment and the standards of ethics and good conduct expected of the Executive Directors and employees.

The Board has established the Code of Conduct and Ethics for Directors (Executive and Non-Executive Directors) which describes the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company or when representing the Company.

In addition, the Whistleblowing Policy and Procedures established by the Board applies to the Directors and employees of the Group and is designed to provide them with proper internal reporting channels and guidance to disclose any wrongdoing or improper conduct relating to unlawful conduct, inappropriate behaviour, malpractices, any violation of established written policies and procedures within the Group or any action that is or could be harmful to the reputation of the Group and/or compromise the interests of the shareholders, clients and the public without fear of reprisal, victimisation, harassment or subsequent discrimination.

The Code of Conduct and Ethics for Directors and the Whistleblowing Policy and Procedures are made available for reference on the Company's website at www.datasonic.com.my.

1.4 Strategies Promoting Sustainability

The Group acknowledges the importance of promoting sustainability and is cognisant of the business impact of the Group's operations on the environmental, social and governance aspects.

The Board will continue to review and oversee the Group's key sustainability issues include conservation of energy and resources, reusing and recycling of machineries, security over the use of information technology and confidential data in relation to the clients' personal data and privacy.

1.5 Access to Information and Advice

The Board members collectively and individually have direct access to the advice and services of the Company Secretary and senior management personnel. The Board members also have direct access, to all relevant Company's information and to the senior management personnel to assist them in the discharge of their duties and responsibilities to enable them to make informed decisions. The Board also has direct communication channels with the External, Internal Auditors of the Group and Board Committees.

Additionally, the Board members collectively and individually may take independent professional advice for the furtherance of their duties if so required. Such professional advice may be obtained at the Company's expense with prior approval of the Chairman or Managing Director.

The above access to information and advice demonstrates that the Board is fully aware of, and acts on, any matters for decision to ensure proper direction and control of the Group.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.6 Qualified and competent Company Secretary

The Company Secretary plays an advisory role in supporting the Board on matters relating to the Company's constitution, Board's policies and procedures, compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, Companies Act, 1965 and related regulations.

The principle responsibilities of the Company Secretary include:-

- a) Assist the Board as a whole and the Board members individually, as to how their responsibilities should be properly discharged in the best interests of the Group;
- b) Provide full assistance to the Board and its committees on issues of compliance with rules and procedures and statutory regulations;
- c) Circulate relevant news articles, guidelines and updates on statutory and regulatory requirements from time to time for the Board members' reference and brief the Board on these updates at the Board meetings; and
- d) Ensures that all meetings of the Board and its committees are properly convened and that deliberations, proceedings and decisions thereof are properly minuted and documented.

1.7 Board Charter

The Company's Board Charter provides guidance and clarity for the Board regarding the roles and responsibilities of the Board and the Board Committees, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is available for reference on the Company's website at www.datasonic.com.my.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee comprises three (3) members, all of whom are Independent Non-Executive Directors.

The members of the Nomination Committee and the details of their attendance at the Nomination Committee meeting held during the financial period ended 31 March 2015 are as follows:-

Nomination Committee Members	Designation	Number of Meeting Attended
Dato' Wan Mohd Safiain bin Wan Hasan	Chairman, Independent Non-Executive Deputy Chairman	1/1
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Member, Independent Non-Executive Director	0/1
Dato' Zaiful Ayu Ibrahim bin Ibrahim	Member, Independent Non-Executive Director	1/1

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

2. STRENGTHEN COMPOSITION (CONT'D)

2.1 Nomination Committee (cont'd)

The key duties and responsibilities of the Nomination Committee include, amongst others:-

- a) Assess and recommend to the Board, eligible candidates to serve on the Board and also Directors to serve as members of the relevant Board Committees;
- b) Evaluate the effectiveness of the Board and Board Committees (including its size and composition) and the contribution of each and every Director;
- c) Review and assess the required mix of skills, experience and other qualities required by the Board to run the Company effectively, including the core competencies which Directors should bring to the Board;
- d) Review and assess the independence of the Board's Independent Directors; and
- e) Review the induction and training needs of the Directors.

In May 2015, the Nomination Committee reviewed and revised the Terms of Reference of the Nomination Committee, which were formally approved by the Board.

The Terms of Reference of the Nomination Committee is available for reference on the Company's website at www.datasonic.com.my.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The appointment of new Directors is under the purview of the Nomination Committee which is responsible to perform a thorough assessment with emphasis on the criteria of fit and proper qualifications prior to recommending the candidates to the Board for its approval.

During the financial period under review, the Nomination Committee reviewed and recommended to the Board the appointment of two (2) female candidates to fill the Board positions as an Executive Director and a Non-Independent Non-Executive Director respectively.

The Nomination Committee assessed the performance of those Directors who are due to retire and eligible to stand for re-appointment or re-election at the forthcoming Seventh Annual General Meeting. The Nomination Committee is satisfied with the performance of the retiring Directors and the Board approved the Nomination Committee's recommendations for the re-appointment or re-election of the concerned Directors.

The Nomination Committee carried out an evaluation of the effectiveness of the Board and Board Committees and individual Directors. This includes the roles and responsibilities of the Board; the Board composition; information to the Board; conduct of Board meetings; Performance Evaluation on Board and Board Committees and Directors' self-assessment. The Nomination Committee reviewed the outcome of the evaluation exercise and the areas for continuous improvement.

The Nomination Committee reviewed the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board.

The Board acknowledges the importance of gender diversity and is committed to provide fair and equal opportunities in ensuring that eligible women candidates are sought as part of its recruitment exercise. The number of female Directors currently on the Board is two (2), representing approximately 14% of the total Board composition.

The Nomination Committee also reviewed the current composition of the Board, Board Committees and boardroom diversity, including gender diversity.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration policies and procedures

The Remuneration Committee comprises three (3) members, of which two (2) are Independent Non-Executive Directors.

The members of the Remuneration Committee and the details of their attendance at the Remuneration Committee meeting held during the financial period ended 31 March 2015 are as follows:-

Remuneration Committee Members	Designation	Number of Meeting Attended
Dato' Wan Ibrahim bin Wan Ahmad	Chairman, Independent Non-Executive Director	1/1
Dato' Wan Mohd Safiain bin Wan Hasan	Member, Independent Non-Executive Deputy Chairman	0/1
Mr. Chew Ben Ben	Member, Deputy Managing Director	1/1

The specific responsibilities of the Remuneration Committee are to assist the Board in remuneration matters which include the following:-

- Establish and recommend to the Board the remuneration structure and policy for Executive Directors and key management personnel;
- Ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, with the performance-related elements of remuneration forming a significant proportion of the total remuneration package;
- Review and recommend the remuneration packages of each of the Executive Directors and key management personnel to ensure that the levels of remuneration are sufficiently attractive to retain the Executive Directors and key management personnel needed to run the Group successfully; and
- Assist the Board in discharging their responsibilities relating to, inter alia, compensation strategy, succession planning, management development and other compensation arrangement.

The Terms of Reference of the Remuneration Committee is available for reference on the Company's website at www.datasonic.com.my.

The remuneration package of the Executive Directors is structured based on their experience, responsibilities and performance.

The remuneration of Non-Executive Directors is by way of fixed annual fees, based on the recommendation by the Board and to be approved by the shareholders in the Annual General Meeting. The level of remuneration reflects the experience and level of responsibilities undertaken by each Non-Executive Director. The Directors concerned do not participate in the deliberation and decision in respect of their individual remuneration. They are also reimbursed reasonable expenses incurred in the course of carrying out their duties on behalf of the Group. In addition, the Non-Executive Directors are also paid meeting allowances based on their attendance at the Board and Board Committees meetings to defray their expenses in preparation and attending such meetings.

The Remuneration Committee reviewed the salary increment and bonuses for the Managing Director, Deputy Managing Director, Executive Directors as well as the key management personnel based on their respective responsibilities, performance, and the business performance of the Group in terms of profit contributions.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration policies and procedures (cont'd)

The aggregate amounts of emoluments received and receivable by Directors of the Company and the subsidiary companies for the 15 months financial period ended 31 March 2015 are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Emoluments	5,476	–
Fees and allowances	–	891

Details of Directors' emoluments of the Company and the subsidiary companies received/ receivable for the 15 months financial period in bands of RM50,000 are as follows:-

	Executive Directors	Non-Executive Directors
Below RM 50,000	1	1
RM 50,001 to RM 100,000	3	6
RM 100,001 to RM 150,000	–	2
RM 150,001 to RM 200,000	3	–
RM 200,001 to RM 250,000	3	1
RM 250,001 to RM 300,000	2	–
RM 300,001 to RM 350,000	1	–
RM 350,001 to RM 400,000	1	–
RM 450,001 to RM 500,000	2	–
RM 750,001 to RM 800,000	1	–
RM 900,001 to RM 950,000	1	–

Note: Successive bands of RM50,000 are not shown as they are not represented.

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Independent Non-Executive Directors are required to disclose to the Board immediately, any actual or potential conflict which may affect their independence. The Board affirms its commitment to ensure such that conflict of interest situations will be avoided at all times.

The Board received confirmation in writing of their independence from the Independent Directors. The Board through the Nomination Committee reviewed and assessed the independence of the respective Independent Directors. The Board is generally satisfied with the level of independence demonstrated by all the Independent Directors, and their ability to act in the best interest of the Company.

3.2 Tenure of Independent Directors

As at the end of the financial period under review, all the existing Independent Directors of the Company have served the Board for less than nine (9) years.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

3. REINFORCE INDEPENDENCE (CONT'D)

3.3 Separation of positions of the Chairman and Managing Director

The roles of the Chairman and the Managing Director are segregated and clearly defined. The Chairman who is an Independent Non-Executive Director is responsible for running the Board and ensures that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in the Board's deliberations. The Chairman is also responsible for ensuring the integrity and effectiveness of the governance process of the Board. The Managing Director is responsible for the day-to-day management of the business to ensure that the business operates continuously as well as the implementation of Board's policies, strategies and decisions.

3.4 Composition of the Board

As at the date of this statement, the Board comprises fourteen (14) members, six (6) of whom are Independent Non-Executive Directors, seven (7) are Executive Directors and one (1) is Non-Independent Non-Executive Director, in compliance with Paragraph 15.02(1) of the MMLR of Bursa Malaysia. The Board will review its composition and size from time to time.

A brief profile of each Director is presented on pages 6 to 12 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. There were six (6) Board meetings held during the financial period under review and the Directors' attendance at the meetings were as follows:-

Directors	Number of Meetings attended
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) (Chairman)	5/6
Dato' Wan Mohd Safiain bin Wan Hasan	6/6
Dato' Abu Hanifah bin Noordin	6/6
Mr. Chew Ben Ben	6/6
Encik Handrianov Putra bin Abu Hanifah	6/6
Encik Md Diah bin Ramli	6/6
Encik Mohamed Zulkhornain bin Ab Ranee	4/6
Mr. Raghbir Singh a/l Hari Singh	6/6
Puan Talya Zholeikha binti Abu Hanifah (<i>appointed w.e.f. 28 February 2014</i>)	5/5
Datuk Dr. Aziz Jamaludin bin Hj. Mhd Tahir	4/6
Cik Safia Zuleira binti Abu Hanifah (<i>appointed w.e.f. 30 May 2014</i>)	3/3
Dato' Wan Ibrahim bin Wan Ahmad	6/6
Mr. Yee Kim Shing @ Yew Kim Sing	6/6
Dato' Zaiful Ayu Ibrahim bin Ibrahim	6/6

The Directors are required to disclose and update their directorships and shareholdings in other companies as and when necessary. The Directors are also expected to comply with Paragraph 15.06 of the MMLR of Bursa Malaysia on the maximum number of five (5) directorships they can hold in public listed companies to ensure that all Directors are able to commit sufficient time for the Company. For the financial period under review, all Directors complied with the said requirement.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training

The Directors are mindful that they are required to attend suitable training programmes to keep abreast with the current development of the industry as well as the applicable statutory and regulatory requirements. The Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues that are best suited to enhance their knowledge.

All Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia.

The Board through the Nomination Committee reviewed the training programmes attended by the Directors during the financial period under review and also recommended the types of training programmes for the Directors to attend.

In November 2014, the Directors attended an in-house training programme entitled ASEAN Economic Community 2015 and The Transformation from Local to Regional Champion.

In addition, the various other training programmes attended by the Directors were as follows:-

Directors	Training Programmes
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	- Managing Uncertainty – Surviving the turbulence
Dato' Wan Mohd Safiain bin Wan Hasan	- Briefing Session on Corporate Governance Guide : Towards Boardroom Excellence (2nd Edition) – An Update
Dato' Abu Hanifah bin Noordin	- Advocacy Sessions On Corporate Disclosure For Directors of Listed Issuers - Briefing Session on Corporate Governance Guide : Towards Boardroom Excellence (2nd Edition) – An Update - Enhancing Internal Audit Practice - Building 100 Year Family Enterprise
Mr. Chew Ben Ben	- Building 100 Year Family Enterprise
Encik Handrianov Putra bin Abu Hanifah	- Building 100 Year Family Enterprise
Encik Md Diah bin Ramli	- Datacard Group Asia Pacific Partner Conference
Encik Mohamed Zulkhornain bin Ab Rane	- ASEAN Digital identification workshop
Mr. Raghbir Singh a/l Hari Singh	- Datacard Group Asia Pacific Partner Conference
Puan Talya Zholeikha binti Abu Hanifah	- Mandatory Accreditation Programme - Briefing Session on Corporate Governance Guide : Towards Boardroom Excellence (2nd Edition) – An Update - Achieving KPIs with Human Performance Improvement - Building 100 Year Family Enterprise - Drawing Up Your Policy & Handbook

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (cont'd)

Directors	Training Programmes
Cik Safia Zuleira binti Abu Hanifah	- Mandatory Accreditation Programme
Mr. Yee Kim Shing @ Yew Kim Sing	- 2014 FIDE Core Programme - Corporate Governance
Dato' Zaiful Ayu Ibrahim bin Ibrahim	- Briefing Session on Corporate Governance Guide : Towards Boardroom Excellence (2nd Edition) – An Update - Nominating Committee Programme 2: Effective Board Evaluation

The Directors will continue to participate in training programmes to equip themselves and to effectively discharge their duties as Directors as and when necessary.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board takes responsibility to provide balanced and meaningful assessment of the Group's financial performance and position at the end of each financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders and the Chairman's Statement in the Annual Report.

The Board is assisted by the Audit Committee in overseeing and governing the Group's financial reporting processes and the quality of its financial reporting.

The Audit Committee performs, inter alia, the following functions:-

- Review with the External Auditors their audit report and the planned corrective actions that need to be taken arising from their audit findings;
- Review the quarterly and annual financial statements of the Company and of the Group before submission to the Board, focusing in particular on significant changes and adjustments in the preparation and presentation of the financial statements, material fluctuations in the financial position and results as reflected in the financial statements and compliance with accounting standards, regulatory and other legal requirements;
- Review matters concerning the suitability for appointment or re-appointment of External Auditors and matters relating to their resignation;
- Review any related party transactions entered into by companies within the Group and any conflict of interest situation that may arise within the Group; and
- Review with the Internal Audit Department their evaluation of the system of internal controls, which include amongst other matters, the financial and operational controls.

Details of the activities carried out by the Audit Committee for the financial period under review are set out separately in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

5.2 Assessment of Suitability and Independence of External Auditors

As one of its functions stated above, the Audit Committee undertakes an annual assessment of the External Auditors to gauge their performance, suitability and independence. Based on the results of this assessment, the Audit Committee shall make a recommendation to the Board for their re-appointment or termination.

In this regard, the Audit Committee had in May 2015 assessed the performance and independence of Messrs Crowe Horwath as External Auditors of the Company as well as reviewed the non-audit services provided by them during the financial period under review and recommended their re-appointment.

6. RECOGNISE AND MANAGE RISK

6.1 Sound Framework to Manage Risks

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group objectives and activities are aligned with those risks and opportunities.

The Board is committed to the development of an effective Enterprise Risk Management Framework, with the aim of providing a consistent approach to the risks and facilitating a reasonably accurate perception of acceptable risks by all employees. In February 2014, the Board approved the Enterprise Risk Management Framework of the Company.

The Statement on Risk Management and Internal Control made pursuant to Paragraph 15.26(b) of the MMLR of Bursa Malaysia is separately set out in this Annual Report.

6.2 Internal Audit function

The Internal Audit function is led by the Chief Internal Auditor who reports directly to the Audit Committee.

Details of the Group's internal control systems are set out separately in the Statement on Risk Management and Internal Control and the Report of the Audit Committee in this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Appropriate corporate disclosure policies and procedures

The Group has put in place appropriate controls on the confidentiality of information where all Executive Directors and employees of the Company are required to sign a Confidentiality Agreement before appointment. This is to ensure that confidential information is properly handled to avoid leakage and improper use of such information. The Group upholds strict standards on confidentiality with regards to the undisclosed material information and ensures that the dissemination of information to shareholders and the general public is done in a timely and fair manner. The Board is mindful that information which is expected to be material must be announced immediately.

In addition, the Board has established the Corporate Disclosure Policy and Procedures which applies to all Directors, management and employees of the Group. It outlines the Company's approach toward the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained and restrictions on insider trading. It also provides guidelines in order to achieve consistent disclosure practices across the Company.

The Corporate Disclosure Policy and Procedures is made available on the Company's website at www.datasonic.com.my.

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

7.2 Leverage on information technology for effective dissemination of information

The Company's website incorporates the corporate information of the Company and is accessible to the shareholders and investors. It also incorporates an Investor Relations section which provides all the relevant information on the Company's shares, financial information, announcements made by the Company to Bursa Malaysia as well as the latest media news on the Company. The Company has continuously leveraged on information technology for broader and effective dissemination of information to the shareholders and investors.

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

8.1 Encourage shareholders participation at general meetings

The notice of general meetings together with the Company's Annual Report and/or Circular to Shareholders will be despatched to the shareholders within the prescribed notice period prior to the scheduled general meetings in order to provide sufficient time to the shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations and more importantly, it provides an avenue for the shareholders to ask questions on the resolutions being proposed and to seek clarification on the business and performance of the Group.

8.2 Poll Voting

The Board encourages poll voting at general meetings in case of substantive resolutions which require shareholders' approval. In previous general meetings held, the Chairman had notified the shareholders of their rights to demand a poll vote at the commencement of the general meetings. The voting process at general meetings shall be by way of show of hands unless a poll is demanded. The poll voting process at the general meeting will be conducted in accordance with the provisions of the Articles of Association of the Company.

8.3 Effective Communication and Proactive Engagement

The Company recognises the importance of providing adequate information to the shareholders on a timely basis. The shareholders are kept well informed of the developments and performance of the Company through timely announcements and disclosures made to Bursa Malaysia including the release of financial results on a quarterly basis. Additionally, the Annual General Meeting is the principal forum for dialogue and interaction with all shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group.

In addition to the above, the Company is always willing to meet up with institutional investors whenever the need arises, to elaborate or to further clarify the information which has been disclosed to the shareholders. The shareholders can also obtain up-to-date information from the Company's website at www.datasonic.com.my.

COMPLIANCE STATEMENT

Except as otherwise disclosed in the above Statement, the Board is satisfied that the Group has applied and complied with the principles and recommendations of the MCCG 2012 throughout the financial period under review.

This Statement is made in accordance with the resolution of the Board of Directors passed on 29 May 2015.

CORPORATE RESPONSIBILITY

Workplace

The Group is supported by a total staff strength of over 533 employees nationwide. The Group values its human capital and will continuously improve and provide them with the necessary knowledge and skills, opportunities for personal growth and work life balance.

The Group promotes workforce diversity and equal opportunity, there is no discrimination against employees or applicants in terms of gender, age and ethnicity. As at the financial period ended 31 March 2015, the gender composition of the Group employees comprised 195 females and 338 males respectively.

The Group ensures adequate safety measures and provides sufficient protection to employees at the workplace.

The Group encourages employees to attend training programmes that match their career development objectives and job needs.

The Group organises various festive and birthday celebrations for employees to maintain good industrial relations.

Marketplace

The Group is continuously committed to promote and maintain transparency, accountability and ethics in the conduct of its business and operations with the stakeholders, including our shareholders, investors, customers, suppliers and the public.

The Group has undertaken various key initiatives to ensure that our products and services meet the stringent requirements set by our customers in improving national security to ensure that we have an inclusive and safe society.

The implementation of ISO 9001:2008 Quality Management Systems ("QMS") enables continuous improvement of the Group's QMS and processes which in turn, improves the ability of the Group's operations to meet customers' requirements and expectations.

Environment

The Group recognises the importance of environmental conservation and has taken initiatives to ensure proper disposal of factory wastes produced during the manufacturing process. The Group outsources the process of waste management to the relevant industry expert in sustainable waste management and renewable energy solutions.

The Group has initiated Reduce, Reuse and Recycle ("3R") programme, recycling bins are provided at the workplace to encourage employees to participate in the 3R programme and to raise awareness of the importance of recycling and its impact on the environment.

CORPORATE RESPONSIBILITY

(Cont'd)

Community

The Company recognises that any form of contribution for the social welfare and/or development of the community would indirectly contribute to the social well-being and development of the Malaysian public.

In April 2015, Datasonic Foundation, a charitable foundation has been established to undertake the Group's corporate social responsibility initiatives.

In keeping with its corporate social responsibility, the Group has supported a few charitable events mainly through donations to support the projects and efforts for the poor, the under-privileged, the orphans, the elderly, the disadvantaged and the single parents. In the year under review, various contributions have been made for humanitarian crises including flood relief and donations/sponsorships were made to numerous charitable organisations/ foundations such as follows:-

- Badan Kebajikan Thalassaemia Malaysia;
- Dana Pembangunan Insan Orang Kurang Upaya Penglihatan;
- Girl Guides Association Perak;
- Majlis Kebajikan dan Sukan Anggota-Anggota Kerajaan Wilayah Persekutuan;
- Majlis Sukan Negara;
- Mercy Malaysia;
- Persatuan Bekas Polis Malaysia;
- Persatuan Kebajikan dan Amal Keluarga Bekas Kastam Diraja Malaysia;
- Pertubuhan Masyarakat Prihatin Malaysia;
- Pertubuhan Prihatin Orang Kurang Upaya 1Malaysia;
- Yayasan Dakwah Islamiah Malaysia; and
- Yayasan Pengakap Malaysia.

AUDIT COMMITTEE REPORT

The Audit Committee of Datasonic Group Berhad ("the Company") is pleased to present the Audit Committee Report for the financial period ended 31 March 2015 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

COMPOSITION OF AUDIT COMMITTEE AND ATTENDANCE

The Company has established the Audit Committee comprising of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the Audit Committee complies with Paragraph 15.09 of the MMLR of Bursa Malaysia.

The members of the Audit Committee and the details of their attendance at the Audit Committee meetings held during the financial period ended 31 March 2015 were as follows:-

Audit Committee Members	Designation	Number of Meetings attended
Mr. Yee Kim Shing @ Yew Kim Sing	Chairman, Independent Non-Executive Director	5/5
Dato' Wan Mohd Safiain bin Wan Hasan	Member, Independent Non-Executive Deputy Chairman	5/5
Dato' Wan Ibrahim bin Wan Ahmad	Member, Independent Non-Executive Director	5/5

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee is governed by its Terms of Reference include, inter alia, the following:-

A. Rights and Authority

The Audit Committee is authorised to:-

1. Investigate any matter within its terms of reference.
2. Have adequate resources at its disposal to perform its duties.
3. Have full and unrestricted access to information, records and documents relevant to its activities.
4. Be kept regularly updated on audit matters and be notified immediately of any fraud and significant irregularities or internal control deficiencies discovered by management or the Internal Audit Department.
5. Have direct communication channels with the External and Internal Auditors, and the senior executives and key employees of the Group. In this respect, the Chairman of the Audit Committee would engage on a continuous basis with senior management, especially the Managing Director, Deputy Managing Director, the Chief Financial Officer, the Chief Internal Auditor and the External Auditors in order to be kept informed of significant matters affecting the Company and the Group.
6. Engage, consult and obtain outside legal or other independent professionals advice and to secure the attendance of these professionals with relevant experience and expertise it considers necessary.

AUDIT COMMITTEE REPORT

(Cont'd)

TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

B. Functions and Duties

The functions and duties of the Audit Committee are as follows:-

1. To review and recommend for the Board's approval, the Internal Audit Charter which defines the independence, purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.
2. To review all reports and details concerning the following and report to the Board:-
 - a) Reports and other updates by the External Auditors. These include the audit plan, audit reports with details of corrective actions, evaluation of the system of internal control, audit fees and matters concerning the Auditors' nomination, appointment and re-appointment, the underlying reasons for resignation or dismissal as Auditors and the representation letter to be signed by Management.
 - b) Reports and other updates by the Internal Auditors. These include the fulfilment of the Internal Audit Department's role in the evaluation of and its contributions to the improvement of risk management process and control assurances and corporate governance practices, compliance with internal auditing standards and relevant corporation's policies, independence status, adequacy and relevance of the scope and functions, competency and resources, Internal Audit Reports and performance appraisal of the staff of the Internal Audit Department including that of the senior staff concerning appointment, resignation and progression.
 - c) The quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
 - i) The Auditors' report and whether it contains any qualification or reservations which must be properly discussed and acted upon to remove the cause of the Auditors' concerns.
 - ii) Significant changes and adjustments in the preparation and presentation of the financial statements of the Company and of the Group.
 - iii) Major changes in accounting policies, principles and practices.
 - iv) Material fluctuations in results and/or financial position as reflected in the financial statements.
 - v) Significant variations in audit scope and approach.
 - vi) Significant commitments and contingent liabilities.
 - vii) Significant and unusual issues of transactions.
 - viii) Validity of going concern assumptions.
 - ix) Compliance with accounting standards, regulatory and other legal requirements.
 - d) The major findings of any investigation assignment and the management responses.

AUDIT COMMITTEE REPORT

(Cont'd)

TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

B. Functions and Duties (cont'd)

- e) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that touches on management integrity.
 - f) The independence and objectivity of the External Auditors in their audit, the effect of non-audit services provided by them on their professional independence and objectivity, and the level of professional fees for audit and non-audit services considered fair and reasonable.
- 3. To report any breach of the MMLR which have not been satisfactorily resolved to Bursa Malaysia.
 - 4. To prepare the Audit Committee Report for inclusion in the Company's Annual Report.
 - 5. To review the following for publication in the Company's Annual Report:-
 - a) The Corporate Governance Statement and the extent of compliance with the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").
 - b) The statement on the Board's responsibility for the preparation of the annual audited financial statements.
 - c) The disclosure statement on the state of the risk management and internal control system of the Group.
 - d) Other disclosures forming part of the contents of annual report set out in Part A of Appendix 9C of the MMLR of Bursa Malaysia.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

The activities carried out by the Audit Committee during the financial period ended 31 March 2015 were as follows:-

- a) Reviewed the audited financial statements of the Group and of the Company as well as statutory auditors' report thereon prior to the submission to the Board of Directors ("Board") for their consideration and approval, upon being satisfied that, inter alia, they were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the Companies Act, 1965.
- b) Reviewed and discussed the Management Report and Accounts of the Company and of the Group.
- c) Reviewed the unaudited quarterly financial results, including the announcements pertaining thereto, before recommending the same to the Board for approval and release to Bursa Malaysia.
- d) Discussed and noted the updates on regulatory requirements issued by the regulatory, statutory and professional bodies and relevant business news articles published by the mass media.
- e) Reviewed the procedures governing related party transaction of the Company in accordance with Chapter 10 of the MMLR of Bursa Malaysia.

AUDIT COMMITTEE REPORT

(Cont'd)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 (CONT'D)

- f) Reviewed with the assistance of the Internal Audit Department on a quarterly basis to determine the presence of any related party transaction to ensure compliance with the MMLR of Bursa Malaysia and internal procedures.
- g) Reported to the Board on the matters dealt with at the Audit Committee meeting. Minutes of the Audit Committee meetings were tabled and noted by the Board.
- h) Reviewed the published annual report of the Company which encompasses the Statement on Corporate Governance, Statement on Risk Management and Internal Control and other documents as set out in Part A of Appendix 9C of the MMLR of Bursa Malaysia.
- i) Invited the External Auditors to have meetings without the presence of the Executive Directors and Management, if deemed necessary.
- j) Reviewed and discussed the Audit Planning Memorandum with the External Auditors, covering audit approach, significant events, areas of audit emphasis and proposed audit fees.
- k) Reviewed and discussed the Audit Review Memorandum generated by the External Auditors upon completion of the annual audit, covering significant audit findings, internal control points, status of audit and accounting issues and on the matter of professional independence of the External Auditors.
- l) Assessed and evaluated the performance and conduct of the audit undertaken by the External Auditors for its re-appointment as Auditors of the Company.
- m) Reviewed and approved the Audit Planning Memorandum of the Internal Auditors for the working period from March 2014 to May 2015 in respect of the financial period ended 31 March 2015 to ensure adequate scope, functions, resources and coverage on the activities of the Group taking into consideration the assessment of key risk areas.
- n) Reviewed and discussed the Internal Audit Reports prepared by the Internal Audit Department which consists of the findings, recommendations and the corrective actions committed by the Management to ensure that all key risks will be addressed and adequate controls put in place on a timely basis. There were six (6) Internal Audit Reports issued by the Internal Audit Department during the financial period ended 31 March 2015.
- o) Reviewed the progress of action plans committed by the Management for the key findings highlighted in the previous Internal Audit Reports issued until all material findings have been fully rectified.

AUDIT COMMITTEE REPORT

(Cont'd)

INTERNAL AUDIT FUNCTION

The internal audit function is led by the Chief Internal Auditor who reports directly to the Audit Committee in accordance with Paragraph 15.27 of the MMLR of Bursa Malaysia. The main objective of the Internal Audit function is to assist the Board and Management in discharging their responsibilities by providing an independent assurance on the adequacy and effectiveness of the systems of internal control, risk management and corporate governance processes of the Group.

The purpose, authority and responsibility as well as scope of work of the internal audit function are articulated in the Internal Audit Charter. Specifically, the key responsibilities of Internal Audit Department include the following:-

- a) Developing an annual risk-based audit plan to be submitted to the Audit Committee for approval.
- b) Executing the approved audit plan using a risk-based methodology, as well as any special tasks or projects initiated by the Board, Audit Committee and Senior Management.
- c) Issuing periodic audit reports with detailed findings, recommendations and corrective actions committed by the Management to the Audit Committee for review and approval.
- d) Reporting on a timely basis to the Audit Committee any suspected fraud with appropriate details.
- e) Undertaking investigation work as instructed and presenting the results to the Audit Committee.

During the financial year under review, the Internal Audit Department has undertaken six (6) internal audit assignments in accordance with the Audit Planning Memorandum for the financial period ended 31 March 2015 which have been approved by the Audit Committee.

The total cost incurred by the internal audit function for the working period up to May 2015 is approximately RM290,000.

This Report is made in accordance with the resolution of the Board of Directors passed on 29 May 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Principle 6 of the Malaysian Code of Corporate Governance 2012 states the Board of Directors ("the Board") should establish a sound risk management framework and internal control system. In conjunction with this principle, Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") stipulates that a listed issuer must ensure that its Board makes a statement with regard to the state of risk management and internal control of the listed issuer as a group in its annual report.

The Board and the Management uphold their ongoing commitment to establish and implement a sound system of risk management and internal controls system to safeguard the shareholders' investments and the Group's assets. The efforts to embed the risk management and controls framework into the culture, processes and structures of the Group continued to emerge and evolve on a progressive basis during the financial period ended 31 March 2015 and up to the date of approval of this statement for inclusion into the Annual Report. In recognition of this responsibility, the Board hereby issues this Statement in accordance with the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* ("Guidelines").

BOARD'S RESPONSIBILITY

The Board recognises the importance of sound risk management and internal control systems to ensure the reliability and integrity of financial and operational information, effectiveness and efficiency of operations and programs, safeguarding of assets and compliance with laws, regulations, policies, procedures and contracts. Hence, the Board with the assurance from the Executive Directors and Management affirms its overall responsibilities for the Group's risk management and internal control systems. To fulfil these duties, the Board acknowledges the need to establish on-going processes and provides its oversight functions in identifying, evaluating and managing the significant risks faced by the Group and to regularly review these processes in conjunction with the Guidelines for continuous improvement in both areas.

The Board acknowledges the limitations that are inherent in any risk management and internal control system. As such the systems designed are meant to manage and mitigate the extent and severity of the risks, rather than eliminate risks. Consequently, the Board recognises that a sound internal control system provides reasonable but not absolute assurance that the Group will not be hindered in achieving its business objectives in the ordinary course of business.

RISK MANAGEMENT PROCESS

Although there is no Risk Management Committee and Risk Management Department established during the financial period under review, the Board has adopted an Enterprise Risk Management Framework ("ERM Framework") in February 2014. The ERM Framework essentially outlines the Group's overall risk management objectives which is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial position and performance.

Further, the internal audit function has a role to provide some comfort to the Board on the adequacy and effectiveness of the risk management practices of the Group by adopting a risk-based audit approach and focusing on the key risks areas to determine the auditees and auditable areas. Hence, the Executive Directors and the Management are responsible to create an awareness culture on the importance of effective internal control and risk management systems and to ensure that the underlying principles are embedded in key operational processes. Even though the processes were not undertaken in a formalised manner, the Management asserts that there has been an on-going process of risk management throughout the financial period and the key risks involved were in fact reviewed by the Management in the course of managing the business activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

RISK MANAGEMENT PROCESS (CONT'D)

The Board believes that the development of an effective risk management and internal control systems is an on-going effort. The Board continues to review the effectiveness of the system of risk management and internal control based on the information and assurance provided by the Management.

For the financial period under review, some weaknesses in internal control were identified but were not considered significant enough to be mentioned in this Statement as none had materially impacted the business operations of the Group. Nevertheless, remedial actions and corrective measures have been or are being taken to address the weaknesses noted.

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS OF THE GROUP

The Group's risk management and internal control systems during the financial period ended 31 March 2015 and up to the date of approval of this statement for inclusion into the Annual Report encompassed, inter alia, the following key elements:-

1. Regular Board and Audit Committee meetings to provide effective governance practices. Decisions of the Board are only made after the required information is made available and deliberated by the Board. The Board reviewed and approved the quarterly financial results announced to Bursa Malaysia based on the recommendations made by the Audit Committee. Additionally, the Board also approved appropriate Group policies, if required.
2. Formal reporting by the Managing Director at the Board meetings whereby the key operational activities, financial performance analyses, statistics and key risks that affect the operational activities are presented. This is to ensure that the Board receives continuous updates on the business operations and makes informed decisions.
3. Reviews are carried out by the Audit Committee on the adequacy and effectiveness of the internal control systems concerning operational issues reported by the internal and external auditors and attributable actions taken by Management in respect of the findings. These will provide assurance that control procedures are in place and are being followed.
4. The adoption of a risk-based audit approach by the Internal Audit Department to determine the auditable areas for the financial period ended 31 March 2015 in accordance with the standard set by the recognised professional bodies. The Internal Audit Plan approved by the Audit Committee, was developed based on the high-level risk assessment performed and covers key risk areas. If and when necessary, the auditable areas are modified to reflect the prevailing risks prioritisation and business concerns. The selection of auditees was also based on the Likelihood and Consequence Matrix (LCM) on the risk areas identified and evaluated.
5. The Audit Committee reviewed six (6) Internal Audit Reports issued by the Internal Audit Department on the effectiveness of the Group's internal controls for the financial period ended 31 March 2015.
6. Regular Management Committee Meetings which serve as a forum for the Management to discuss on the strategic, operational, financial and reporting risks, deliberation of operational issues encountered by the significant projects as well as status of key resolutions undertaken by the Group are held. Appropriate action plans to resolve the issues or manage the risks are formulated and continuous updates were obtained in subsequent meetings from the respective parties assigned until satisfactory resolutions.
7. Continuous review is carried out on the adequacy and appropriateness of Standard Operating Procedures (SOP) developed to govern the business processes of the Group. The establishment of adequate and effective SOP helps to promote uniformity and consistency of the performance of specific functions and to facilitate effective communication for decision making.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS OF THE GROUP (CONT'D)

8. The Group's disaster recovery plan has been developed and implementation is in-progress during the financial period. The plan will help to minimise downtime and data loss as well as to ensure the continuity of business operations in the unfortunate event of management systems breakdown and other potential hazards such as fire and flood. Data back-ups are systematically performed on a periodical bases.
9. Revisions were made to the formalised high-level Financial Authority Limits (FAL) associated with the respective functional and organisational reporting structures to ensure that appropriate authorisation limits are adhered to on incurrence of the Group's expenditures so as to conform to the Group's strategies and risk appetite.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR of Bursa Malaysia, the External Auditors have reviewed this Statement for inclusion into the Annual Report of the Group for the financial period ended 31 March 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is factually inaccurate.

ASSURANCE FROM THE MANAGEMENT TO THE BOARD

Overall, the Board recognises the need to develop and maintain proper, effective and functioning risk management and internal control systems for the Group. In fact, efforts are still on-going to implement the necessary measures to monitor, mitigate or minimise risks so as to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group. The Board is assured by the Executive Directors and the Management of the Company that a process has been put in place to develop, nurture, maintain, assess, scrutinise and improvise on its internal control and risk management initiatives in the course of undertaking the various business activities of the Group. Nothing significant has come to the attention of the Executive Directors and the Management which may render the integrity of financial information to be misleading in any material respect.

This Statement is made in respect of the financial period ended 31 March 2015 and in accordance with resolution of the Board of Directors passed on 29 May 2015.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

1. UTILISATION OF PROCEEDS

The total proceeds raised from the Company's Initial Public Offer ("IPO") has been fully utilised as at 29 August 2014. The details of the utilisation of proceeds are as follows:-

Description	Proposed Utilisation (RM'000)	Actual utilisation (RM'000)	Balance to utilise (RM'000) (%)	
Capital expenditure	17,100	17,100	–	0%
R&D expenditure	6,000	6,000	–	0%
Working capital	15,000	15,000	–	0%
Listing expenses	2,648	2,648	–	0%
Total gross proceeds	40,748	40,748	–	

Note:

The total listing expenses was RM2.65 million of which RM1.03 million was offset against share premium as these transaction costs were directly attributed to the issuance of new shares from the IPO exercise in the financial year ended 31 December 2012.

2. SHARE BUY BACK

The Company does not have a share buy back programme in place for the financial period ended 31 March 2015.

3. GLOBAL DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any global depository receipt programme for the financial period ended 31 March 2015.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities for the financial period ended 31 March 2015.

5. PROFIT GUARANTEE

There was no profit guarantee given by the Company for the financial period ended 31 March 2015.

6. VARIATION IN RESULTS

The results for the fifth quarter and fifteen months financial period ended 31 March 2015 announced on 29 May 2015 were audited.

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

7. NON-AUDIT FEES

The non-audit fees paid or payable to the external auditors for the financial period ended 31 March 2015 amounted to RM57,800.

8. IMPOSITION OF SANCTIONS/PENALTIES

There were no other imposition of sanctions or penalties except for the underestimation of tax payable for the years of assessment, as applicable.

9. REVALUATION POLICY ON LANDED PROPERTIES

There is no revaluation policy on landed properties.

10. MATERIAL CONTRACTS RELATING TO LOANS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries relating to loans involving Directors' or Major Shareholders' interest for the financial period ended 31 March 2015.

11. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Except for the disclosure in Note 41 to the audited financial statements for the financial period ended 31 March 2015, there were no other material contracts entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interest.

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Group's and of the Company's financial statements each financial year in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, Companies Act, 1965 and Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

Central to these requirements is the need to ensure that the audited financial statements present a true and fair view of the state of affairs of the Group and of the Company, the results, cash flows and statement of changes in equity.

In the preparation of these financial statements for the period under review, the Directors have:-

- a) applied the appropriate and relevant accounting policies in a consistent manner;
- b) made judgements and estimates that are reasonable and prudent; and
- c) prepared the annual audited financial statements on a going concern basis.

FINANCIAL STATEMENTS

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Other Comprehensive Income
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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2014 to 31 March 2015.

CHANGE OF FINANCIAL YEAR END

The Company's financial year end has been changed from 31 December to 31 March on 28 February 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial period	71,822	100,076
Attributable to:-		
Owners of the Company	71,910	100,076
Non-Controlling interests	(88)	-
	71,822	100,076

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2013 were as follows:

	RM'000
In respect of the financial year ended 31 December 2013:	
- Second interim single tier tax-exempt dividend of 2 sen per share, declared on 28 February 2014 and paid on 28 May 2014	13,500
In respect of the financial period ended 31 March 2015:	
- First interim single tier tax-exempt dividend of 1 sen per share, declared on 29 August 2014 and paid on 7 November 2014	13,500
	27,000

In respect of the financial period ended 31 March 2015, the Directors had on 29 May 2015 declared a second interim single tier tax-exempt dividend of 1 sen per share, amounting to RM13.50 million based on the issued and paid-up share capital as at 31 March 2015 of 1,350,000,000 ordinary shares of RM0.10 each. 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 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 March 2016.

The Directors do not recommend the payment of any final dividend for the financial period ended 31 March 2015.

DIRECTORS' REPORT

(Cont'd)

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial period,

- (a) the Company had on 10 June 2014 increased its issued and paid-up share capital from RM67,500,000 to RM135,000,000 by way of a bonus issue of 675,000,000 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of 1 bonus share for every 1 existing ordinary share held and the bonus shares were listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 11 June 2014.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and were satisfied that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

(Cont'd)

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 40 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period.

DIRECTORS

The directors who served since the date of the last report are as follows:-

General (Rtd) Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Chairman) ⁽²⁾

Dato' Wan Mohd Safiain Bin Wan Hasan (Deputy Chairman) ⁽¹⁾

Dato' Abu Hanifah Bin Noordin (Managing Director)

Chew Ben Ben (Deputy Managing Director)

Handrianov Putra Bin Abu Hanifah

Md Diah Bin Ramli

Mohamed Zulkhornain Bin Ab Ranee

Raghbir Singh A/L Hari Singh ⁽²⁾

Talya Zholeikha Binti Abu Hanifah (Appointed on 28 February 2014)

Datuk Dr. Aziz Jamaludin Bin Hj Mhd Tahir

Dato' Wan Ibrahim Bin Wan Ahmad ⁽¹⁾

Yee Kim Shing @ Yew Kim Sing ⁽²⁾

Dato' Zaiful Ayu Ibrahim Bin Ibrahim ⁽¹⁾

Safia Zuleira Binti Abu Hanifah ⁽³⁾ (Appointed on 30 May 2014)

DIRECTORS' REPORT

(Cont'd)

DIRECTORS (CONT'D)

- (1) In accordance with Article 126 of the Company's Articles of Association, Dato' Wan Mohd Safiain Bin Wan Hasan, Dato' Wan Ibrahim Bin Wan Ahmad and Dato' Zaiful Ayu Ibrahim Bin Ibrahim retire from the Board by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.
- (2) In accordance with Section 129(6) of the Companies Act, 1965, General (Rtd) Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali, Mr. Yee Kim Shing @ Yew Kim Sing and Mr. Raghbir Singh A/L Hari Singh retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.
- (3) In accordance with Article 91 of the Company's Articles of Association, Cik Safia Zuleira Binti Abu Hanifah retires from the Board by rotation at the forthcoming Annual General Meeting, and being eligible, offers herself for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares of the Company and of its related corporations during the financial period are as follows:-

	Number Of Ordinary Shares Of RM0.10 Each				
	At 1.1.2014/ Date of Appointment	Bonus Issue on 10.6.2014	Bought	Sold	At 31.3.2015
THE COMPANY					
<i>Direct Interests</i>					
General (Rtd) Tan Sri (Dr)					
Mohamed Hashim Bin Mohd Ali	3,750,000	3,750,000	–	–	7,500,000
Dato' Wan Mohd Safiain Bin Wan Hasan	950,000	800,000	615,000	(1,165,000)	1,200,000
Dato' Abu Hanifah Bin Noordin	104,565,030	104,565,030	–	–	209,130,060
Chew Ben Ben	86,321,000	85,336,000	8,962,400	(24,900,000)	155,719,400
Handrianov Putra Bin Abu Hanifah	1,500,000	11,500,000	10,000,000	–	23,000,000
Md Diah Bin Ramli	201,895	198,495	74,400	(72,800)	401,990
Mohamed Zulkhornain Bin Ab Rane	4,250,000	4,160,000	110,000	(1,400,000)	7,120,000
Raghbir Singh A/L Hari Singh	252,500	322,500	115,000	(100,000)	590,000
Talya Zholeikha Binti Abu Hanifah	1,500,000	1,500,000	–	–	3,000,000
Dato' Wan Ibrahim Bin Wan Ahmad	–	30,000	30,000	(50,000)	10,000
Dato' Zaiful Ayu Ibrahim Bin Ibrahim	1,500,000	1,500,000	60,000	(1,500,000)	1,560,000
Safia Zuleira Binti Abu Hanifah	–	–	100,000	–	100,000
<i>Indirect Interests</i>					
Dato' Abu Hanifah Bin Noordin					
Dibena Enterprise Sdn. Bhd. ⁽¹⁾	240,640,005	100,640,005	–	(176,268,000)	165,012,010
Gerbang Subur Sdn. Bhd. ⁽¹⁾	–	65,000,000	65,000,000	–	130,000,000
Datin Popi Riandani Binti Dody Muchtar ⁽²⁾	–	–	200,000	–	200,000
Harrizal Rizhan Bin Abu Hanifah ⁽²⁾	–	–	100,000	–	100,000
Chew Ben Ben					
Enrich Epitome Sdn. Bhd. ⁽¹⁾	–	65,000,000	65,000,000	–	130,000,000
Zhao Tong ⁽²⁾	–	1,680,000	24,910,000	–	26,590,000
Raghbir Singh A/L Hari Singh					
Dr Roopak Singh A/L Raghbir Singh ⁽²⁾	–	25,000	85,000	(110,000)	–
Dato' Wan Ibrahim Bin Wan Ahmad					
Nik Mohd Rizwan Bin Wan Ibrahim ⁽²⁾	37,500	37,500	–	(60,000)	15,000

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' INTERESTS (CONT'D)

Notes:

- (1) Deemed interest through substantial shareholding pursuant to Section 6A of the Companies Act 1965.
(2) Deemed interest pursuant to Section 134(12)(c) of the Companies Act 1965.

Dato' Abu Hanifah Bin Noordin and Chew Ben Ben by virtue of their substantial interests in the Company, they are deemed to have interest in the shares of all the subsidiaries within the Group to the extent the Company has an interest.

Other than as stated above, none of the directors who were in office at the end of the financial period had any interest in the shares of the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company as disclosed in Note 39 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial period was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 46 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 May 2015

General (Rtd) Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali

Dato' Abu Hanifah Bin Noordin

STATEMENT BY DIRECTORS

We, **General (Rtd) Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali** and **Dato' Abu Hanifah Bin Noordin**, being two of the directors of **Datasonic Group Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 50 to 122 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2015 and of their financial performance and cash flows for the financial period ended on that date.

The supplementary information set out in Note 48 on page 123, which is not part of the financial statements, is prepared in all material respects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 May 2015

**General (Rtd) Tan Sri (Dr) Mohamed
Hashim Bin Mohd Ali**

Dato' Abu Hanifah Bin Noordin

STATUTORY DECLARATION

I, **Chew Ben Ben**, being the director primarily responsible for the financial management of Datasonic Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 122 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Chew Ben Ben, at Kuala Lumpur in the Federal Territory
on this 29 May 2015

Chew Ben Ben

Before me
Lai Din (W668) Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of Datasonic Group Berhad

Report on the Financial Statements

We have audited the financial statements of Datasonic Group Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 122.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

to the Members of Datasonic Group Berhad (Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 48 on page 123 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

29 May 2015

Kuala Lumpur

Chua Wai Hong
Approval No: 2974/09/15 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

at 31 March 2015

		Group		Company	
	Note	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	140,557	146,585	18,248	15,839
Investments in subsidiaries	6	–	–	50,570	28,639
Investment in an associate	7	–	–	90	–
Other investment	8	110	110	–	–
Goodwill	9	4,153	–	–	–
Development expenditures	10	11,125	2,297	–	–
Trade receivables	11	6,582	–	–	–
		162,527	148,992	68,908	44,478
CURRENT ASSETS					
Projects-in-progress	12	41,003	30,554	–	–
Inventories	13	2,673	2,182	–	–
Trade receivables	11	101,073	137,985	–	–
Other receivables, deposits and prepayments	14	1,828	3,439	237	1,020
Amounts owing by subsidiaries	15	–	–	94,565	26,021
Tax recoverable		7,858	–	186	–
Deposits with licensed banks	16	3,965	8,282	74	2,203
Cash and bank balances	16	45,018	27,142	1,182	2,779
		203,418	209,584	96,244	32,023
TOTAL ASSETS		365,945	358,576	165,152	76,501

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

at 31 March 2015 (Cont'd)

		Group		Company	
	Note	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	135,000	67,500	135,000	67,500
Share premium	18	–	7,033	–	7,033
Merger deficit	19	(11,072)	(11,072)	–	–
Foreign exchange translation reserve		2	–	–	–
Retained profits	20	98,919	114,476	13,723	1,114
Equity attributable to owners of the Company		222,849	177,937	148,723	75,647
Non-controlling interests		10	–	–	–
TOTAL EQUITY		222,859	177,937	148,723	75,647
NON-CURRENT LIABILITIES					
Long-term borrowings	21	102,062	134,730	13,151	112
Deferred tax liabilities	25	64	71	35	24
		102,126	134,801	13,186	136
CURRENT LIABILITIES					
Trade payables	26	1,537	17,113	–	–
Other payables and accruals	27	7,126	9,868	472	673
Short-term borrowings	28	32,297	16,865	2,771	18
Provision for taxation		–	1,992	–	27
		40,960	45,838	3,243	718
TOTAL LIABILITIES		143,086	180,639	16,429	854
TOTAL EQUITY AND LIABILITIES		365,945	358,576	165,152	76,501
NET ASSETS PER SHARE (SEN)	29	16.51	13.18		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period From 1 January 2014 to 31 March 2015

		Group		Company	
	Note	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
REVENUE	31	285,172	260,741	116,262	24,925
COST OF SALES		(135,977)	(122,601)	–	–
GROSS PROFIT		149,195	138,140	116,262	24,925
OTHER INCOME	32	943	3,320	747	681
		150,138	141,460	117,009	25,606
ADMINISTRATIVE EXPENSES		(65,528)	(40,494)	(15,737)	(9,453)
		84,610	100,966	101,272	16,153
FINANCE COSTS	34	(8,983)	(7,222)	(520)	(4)
		75,627	93,744	100,752	16,149
SHARE OF RESULT IN AN ASSOCIATE, NET OF TAX		(90)	–	–	–
PROFIT BEFORE TAXATION	35	75,537	93,744	100,752	16,149
INCOME TAX EXPENSE	36	(3,715)	(11,845)	(676)	(399)
PROFIT AFTER TAXATION		71,822	81,899	100,076	15,750
OTHER COMPREHENSIVE INCOME					
<u>Item that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		2	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR		71,824	81,899	100,076	15,750

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period From 1 January 2014 to 31 March 2015 (Cont'd)

		Group	Company		
	Note	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		71,910	81,899	100,076	15,750
Non-controlling interests		(88)	–	–	–
		71,822	81,899	100,076	15,750
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		71,912	81,899	100,076	15,750
Non-controlling interests		(88)	–	–	–
		71,824	81,899	100,076	15,750
EARNINGS PER SHARE (SEN)					
	37				
Basic		5.33	6.07		
Diluted		Not Applicable	Not Applicable		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Period From 1 January 2014 To 31 March 2015

Group	Note	< ----- Non-distributable ----- > Distributable					Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	
At 1 January 2014		67,500	7,033	(11,072)	-	114,476	177,937
Profit after taxation for the financial period		-	-	-	-	71,910	71,822
Other comprehensive income for the financial period:							
- foreign currency translation differences		-	-	-	2	-	2
Total comprehensive income for the financial period		-	-	-	2	71,910	71,824
Contributions by and distributions to owners of the Company:							
- issuance of shares pursuant to bonus issue		67,500	(7,033)	-	-	(60,467)	-
- acquisition of subsidiaries		-	-	-	-	-	98
- dividends paid by the Company	30	-	-	-	-	(27,000)	(27,000)
Total transactions with owners		67,500	(7,033)	-	-	(87,467)	98
At 31 March 2015		135,000	-	(11,072)	2	98,919	222,859

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

Group	Note	< ----- Share Capital RM'000	Non-distributable Share Premium RM'000	----- > Merger Deficit RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2013		45,000	29,533	(11,072)	47,202	110,663
Profit after taxation/Total comprehensive income for the financial year		–	–	–	81,899	81,899
Contributions by and distributions to owners of the Company:						
- issuance of shares pursuant to bonus issue		22,500	(22,500)	–	–	–
- dividends paid by the Company	30	–	–	–	(14,625)	(14,625)
Total transactions with owners		22,500	(22,500)	–	(14,625)	(14,625)
At 31 December 2013		67,500	7,033	(11,072)	114,476	177,937

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

Company	Note	< ----- Non-Distributable ----- >		Distributable Retained Profits/ (Accumulated Losses)	Total Equity
		Share Capital RM'000	Share Premium RM'000	RM'000	
At 1 January 2014		67,500	7,033	1,114	75,647
Profit after taxation/Total comprehensive income for the financial period		–	–	100,076	100,076
Contribution by and distribution to owners of the Company:					
- issuance of shares pursuant to bonus issue		67,500	(7,033)	(60,467)	–
- dividends paid by the Company	30	–	–	(27,000)	(27,000)
Total transactions with owners		67,500	(7,033)	(87,467)	(27,000)
At 31 March 2015		135,000	–	13,723	148,723
At 1 January 2013		45,000	29,533	(11)	74,522
Profit after taxation/Total comprehensive income for the financial year		–	–	15,750	15,750
Contribution by and distribution to owners of the Company:					
- issuance of shares pursuant to bonus issue		22,500	(22,500)	–	–
- dividends paid by the Company	30	–	–	(14,625)	(14,625)
Total transactions with owners		22,500	(22,500)	(14,625)	(14,625)
At 31 December 2013		67,500	7,033	1,114	75,647

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Period From 1 January 2014 To 31 March 2015

	Group		Company	
Note	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
CASH FLOWS FROM/(FOR)				
OPERATING ACTIVITIES				
Profit before taxation	75,537	93,744	100,752	16,149
Adjustments for:-				
Allowance for impairment losses on:				
- development expenditures	-	1,222	-	-
- inventories	195	3,600	-	-
- trade receivables	-	2	-	-
Depreciation of property, plant and equipment	35,869	16,739	926	396
Development expenditures expensed off	811	1,061	-	-
Equipment written off	3	37	-	5
Interest expense	8,983	7,222	520	4
Share of result in an associate	90	-	-	-
Bad debts recovered	(30)	-	-	-
Dividend income	-	-	(102,000)	(15,500)
Interest income	(897)	(801)	(737)	(676)
Gain on disposal of assets held for sale	-	(2,477)	-	-
Gain on disposal of equipment	-	(35)	-	-
Writeback of impairment losses on trade receivables	(11)	-	-	-
Unrealised (gain)/loss on foreign exchange	(208)	264	-	-
Operating profit/(loss) before working capital changes	120,342	120,578	(539)	378
(Increase)/Decrease in projects-in-progress	(10,449)	26,519	-	-
Decrease in inventories	1,370	380	-	-
Decrease/(Increase) in trade and other receivables	41,690	(67,914)	783	(973)
(Decrease)/Increase in trade and other payables	(18,881)	1,104	(201)	183
(Increase)/Decrease in amounts owing by subsidiaries	-	-	(1,188)	2,252
Increase in amount owing by former holding company	-	(2,306)	-	-
CASH FROM/(FOR) OPERATING ACTIVITIES	134,072	78,361	(1,145)	1,840
Income tax paid	(13,572)	(7,180)	(878)	(790)
Interest paid	(8,983)	(7,222)	(520)	(4)
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	111,517	63,959	(2,543)	1,046

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

	Note	Group		Company	
		1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
BALANCE BROUGHT FORWARD		111,517	63,959	(2,543)	1,046
CASH FLOWS FROM/(FOR)					
INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents	38	(16,903)	–	(21,878)	–
Increase in investments in subsidiaries		–	–	(53)	–
Acquisition of an associate		(90)	–	(90)	–
Interest received		897	801	737	676
Dividend received		–	–	27,500	15,500
Development expenditures paid		(9,639)	(912)	–	–
Repayment from/(Advances to) subsidiaries		–	–	7,130	(14,198)
Proceeds from disposal of equipment		–	38	–	–
Proceeds from disposal of assets held for sale		–	5,000	–	–
Purchase of property, plant and equipment		(28,014)	(111,812)	(3,321)	(15,670)
Withdrawal/(Placement) of fixed deposits pledged to licensed bank		2,169	(504)	(20)	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(51,580)	(107,389)	10,005	(13,692)
BALANCE CARRIED FORWARD		59,937	(43,430)	7,462	(12,646)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

Note	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
BALANCE BROUGHT FORWARD	59,937	(43,430)	7,462	(12,646)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES				
Dividends paid	(27,000)	(14,625)	(27,000)	(14,625)
Repayment to former holding company	–	(1,502)	–	(629)
Drawdown of hire purchase	–	140	–	140
Repayment of hire purchase obligations	(22)	(10)	(22)	(10)
Drawdown/(Repayment) of trade financing	12,277	(6,358)	–	–
Drawdown of term loans	10,353	59,807	–	–
Repayment of term loans	(55,658)	(1,165)	–	–
Drawdown of term financing	17,600	–	17,600	–
Repayment of term financing	(1,786)	–	(1,786)	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(44,236)	36,287	(11,208)	(15,124)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,701	(7,143)	(3,746)	(27,770)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	27	–	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	29,344	36,487	4,982	32,752
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	16 45,072	29,344	1,236	4,982

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are at Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 May 2015.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF PREPARATION

3.1 BASIS OF ACCOUNTING

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.1 BASIS OF ACCOUNTING (CONT'D)

- (b) 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 period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Merger Accounting For Common Control Business Combinations

The acquisition resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the financial period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Acquisition Method Of Accounting For Non-common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(c) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each financial year, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(d) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly venture.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Amortisation of Development Expenditures

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

(e) Write-down of Inventories and Projects-in-progress

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories and projects-in-progress. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories and projects-in-progress.

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each financial year to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(h) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(i) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(j) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4.2 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the financial period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

As at the end of the reporting period, there were no financial assets classified under this category.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

As at the end of the financial period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each financial year. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designed to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 March 2015. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4.7 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Furniture and fittings	10% - 20%
Motor vehicles	20%
Office equipment	10% - 33.33%
Machineries	Over the project output, 10% - 33.33%
Renovation	10% - 33.33%
Buildings	2%
Leasehold land	Over the lease periods of 54 years

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each financial year to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Assets-in-progress represent assets under construction, and which are not ready for commercial use at the end of the reporting period. Assets-in-progress are stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of assets-in-progress include direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 RESEARCH AND DEVELOPMENT EXPENDITURES

Research expenditure is recognised as an expense when it is incurred.

Development expenditures are recognised as expense except that expenditures incurred on development projects are capitalised as non-current assets to the extent that such expenditures are expected to generate future economic benefits. Development expenditures are capitalised if, and only if an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditures attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditures are measured at cost less accumulated amortisation and impairment losses, if any. Development expenditures initially recognised as expenses are not recognised as assets in the subsequent period.

The development expenditures are amortised on a unit of production method over the life of the project when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditures are written down to its recoverable amount.

4.10 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each financial year whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 Impairment of Assets does not apply, are reviewed at the end of each financial year for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.11 PROJECTS-IN-PROGRESS

Projects-in-progress represent costs incurred on projects which are not completed as at the end of the financial period/year. Projects-in-progress is stated at cost, which includes the cost of materials, hardware, software, directly attributable labour costs and an appropriate proportion of directly attributable costs and overheads on such projects. When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately. The revenue is recognised progressively in profit or loss upon completion of the projects based on delivery of goods and customers' acceptance.

4.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for obsolete, damaged and slowing-moving items. The Group write down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

4.13 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

During the current financial period, the Group excluded deposits pledged to financial institutions from cash and cash equivalents for the purpose of the statements of cash flows. This change has been applied retrospectively with an adjustment made against the opening balance of the cash and cash equivalents as at 1 January 2013.

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.16 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4.17 INCOME TAXES

Income tax for the period/year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the financial year.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INCOME TAXES(CONT'D)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the financial year.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development expenditures, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development expenditures, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.21 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Management Fee

Management fee is recognised on an accrual basis.

(d) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Deferred Income

Revenue invoiced in advance is deferred and recognised as revenue upon provision of the service.

(f) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(g) Rental Income

Rental income is recognised on an accrual basis.

4.23 OPERATING LEASES

Leases in which the Group do not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Machineries RM'000	Renovation RM'000	Buildings RM'000	Leasehold Land RM'000	Assets-In- Progress RM'000	Total RM'000
Cost									
At 1 January 2014	851	776	3,626	148,998	629	6,581	13,340	-	174,801
Additions	217	113	1,012	5,950	930	7,231	-	12,561	28,014
Acquisition of subsidiaries	19	-	108	1,643	60	-	-	-	1,830
Assets written off	(259)	-	(295)	-	-	-	-	-	(554)
Reclassification	-	-	-	-	3,400	-	-	(3,400)	-
At 31 March 2015	828	889	4,451	156,591	5,019	13,812	13,340	9,161	204,091
Accumulated Depreciation									
At 1 January 2014	640	270	2,517	24,293	169	50	277	-	28,216
Charge for the period	61	205	736	34,055	344	160	308	-	35,869
Assets written off	(259)	-	(292)	-	-	-	-	-	(551)
At 31 March 2015	442	475	2,961	58,348	513	210	585	-	63,534
Net Book Value	386	414	1,490	98,243	4,506	13,602	12,755	9,161	140,557

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Machineries RM'000	Renovation RM'000	Buildings RM'000	Leasehold Land RM'000	Total RM'000
Cost								
At 1 January 2013	907	626	4,056	53,523	285	2,101	2,600	64,098
Additions	8	150	615	95,475	344	4,480	10,740	111,812
Disposals	-	-	(54)	-	-	-	-	(54)
Assets written off	(64)	-	(991)	-	-	-	-	(1,055)
At 31 December 2013	851	776	3,626	148,998	629	6,581	13,340	174,801
Accumulated Depreciation								
At 1 January 2013	668	125	3,032	8,502	139	-	80	12,546
Charge for the year	36	145	490	15,791	30	50	197	16,739
Disposals	-	-	(51)	-	-	-	-	(51)
Assets written off	(64)	-	(954)	-	-	-	-	(1,018)
At 31 December 2013	640	270	2,517	24,293	169	50	277	28,216
Net Book Value	211	506	1,109	124,705	460	6,531	13,063	146,585

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Leasehold Land RM'000	Assets-in -Progress RM'000	Total RM'000
Cost								
At 1 January 2014	14	776	186	344	4,306	10,740	-	16,366
Additions	48	-	143	452	-	-	2,678	3,321
Assets written off	-	-	(#)	-	-	-	-	(#)
Transfer from subsidiaries	9	-	5	-	-	-	-	14
Reclassification	-	-	-	2,646	-	-	(2,646)	-
At 31 March 2015	71	776	334	3,442	4,306	10,740	32	19,701
Accumulated Depreciation								
At 1 January 2014	3	270	40	15	50	149	-	527
Charge for the period	7	194	77	292	108	248	-	926
Assets written off	-	-	(#)	-	-	-	-	(#)
At 31 March 2015	10	464	117	307	158	397	-	1,453
Net Book Value	61	312	217	3,135	4,148	10,343	32	18,248

Note:

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Leasehold Land RM'000	Total RM'000
Cost							
At 1 January 2013	9	626	48	-	-	-	683
Additions	4	150	126	344	4,306	10,740	15,670
Assets written off	-	-	(6)	-	-	-	(6)
Transfer from subsidiaries	1	-	20	-	-	-	21
Transfer to a subsidiary	-	-	(2)	-	-	-	(2)
At 31 December 2013	14	776	186	344	4,306	10,740	16,366
Accumulated Depreciation							
At 1 January 2013	1	125	7	-	-	-	133
Charge for the year	2	145	35	15	50	149	396
Assets written off	-	-	(1)	-	-	-	(1)
Transfer to a subsidiary	-	-	(1)	-	-	-	(1)
At 31 December 2013	3	270	40	15	50	149	527
Net Book Value	11	506	146	329	4,256	10,591	15,839

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The net book values of the property, plant and equipment which were charged to a licensed bank for facilities granted to the Group as at the end of the financial period/year were as follows:-

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Leasehold land	12,755	2,472	10,343	–
Buildings	13,602	2,275	4,148	–
Assets-in-progress	5,911	–	–	–
	32,268	4,747	14,491	–

At the end of the financial period/year, the net book value of equipment acquired under hire purchase is as follows:-

	Group/Company	
	31.3.2015 RM'000	31.12.2013 RM'000
Motor vehicle	93	130

No depreciation was provided for the building and machineries purchased by the Group at the cost of RM2,478,000 (31.12.2013 - RM2,275,000) and RM37,163,000 (31.12.2013 - RM37,163,000) respectively as the assets were not in use.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.3.2015 RM'000	31.12.2013 RM'000
Unquoted shares, at cost		
- in Malaysia	50,517	28,639
- outside Malaysia	53	–
	50,570	28,639

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		31.3.2015	31.12.2013	
Datasonic Corporation Sdn. Bhd. ("DCSB")	Malaysia	100%	100%	Personalisation of smart cards.
Datasonic Technologies Sdn. Bhd. ("DTSB")	Malaysia	100%	100%	Customisation of software and hardware solutions, project management and consultancy.
Datasonic Smart Solutions Sdn. Bhd. ("DSSSB") *	Malaysia	100%	100%	Research and development and technical consultancy services.
Datasonic Innovation Sdn. Bhd. ("DISB")	Malaysia	70%	–	Provision of biometrics solution.
Datasonic Manufacturing Sdn. Bhd. ("DMSB") (formerly known as Asia Pacific Card & System Sdn. Bhd.) ^^	Malaysia	99.45%	–	Manufacturing of electrical integrated circuit cards or commonly known as smart cards and its related products.
Datasonic New Zealand Limited ("DNZL") ^	New Zealand	100%	–	Software development services and computer systems design and related activities.
<i>Held by DMSB</i>				
Constant Ahead Sdn. Bhd. ("CASB")	Malaysia	99.45%	–	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Notes:

- * - The subsidiary was granted the Multimedia Super Corridor status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986 as disclosed in Note 36 to the financial statements.
- ^ - No audit requirement of this subsidiary under New Zealand Companies Act 1993 as the Company satisfied the exemption requirements.
- ^^ - On 28 April 2015, the subsidiary changed its name from Asia Pacific Card & System Sdn Bhd to DMSB.

(b) The non-controlling interests at the end of financial period/year comprise the following:-

	Effective Equity Interest		Group	
	31.3.2015 %	31.12.2013 %	31.3.2015 RM'000	31.12.2013 RM'000
DISB	30	–	(80)	–
DMSB	0.55	–	90	–
CASB	0.55	–	(#)	–
			10	–

Note:

- Amount less than RM1,000.

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is not presented as the non-controlling interests are not material to the Group.

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Unquoted shares in Malaysia, at cost	90	–	90	–
Share of post-acquisition loss	(90)	–	–	–
	–	–	90	–

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

The details of the associate are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		31.3.2015	31.12.2013	
Electric Vehicle Automotive (M) Sdn. Bhd. ("EVAM")	Malaysia	30%	–	Dormant.

(a) The share of results in the associate is based on the unaudited financial statements for the period ended 31 March 2015.

(b) The summarised unaudited financial information for the associate, EVAM that is immaterial to the Group is as follows:-

31.3.2015
RM'000

Financial period ended 31 March

Group's share of loss for the financial period

(90)

(c) The Group has not recognised losses relating to EVAM, where its share of losses exceeds the Group's cost of investment in this associate. The Group's cumulative share of unrecognised losses at the end of the financial period was RM6,000, of which the entire amount was the share of the current financial period's losses. The Group has no obligation in respect of these losses.

8. OTHER INVESTMENT

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
Investment in club membership, at fair value	110	110

This investment is designated as available-for-sale financial asset and is measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

9. GOODWILL

	Group 31.3.2015 RM'000	31.12.2013 RM'000
At 1.1.2014/2013	–	–
Acquisition of new subsidiaries	4,153	–
At 31.3.2015/31.12.2013	4,153	–

The amount of goodwill relates to the manufacturing of cards cash-generating unit. The goodwill arose from the investment in subsidiaries and is reviewed for impairment annually.

The Group has assessed the recoverable amount of goodwill, and determined that no impairment is required. The recoverable amount of the manufacturing of cards cash-generating unit is computed using the value-in-use approach, and this is derived from the present value of the future cash flows from the generating segment based on the projections of financial budgets approved by management covering a period of 3 years. The key assumptions used in the determination of the recoverable amount are as follows:-

- | | | |
|-------|-------------------------|---|
| (i) | Budgeted profit margin | Average profit margin achieved in the 3 years immediately before the budgeted period increased for expected efficiency improvements and cost saving measures. |
| (ii) | Growth rate | Based on the expected projection of the smart card business. |
| (iii) | Discount rate (pre-tax) | Reflects specific risks relating to the relevant operating segments. |

10. DEVELOPMENT EXPENDITURES

	Group 31.3.2015 RM'000	31.12.2013 RM'000
At cost:-		
At 1.1.2014/2013	3,519	3,668
Additions	9,639	912
Cost of sales	(811)	(1,061)
At 31.3.2015/31.12.2013	12,347	3,519
Allowance for impairment losses	(1,222)	(1,222)
	11,125	2,297
Allowance for impairment losses:-		
At 1.1.2014/2013	(1,222)	–
Addition	–	(1,222)
At 31.3.2015/31.12.2013	(1,222)	(1,222)

The development expenditures consist of direct and related costs for overhead and software solutions incurred in the process of development.

The development expenditures of the Group include staff costs amounting to RM1,659,000 (31.12.2013 - RM1,483,000).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

11. TRADE RECEIVABLES

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
Trade receivables	78,507	137,607
Allowance for impairment losses	(598)	(75)
	77,909	137,532
Accrued income	29,746	453
	107,655	137,985
The trade receivables are made up of:-		
(a) <u>Non-current:</u>		
Accrued income	6,582	-
(b) <u>Current:</u>		
Trade receivables	77,909	137,532
Accrued income	23,164	453
	101,073	137,985
	107,655	137,985
Allowance for impairment losses		
At 1.1.2014/2013	(75)	(445)
Additions	-	(2)
Acquisition of subsidiaries	(534)	-
Writeback	11	-
Written off	-	372
At 31.3.2015/31.12.2013	(598)	(75)

The Group's normal trade credit terms range from 30 to 60 (31.12.2013 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

The allowance for impairment losses is made on those trade receivables in serious financial difficulties and who have defaulted on payments.

Accrued income represents revenue earned for work performed and goods delivered but related invoices yet to be issued in accordance with contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

12. PROJECTS-IN-PROGRESS

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
At costs:-		
Site preparation	4,991	1,691
Machineries	3,445	564
Materials	23,295	22,804
Consumables	1,404	–
Technical and Maintenance Support Services	7,747	5,347
Others	121	148
	<u>41,003</u>	<u>30,554</u>

13. INVENTORIES

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
At costs:-		
Raw materials	928	–
Manufactured cards	79	–
Spare parts	1,081	901
Consumables	564	912
Equipment	712	4,247
Software	55	50
Goods-in-transit	16	239
	<u>3,435</u>	<u>6,349</u>
Less: Allowance for impairment losses	<u>(762)</u>	<u>(4,167)</u>
	<u>2,673</u>	<u>2,182</u>
Allowance for impairment losses:-		
At 1.1.2014/2013	(4,167)	(567)
Additions	(195)	(3,600)
Written off	3,600	–
At 31.3.2015/31.12.2013	<u>(762)</u>	<u>(4,167)</u>
<u>Recognised in profit or loss</u>		
1. Inventories sold	3,102	875
2. Impairment losses	<u>195</u>	<u>3,600</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Other receivables	528	509	31	–
Allowance for impairment losses	–	(143)	–	–
	528	366	31	–
Deposits	490	1,444	92	39
Prepayments	810	1,629	114	981
	1,828	3,439	237	1,020
Allowance for impairment losses:				
At 1.1.2014/2013	(143)	(143)	–	–
Written off	143	–	–	–
At 31.3.2015/31.12.2013	–	(143)	–	–

In the previous financial year, an amount of RM1,175,000 of the Group was in respect of a deposit paid for purchase of properties.

In the previous financial year, a sum of RM934,000 of the Group was in respect of downpayments for renovation works.

15. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	31.3.2015 RM'000	31.12.2013 RM'000
Amount owing by:-		
for trade balances	1,613	425
for non-trade balances	92,952	25,596
	94,565	26,021

The amount owing by subsidiaries is unsecured, interest-free and receivable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Deposits with licensed banks	3,965	8,282	74	2,203
Cash and bank balances	45,018	27,142	1,182	2,779
	48,983	35,424	1,256	4,982
Less: Deposits pledged to licensed banks	(3,911)	(6,080)	(20)	–
	45,072	29,344	1,236	4,982

The deposits with licensed banks at the end of the financial period/year bore effective interest rates ranging from 2.90% to 3.35% (31.12.2013 - 2.55% to 3.26%) per annum. The deposits have maturity periods ranging 1 to 12 (31.12.2013 - 1 to 12) months.

17. SHARE CAPITAL

Group/Company	31.3.2015			31.12.2013		
	Par Value RM	Number of Shares (‘000)	Share Capital RM'000	Par Value RM	Number of Shares (‘000)	Share Capital RM'000
Ordinary Shares						
Authorised Share Capital:-						
At 1.1.2014/2013	0.10	10,000,000	1,000,000	0.50	2,000,000	1,000,000
Increase	–	–	–	0.10	8,000,000	–
At 31.3.2015/31.12.2013	0.10	10,000,000	1,000,000	0.10	10,000,000	1,000,000
Issued And Fully Paid-Up:-						
At 1.1.2014/2013	0.10	675,000	67,500	0.50	90,000	45,000
Allotment of shares pursuant to:						
- bonus issue	0.10	675,000	67,500	0.50	45,000	22,500
- share split	–	–	–	0.10	540,000	–
At 31.3.2015/31.12.2013	0.10	1,350,000	135,000	0.10	675,000	67,500

During the financial period, the Company had on 10 June 2014 increased its issued and paid-up share capital from RM67,500,000 to RM135,000,000 by way of a bonus issue of 675,000,000 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of 1 bonus share for every 1 existing ordinary share held and the bonus shares were listed on the Main Market of Bursa Securities on 11 June 2014.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

17. SHARE CAPITAL (CONT'D)

In the previous financial year,

(a) Bonus Issue

The Company had on 4 July 2013 increased its issued and paid-up share capital from RM45,000,000 to RM67,500,000 by way of a bonus issue of 45,000,000 new ordinary shares of RM0.50 each credited as fully paid-up on the basis of 1 bonus share for every 2 existing ordinary shares held and the bonus shares were listed on the Main Market of Bursa Securities on 5 July 2013.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(b) Share Split

(i) The Company had on 10 December 2013 amended its authorised share capital of RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each into 10,000,000,000 ordinary shares of RM0.10 each to facilitate the implementation of the Share Split which involved the subdivision of every 1 existing ordinary share of RM0.50 each into 5 ordinary shares of RM0.10 each in the Company.

(ii) Pursuant to the Share Split on 10 December 2013, the issued and paid-up share capital of the Company had been subdivided from RM67,500,000 comprising 135,000,000 ordinary shares of RM0.50 each into RM67,500,000 comprising 675,000,000 ordinary shares of RM0.10 each.

These subdivided shares were listed on the Main Market of Bursa Securities on 27 December 2013.

18. SHARE PREMIUM

	Group/Company	
	31.3.2015	31.12.2013
	RM'000	RM'000
At 1.1.2014/2013	7,033	29,533
Utilised for bonus issue	(7,033)	(22,500)
At 31.3.2015/31.12.2013	–	7,033

19. MERGER DEFICIT

The merger deficit of RM11,072,000 (31.12.2013 - RM11,072,000) resulted from the difference between the carrying value of the investments in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

20. RETAINED PROFITS

Under the single tier tax system, tax charged on the Company's profits is the final levy and accordingly, any dividend payable to the shareholders is not subject to tax.

21. LONG-TERM BORROWINGS

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Term loans (Note 22)	88,911	134,618	–	–
Term financing (Note 23)	13,062	–	13,062	–
Hire purchase payable (Note 24)	89	112	89	112
	102,062	134,730	13,151	112

22. TERM LOANS

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
<u>Non-current</u> (Note 21):		
- later than one year and not later than two years	1,172	328
- later than two years and not later than five years	79,176	133,000
- later than five years	8,563	1,290
	88,911	134,618
<u>Current</u> (Note 28):		
- not later than one year	713	311
	89,624	134,929

Details of the repayment terms are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly Instalment Amount RM'000	Date Of Commencement Of Repayment	Interest Rate Per Annum	Group Amount Outstanding	
					31.3.2015 RM'000	31.12.2013 RM'000
1	120	39	1 November 2011	5.70% (31.12.2013 - 5.45%)	2,643	3,029
2	< ----- Note ----- >			5.85% (31.12.2013 - 5.60%)	76,628	131,900
3	144	53	1 January 2015	4.45%	5,839	–
4	< ----- Not fully drawdown yet ----- >			4.45%	4,514	–
					89,624	134,929

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

22. TERM LOANS (CONT'D)

Note:-

Term loan 2 is a project financing loan with a tenure of up to 60 months from the first day of the following month from the date of first disbursement and is repayable by 55% (31.12.2013 - 55%) of each contract proceeds received from the project until full settlement.

Term loan 1 is secured by:-

- (a) a legal charge over 1 unit of property of the Group; and
- (b) a corporate guarantee of the Company.

Term loan 2 is secured by:-

- (a) proceeds from the project as disclosed in the Note above; and
- (b) a corporate guarantee of the Company.

Term loan 3 is secured by:-

- (a) a legal charge over certain properties of the Group; and
- (b) a corporate guarantee of the Company.

Term loan 4 is secured by:-

- (a) a legal charge over certain properties of the Group.
- (b) a corporate guarantee of the Company.

23. TERM FINANCING

	Group/Company	
	31.3.2015 RM'000	31.12.2013 RM'000
<u>Non-current</u> (Note 21):		
- later than one year and not later than two years	2,904	—
- later than two years and not later than five years	4,158	—
- later than five years	6,000	—
	13,062	—
<u>Current</u> (Note 28):		
- not later than one year	2,752	—
	15,814	—

Details of the repayment terms are as follows:-

		Monthly		Interest	Group/Company	
Term	Number	Instalment	Date Of	Rate Per	31.3.2015	31.12.2013
Financing	Of Monthly	Amount	Commencement	Annum	RM'000	RM'000
	Instalments	RM'000	Of Repayment			
1	36	160	1 July 2014	5.85%	4,193	—
2	120	126	1 July 2014	4.45%	11,621	—
					15,814	—

Term Financing 1 and 2 are secured by a legal charge over a property of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

24. HIRE PURCHASE PAYABLE

	Group/Company	
	31.3.2015 RM'000	31.12.2013 RM'000
Minimum hire purchase payments:		
- not later than one year	23	23
- later than one year and not later than five years	94	94
- later than five years	4	33
	121	150
Less: Future finance charges	(13)	(20)
Present value of hire purchase payable	108	130
<u>Non-current</u> (Note 21):		
- later than one year and not later than five years	85	80
- later than five years	4	32
	89	112
<u>Current</u> (Note 28):		
- not later than one year	19	18
	108	130

The hire purchase payable bore an effective interest rate of 4.53% (31.12.2013 - 4.53%) per annum at the end of the financial period/year.

25. DEFERRED TAX LIABILITIES

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
At 1.1.2014/2013	71	329	24	25
Recognised in profit or loss (Note 36)	(7)	(258)	11	(1)
At 31.3.2015/31.12.2013	64	71	35	24

The deferred tax liabilities consist of the tax effects of temporary differences arising from the following items:-

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Accelerated capital allowances	64	911	35	24
Other temporary differences	-	(840)	-	-
	64	71	35	24

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

25. DEFERRED TAX LIABILITIES (CONT'D)

The Group has not recognised the deferred tax liability of the following item as the directors are of the opinion that the deferred tax liability will not crystallise because the deferred tax liability arose from a subsidiary which was granted pioneer status.

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
Accelerated capital allowances	20,597	19,405

26. TRADE PAYABLES

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
Trade payables	1,537	17,113

The normal trade credit terms granted to the Group range from 30 to 90 (31.12.2013 - 30 to 60) days.

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Other payables	521	520	170	90
Deferred income	3,166	161	–	–
Provisions	1,818	3,522	35	451
Accruals	1,621	5,665	267	132
	7,126	9,868	472	673

28. SHORT-TERM BORROWINGS

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Term loans (Note 22)	713	311	–	–
Term financing (Note 23)	2,752	–	2,752	–
Hire purchase payable (Note 24)	19	18	19	18
Trade financing	28,813	16,536	–	–
	32,297	16,865	2,771	18

The trade financing in the form of trust receipts bear effective interest rates ranging from 5.17% to 5.77% (31.12.2013 - 5.60%) per annum at the end of the financial period/year and are secured by a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

29. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net asset value at the end of the financial period/year of RM222,849,000 (31.12.2013 - RM177,937,000) divided by the number of ordinary shares at the end of the financial period/year of 1,350,000,000 of RM0.10 each (31.12.2013 - 1,350,000,000 of RM0.10 each).

The effects of the Bonus Issue on the number of ordinary shares for the financial period ended 31 March 2015 had been adjusted as if these events had occurred on 1 January 2013.

30. DIVIDENDS

	Sen Per Share	Group/Company 31.3.2015 RM'000	Sen Per Share	31.12.2013 RM'000
In respect of the financial year ended 31 December 2012:				
- First interim single tier tax-exempt dividend declared on 28 February 2013 and paid on 15 May 2013	-	-	5.0	4,500
In respect of the financial year ended 31 December 2013:				
- First interim single tier tax-exempt dividend declared on 30 August 2013 and paid on 29 November 2013	-	-	7.5	10,125
- Second interim single tier tax-exempt dividend declared on 28 February 2014 and paid on 28 May 2014	2.0	13,500	-	-
In respect of the financial period ended 31 March 2015:				
- First interim single tier tax-exempt dividend declared on 29 August 2014 and paid on 7 November 2014	1.0	13,500	-	-
		<u>27,000</u>		<u>14,625</u>

In respect of the financial period ended 31 March 2015, the Directors had on 29 May 2015 declared a second interim single tier tax-exempt dividend of 1 sen per share, amounting to RM13.50 million based on the issued and paid-up share capital as at 31 March 2015 of 675,000,000 ordinary shares of RM0.10 each. 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 but it will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 March 2016.

The Directors do not recommend the payment of any final dividend for the financial period ended 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

31. REVENUE

	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Sales of goods and services	285,172	260,741	–	–
Management fee	–	–	14,262	9,425
Dividend income from subsidiaries	–	–	102,000	15,500
	285,172	260,741	116,262	24,925

32. OTHER INCOME

	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Bad debts recovered	30	–	–	–
Gain on disposal of assets held for sale (Note 35)	–	2,477	–	–
Gain on disposal of equipment	–	35	–	–
Interest income	897	801	737	676
Rental income	7	–	7	–
Sundries	9	7	3	5
	943	3,320	747	681

33. STAFF COSTS

	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Salaries and other benefits	28,929	19,226	3,615	2,396
Defined contribution plan	3,483	2,996	426	287
	32,412	22,222	4,041	2,683

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

34. FINANCE COSTS

	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Interest expense	8,983	7,222	520	4

35. PROFIT BEFORE TAXATION

	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Property, plant and equipment:				
- Depreciation	35,869	16,739	926	396
- Written off	3	37	-	5
- Gain of disposal	-	(35)	-	-
Development expenditures:				
- Allowance for impairment losses	-	1,222	-	-
- Expensed off	811	1,061	-	-
Inventories:				
- Allowance for impairment losses	195	3,600	-	-
Trade receivables:				
- Allowance for impairment losses	-	2	-	-
- Writeback	(11)	-	-	-
Assets held for sale (Note 32):				
- Gain on disposal	-	(2,477)	-	-
Audit fee	151	120	35	25
Directors' remuneration (Note 39):				
- Non-executive directors:				
- Fees	623	474	623	474
- Allowances	103	76	73	76
- Executive directors' emoluments	3,345	2,161	3,345	2,161
Loss/(Gain) on foreign exchange:				
- Realised	807	237	3	#
- Unrealised	(208)	264	-	-
Rental of equipment	70	332	32	11
Rental of premises	1,222	961	457	321
Rental of vehicles	13	15	2	6
Share of result in an associate	90	-	-	-

Note:

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

36. INCOME TAX EXPENSE

	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Current tax expense:				
- for the financial period/year	3,400	12,229	550	387
- under/(over)provision in the previous financial year	322	(126)	115	13
	3,722	12,103	665	400
Deferred tax liabilities (Note 25):				
- for the financial period/year	3	(195)	5	14
- (over)/underprovision in the previous financial year	(10)	(63)	6	(15)
	(7)	(258)	11	(1)
	3,715	11,845	676	399

During the financial period, the statutory tax rate remained at 25% (31.2.2013 - 25%).

On 6 November 2013, a wholly-owned subsidiary, DSSSB was granted the Multimedia Super Corridor 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 is exempted from tax.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

36. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group and the Company is as follows:-

	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Profit before taxation	75,537	93,744	100,752	16,149
Tax at the statutory tax rate of 25%	18,884	23,436	25,188	4,037
Tax effects of:-				
Share of result in an associate	23	-	-	-
Non-deductible expenses	2,892	1,016	873	345
Non-taxable income	(13)	(726)	(25,506)	(3,981)
Income tax exempted from tax due to pioneer status	(20,679)	(7,667)	-	-
Reversal of deferred tax liabilities not recognised in the previous financial year due to pioneer status	1,967	-	-	-
Deferred tax liabilities not recognised due to pioneer status	-	(4,254)	-	-
Deferred tax asset not recognised	329	229	-	-
Under/(Over)provision in the previous financial year:				
- current taxation	322	(126)	115	13
- deferred taxation	(10)	(63)	6	(15)
Income tax expense for the financial period/year	3,715	11,845	676	399

The statutory tax rate will be reduced to 24% from the current financial period's rate of 25%, effective year of assessment 2016.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

37. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company for the financial period/year by the weighted average number of ordinary shares after bonus issue and share split exercise in the financial period/year, as follows:-

	Group	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Profit attributable to owners of the Company	71,910	81,899
Weighted average number of ordinary shares ('000):-		
Ordinary shares at 1.1.2014/2013	675,000	180,000
Effect of bonus issue	675,000	90,000
Effect of share split	–	1,080,000
Weighted average number of ordinary shares at 31.3.2015/31.12.2013	1,350,000	1,350,000
Basic earnings per share (sen)	5.33	6.07

The basic earnings per share in the previous financial year had been restated to conform with the current financial period's presentation as a result of the bonus issue during the current financial period.

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the financial period/year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

38. ACQUISITION OF SUBSIDIARIES

During the financial period, the Group acquired an 99.45% equity interest in DMSB together with its wholly-owned subsidiary, CASB.

The fair values of the identifiable assets and liabilities of the subsidiaries at the date of acquisition were:-

	At Date Of Acquisition Carrying Amount RM'000	Fair Value Recognised RM'000
Equipment	1,830	1,830
Inventories	2,056	2,056
Trade receivables	33	33
Other receivables and deposits	9,698	9,698
Cash and cash equivalents	4,975	4,975
Trade payables	(315)	(315)
Other payables and accruals	(453)	(453)
Amount owing to a director	(1)	(1)
Net identifiable assets and liabilities	<u>17,823</u>	<u>17,823</u>
Less: Non-controlling interests		(98)
Add: Goodwill on acquisition		<u>4,153</u>
Total purchase consideration		21,878
Less: Cash and cash equivalents of subsidiaries acquired		<u>(4,975)</u>
Net cash outflow for acquisition of subsidiaries		<u>16,903</u>

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of acquiree's identifiable net assets at the date of acquisition.

The acquired subsidiaries have contributed the following results to the Group:-

	Group 16.7.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Revenue	512	-
Loss after taxation	<u>5,168</u>	<u>-</u>

If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit after taxation from continuing operations would have been RM285,613,000 and RM71,652,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

39. DIRECTORS' REMUNERATION

- (a) The aggregate amounts of emoluments received and receivable by directors of the Company and the subsidiaries during the financial period/year are as follows:-

	Group		Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Directors of the Company				
Executive (Note 35):				
- emoluments	3,345	2,161	3,345	2,161
Non-executive (Note 35):				
- fees	623	474	623	474
- allowances	103	76	73	76
	4,071	2,711	4,041	2,711
Benefits-in-kind	18	18	18	18
Directors of Subsidiaries				
Executive:				
- emoluments	2,131	1,088	-	303
Non-executive:				
- fees	155	72	-	-
- allowances	10	-	-	-
	2,296	1,160	-	303
Benefits-in-kind	7	9	-	3
Total	6,392	3,898	4,059	3,035
Analysis excluding benefits-in-kind:				
Total executive directors emoluments	5,476	3,249	3,345	2,464
Total non-executive directors:				
- fees	778	546	623	474
- allowances	113	76	73	76
Total directors' remuneration excluding benefits-in-kind	6,367	3,871	4,041	3,014

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

39. DIRECTORS' REMUNERATION (CONT'D)

- (b) Details of directors' emoluments of the Company and the subsidiaries received/receivable for the financial period/year in bands of RM50,000 are as follows:-

	Group		Company	
	1.1.2014 to 31.3.2015	1.1.2013 to 31.12.2013	1.1.2014 to 31.3.2015	1.1.2013 to 31.12.2013
Directors of the Company				
Executive directors:-				
RM100,001 – RM150,000	–	1	–	1
RM150,001 – RM200,000	–	1	–	1
RM200,001 – RM250,000	2	–	2	–
RM250,001 – RM300,000	1	1	1	1
RM300,001 – RM350,000	–	1	–	1
RM350,001 – RM400,000	1	–	1	–
RM450,001 – RM500,000	1	1	1	1
RM500,001 – RM550,000	–	1	–	1
RM750,001 – RM800,000	1	–	1	–
RM900,001 – RM950,000	1	–	1	–
	14	12	14	12
Non-executive directors:-				
Below RM50,000	–	2	1	2
RM50,001 – RM100,000	4	3	3	3
RM100,001 – RM150,000	2	–	2	–
RM150,001 – RM200,000	–	1	–	1
RM200,001 – RM250,000	1	–	1	–
	3	3	3	3
Directors of the Subsidiary				
Executive directors:-				
Below RM50,000	1	–	–	–
RM50,001 – RM100,000	3	–	–	–
RM100,001 – RM150,000	–	2	–	1
RM150,001 – RM200,000	3	1	–	1
RM200,001 – RM250,000	1	–	–	–
RM250,001 – RM300,000	1	1	–	–
RM300,001 – RM350,000	1	1	–	–
RM400,001 – RM500,000	1	–	–	–
	14	7	–	2
Non-executive directors:-				
Below RM50,000	1	1	–	–
RM50,001 – RM100,000	2	1	–	–
	1	2	–	1

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

40. CONTINGENT LIABILITIES

(a) Corporate guarantees

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Secured:-				
Performance guarantees extended to customers	19,175	17,696	19,175	17,696
Unsecured:-				
Guarantees for bank facilities granted to the subsidiaries	–	–	118,436	148,251
	19,175	17,696	137,611	165,947

(b) Litigation

A subsidiary, DCSB filed a writ of summons on 11 January 2011 against Huawei Technologies (M) Sdn. Bhd. ("Huawei") for breach of a partnership agreement which DCSB is claiming for an undetermined amount based on accounts, interests and costs ("Datasonic Action").

Huawei, in return filed a counterclaim for the amount of RM30.00 million inter-alia, claiming for loss of reputation ("Counterclaim") due to the Datasonic Action.

The judgment was delivered on 20 January 2015 in favour of Huawei and the Counterclaim was dismissed. DCSB has filed an appeal.

41. RELATED PARTY DISCLOSURES

The transactions of the Group and the Company with its related parties are as follows:

	Company	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Subsidiaries		
Management services fees	14,262	9,425
Dividend income	102,000	15,500
Equipment transferred from	13	21
Equipment transferred to	–	1

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

42. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director and Deputy Managing Director as the chief operating decision makers in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into three main business segments as follows:-

- (a) Customised smart card solutions ("CSCS") - involved in provision of large scale customised software and hardware systems for secure ID, total smart card solutions and ICT project management.
- (b) Manufacturing ("MA") - manufacturing of cards.
- (c) Investment holding ("IH") - investment holding and provision of management services to the group of companies.

The Group's income tax expenses are merged on a group basis and are not allocated to operating segments.

BUSINESS SEGMENTS

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
1.1.2014 to 31.3.2015				
Revenue				
External revenue	284,659	513	–	285,172
Inter-segment revenue	–	6,735	116,262	122,997
	284,659	7,248	116,262	408,169
Consolidation adjustments and eliminations				(122,997)
Consolidated revenue				285,172
Results				
Segment results	180,770	2,500	116,262	299,532
Consolidation adjustments and eliminations	(13,427)	(900)	(102,000)	(116,327)
	167,343	1,600	14,262	183,205
Interest income	143	18	736	897
Depreciation of property, plant and equipment	(34,552)	(381)	(926)	(35,859)
Finance costs	(8,463)	–	(520)	(8,983)
Impairment of inventories	(195)	–	–	(195)
Share of result in an associate	–	–	(90)	(90)
Other material items of expenses (Note 42 (a))	(59,851)	(3,378)	(209)	(63,438)
	64,425	(2,141)	13,253	75,537
Income tax expense				(3,715)
Consolidated profit after taxation				71,822

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

42. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
31.3.2015				
Assets				
Segment assets	490,257	23,409	169,029	682,695
Elimination	(167,924)	(11,549)	(145,135)	(324,608)
	322,333	11,860	23,894	358,087
Tax recoverable				7,858
Consolidated total assets				365,945
Liabilities				
Segment liabilities	398,286	2,139	16,394	416,819
Elimination	(271,936)	(1,861)	–	(273,797)
	126,350	278	16,394	143,022
Deferred tax liabilities				64
Consolidated total liabilities				143,086
Net assets (exclude non-controlling interests)				222,849
Other segment items				
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	23,061	457	2,380	25,898
- development expenditures	9,639	–	–	9,639
	32,700	457	2,380	35,537

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

42. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	CSCS RM'000	IH RM'000	Group RM'000
1.1.2013 to 31.12.2013			
Revenue			
External revenue	260,741	–	260,741
Inter-segment revenue	208,807	24,925	233,732
	469,548	24,925	494,473
Consolidation adjustments and eliminations			(233,732)
Consolidated revenue			260,741
Results			
Segment results	142,869	24,925	167,794
Consolidation adjustments and eliminations	(9,425)	–	(9,425)
	133,444	24,925	158,369
Gain on disposal of assets held for sale	2,477	–	2,477
Interest income	125	676	801
Depreciation of property, plant and equipment	(16,343)	(396)	(16,739)
Finance costs	(7,218)	(4)	(7,222)
Impairment of inventories	(3,600)	–	(3,600)
Impairment of development expenditures	(1,222)	–	(1,222)
Other material items of expenses (Note 42 (a))	(30,069)	(9,051)	(39,120)
	77,594	16,150	93,744
Income tax expense			(11,845)
Consolidated profit after taxation			81,899

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

42. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	IH RM'000	Group RM'000
31.12.2013			
Assets			
Segment assets	637,183	76,501	713,684
Elimination	(300,448)	(54,660)	(355,108)
	336,735	21,841	358,576
Tax recoverable			–
Consolidated total assets			358,576
Liabilities			
Segment liabilities	494,365	803	495,168
Elimination	(316,592)	–	(316,592)
	177,773	803	178,576
Deferred tax liabilities			71
Provision for taxation			1,992
Consolidated total liabilities			180,639
Net assets			177,937
Other segment items			
Additions to non-current assets other than financial instruments:			
- property, plant and equipment	95,955	15,670	111,625
- development expenditures	1,099	–	1,099
	97,054	15,670	112,724

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

42. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

(a) Other material items of expenses consist of the following:-

	Group	
	1.1.2014 to 31.3.2015 RM'000	1.1.2013 to 31.12.2013 RM'000
Accommodation	(638)	(665)
Consultancy expenses	(4,411)	(2,677)
Directors' remuneration (Note 39)	(6,367)	(3,871)
Marketing expenses	(4,941)	(536)
Professional fees	(1,299)	(618)
Staff costs (Note 33)	(32,412)	(22,222)
Travelling expenses	(2,813)	(1,902)
Rental expenses	(1,305)	(1,308)
Other expenses	(9,252)	(5,321)
	<u>(63,438)</u>	<u>(39,120)</u>

GEOGRAPHICAL INFORMATION

No information is presented on the basis of geographical segment as the Group operates primarily in Malaysia during the financial period/year.

MAJOR CUSTOMERS

Revenue from two major customers of 10% or more of the Group's revenue, amounts to RM92,516,000 and RM157,676,000 respectively (1.1.2013 to 31.12.2013 – RM72,212,000 and RM178,683,000) from the sales of the customised smart card solutions.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

43. COMMITMENTS

43.1 CAPITAL COMMITMENTS

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
<u>Approved and Contracted For:-</u>		
Renovation	851	1,192
Acquisitions of machineries	–	1,209
Acquisitions of properties ⁽ⁱ⁾	6,058	10,572

- (i) On 30 September 2013, DTSB a wholly-owned subsidiary of the Company, entered into two Sale and Purchase Agreements for the purchase of two adjacent units of retail offices with a total built-up area of 14,800 square feet and 9,673 square feet located at the commercial development known as Olive Hill Business Park (Phase 2) ("Properties") to be erected on a piece of freehold land in Mukim and Daerah Petaling in the State of Selangor for a total purchase consideration of RM11.75 million, of which a sum of RM5.69 million was paid. The Properties are intended to be used for the Research and Development division.

43.2 OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
Not more than one year	1,302	790
Later than one year and not later than five years	1,284	915
	2,586	1,705

44. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the financial period/year were as follows:-

	31.3.2015 RM	31.12.2013 RM
United States Dollar ("USD")	3.70	3.26
Euro ("EUR")	N/A	4.51
New Zealand Dollar ("NZD")	2.76	N/A

Note:
N/A – Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

45.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, New Zealand Dollar and Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency exposure

Group	USD RM'000	NZD RM'000	RM RM'000	Total RM'000
31.3.2015				
Financial assets				
Other investment	–	–	110	110
Trade receivables ⁽¹⁾	–	–	77,909	77,909
Other receivables and deposits	–	2	1,016	1,018
Deposits with licensed banks	–	–	3,965	3,965
Cash and bank balances	222	33	44,763	45,018
	222	35	127,763	128,020
Financial liabilities				
Trade payables	1,334	–	203	1,537
Other payables and accruals ⁽²⁾	5	1	3,954	3,960
Term financing	–	–	15,814	15,814
Hire purchase payable	–	–	108	108
Trade financing	–	–	28,813	28,813
Term loans	–	–	89,624	89,624
	1,339	1	138,516	139,856
Net financial (liabilities)/assets	(1,117)	34	(10,753)	(11,836)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency				
	–	(34)	10,753	10,719
Currency exposure	(1,117)	–	–	(1,117)

Notes:

⁽¹⁾ - The trade receivables exclude accrued income.

⁽²⁾ - The other payables and accruals exclude deferred income.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

Group	USD RM'000	EUR RM'000	RM RM'000	Total RM'000
31.12.2013				
Financial assets				
Other investment	–	–	110	110
Trade receivables ⁽¹⁾	677	–	136,855	137,532
Other receivables and deposits	–	–	1,810	1,810
Deposits with licensed banks	–	–	8,282	8,282
Cash and bank balances	101	–	27,041	27,142
	778	–	174,098	174,876
Financial liabilities				
Trade payables	10,081	2,291	4,741	17,113
Other payables and accruals ⁽²⁾	–	–	9,707	9,707
Trade financing	–	–	16,536	16,536
Hire purchase payable	–	–	130	130
Term loans	–	–	134,929	134,929
	10,081	2,291	166,043	178,415
Net financial (liabilities)/assets	(9,303)	(2,291)	8,055	(3,539)
Less: Net financial assets denominated in the respective entities' functional currency	–	–	(8,055)	(8,055)
Currency exposure	(9,303)	(2,291)	–	(11,594)

Notes:

⁽¹⁾ - The trade receivables exclude accrued income.

⁽²⁾ - The other payables and accruals exclude deferred income.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company does not have any transactions or balances denominated in foreign currencies. Hence, it is not exposed to foreign currency risk.

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the financial period/year, with all other variables held constant:-

	Group 31.3.2015 (Decrease)/ Increase RM'000	31.12.2013 (Decrease)/ Increase RM'000
Effects On Profit After Taxation/Equity		
USD/RM:		
- strengthened by 5%	(42)	(349)
- weakened by 5%	42	349
EUR/RM:		
- strengthened by 5%	-	(86)
- weakened by 5%	-	86

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 45.1(c) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the financial period/year, with all other variables held constant:-

	Group 31.3.2015 (Decrease) /Increase RM'000	31.12.2013 (Decrease) /Increase RM'000	Company 31.3.2015 (Decrease) /Increase RM'000	31.12.2013 (Decrease) /Increase RM'000
Effects On Profit After Taxation/ Equity				
Increase of 100 basis points (bp)	(977)	(1,074)	(118)	-
Decrease of 100 bp	977	1,074	118	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investment and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers which constituted approximately 87% of its trade receivables at the end of the financial period.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the financial period/year.

As the Group operates in Malaysia only, hence there is no exposure of credit risk for trade receivables by geographical region.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables (excluding accrued income) at the end of the financial period/year is as follows:-

Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
31.3.2015			
Not past due	41,040	–	41,040
Past due:			
- 31 to 60 days	6,787	–	6,787
- 61 to 90 days	43	–	43
- over 90 days	30,637	(598)	30,039
	<u>78,507</u>	<u>(598)</u>	<u>77,909</u>
31.12.2013			
Not past due	50,435	–	50,435
Past due:			
- 31 to 60 days	20,299	–	20,299
- 61 to 90 days	34,426	–	34,426
- over 90 days	32,447	(75)	32,372
	<u>137,607</u>	<u>(75)</u>	<u>137,532</u>

At the end of the financial year, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities at the end of the financial period/year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial period/year):-

Group	Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
31.3.2015						
Trade payables	–	1,537	1,537	1,537	–	–
Other payables and accruals ⁽¹⁾	–	3,960	3,960	3,960	–	–
Trade financing	5.17 to 5.77	28,813	28,813	28,813	–	–
Hire purchase payable	4.53	108	121	23	94	4
Term financing	4.45 to 5.85	15,814	18,723	3,450	8,665	6,608
Term loans	4.45 to 5.85	89,624	91,810	1,107	81,057	9,646
		139,856	144,964	38,890	89,816	16,258
31.12.2013						
Trade payables	–	17,113	17,113	17,113	–	–
Other payables and accruals ⁽¹⁾	–	9,707	9,707	9,707	–	–
Trade financing	5.60	16,536	16,536	16,536	–	–
Hire purchase payable	4.53	130	150	23	94	33
Term loans	5.45 to 5.60	134,929	135,643	468	133,774	1,401
		178,415	179,149	43,847	133,868	1,434

Note:

⁽¹⁾ - The other payables and accruals exclude deferred income.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial period/year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial period/year) (Cont'd):-

Company	Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
31.3.2015						
Other payables and accruals	–	472	472	472	–	–
Hire purchase payable	4.53	108	121	23	94	4
Term financing	4.45 to 5.85	15,814	18,723	3,450	8,665	6,608
		16,394	19,316	3,945	8,759	6,612
31.12.2013						
Other payables and accruals	–	673	673	673	–	–
Hire purchase payable	4.53	130	150	23	94	33
		803	823	696	94	33

45.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

There were no changes in the Group's approach to capital management during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.2 CAPITAL RISK MANAGEMENT (CONT'D)

The debt-to-equity ratio of the Group as at the end of the financial period/year was as follows:-

	Group	
	31.3.2015 RM'000	31.12.2013 RM'000
Trade financing	28,813	16,536
Hire purchase payable	108	130
Term financing	15,814	—
Term loans	89,624	134,929
Total borrowings	134,359	151,595
Total equity	222,859	177,937
Debt-to-equity ratio	0.60	0.85

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Financial Assets				
<u>Available-for-sale financial asset</u>				
Other investment	110	110	—	—
<u>Loans and receivables</u>				
<u>financial assets</u>				
Trade receivables ⁽¹⁾	77,909	137,532	—	—
Other receivables and deposits	1,018	1,810	123	39
Amount owing by subsidiaries	—	—	94,565	26,021
Deposits with licensed banks	3,965	8,282	74	2,203
Cash and bank balances	45,018	27,142	1,182	2,779
	127,910	174,766	95,944	31,042
Financial Liabilities				
<u>Other financial liabilities</u>				
Trade payables	1,537	17,113	—	—
Other payables and accruals ⁽²⁾	3,960	9,707	472	673
Trade financing	28,813	16,536	—	—
Hire purchase payable	108	130	108	130
Term financing	15,814	—	15,814	—
Term loans	89,624	134,929	—	—
	139,856	178,415	16,394	803

Notes:

⁽¹⁾ - The trade receivables exclude accrued income.

⁽²⁾ - The other payables and accruals exclude deferred income.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates equal to the current market interest rate plus appropriate credit rating, where necessary. The fair values are included in level 2 of the fair value hierarchy.

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
31.3.2015								
<u>Financial Assets</u>								
Trade receivables (non-current)	-	-	-	-	6,582	-	6,582	6,582
Other investment: - club membership	-	110	-	-	-	-	110	110
<u>Financial Liabilities</u>								
Trade financing	-	-	-	-	28,813	-	28,813	28,813
Hire purchase payable	-	-	-	-	108	-	108	108
Term financing	-	-	-	-	15,814	-	15,814	15,814
Term loans	-	-	-	-	89,624	-	89,624	89,624
31.12.2013								
<u>Financial Assets</u>								
Other investment: - club membership	-	110	-	-	-	-	110	110
<u>Financial Liabilities</u>								
Trade financing	-	-	-	-	16,536	-	16,536	16,536
Hire purchase payable	-	-	-	-	130	-	130	130
Term loans	-	-	-	-	134,929	-	134,929	134,929

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value RM'000	Carrying Amount RM'000
31.3.2015								
<u>Financial Liabilities</u>								
Hire purchase payable	-	-	-	-	108	-	108	108
Term financing	-	-	-	-	15,814	-	15,814	15,814

31.12.2013

<u>Financial Liability</u>								
Hire purchase payable	-	-	-	-	130	-	130	130

(a) The fair values above are for disclosure purposes and have been determined using the following basis:-

- The fair value of the club membership is estimated based on its market price.
- The fair values of trade receivables (non-current) are determined using discounted cash flows based on risk-free rate of 3.75% (31.12.2013 – nil).
- The fair values of hire purchase payable, term financing and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the financial period/year. The interest rates used to discount the estimated cash flows are as follows:-

	Group		Company	
	31.3.2015 %	31.12.2013 %	31.3.2015 %	31.12.2013 %
Hire purchase payable	4.53	4.53	4.53	4.53
Term financing	4.45 to 5.85	-	4.45 to 5.85	-
Term loans	4.45 to 5.85	5.45 to 5.60	-	-

(b) In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

46. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- (a) On 9 April 2014, the Company entered into a Share Sale Agreement with Formosa Prosonic Industries Berhad for the acquisition of 24,861,790 ordinary shares of RM1.00 each, representing 99.45% of the equity interest in DMSB together with its wholly-owned subsidiary, CASB ("DMSB Group"), for a total cash consideration of approximately RM21.88 million.

The above acquisition of DMSB Group was completed on 16 July 2014.

- (b) On 25 June 2014, DTSB entered into a conditional Share Sale Agreement for the acquisition of 6,000 ordinary shares of RM1.00 each, representing 30% of the equity interest in FuelSubs House Sdn Bhd ("FHSB") for a total cash consideration of RM10 million.

The completion of the acquisition is conditional upon fulfilment of the Conditions Precedent of securing the letter of award which is still pending.

- (c) On 25 July 2014, the Company incorporated a subsidiary known as DISB.

The authorised and issued and fully paid-up share capital of DISB are RM400,000 and RM100 respectively. 70% of the total issued and fully paid-up ordinary shares in DISB has been subscribed for by the Company which comprises 70 ordinary shares of RM1.00 each.

The intended principal activity of DISB is to provide services relating to biometric solutions.

- (d) On 26 September 2014, the Company entered into a Share Sale Agreement for the acquisition of 30,000 ordinary shares of RM1.00 each, representing 30% of the equity interest in EVAM for a total cash consideration of RM30,000. The acquisition was completed upon settlement of the said consideration and receipt of the related share transfer on 26 September 2014 on which date, EVAM became an associated company.

On 6 January 2015, the Company has further increased its paid-up share capital in EVAM to RM90,000 representing 30% of the increased paid-up share capital of RM300,000.

- (e) On 14 November 2014, the Company incorporated a wholly-owned subsidiary known as DNZL in New Zealand with 20,000 issued and fully paid-up ordinary shares of NZD1.00 each.

The intended principal activities of DNZL are provision of software development services, computer systems design and related activities.

47. COMPARATIVE FIGURES

The Company and its subsidiaries have changed their financial year end from 31 December to 31 March. Accordingly, the financial statements of the Group and the Company for the financial period ended 31 March 2015 cover a 15-month period from 1 January 2014 to 31 March 2015 as compared to 12-month period from 1 January 2013 to 31 December 2013.

The following figures have been reclassified to conform with the presentation of the current financial period:-

	As Restated RM'000	As Previously Reported RM'000
Consolidated Statement Of Cash Flows (Extract):-		
Net cash flow for investing activities	(107,389)	(106,885)
Cash and cash equivalents at beginning of the financial year	36,487	42,063
Cash and cash equivalents at end of the financial year	29,344	35,424

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Period From 1 January 2014 To 31 March 2015 (Cont'd)

48. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and the Company at the end of the financial period/year into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	Group		Company	
	31.3.2015 RM'000	31.12.2013 RM'000	31.3.2015 RM'000	31.12.2013 RM'000
Total retained profits/ (accumulated loss) of the Company and its subsidiaries:				
- realised	91,541	114,811	13,688	1,138
- unrealised	144	(335)	35	(24)
	91,685	114,476	13,723	1,114
Total share of accumulated loss of an associate:				
- realised	(90)	–	–	–
	91,595	114,476	13,723	1,114
Add: Consolidation adjustments	7,324	–	–	–
At 31.3.2015/31.12.2013	98,919	114,476	13,723	1,114

Note:

* - The consolidation adjustments arose from the acquisition of subsidiaries during the financial period under acquisition method of accounting whereas the acquisitions of subsidiaries in previous financial years were under merger accounting.

LIST OF PROPERTIES

as at 31 March 2015

No.	Registered/ Beneficial Owner	Title / Address	Description/ Existing use	Tenure	Approximate Age of Building Years	Land Area/ built-up area sq.ft	NBV as at 31 March 2015 (RM'000)	Date of Acquisition
1.	Datasonic Corporation Sdn Bhd	HS(D) No.223124 PT No. 6 Seksyen 20 Bandar Petaling Jaya District of Petaling No. 2D Jalan Kilang 206 46050 Petaling Jaya Selangor	4-storey commercial building Renovation in progress	99 years leasehold expiring on 3 August 2065	24	12,810	4,885	4 April 2011
2.	Datasonic Group Berhad	P.N 6862, Lot 321 Seksyen 14 Bandar Petaling Jaya District of Petaling Lot 20A, Jalan 223 46100 Petaling Jaya Selangor	3-storey office building annexed and single story warehouse Currently used by manufacturing division	99 years leasehold expiring on 19 May 2067	23	46,685	14,491	7 February 2013
3.	Datasonic Technologies Sdn Bhd	Lot 1-1, First Floor Retail Office, Olive Hill Business Park	Retail Office	Freehold Building	*	14,800	-	30 September 2013
4.	Datasonic Technologies Sdn Bhd	Lot 1-2, First Floor Retail Office, Olive Hill Business Park	Retail Office	Freehold Building	*	9,673	-	30 September 2013
5.	Datasonic Technologies Sdn Bhd	H.S.(D) 6885 PT 2805 Presint 8 Bandar Putrajaya Daerah Putrajaya Negeri Wilayah Persekutuan Putrajaya Block A1-2-3A Block A1 Promenade@8 Phase 8C1 Precinct 8 Putrajaya	Shop Offices Promenade@8 Currently used by Project Management Team	Freehold Building	2	3,208	1,774	3 July 2014

* Still under construction

LIST OF PROPERTIES

as at 31 March 2015 (Cont'd)

No.	Registered/ Beneficial Owner	Title / Address	Description/ Existing use	Tenure	Approximate Age of Building Years	Land Area/ built-up area sq.ft	NBV as at 31 March 2015 (RM'000)	Date of Acquisition
6.	Datasonic Technologies Sdn Bhd	H.S.(D) 6885 PT 2805 Presint 8 Bandar Putrajaya Daerah Putrajaya Negeri Wilayah Persekutuan Putrajaya Block A1-3-2 Block A1 Promenade@8 Phase 8C1 Precinct 8 Putrajaya	Shop Offices Promenade@8 Currently used by Project Management Team	Freehold Building	2	3,341	1,803	3 July 2014
7.	Datasonic Technologies Sdn Bhd	H.S.(D) 6885 PT 2805 Presint 8 Bandar Putrajaya Daerah Putrajaya Negeri Wilayah Persekutuan Putrajaya Block A2-2-3 Block A2 Promenade@8 Phase 8C1 Precinct 8 Putrajaya	Shop Offices Promenade@8 Currently used by Project Management Team	Freehold Building	2	2,909	1,591	3 July 2014
8.	Datasonic Technologies Sdn Bhd	H.S.(D) 6885 PT 2805 Presint 8 Bandar Putrajaya Daerah Putrajaya Negeri Wilayah Persekutuan Putrajaya Block A2-3-2 Block A2 Promenade@8 Phase 8C1 Precinct 8 Putrajaya	Shop Offices Promenade@8 Currently used by Project Management Team	Freehold Building	2	3,344	1,813	3 July 2014
Total							26,357	

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS PER THE RECORD OF DEPOSITORS AS AT 16 JUNE 2015

Authorised Share Capital	:	RM1,000,000,000.00 comprising of 10,000,000,000 Ordinary Shares of RM0.10 each
Issued and Paid-Up Share Capital	:	RM135,000,000.00 comprising of 1,350,000,000 Ordinary Shares of RM0.10 each
Class of Shares	:	Ordinary Share of RM0.10 each
No. of Shareholders	:	8,181
Voting Rights	:	One vote per Ordinary Share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less than 100	12	0.15	140	0.00
100 to 1,000	557	6.81	448,700	0.03
1,001 to 10,000	4,717	57.66	25,250,600	1.87
10,001 to 100,000	2,421	29.59	77,708,150	5.76
100,001 to 67,499,999 [#]	468	5.72	505,956,140	37.48
67,500,000 and above ^{##}	6	0.07	740,636,270	54.86
Total	8,181	100.00	1,350,000,000	100.00

[#] Less than 5% of issued holdings

^{##} 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per Register of Substantial Shareholders)

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
Dibena Enterprise Sdn Bhd	142,012,010	10.52	–	–
Dato' Abu Hanifah bin Noordin	232,130,060	17.19	272,012,010*	20.15
			300,000**	0.02
Chew Ben Ben	156,619,400	11.60	130,000,000*	9.63
			26,590,000**	1.97

Notes:

* Deemed interest pursuant to Section 6A of the Companies Act, 1965.

** Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS

(Cont'd)

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
1.	General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	7,500,000	0.56	–	–
2.	Dato' Wan Mohd Safia bin Wan Hasan	1,150,000	0.09	–	–
3.	Dato' Abu Hanifah bin Noordin	232,130,060	17.19	272,012,010*	20.15
				300,000**	0.02
4.	Chew Ben Ben	156,619,400	11.60	130,000,000*	9.63
				26,590,000**	1.97
5.	Handrianov Putra bin Abu Hanifah	23,000,000	1.70	–	–
6.	Md Diah bin Ramli	381,990	0.03	–	–
7.	Mohamed Zulkhornain bin Ab Ranee	5,177,300	0.38	–	–
8.	Raghib Singh a/l Hari Singh	590,000	0.04	–	–
9.	Talya Zholeikha binti Abu Hanifah	3,000,000	0.22	–	–
10.	Datuk Dr Aziz Jamaludin bin Hj Mhd Tahir	–	–	–	–
11.	Safia Zuleira binti Abu Hanifah	100,000	0.01	–	–
12.	Dato' Wan Ibrahim bin Wan Ahmad	10,000	0.00	15,000**	0.00
13.	Yee Kim Shing @ Yew Kim Sing	–	–	–	–
14.	Dato' Zaiful Ayu Ibrahim bin Ibrahim	1,560,000	0.12	–	–

Notes:

* Deemed interest pursuant to Section 6A of the Companies Act, 1965.

** Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares held	% of Issued Capital
1.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Management Sdn Bhd for Dibena Enterprise Sdn Bhd	142,012,010	10.52
2.	Abu Hanifah bin Noordin	139,130,060	10.31
3.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Management Sdn Bhd for Enrich Epitome Sdn Bhd	130,000,000	9.63
4.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Management Sdn Bhd for Gerbang Subur Sdn Bhd	130,000,000	9.63
5.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Bank AG Singapore for Chew Ben Ben (Maybank SG)	106,494,200	7.89
6.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Bank AG Singapore for Abu Hanifah bin Noordin (Maybank SG)	93,000,000	6.89

ANALYSIS OF SHAREHOLDINGS

(Cont'd)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares held	% of Issued Capital
7.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	33,541,500	2.48
8.	Zhao Tong	26,590,000	1.97
9.	Handrianov Putra bin Abu Hanifah	23,000,000	1.70
10.	Yap Tian Tion	15,481,000	1.15
11.	Lembaga Tabung Angkatan Tentera	14,189,000	1.05
12.	Globalised Market Traders Pte Ltd	12,184,000	0.90
13.	Yap Kai Jie	12,106,700	0.90
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koay Boon Bioh (8121022)</i>	11,278,000	0.83
15.	Tham Choon Sarn	10,654,100	0.79
16.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben (8095340)</i>	9,000,000	0.67
17.	Maybank Nominees (Tempatan) Sdn Bhd <i>Tan You Tiong</i>	8,440,000	0.62
18.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt An for Phillip Capital Management Sdn Bhd (EPF)</i>	8,334,500	0.62
19.	Liu Xin	8,250,000	0.61
20.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt An for Phillip Capital Management Sdn Bhd</i>	8,207,100	0.61
21.	Tham Choon Sarn	7,899,500	0.58
22.	Chu Ben Ting @ Chew Ah Teen	7,800,000	0.58
23.	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Jinata Bin Muhamad Yusup (Margin)</i>	7,732,000	0.57
24.	Mohamed Hashim bin Mohd Ali (Gen Rtd Tan Sri)	7,500,000	0.56
25.	Tan Sin Chai	5,900,000	0.44
26.	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	5,800,000	0.43
27.	Koperasi Permodalan Felda Malaysia Berhad	5,077,700	0.38
28.	Tan Shie Kai	5,029,700	0.37
29.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for Credit Suisse (SG BR-TST-Asing)</i>	4,926,700	0.36
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Han Ngin (8108397)</i>	4,692,000	0.35
Total		1,004,249,770	74.39

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of DATASONIC GROUP BERHAD ("the Company") will be held at Cindai Ballroom, Cyberview Resort & Spa, Persiaran Multimedia, 63000 Cyberjaya, Selangor Darul Ehsan on Wednesday, 29 July 2015 at 10:00 a.m. for the purpose of transacting the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 31 March 2015 together with the Reports of the Directors and Auditors thereon.
(Please refer to Explanatory Note A)
2. To re-elect the following Directors who are retiring in accordance with Article 126 of the Articles of Association of the Company:-
 - a) Dato' Wan Mohd Safia bin Wan Hasan
(Please refer to Explanatory Note B) **Ordinary Resolution 1**
 - b) Dato' Wan Ibrahim bin Wan Ahmad
(Please refer to Explanatory Note B) **Ordinary Resolution 2**
 - c) Dato' Zaiful Ayu Ibrahim bin Ibrahim
(Please refer to Explanatory Note B) **Ordinary Resolution 3**
3. To re-elect Cik Safia Zuleira binti Abu Hanifah who is retiring in accordance with Article 91 of the Articles of Association of the Company. **Ordinary Resolution 4**
4. To consider and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-
 - a) "That pursuant to Section 129(6) of the Companies Act, 1965, General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." *(Please refer to Explanatory Note B)* **Ordinary Resolution 5**
 - b) "That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Yee Kim Shing @ Yew Kim Sing be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." *(Please refer to Explanatory Note B)* **Ordinary Resolution 6**
 - c) "That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Raghbir Singh a/l Hari Singh be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

(Cont'd)

Special Business

To consider and, if thought fit, to pass the following ordinary resolution:-

6. **Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue, subject to the Articles of Association of the Company and approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary." *(Please refer to Explanatory Note C)*

Ordinary Resolution 9

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Articles of Association of the Company.

By Order of the Board

NIU CHEW WEI (MAICSA 7022900)
Company Secretary

Kuala Lumpur
7 July 2015

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy and specify which proxy is entitled to vote on show of hands.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or the hand of its attorney or duly authorised officer.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share Registrar's office, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 July 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

(Cont'd)

EXPLANATORY NOTES:

A) To receive the Audited Financial Statements

This Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

B) Annual Assessment of the Independence of the Independent Directors

The Board through the Nomination Committee has undertaken an annual assessment of the independence of all its Independent Directors, including General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan, Dato' Wan Ibrahim bin Wan Ahmad, Dato' Zaiful Ayu Ibrahim bin Ibrahim and Mr. Yee Kim Shing @ Yew Kim Sing who are seeking for re-appointment or re-election at the Seventh Annual General Meeting of the Company.

C) Special Business

Ordinary Resolution 9 - Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

The existing general mandate for the authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 was approved by the shareholders of the Company at the Sixth Annual General Meeting held on 27 May 2014. As at the date of this Notice, the Company did not issue any new shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 9, if passed, will empower the Directors from the conclusion of this Annual General Meeting, to allot and issue shares in the Company up to a maximum of 10% of the issued share capital of the Company at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The renewal of this general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Details of individuals who are standing for election as Directors

No individual is standing for election as Director at the Seventh Annual General Meeting of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of the general mandate for the Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965 are set out in Explanatory Note C of the Notice of Seventh Annual General Meeting.

PROXY FORM

DATASONIC
GROUP BERHAD

(Company No. 809759-X)
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

*I/We,
 *NRIC No./Passport No./Company No.
 of
 being a *member/members of DATASONIC GROUP BERHAD ("the Company"), hereby appoint
 *NRIC No./Passport No.
 of
 or failing *him/her,
 *NRIC No./Passport No.
 of
 or failing *him/her, #the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Seventh Annual General Meeting of the Company to be held at Cindai Ballroom, Cyberview Resort & Spa, Persiaran Multimedia, 63000 Cyberjaya, Selangor Darul Ehsan on Wednesday, 29 July 2015 at 10:00 a.m. or at any adjournment thereof.

Please indicate your voting instructions with an "X" in the appropriate space. Unless voting instructions are specified herein, the proxy/proxies will vote or abstain from voting as he/she thinks fit.

No.	Resolutions	For	Against
1.	To re-elect Dato' Wan Mohd Safiain bin Wan Hasan as Director of the Company		
2.	To re-elect Dato' Wan Ibrahim bin Wan Ahmad as Director of the Company		
3.	To re-elect Dato' Zaiful Ayu Ibrahim bin Ibrahim as Director of the Company		
4.	To re-elect Cik Safia Zuleira binti Abu Hanifah as Director of the Company		
5.	To re-appoint General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) as Director of the Company		
6.	To re-appoint Mr. Yee Kim Shing @ Yew Kim Sing as Director of the Company		
7.	To re-appoint Mr. Raghbir Singh a/I Hari Singh as Director of the Company		
8.	To re-appoint Messrs Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration		
9.	Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965		

The proportion of *my/our shareholdings to be represented by *my/our proxies are as follows:-

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

** If you wish to appoint other person(s) to be your proxy/proxies, kindly strike out the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.*

**Delete if not applicable*

Dated this.....day of 2015

.....
Signature of Shareholder or Common Seal

Contact No.

NOTES:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy and specify which proxy is entitled to vote on show of hands.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or the hand of its attorney or duly authorised officer.
- The instrument appointing a proxy or proxies and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share Registrar's office, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 July 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

DATASONIC GROUP BERHAD
(Company No. 809759-X)

c/o Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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PERSONAL DATA PROTECTION NOTICE

The Personal Data Protection Act 2010 which regulates the processing of personal data in commercial transactions, applies to Datasonic Group Berhad ("the Company").

A member of the Company entitled to attend, speak and vote at the Annual General Meeting or at any adjournment thereof, is entitled to appoint a proxy(ies) and/or representative(s) to attend, speak and vote in his/her stead.

In connection with the aforesaid purposes, personal data is or will be collected by the Company or its agents from the information provided or furnished by the member(s) which includes, but is not limited to:-

- Name.
- Shareholding(s).
- Central Depository System account number.
- National Registration Identity Card/Passport number.
- Correspondence address.
- Contact details.
- Any other personal data of the member(s) and/or the member's proxy(ies) and/or representative(s).

In addition to the personal data provided by the member(s) to the Company or its agents directly, the Company or its agents may collect the personal data of the member(s) from a variety of sources, including but not limited to, Bursa Malaysia Depository Sdn Bhd, stockbrokers and remisiers.

The Company or its agents may use and process the personal data of the member(s) and/or the member's proxy(ies) and/or representative(s) for the purposes which include, but not limited to:-

- Processing and administration by the Company or its agents of proxy(ies) and/or representative(s) appointed for the Annual General Meeting or at any adjournment thereof.
- Preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting or at any adjournment thereof.
- Communicate with the member(s).
- Responding to inquiries from the member(s).
- Compliance with any applicable law, listing requirement, guideline and regulation.

(collectively known as "Purposes")

However, if a member(s) fails to supply the Company or its agents with such personal data, the Company or its agents may not be able to process or disclose the personal data for any of the Purposes.

In addition, the personal data may be disclosed or transferred to companies within the Datasonic Group or its agents or any third party or persons for the Purposes and all such other purposes that are related to the Purposes including but not limited to the share registrar, accountants, auditors, consultants, lawyers and financial or professional advisers appointed by the Company.

If so required for any of the Purposes, the personal data may be transferred to locations outside Malaysia.

PERSONAL DATA PROTECTION NOTICE

(Cont'd)

The member(s) is responsible for ensuring that the personal data provided or furnished to the Company or its agents is accurate, complete, not misleading and up to date.

The Company or its agents may request the member(s) assistance to procure the consent of proxy(ies) and/or representative(s) whose personal data is provided by the member(s) to the Company or its agents and the member(s) agrees to use his/her best endeavours to do so.

The Company or its agents will not keep the personal data for longer than is necessary and will take reasonable steps to destroy and/or delete from the records and system.

Member(s) of the Company may access and request for correction of his/her personal data. If the member(s) has any enquiry or complaint in respect of his/her personal data, please contact the Company at:-

Datasonic Group Berhad (Company No. 809759-X)
Level 6, Bangunan Setia 1
No. 15, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

Attention : Company Secretarial Department
Telephone No. : (603) 2087 6000
Fax No. : (603) 2094 3600

By providing the personal data to the Company or its agents, the member(s) expressly agrees, confirms and consents to the processing of the member(s)' personal data by the Company or its agents for the Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail.

NOTIS PERLINDUNGAN DATA PERIBADI

Akta Perlindungan Data Peribadi 2010 yang mengawal selia pemprosesan data peribadi dalam transaksi komersial, diaplikasikan kepada Datasonic Group Berhad ("Syarikat").

Seorang ahli Syarikat yang layak untuk menghadiri, bercakap dan mengundi di Mesyuarat Agung Tahunan atau pada sebarang penangguhannya, berhak untuk melantik seorang proksi(-proksi) dan/atau wakil(-wakil) untuk hadir, bercakap dan mengundi bagi pihak beliau.

Sehubungan dengan maksud tersebut di atas, data peribadi telah atau akan diambil oleh Syarikat atau ejen-ejenjnya daripada maklumat yang diberikan atau dikemukakan oleh ahli(-ahli) yang termasuk, tetapi tidak terhad kepada:-

- Nama.
- Pegangan Saham.
- Pusat Sistem Depositori nombor akaun.
- Nombor Kad Pengenalan Pendaftaran Negara/Pasport.
- Alamat surat menyurat.
- Butiran perhubungan.
- Lain-lain data peribadi ahli(-ahli) dan/atau proksi(-proksi) dan/atau wakil(-wakil) ahli.

Selain daripada data peribadi yang diberikan oleh ahli(-ahli) kepada Syarikat atau ejen-ejenjnya secara langsung, Syarikat atau ejen-ejenjnya boleh mengumpul data peribadi ahli daripada pelbagai sumber, termasuk tetapi tidak terhad kepada, Bursa Malaysia Depository Sdn Bhd, broker saham dan remisier-remisier.

Syarikat atau ejen-ejenjnya boleh mengguna dan memproses data peribadi ahli(-ahli) dan/atau proksi(-proksi) dan/atau wakil(-wakil) ahli bagi maksud yang termasuk, tetapi tidak terhad kepada:-

- Pemprosesan dan pentadbiran oleh Syarikat atau ejen-ejenjnya bagi proksi(-proksi) dan/atau wakil(-wakil) yang dilantik bagi Mesyuarat Agung Tahunan atau pada sebarang penangguhannya.
- Penyediaan dan penyusunan senarai kehadiran, minit dan dokumen lain yang berkaitan dengan Mesyuarat Agung Tahunan atau pada sebarang penangguhannya.
- Berkomunikasi dengan ahli(-ahli).
- Membalas pertanyaan daripada ahli(-ahli).
- Mematuhi mana-mana undang-undang, keperluan penyenaraian, garis panduan dan peraturan.

(Secara kolektif dikenali sebagai "Tujuan-Tujuan")

Walau bagaimanapun, jika ahli(-ahli) tidak membekalkan Syarikat atau ejen-ejenjnya dengan data peribadi tersebut, Syarikat atau ejen-ejenjnya mungkin tidak dapat memproses atau menzahirkan data peribadi untuk mana-mana Tujuan-Tujuan tersebut.

Di samping itu, data peribadi boleh dizahirkan atau dipindahkan kepada syarikat-syarikat dalam Kumpulan Datasonic atau ejen-ejenjnya atau mana-mana pihak ketiga atau orang bagi Tujuan-Tujuan tersebut dan semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut termasuk tetapi tidak terhad kepada pendaftar saham, akauntan, juruaudit, perunding, peguam dan penasihat kewangan atau profesional yang dilantik oleh Syarikat.

Jika dikehendaki sedemikian untuk mana-mana Tujuan-Tujuan, data peribadi boleh dipindahkan ke lokasi di luar Malaysia.

NOTIS PERLINDUNGAN DATA PERIBADI

(Samb.)

Ahli(-ahli) adalah bertanggungjawab untuk memastikan bahawa data peribadi yang diberikan atau dikemukakan kepada Syarikat atau ejen-ejennya adalah tepat, lengkap, tidak mengelirukan dan terkini.

Syarikat atau ejen-ejennya boleh meminta bantuan ahli(-ahli) untuk mendapatkan persetujuan proksi(-proksi) dan/atau wakil(-wakil) yang data peribadinya telah disediakan oleh ahli(-ahli) kepada Syarikat atau ejen-ejennya dan ahli(-ahli) bersetuju untuk berusaha terbaik untuk berbuat demikian.

Syarikat atau ejen-ejennya tidak akan menyimpan data peribadi lebih daripada yang diperlukan dan akan mengambil langkah-langkah munasabah untuk memusnahkan dan/atau menghapuskan dari rekod dan sistem.

Ahli(-ahli) Syarikat boleh mengakses dan meminta pembetulan maklumat peribadi beliau. Jika ahli(-ahli) mempunyai sebarang pertanyaan atau aduan berkenaan dengan data peribadi beliau, sila hubungi Syarikat pada:-

Datasonic Group Berhad (No. Syarikat 809759-X)
Aras 6, Bangunan Setia 1
No. 15, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

Untuk Perhatian : Jabatan Kesetiausahaan Syarikat
No. Telefon : (603) 2087 6000
No. Faks : (603) 2094 3600

Dengan menyediakan data peribadi kepada Syarikat atau ejen-ejennya, ahli(-ahli) secara nyata bersetuju, mengesahkan dan bersetuju dengan pemprosesan peribadi ahli(-ahli) oleh Syarikat atau ejen-ejennya untuk Tujuan-Tujuan tersebut.

Jika berlaku apa-apa percanggahan antara versi Bahasa Inggeris dengan versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan diguna pakai.

www.datasonic.com.my

DATASONIC GROUP BERHAD

(Company No. 809759-X)

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