

DATASONIC

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



ANNUAL REPORT 2016

INNOVATION, EXCELLENCE, DISTINCTION



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

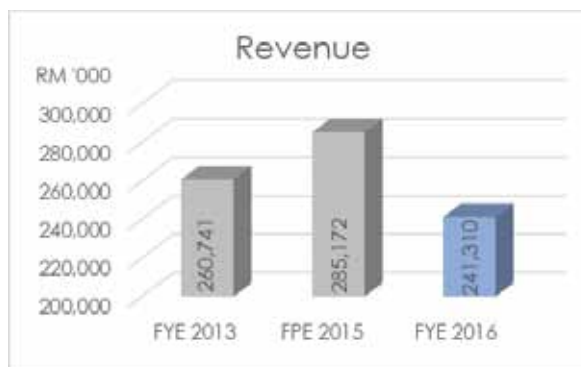
- To provide advanced, innovative and high quality products and services to customers to meet or exceed their expectations in the fast-changing Information and Communication Technology market by way of extensive Research and Development activities.
- To customise and deliver integrated solutions and services to maximise investment returns to customers.
- 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.
- To recognise, develop and retain our most valuable human capital and to nurture a conducive environment for their success.
- 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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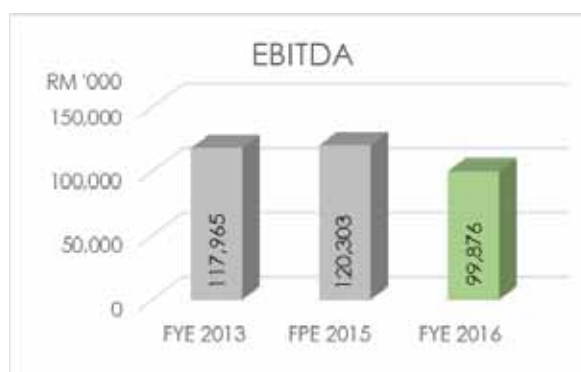
FINANCIAL HIGHLIGHTS

Revenue
RM 241.3 million

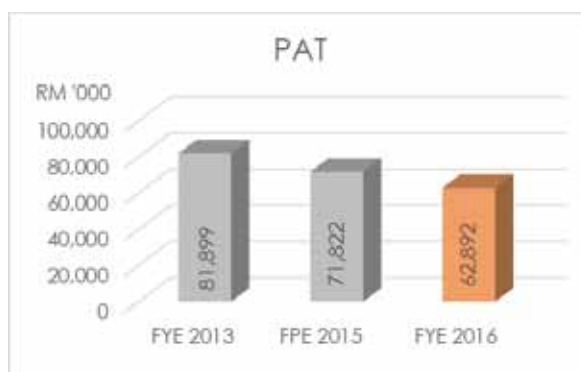


**Earnings Before
Interest, Tax,
Depreciation &
Amortisation
(EBITDA)**
RM99.9 million

Included Other Income,
excluded Interest Income



**Profit After
Taxation (PAT)**
RM62.9 million



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

Based on 1.35 billion
ordinary shares of RM0.10 each



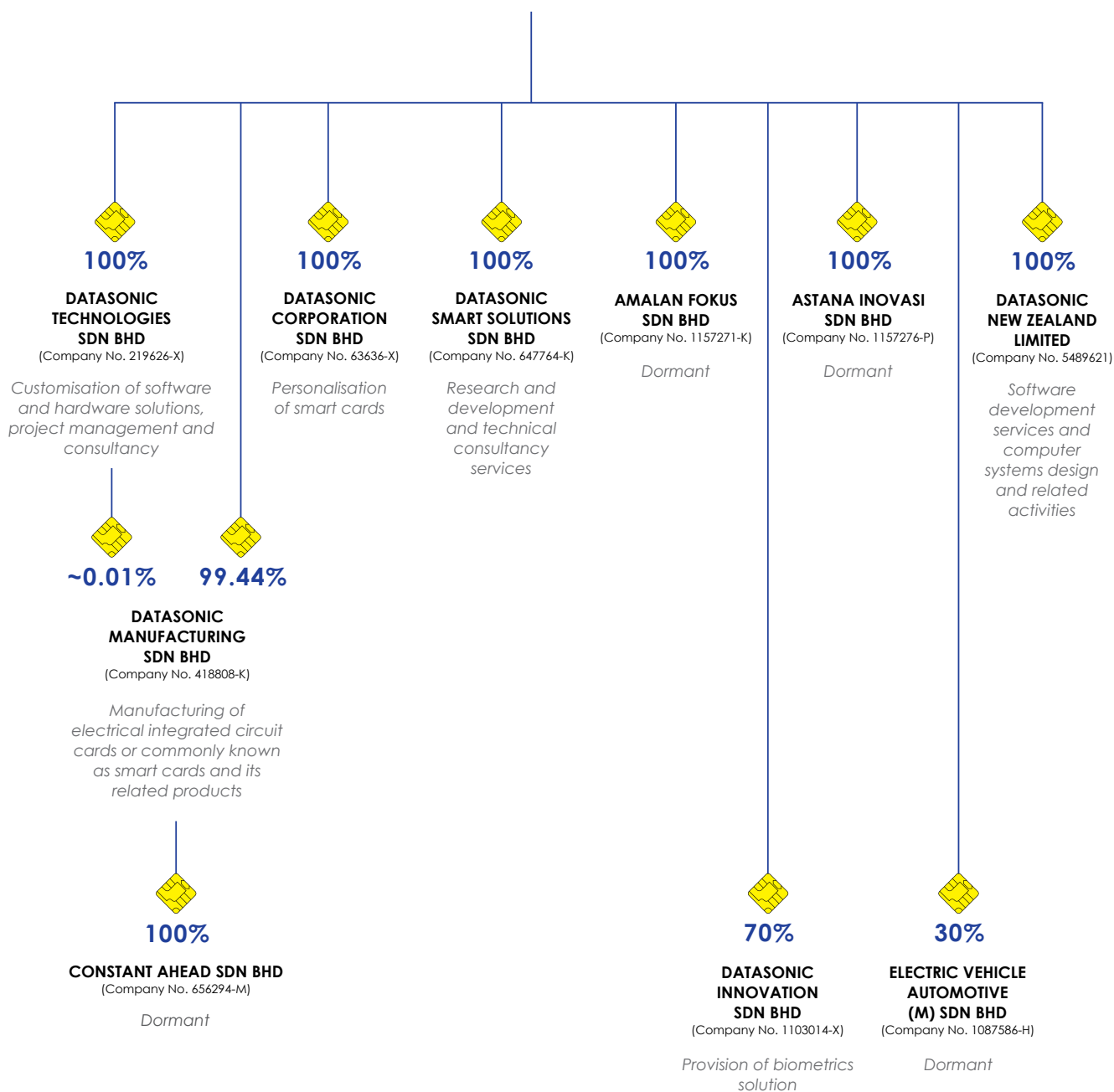
Note: FPE 2015 consists of 15 months for the period from 1 January 2014 to 31 March 2015.

CORPORATE STRUCTURE

DATASONIC GROUP BERHAD

(Company No. 809759-X)

Investment holding and provision
of management services



CORPORATE INFORMATION

BOARD OF DIRECTORS

Jeneral 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

Datuk Haji 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

REMUNERATION COMMITTEE

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

CORPORATE INFORMATION (Continued)

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 Bank Berhad (295576-U)
24th Floor, Bangunan AmBank Group,
No 55, Jalan Raja Chulan,
50200 Kuala Lumpur
Tel: (603) 2036 2633
Fax: (603) 2072 4360

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

BOARD OF DIRECTORS' PROFILE

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

Independent Non-Executive Chairman

Nationality/Age: Malaysian/81

Gender: Male

Length of Service: 5 years

Jeneral 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, Jeneral 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 Ajinomoto (Malaysia) Berhad. He is currently the Chairman of Regional Committee of Glutamate Science Southeast Asia/South Asia. The member countries are Thailand, Indonesia, Philippines, Vietnam and Malaysia. He is also Chairman of some private listed companies namely National Aerospace & Defence Industries Sdn Bhd and Chiyoda Malaysia Sdn Bhd. He also sits on the Board of Institute of Strategic and International Studies (ISIS Malaysia) as well as some other private companies.

DATO' WAN MOHD SAFIAIN BIN WAN HASAN

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

Nationality/Age: Malaysian/69

Gender: Male

Length of Service: 5 years

Dato' Wan Mohd Safia bin Wan Hasan joined the Board on 27 June 2011. He was appointed as Deputy Chairman of Datasonic on 29 November 2013. He holds a Diploma in Business Administration from the Cambridge International University, United States.

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 was responsible in providing advisory on protective security measures to the Federal Government Ministries and Departments and also at the State level. He retired from civil service in December 2002 and joined PQM Consultancy and Management Services Sdn Bhd as Chief Executive Officer (2003-2006). He was also 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 Datasonic. He also holds directorships in several private limited companies.

BOARD OF DIRECTORS' PROFILE (Continued)

DATUK HAJI ABU HANIFAH BIN NOORDIN

Managing Director

Nationality/Age: Malaysian/64

Gender: Male

Length of Service: 8 years

Datuk Haji 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.

MR CHEW BEN BEN

Deputy Managing Director, member of the Remuneration Committee

Nationality/Age: Malaysian/59

Gender: Male

Length of Service: 5 years

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 company 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.

BOARD OF DIRECTORS' PROFILE (Continued)

ENCIK HANDRIANOV PUTRA BIN ABU HANIFAH

Executive Director

Nationality/Age: Malaysian/27

Gender: Male

Length of Service: 5 years

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 all the subsidiary companies of the Group. He also holds directorships in several private limited companies.

ENCIK MD DIAH BIN RAMLI

Executive Director

Nationality/Age: Malaysian/55

Gender: Male

Length of Service: 5 years

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 Harrison 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 as well as several subsidiary companies of the Group.

BOARD OF DIRECTORS' PROFILE (Continued)

ENCIK MOHAMED ZULKHORNAIN BIN AB RANEE

Executive Director

Nationality/Age: Malaysian/55

Gender: Male

Length of Service: 4 years

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").

MR RAGHBIR SINGH A/L HARI SINGH

Executive Director

Nationality/Age: Malaysian/71

Gender: Male

Length of Service: 5 years

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 ("MOF") (Tax Division) as an Assistant Secretary from 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 ("NRD") 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.

BOARD OF DIRECTORS' PROFILE (Continued)

PUAN TALYA ZHOLEIKHA BINTI ABU HANIFAH

Executive Director

Nationality/Age: Malaysian/34

Gender: Female

Length of Service: 2 years

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 all the subsidiary companies of the Group. She also holds directorships in several private limited companies.

DATUK DR. AZIZ JAMALUDIN BIN HJ MHD TAHIR

Independent Non-Executive Director, member of the Nomination Committee

Nationality/Age: Malaysian/61

Gender: Male

Length of Service: 5 years

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 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.

BOARD OF DIRECTORS' PROFILE (Continued)

CIK SAFIA ZULEIRA BINTI ABU HANIFAH

Non-Independent Non-Executive Director

Nationality/Age: Malaysian/29

Gender: Female

Length of Service: 2 years

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 had 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.

DATO' WAN IBRAHIM BIN WAN AHMAD

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

Nationality/Age: Malaysian/66

Gender: Male

Length of Service: 5 years

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 ("NRD"). 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.

BOARD OF DIRECTORS' PROFILE (Continued)

MR YEE KIM SHING @ YEW KIM SING

Independent Non-Executive Director, Chairman of the Audit Committee

Nationality/Age: Malaysian/78

Gender: Male

Length of Service: 5 years

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 a member of the Audit Committee of Pacific & Orient Insurance Co. Berhad.

DATO' ZAIFUL AYU IBRAHIM BIN IBRAHIM

Independent Non-Executive Director, member of the Nomination Committee

Nationality/Age: Malaysian/44

Gender: Male

Length of Service: 5 years

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.

BOARD OF DIRECTORS' PROFILE (Continued)

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Family Relationship with any Director and/or Major Shareholder

Except for Datuk Haji 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 other Directors has any family relationship with any Director and/or Major Shareholder of the Company.

Conflict of Interest

None of the Directors has any conflict of interest with the Company.

Conviction for Offences

None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

Directors' attendance at Board Meetings in the financial year ended 31 March 2016

The details of the Directors' attendance at Board meetings are set out on page 35 of the Annual Report.

CHAIRMAN'S STATEMENT

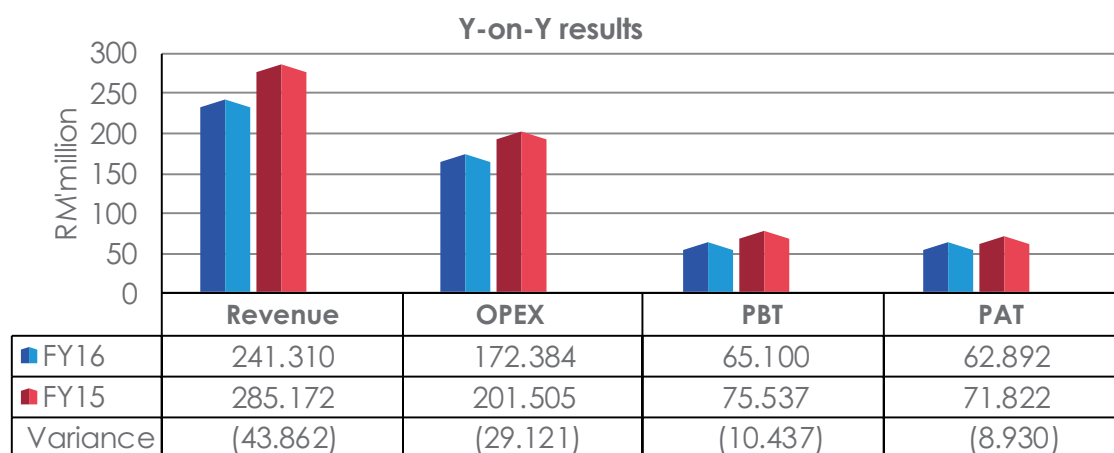


Dear Shareholders,

The twelve (12) months in respect of the financial year ended 31 March 2016 ("FY16/ Current Year") was extremely challenging for Datasonic Group Berhad ("Datasonic" or "the Group") mainly due to fierce competitions to bid for major contracts and/or countless on-going negotiations to propose technology-driven and innovative solutions in order to win contracts, renewals and/or extensions of expiring contracts. In addition, the unexpected changes in foreign currency transactions have affected our cash flows and margins. Despite these key obstacles and challenges, we have performed satisfactorily in FY16 due to the unwavering commitment and dedication from our Directors and key management, who took timely measures to tackle and manage key operational issues and risks based on the limited resources.

GROUP RESULTS

On behalf of the Board of Directors ("Board") of Datasonic, it is my pleasure to present to you the Annual and Financial Reports for FY16 as compared to a period of fifteen (15) months in respect of the financial period ended 31 March 2015 ("FY15/ Previous Year").

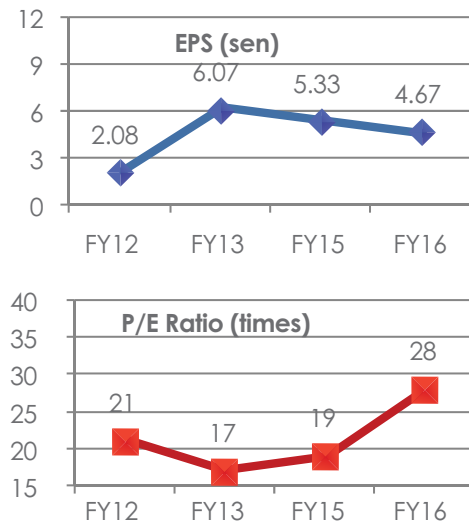


The Group recorded revenue of RM241.310 million for the 12-month period in FY16 which was 15% lower compared to the RM285.172 million recorded for the 15-month period in FY15. However, on a pro-rated basis, the Group's revenue was 6% higher than the previous financial year.

CHAIRMAN'S STATEMENT (Continued)

In line with the lower revenue, Datasonic's current profit after taxation ("PAT") of RM62.892 million for FY16 also compared less favorably than the PAT of RM71.822 million reported in FY15. However, on a pro-rated basis, the Group's PAT was 9% higher than the previous financial year.

EPS and P/E Ratio



Year-on-year, Datasonic's basic earnings per share ("EPS") has declined marginally from 5.33 sen in FY15 to 4.67 sen in FY16 (or -12%) mainly due to the lower earnings reported in the current year as a result of comparing 12 months for FY16 against 15 months for FY15.

Nevertheless, Datasonic's Price to Earnings ("P/E") Ratio has shown an increase of 65% over the past 3 financial years (from 17x in FY13 to 28x in FY16). Based on the market value of RM1.30 per share as at 31 March 2016, our P/E ratio at 28 times indicates positive future performance.

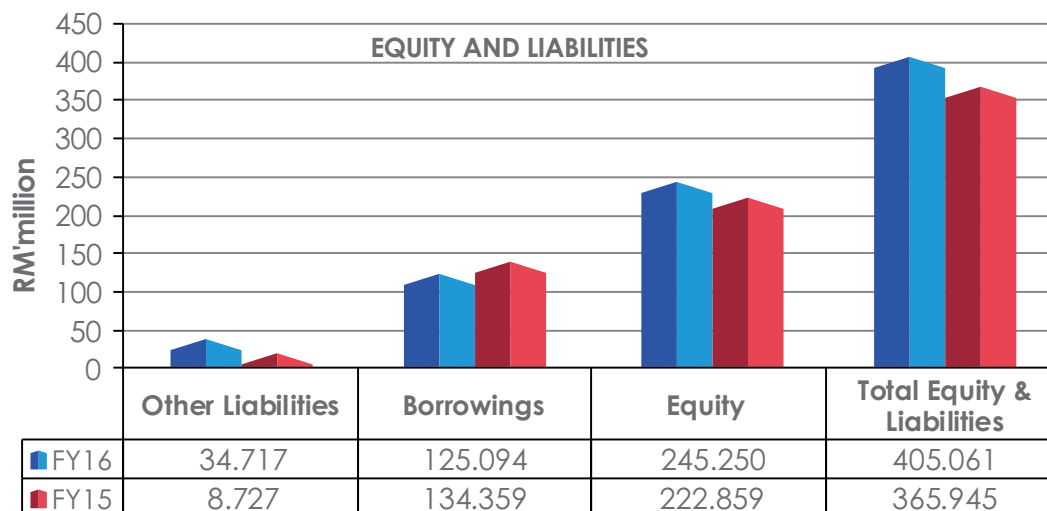
Assets

Based on 1.35 billion shares of 10 sen each, Datasonic's net assets per share has increased by 1.67 sen (+10%) from 16.51 sen in FY15 to 18.18 sen in FY16.

Assets have increased mainly due to increase in development expenditures incurred from September 2015 to March 2016 for the development of the operating system for the passport chips, in anticipation of the newly awarded contract for the supply of Malaysian passport chips commencing 1 December 2016.

In addition, total trade receivables have also increased in the current year due to more deliveries towards the end of the financial year.

Equity and Liabilities



Year-on-year, total Equity rose from RM222.859 million as at 31 March 2015 to RM245.250 million as at 31 March 2016 mainly due to increase in retained earnings less three (3) interim single-tier tax exempt dividends amounting to RM40.5 million which were declared during the financial year.

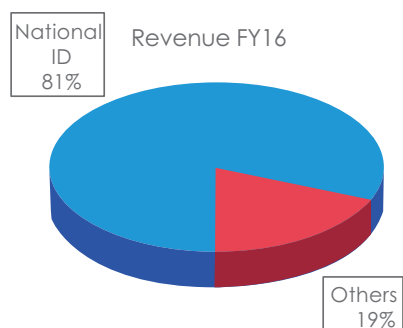
CHAIRMAN'S STATEMENT (Continued)

Other Liabilities have also increased mainly due to increase in trade and other payables as a result of more purchases towards the end of the financial year.

On the other hand, total Borrowings reduced from RM134.359 million as at 31 March 2015 to RM125.094 million as at 31 March 2016 mainly due to contractual repayments of contract financing which were made upon receiving proceeds from the customer. Accordingly, the Group's debt to total assets ratio has reduced by 6% (i.e. from FY15: 37% to FY16: 31%).

ECONOMIC OUTLOOK AND PROSPECTS

National ID Solutions



In FY16 RM196.137 million (81%) of Datasonic's total Group revenue was derived from the supply and personalisation of National Identification ("ID") to the Malaysian government. These include the supply of raw cards, chips and consumables (e.g. security laminate and/or colour ribbons) for the MyKad and datapages for the Malaysian passports.

With its commendable track record, the management believes that Datasonic would be able to sustain its core business earnings from the provision of the MyKad and Malaysian passports to the Malaysian government over the next five (5) years. This is mainly attributable to the RM802.526 million worth of **newly awarded contracts** based on the following significant letter of awards (LOA) received from Kementerian Dalam Negeri ("KDN/ Ministry of Home Affairs"), namely:

- (1) LOA dated 15 December 2015 - Contract valued at RM318.750 million to supply 12.5 million units Malaysian passport chips to Jabatan Imigresen Malaysia ("JIM/ Immigration Department of Malaysia") over 5 years starting 1 December 2016;
- (2) LOA dated 27 April 2016 - Contract valued at RM223.376 million to supply 13.416 million units Malaysian passport documents to JIM over 5 years starting 1 December 2016; and
- (3) LOA dated 6 May 2016 - Contract valued at RM260.400 million to supply 12 million units MyKad raw cards and MyKad consumables to Jabatan Pendaftaran Negara ("JPN/ National Registration Department") over 3 years and 6 months commencing from 1 July 2016.

In respect of the **on-going contracts**, the remaining values of contractual income amounting to RM97.726 million is expected to be fully recognized upon delivery of the remaining contract quantities within the next financial year ending 31 March 2017:

Existing Contracts	Remaining Values	Remarks
Supply of 10 million units of raw MyKad cards, chips and consumables to JPN	RM27.043 million	This contract has commenced on 1 July 2014 and is expiring on 30 June 2016. On 6 May 2016, DTSB received a LOA for the supply of 12 million unit raw MyKad cards, chips and consumables to JPN (commencing from 1 July 2016 and expiring on 31 December 2019).
Supply 10 million units of passport datapages to JIM	RM70.683 million	—
Total	RM97.726 million	

CHAIRMAN'S STATEMENT (Continued)

Other Solutions

Other revenue streams for Datasonic which make up RM45.173 million (19%) of total Group revenue in FY16 were derived mainly from the following:

(i) Maintenance and Technical Support Services

Maintenance and Technical Support Services includes the maintenance of printers at the headquarters of Jabatan Pendaftaran Negara ("JPN/ National Registration Department"), Distributed Printing Offices at JPN branches and Urban Transformation Centres ("UTC").

On 20 March 2015, Datasonic was awarded with a 2-Years Maintenance contract valued at RM32.569 million for the maintenance of 43 National Registration Department branches (Personalisation Centres & Distributed Printing Phases 1 & 2) and UTC.

(ii) Regional Personalisation Services (RPS)

Datasonic's newly established RPS center in Petaling Jaya has expanded its card production capacity and technical competency in the personalisation of payment cards.

In FY16, RPS has contributed RM15.728 million (7%) to the Group's revenue as compared to the RM6.385 million (2%) reported in the 15 months ended 31 March 2015. The increase of RM9.343 million (+146%) of revenue for RPS was mainly attributable to the enlarged sale of cards and the personalisation of debit and credit cards as a result of increase in demand for re-carding services, in line with Bank Negara Malaysia's requirement for transactions via e-payment to meet the Malaysian Chip Card Specification ("MCCS").

RPS currently has 11 customers which represents almost 33% of the total market share. Barring any unforeseen circumstances, we anticipate that RPS would be able to perform reasonably well over the next two (2) years in the payment cards industry as the demand for MCCS Migration becomes inevitable.

(iii) Security and Surveillance Solutions

Datasonic has been supplying Closed Circuit Television ("CCTV") and maintaining the CCTV control centres on behalf of Majlis Bandaraya Pulau Pinang ("MBPP/ City Council of Penang") since the award of the contract (Ref: MBPP Phase 1) on 16 October 2013. Subsequently, MBPP Phases 2 and 3 were awarded on 8 April 2014 and 5 December 2014 respectively as MBPP expands its CCTV coverage to monitor and reduce crime rates in Penang. During the current financial year, a letter of award for MBPP Phase 4 was awarded by MBPP on 3 December 2015. To-date, total contract values awarded by MBPP (i.e. Phases 1, 2, 3, 4 and MBPP Premises) is RM33 million.

Besides providing CCTV solutions to MBPP, Datasonic is also the main subcontractor awarded to implement CCTV solutions to Majlis Perbandaran Seberang Perai ("MPSP/ City Council of Butterworth") with contract value of RM9.345million for the period commencing from 14 April 2014 to 23 June 2019.

As at 31 March 2016, the remaining book order for Security and Surveillance Solutions stood at RM20.107 million.

In summary, the two new five-year passport projects namely passport chips and passport booklets that were secured are major accomplishments and will contribute positively to our earnings and help in our expansion plans overseas. We are working hard to secure more security related ICT projects for further growth, profitability and contribute towards nation building. Given the existing book orders derived mostly from Government-related projects as well as several prospects we are working on, the prospects for growth for Datasonic is positive as the Group is expected to perform satisfactorily in the next financial year ending 31 March 2017, barring any unforeseen circumstances.

CHAIRMAN'S STATEMENT (Continued)

CORPORATE DEVELOPMENTS

1) Rationalisation of the Manufacturing Activities Under One Company

In the current year, the manufacturing activity under Datasonic Corporation Sdn Bhd ("DCSB") was transferred to Datasonic Manufacturing Sdn Bhd ("DMSB") formerly known as Asia Pacific Card & System Sdn Bhd ("APCS") to enjoy greater economies of scale and improve efficiency by centralising manufacturing activities under one company with two production facilities (Petaling Jaya and Port Klang).

2) Applications for Multimedia Super Corridor ("MSC") Status

Based on the advice by the Multimedia Development Corporation ("MDeC") Officer, Datasonic intends to pursue the application for "MSC qualifying activities" in respect of our prospective projects in 2 main business clusters, namely Shared Services and Outsourcing; and Infotech (Software development services). On 15 October 2015, Datasonic has acquired the following for the purposes as above-mentioned:

- i) Two ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Amalan Fokus Sdn Bhd for a total consideration of RM2.00; and
- ii) Two ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Astana Inovasi Sdn Bhd for a total cash consideration of RM2.00.

Note: Both companies were incorporated in Malaysia on 28 August 2015 and have authorised share capital of RM400,000 comprising of 400,000 ordinary shares of RM1.00 each. To-date, both companies are dormant as the application for approval from MDeC is on-going.

COMMITMENT TO QUALITY AND EXCELLENCE

Datasonic's dedication to continuous quality and excellence has been a key contributing factor to the long-term success of the Group and the Group continues to receive external recognition and accolades on this.

In FY16, the notable awards, certifications and/or licenses that were received by the Group include the following:

1) ISO 9001:2008 Certifications

Datasonic recognises the importance of delivering consistent service and product quality. As such, the implementation of ISO 9001:2008 is one of the ways which enables continuous improvement of Datasonic's quality management systems (QMS) and processes. Datasonic Manufacturing Sdn Bhd ("DMSB") has been assessed and certified as meeting the requirements of ISO 9001:2008 by both SGS (Malaysia) Sdn Bhd and SGS United Kingdom Ltd since 22 April 2015. These ISO certifications were attributable to the internal procedures and processes being adopted by our Manufacturing & Quality Control Division, which shows that our manufacturing practices are committed to consistent service and product quality and our smart cards manufacturing practices are in accordance with both the local and international standards. In turn, this improves the ability of our card manufacturing operations to meet our customer's requirements and expectations.

CHAIRMAN'S STATEMENT (Continued)

2) *Recognition by JPN at The Radiant e-ID Awards at Dhaka, Bangladesh*

On 3 December 2015, JPN won 2 out of 4 awards by Asia Pacific Smart Card Association ("APSCA"), namely:

- i) Radiant Vision Award for "MyIdentity"; and
- ii) Radiant Service Award for "MyKad"

Upon receiving these awards, Datuk Sulaiman Keling (the Ketua Pengarah of JPN) acknowledged Datasonic as having contributed to these accolades.

3) *Grade G7 Licence granted by CIDB Malaysia*

On 7 December 2015, Datasonic Technologies Sdn Bhd ("DTSB") was granted with CIDB (Grade G7) Contractor status by CIDB Malaysia. With this, DTSB can participate as contractor in any construction contracts requiring Mechanical & Engineering (M&E) expertise, including participation in the MRT Tender for Automated Fare Collection solution.

4) *NSP and NFP Licenses granted by Malaysian Communications and Multimedia Commission ("MCMC")*

On 29 January 2016, DTSB was accorded by MCMC with both NFP (Network Facilities Provider) and NSP (Network Services Provider) licenses. With these licenses, DTSB can participate in network facilities/ services including security and surveillance, telecommunications and utilities projects.

5) *Printing License granted by Kementerian Dalam Negeri ("KDN/ Ministry of Home Affairs")*

On 23 February 2016, DTSB was granted with a printing license from KDN. With this license, DTSB can mass produce the passport booklets in anticipation of the passport booklets printing contract which commences 1 December 2016.

Note: Our passport production facility is currently being setup and is expected to be ready for the production of passports upon the commencement of the contracts for the supply of passport booklets and chips by 1 December 2016.

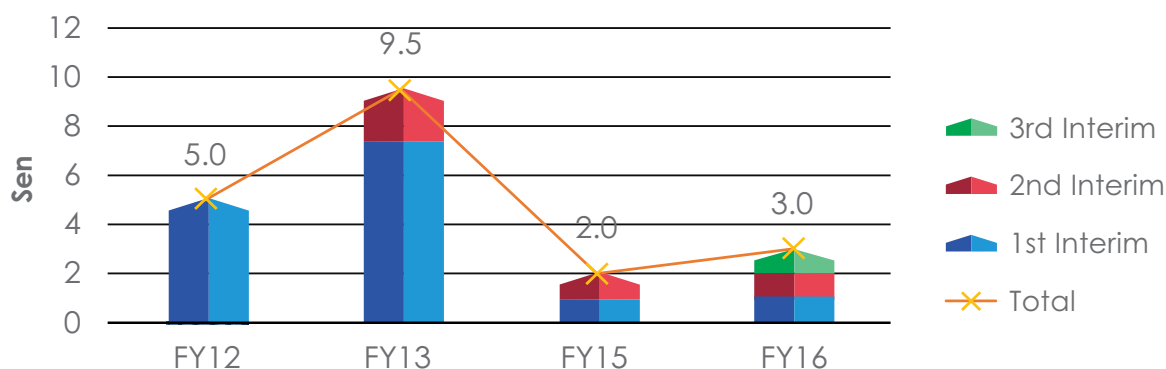
DIVIDENDS

The following single-tier tax exempt dividends were declared/ paid in FY16:

Financial Year	Date of Declaration	Description	Dividend per Share	Dividend Paid RM'mil	Payment Date
FY15	29.05.2015	Second interim	1.0 sen	13.50	25.06.2015
FY16	27.11.2015	First interim	1.0 sen	13.50	28.12.2015
FY16	26.02.2016	Second interim	1.0 sen	13.50	12.04.2016
FY16	27.05.2016	Third interim	1.0 sen	13.50	24.06.2016

CHAIRMAN'S STATEMENT (Continued)

The Historical Dividend Trend may be summarized as follows:



APPRECIATION

In conclusion, FY16 has been a challenging year for Datasonic. Nevertheless, the Group was able to navigate through the challenging business conditions with optimism, persistence and resilience.

On behalf of the Board, I wish to express my heartfelt appreciation to my fellow Directors who have been providing their invaluable contributions to the Group. I would like to also thank the various government and local authorities, our supportive customers, shareholders, bankers and steadfast 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 resilient attitude, persistent dedication and commitment to excellence and innovation which contributed towards achieving the current desired results.

We are determined to transform Datasonic into a multi-national corporation eventually. Together, may we strive for sustainability and growth towards achieving our medium and long-term goals to become regional ICT champion by 2020 and global ICT champion by 2025!

Thank you.

JENERAL TAN SRI (DR) MOHAMED HASHIM BIN MOHD ALI (RTD)
Independent Non-Executive Chairman

CORPORATE RESPONSIBILITY

Workplace

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 adheres to the Malaysia's Employment & Labour laws with regard to the terms and conditions of employment for all its employees. The Group's Employee Handbook provides guiding principles on the standards of ethics and professional conduct for employees.

The Group recognises the value of workforce diversity and inclusiveness, there is no discrimination against employees or applicants in terms of gender, age and ethnicity. The Group recognises and values employees who have displayed outstanding performance or achievement in their career with the Group and may appropriately reward such employees.

The Group is supported by a total staff strength of over 521 employees nationwide. As at the financial year ended 31 March 2016, the gender composition of the Group employees comprised 195 females and 326 males respectively.

The Group ensures adequate safety measures and provides sufficient protection to employees at the workplace to ensure a safe and healthy working environment. Annual fire drills were conducted at the factories to enhance fire safety awareness among the employees and to comply with the relevant authorities' requirements.

The Group's corporate philosophy placed great importance to development of human capital and encourages the continuous process of self-improvement. The Head of Department shall identify the topic relevant to the training needs of the subordinates to enable them to improve their levels of knowledge and skills. Those employees who have attended these trainings and seminars are encouraged to train their fellow employees.

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 Government and Authorities, Shareholders and Investors, Customers, Suppliers, Employees and Communities.

The Group aims to develop and evolve good relationships - trust, mutual respect, understanding with our stakeholders who have an effect on, or is affected by our businesses.

The Group has introduced various channel to engage with our stakeholders to understand and respond to their expectations and interests with regard to our services and operations.

CORPORATE RESPONSIBILITY (Continued)

The Group stakeholders' engagement approaches are stated as follows:-

Stakeholders Group	Engagement Approaches	Frequency	Engagement Objectives
Government and Regulators	<ul style="list-style-type: none"> Formal meetings Discussion on Government initiatives/projects 	<ul style="list-style-type: none"> Ad-hoc Ad-hoc 	Legal and Regulatory compliance
Shareholders and Investors	<ul style="list-style-type: none"> Annual Report Annual General Meeting Extraordinary General Meeting Announcements released to Bursa Malaysia Securities Berhad Investor relations events Corporate Website 	<ul style="list-style-type: none"> Annually Annually Ad-hoc Ad-hoc Regular Regular 	<p>Improve long-term returns to shareholders and investors</p> <p>Exercise of governance responsibilities</p>
Customers	<ul style="list-style-type: none"> Dialogue sessions Events and Roadshows Engagement sessions Customer Support Centre Products knowledge training programmes 	<ul style="list-style-type: none"> Regular Ad-hoc Regular Regular Regular 	Improve Customers' relationship and quality of services
Suppliers	<ul style="list-style-type: none"> Engagement sessions Suppliers training programmes Suppliers conferences 	<ul style="list-style-type: none"> Regular Regular Annually 	Improvement on products pricing and quality of products
Employees	<ul style="list-style-type: none"> Department meetings Performance assessment Employee briefings Employee trainings 	<ul style="list-style-type: none"> Regular Annually Regular Regular 	<p>Career development and employee retention</p> <p>Occupational safety and health</p>
Communities	<ul style="list-style-type: none"> Sponsorship of Communities programmes and donations 	<ul style="list-style-type: none"> Regular 	Corporate social responsibility

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 Group works to improve its production technologies and quality of the products by carrying out research and development (R&D) to generate new knowledge of manufacturing and personalisation processes and the use of products while implementing the innovations in production.

CORPORATE RESPONSIBILITY (Continued)

The Group's main suppliers consist of equipment manufacturers, raw material suppliers, consumables and spare parts suppliers, and printing system and solution providers. The Group works closely with the suppliers to create a high-quality, reliable supply chain that meets our high ethical standards. The Group has had regular engagement sessions with suppliers to identify areas and methods for improvement and to resolve issues.

The Group Procurement Department ensures diversification of supply chain to mitigate the risk of disruption to our operations. The Group's operations maintain at least one primary and one secondary supplier for raw material, consumables and spare parts, wherever possible.

The Group's ISO 9001:2008 certifications ensure that our products and services meet the most demanding standards in the industry which in turn, improves the ability of the Group's operations to meet customers' requirements and expectations.

Environment

The Group recognises the threat of climate change and the impact on our businesses. Hence, to mitigate potential regulatory, reputational, physical and supply risks, the Group adheres to and support common policy positions adopted by the Government on climate change.

The Group does not require the use of water in the manufacturing processes of its products. However, the Group is committed to reduce electricity and water usage and paper consumption as part of its effort to reduce Greenhouse Gases emissions.

The Group 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 (Continued)

Social

The Group 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.

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

In keeping with its corporate social responsibility, Datasonic Foundation has supported 2 major charitable events mainly through funding/ sponsorships to support the project initiatives and efforts, as follows:-

- **Pertubuhan Nadi Sihat ("NADI")**

Datasonic Foundation participated as Gold Sponsor in support of NADI for organising an Expedition and Rescue Simulation Programme known as "Eksim Stong 2016". The participants comprise mainly of:-

- Students from University Malaysia Kelantan (UMK);
- Members of the Fire and Rescue Department of Malaysia & Police contingents from Kelantan; and
- Hikers/ Climbers/Members of Pertubuhan Nadi Sihat (including 9 committee members).

Based on NADI's proposal, the objective of this "Eksim Stong 2016" programme is to prepare the hikers/ climbers based on a realistic simulation of a natural disaster so as to prepare them in response to unexpected natural disasters, thereby indirectly training the teams involved in the practical procedure for the provision of humanitarian aid and coordination amongst those involved in the disaster relief activities. The simulation was said to be realistic as it was based on the earthquake incident which occurred at Mount Kinabalu, Sabah on 5 June 2015, whereby many expeditors were trapped for several days and conditions made worse due to lost communications.



For further information on "Eksim Stong 2016", kindly refer to <http://nadisihat.org/CABARAN.html>

- **Care2Run under Project H.O.P.E (Healing Opportunities for People Everywhere)**

Care2Run is one of the volunteer-run sports outreach and mentoring programme under Project H.O.P.E. To-date, Datasonic has sponsored Care2Run Mentors' Training Programme held from January 2016 to February 2016, Care2Run (Phase 2.0) which commenced in March 2016 and ended in April 2016 and Gift of HOPE Picnic for Breast Cancer Survivors in March 2016. The primary beneficiaries of Project H.O.P.E Care2Run programmes are children and teenagers from:

- Prudential Welfare Home, Seapark, Petaling Jaya;
- Sekolah Menengah Kebangsaan Sri Permata, SS3, Petaling Jaya;
- Women's Aid Organisation Child Care Centre, Petaling Jaya;
- Youngsters from diversified backgrounds including those with learning disability from the community in Petaling Jaya.

Through Care2Run, Datasonic Foundation aims to foster staff participation as caring mentors (on volunteer basis), based on the awareness that there are many underprivileged and/or special needs kids who need our humanitarian contribution (especially commitment on time, gentle love, care and support.)

CORPORATE RESPONSIBILITY (Continued)



The Group also has supported a few charitable organizations 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 to numerous charitable organisations/ foundations such as follows:-

- a) Aman Malaysia;
- b) Humanitarian Care Malaysia Berhad;
- c) Majlis Sukan Negara;
- d) Pengurusan Dakwah Islamiah (Malaysia 2020);
- e) Persatuan Bekas Polis Malaysia Bahagian Negeri Sarawak;
- f) Persatuan Ibu Bapa dan Pendidik;
- g) Persatuan Kebajikan Tabung;
- h) Pertubuhan Kebajikan Ibu Tunggal An-Nur (KiTA);
- i) Pertubuhan Kebajikan Mental Selangor;
- j) Pertubuhan Prihatin Orang Kurang Upaya 1Malaysia;
- k) Pertubuhan Sukarelawan Amal Bakti Ramadhan Malaysia;
- l) Pusat Harian Kanak-Kanak Spastik Bandar Ipoh;
- m) Yayasan Insan Prihatin & Penyayang Malaysia; and
- n) Yayasan Muslimin.

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 stakeholders' interests and enhancing shareholders' value.

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 dealt with 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 Committee reports to the Board on the outcome of the Committee meetings and minutes are tabled at the Board meetings.

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 interests of all stakeholders including Government and Regulators, Shareholders and Investors, Customers, Suppliers, Employees, 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 (Continued)

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

1.2 Clear roles and responsibilities (cont'd)

The Managing Director and Deputy Managing Director ("Executive Committee") are responsible for the day-to-day management of the business and operations of the Group. The Executive Committee is supported by the Management Committee and Project Planning and Management Office ("PPMO").

The Management Committee is to assist the Executive Committee in the effective and seamless implementation of the Board's policies and to make proposals and recommendations for the strategic direction and growth of the Group.

The PPMO is to lead all Project Management Offices in resource planning and project management, so as to be aligned with the Group's strategic initiatives and to administer Enterprise Risk Management activities at the Management/Risk Owners and Staff level, including finding resolutions for the key operational issues. Corporate strategies, key business prospects/proposals and significant operational issues deliberated at the PPMO meetings were reported to the Executive Committee and the Management Committee.

The PPMO has been tasked to undertake the following:-

a) Value Creation

- Identify new income streams
- Develop and protect Intellectual Property & Patent
- Brand building
- Optimising grant funding and government incentives

b) Co-ordination

- Platform to address gaps in delivery (internal teams: manufacturing with sales and projects, partners and distribution network)
- Sales, Research & Development and Project Implementation

c) Project Evaluation

- Review budget, team performance, quotas/targets, collections

d) Monitor Alignment

- Alignment/Improvement of the employee skill sets. Develop certified Subject Matter Expert (SME)
- Optimising collaboration with principles and partners

The Board is updated by the Managing Director on the progress of the operations, business prospects, issues and challenges related to the projects, compliance management and the financial performance of the Group during the quarterly Board meetings. The Board is also regularly kept informed by the Executive Directors and the Management on the Group's operations, the latest laws and regulations and current issues.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

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 undertaking 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 all 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 Board of the Company is committed to provide stewardship towards embedding sustainability into the Group's business strategies and operations. The Executive Committee oversees the implementation the Group's sustainability approach, practices and performance based on Economic, Environment and Social considerations.

The Group aims to develop and evolve good relationships - trust, mutual respect, understanding with stakeholders who have an effect on, or is affected by businesses.

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.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

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

1.5 Access to Information and Advice (cont'd)

The agenda and supporting papers for all Board and Board Committees are distributed in advance to allow the respective Board and Board Committees members sufficient time to review and analyse the materials prior to the meetings.

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

1.6 Qualified and competent Company Secretary

The Company Secretary holds a professional qualification from the Institute of Chartered Secretaries and Administrators, United Kingdom and is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators.

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 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 and its Committees on these updates at the 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 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 regulations 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.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

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 meetings held are as follows:-

Nomination Committee Members	Designation	Number of Meetings Attended
Dato' Wan Mohd Safiain bin Wan Hasan	Chairman, Independent Non-Executive Deputy Chairman	2/2
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Member, Independent Non-Executive Director	2/2
Dato' Zaiful Ayu Ibrahim bin Ibrahim	Member, Independent Non-Executive Director	2/2

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

- To assess and recommend to the Board, candidates for directorships of the Company to be filled by the shareholders or the Board of Directors.
- To assess the effectiveness of the Board as a whole, Board Committees (including its size and composition) and the contribution of each individual director including independent non-executive directors as well as the chief executive officer.
- To review the required mix of skills and experience and other qualities of the Board, including the core competencies which non-executive directors should bring to the Board.
- To review and assess the independence of the Board's Independent Directors.
- To review the terms of office and performance of the Audit Committee and its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

In May 2016, the Nomination Committee reviewed and revised the Terms of Reference of the Nomination Committee to be aligned with the latest amendments to the MMLR, 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 whose primary responsibilities are to evaluate, assess and recommend candidates for the Board's approval. The criteria for membership of the Board and Board Committees are set out in the Board Charter. The Board, through the Nomination Committee, will take steps to ensure that women candidates are also sought as part of its recruitment exercise.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

2. STRENGTHEN COMPOSITION (CONT'D)

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (cont'd)

Upon appointment, new Directors will be issued with a manual which consists amongst others the Memorandum and Articles of Association of the Company, the Board Charter, the relevant policies and procedures of the Group, the Board meetings schedule for the year as well as obligations in relation to disclosure of interests in securities, conflicts of interest and restrictions on dealings in securities. During the year under review, no new Director was appointed to the Board.

In April 2016, the Company Secretary facilitated the Nomination Committee in carrying out the annual evaluation of the effectiveness of the Board and Board Committees and individual Director. The areas of evaluation include 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. In May 2016, the Nomination Committee reviewed the results of the evaluation exercise and considered the comments given by the Board/Board Committees members and the areas for continuous improvement. The overall results of the evaluation exercise were satisfactory with an average rating of 4.6 and above on a 5-point rating scale. Based on the Nomination Committee's recommendation, the results of the annual evaluation and the areas for continuous improvement were deliberated and adopted by the Board.

The Nomination Committee assessed the performance and time commitment of those Directors who are due to retire and eligible to stand for re-appointment or re-election at the Annual General Meeting, taking into consideration the results of the evaluation on the effectiveness of the Board, Board Committees and Directors' self-assessment; time commitment in discharging their roles and responsibilities, including attendance at Board or Board Committees meetings, briefings and site visitations; participation in continuing training programmes, contribution to the Board through their skills, knowledge, expertise and experience; and directorships in other public listed companies, public companies and corporations.

The Nomination Committee is satisfied with the performance of the retiring Directors. The Board approved the Nomination Committee's recommendations for the re-appointment or re-election of the concerned Directors.

In May 2016, the Nomination Committee conducted an annual review on the terms of office and performance of the Audit Committee and its members. The Nomination Committee, save for Dato' Wan Mohd Safiain bin Wan Hasan who abstained from deliberation in respect of his own performance is satisfied that the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The outcome of the review on the terms of office and performance of the Audit Committee and its members were deliberated and adopted by the Board based on the recommendation by the Nomination Committee.

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 current Board has a mix skills and experience of Directors from diverse professional backgrounds with a wide range of experience and expertise in security; information technology and engineering; project development; corporate management/business; finance/taxation; accounting/auditing; and legal. This provides a collective range of skills, expertise and experience which is vital for the successful direction of the Group.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

2. STRENGTHEN COMPOSITION (CONT'D)

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (cont'd)

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. Presently, the number of female Directors on the Board is two (2), representing approximately 14% of the total Board composition.

In May 2016, the Nomination Committee reviewed and recommended to the Board for approval the Succession Planning Guidelines to ensure continuity of key management positions that exert critical influence on organisational activities, either operationally, strategically or both. Based on the Nomination Committee's recommendation, the Board approved the Succession Planning Guidelines.

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

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 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	1/1
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:-

- To establish and recommend to the Board the remuneration structure and policy for Executive Directors and key management personnel.
- To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of Executive Directors and key management personnel.
- To review and recommend the annual total remuneration packages of individual Executive Directors and key management personnel to ensure the levels of remuneration be sufficiently attractive and be able to retain the Executive Directors and key management personnel needed to run the Company successfully.
- To review and recommend the fees for Non-Executive Directors to the Board.

In August 2015, the Terms of Reference of the Remuneration Committee were reviewed and amended to reflect the internal processes and current requirements and practices.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Remuneration policies and procedures (cont'd)

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

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

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, if applicable. 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 aggregate amounts of emoluments received and receivable by Directors of the Company and the subsidiary companies for the financial year ended 31 March 2016 are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Emoluments	5,565	–
Fees and allowances		
- Company	–	573
- Subsidiary companies	–	168

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

	Executive Directors	Non-Executive Directors
Below RM50,000	–	3
RM50,001 to RM100,000	–	6
RM100,001 to RM150,000	2	–
RM150,001 to RM200,000	1	1
RM200,001 to RM250,000	7	–
RM250,001 to RM300,000	1	–
RM300,001 to RM350,000	1	–
RM350,001 to RM400,000	1	–
RM400,001 to RM450,000	2	–
RM450,001 to RM500,000	1	–
RM500,001 to RM550,000	1	–
RM550,001 to RM600,000	1	–
RM600,001 to RM650,000	1	–
RM650,001 to RM700,000	1	–
RM700,001 to RM750,000	1	–
RM750,001 to RM800,000	1	–
Total	17	10

STATEMENT ON CORPORATE GOVERNANCE (Continued)

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 year under review, all the existing Independent Directors of the Company have served the Board for less than nine (9) years.

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 managing the Board and ensures that all Directors receive sufficient and required information relevant to the agenda laid out for the meeting of the Board to enable them to participate actively in the Board's deliberations and decisions. The Chairman is also responsible for ensuring the integrity and effectiveness of the governance processes of the Board. The Managing Director is responsible for the day-to-day management of the business to ensure that the business operates continuously in conformity with 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. Presently there are 2 female members on the Board, representing 14% of the total Board members. 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.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

4. FOSTER COMMITMENT

4.1 Time commitment

The Board is satisfied that its members have devoted sufficient time towards fulfilling their roles and responsibilities as Directors of the Company. Details of each Director's attendance at Board meetings held during the financial year ended 31 March 2016 are set out below:-

Directors	Number of Meetings attended
Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) (Chairman)	4/4
Dato' Wan Mohd Safiain bin Wan Hasan	4/4
Datuk Haji Abu Hanifah bin Noordin	4/4
Mr. Chew Ben Ben	4/4
Encik Handrianov Putra bin Abu Hanifah	4/4
Encik Md Diah bin Ramli	4/4
Encik Mohamed Zulkhornain bin Ab Ranee	4/4
Mr. Raghbir Singh a/l Hari Singh	4/4
Puan Talya Zholeikha binti Abu Hanifah	4/4
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	2/4
Cik Safia Zuleira binti Abu Hanifah	4/4
Dato' Wan Ibrahim bin Wan Ahmad	4/4
Mr. Yee Kim Shing @ Yew Kim Sing	4/4
Dato' Zaiful Ayu Ibrahim bin Ibrahim	4/4

The schedule dates for meetings of the Board and Board Committees as well as the Annual General Meeting of each new calendar year is tabled in advance to facilitate the Board members' time planning.

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 to carry out their roles and responsibilities. Currently all the Directors of the Company have complied with the said requirement.

In January 2016, Dato' Wan Mohd Safiain bin Wan Hasan has notified the Chairman of the Board of his intention to accept a new directorship in other company. Dato' Wan Mohd Safiain has indicated he will spend about 10 hours per quarter on the new appointment. The notification was subsequently presented to the Board for notation.

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.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (cont'd)

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

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

The Company Secretary facilitates programme registration for interested Directors and would maintain such records of the programmes and their attendance thereat.

The various other training programmes, seminars and conferences attended by the Directors are as follows:-

Directors	Training Programmes/Seminars/Conference
Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	<ul style="list-style-type: none"> - Corporate Governance ("CG"): Risk, Oversight and Strategy 29 July 2015 - CG Breakfast Series with Directors – "The Board's response in light of rising shareholder engagement" 4 August 2015 - CG Breakfast Series with Directors – "Future Auditor Reporting – The Game Changer for Boardroom" 21 September 2015 - ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015 - Bursa Lecture - Sustainability Symposium 8 October 2015 - Directors & Management Improvement Programme – "Current Trends in preventive healthcare & cancer management in TCM" 14 December 2015 - Strengthening the Transformation Process for Sustainable Growth 22 February 2016 - CG Breakfast Series with Directors – "Future Auditor Reporting – The Game Changer for Boardroom" 9 March 2016
Dato' Wan Mohd Safiain bin Wan Hasan	<ul style="list-style-type: none"> - Corporate Governance: Risk, Oversight and Strategy 29 July 2015 - ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015

STATEMENT ON CORPORATE GOVERNANCE (Continued)

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (cont'd)

Directors	Training Programmes/Seminars/Conference
Datuk Haji Abu Hanifah bin Noordin	<ul style="list-style-type: none"> – Smart Government Summit 28 – 29 April 2015 – Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officer and Chief Financial Officer 30 June 2015 – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – Putting Ethics to Work in Business & Government 10 December 2015
Mr. Chew Ben Ben	<ul style="list-style-type: none"> – Smart Government Summit 28 – 29 April 2015 – Corporate Governance: Risk, Oversight and Strategy 29 July 2015
Encik Handrianov Putra bin Abu Hanifah	<ul style="list-style-type: none"> – Smart Government Summit 28 – 29 April 2015 – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015 – Putting Ethics to Work in Business & Government 10 December 2015
Encik Md Diah bin Ramli	<ul style="list-style-type: none"> – Datacard Service Conference 6 – 9 May 2015 – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015
Encik Mohamed Zulhornain bin Ab Raneer	<ul style="list-style-type: none"> – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015
Mr. Raghbir Singh a/l Hari Singh	<ul style="list-style-type: none"> – Datacard Service Conference 6 – 9 May 2015 – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015

STATEMENT ON CORPORATE GOVERNANCE (Continued)

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (cont'd)

Directors	Training Programmes/Seminars/Conference
Puan Talya Zholeikha Binti Abu Hanifah	<ul style="list-style-type: none"> – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015 – Putting Ethics to Work in Business & Government 10 December 2015
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	<ul style="list-style-type: none"> – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015
Cik Safia Zuleira Binti Abu Hanifah	<ul style="list-style-type: none"> – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015
Dato' Wan Ibrahim bin Wan Ahmad	<ul style="list-style-type: none"> – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015
Mr. Yee Kim Shing @ Yew Kim Sing	<ul style="list-style-type: none"> – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015
Dato' Zaiful Ayu Ibrahim bin Ibrahim	<ul style="list-style-type: none"> – Corporate Governance: Risk, Oversight and Strategy 29 July 2015 – ESG Workshop for FTSE4Good Bursa Malaysia 30 September 2015

STATEMENT ON CORPORATE GOVERNANCE (Continued)

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 of account of the Company and of the Group, quarterly management report and accounts and quarterly announcement of consolidated results to Bursa Malaysia.

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

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

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 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 year under review. The Board approved the Audit Committee's recommendation for the re-appointment of Messrs Crowe Horwath as External Auditors of the Company at the Annual General Meeting.

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 to continuously safeguard the shareholders' investment and the Group's assets. The Board is assisted by the Executive Committee, Management Committee and PPMO who are responsible to perform continuous review and monitor the adequacy and effectiveness of risk mitigation plans and internal control procedures of the key risks.

The Board uphold their ongoing commitment to the effective implementation of Enterprise Risk Management Framework of the Group, with the aim of providing a consistent approach for risk management processes and facilitating a reasonably accurate perception of acceptable risks by all employees.

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 Audit Committee Report of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

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 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 this regard, 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.

During the year, the Corporate Disclosure Policy and Procedures has been revised to include the Deputy Managing Director as an authorised spokesperson for the Group.

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

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, latest media news on the Company as well as the Directors' profile, Board Charter, Terms of Reference of the Board Committees, Corporate Disclosure Policy and Procedures, Code of Conduct and Ethics for Directors, and Whistleblowing Policy and Procedures. 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.

STATEMENT ON CORPORATE GOVERNANCE (Continued)

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS (CONT'D)

8.2 Poll Voting

In line with the recent amendments to the MMLR, the Company will implement poll voting for all the resolutions set out in the Notice of Annual General Meeting at the Annual General Meeting. In addition, the Company will appoint at least 1 scrutineer to validate the votes cast at the Annual General Meeting.

In accordance with Article 75 of the Articles of Association of the Company, the Chairman of the meeting has a right to demand a poll with respect to all resolutions which are put to vote at the Annual General Meeting as set out in the Notice of Annual General Meeting.

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 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

The Board is satisfied that the Group has applied and complied with the principles and recommendations of the MCCG 2012 during the financial year under review.

This Statement is made in accordance with the resolution of the Board of Directors passed on 27 May 2016.

AUDIT COMMITTEE REPORT

The Audit Committee of Datasonic Group Berhad ("the Company") is pleased to present the Audit Committee Report for the financial year ended 31 March 2016 which provides insights into the manner in which the Audit Committee discharged its functions, roles and responsibilities for the Company during the said financial year.

COMPOSITION AND MEETINGS

The Audit Committee comprises of three (3) members, all of whom are Independent and Non-Executive Directors in compliance with the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Chairman of the Audit Committee, Mr. Yee Kim Shing is a member of the Malaysian Institute of Accountants, the Institute of Chartered Accountant of Australia and the Institute of Certified Public Accountants of Singapore which further complies with paragraph 15.09(1)(c)(i) of the MMLR.

The Audit Committee held four (4) meetings during the financial year ended 31 March 2016 and the attendance of the members was as follows:-

Audit Committee Members	Designation	Number of Meetings attended
Mr. Yee Kim Shing @ Yew Kim Sing	Chairman, Independent Non-Executive Director	4/4
Dato' Wan Mohd Safia bin Wan Hasan	Member, Independent Non-Executive Director	4/4
Dato' Wan Ibrahim bin Wan Ahmad	Member, Independent Non-Executive Director	4/4

Upon invitation by Audit Committee, the Audit Committee meetings were attended by the Managing Director, Deputy Managing Director, representatives of the External Auditors, Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor and relevant members of the Management Team to facilitate direct communication and provide clarification on audit issues, Group's operations as well as other matters within the terms of reference of the Audit Committee, as applicable. Minutes of each Audit Committee meeting were recorded and tabled for confirmation and adoption at the next following Audit Committee meeting and subsequently presented to the Board for notation. The minutes of the Audit Committee meetings which include records of the deliberations, decisions and resolutions on the matters brought up in the meetings are properly maintained by the Company Secretary.

In May 2016, the Nomination Committee reviewed the term of office and performance of the Audit Committee and its members through an annual evaluation focusing on the adequacy and effectiveness of the Audit Committee based on the self-assessed evaluations carried out by the Audit Committee members as well as the Nomination Committee own assessment on the performance and the effectiveness as a Board Committee. Based on the Nomination Committee's assessment and recommendation, the Board was satisfied that the Audit Committee and its members have carried out their functions, duties and responsibilities in accordance with its Terms of Reference.

AUDIT COMMITTEE REPORT (Continued)

THE PROCESSES OF THE AUDIT COMMITTEE

The Audit Committee meets at least four (4) times a year scheduled every quarter and will have no hesitation to convene additional meetings if deemed required. The Audit Committee may invite any employee of the Group to attend its meetings if appropriate, has access to any relevant form of advice from independent professionals, information and the views and services of the Company Secretary, as and when warranted, in carrying out its duties and functions.

The Audit Committee Chairman reports to the Board on a quarterly basis on all significant matters discussed, deliberated upon and dealt with at the Audit Committee Meetings. Amongst others, it covers the Audit Committee's recommendations to approve the quarterly Management Report and Accounts, the quarterly consolidated financial results released to Bursa Malaysia, the annual financial statements of account, key disclosure statements in the Annual Report as well as significant audit issues raised by the External Auditors and the Internal Auditors.

The Audit Committee continuously reviews and updates its Terms of Reference to reflect the updated internal processes of the Management and current requirements as promulgated by the authorities. In November 2015 and May 2016, the Audit Committee had reviewed and revised its Terms of Reference to reflect the latest internal processes and requirements.

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

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The Audit Committee carried out the following activities during the financial year in discharging of its primary duties and functions:-

1. Financial Reporting

- a. Reviewed the audited financial statements of the Group and of the Company for inclusion in the Annual Report as well as the related statutory auditors' report prior to the submission to the Board of Directors ("Board") for their consideration and approval, upon being satisfied that:
 - i. The audited financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and the International Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the Malaysian Companies Act, 1965.
 - ii. Key audit matters are properly presented in the financial statements based on prudent judgements and estimates in accordance with the application of accounting policies and accounting standards which have been consistently adhered to (e.g. revenue recognition, trade receivables, accrued income, projects-in-progress, development expenditures, property, plant and equipment, etc.).
 - iii. The audited annual financial statements do not contain any misstatement of transactions and the auditors are in a position to issue an unqualified opinion on the matter of truth and fairness of the financial performance and the financial position of the Company and of the Group.

AUDIT COMMITTEE REPORT (Continued)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

1. Financial Reporting (cont'd)

- b. Reviewed and discussed the quarterly Management Report and Accounts of the Company and of the Group as well as the unaudited quarterly consolidated financial results of the announcements before recommending the same to the Board for approval and release to Bursa Malaysia.

To uphold the integrity of information, the Chief Financial Officer and the Accountant attended all Audit Committee meetings held throughout the financial year and the Management provided assurances to the Audit Committee that appropriate accounting policies had been adopted and applied consistently and that prudent judgements and estimates had been followed in accordance with the appropriate accounting standards.

- c. Reviewed and discussed with the Management and the External Auditors on the adequacy of processes and controls in place for an effective and reliable financial reporting and disclosures in support of the integrity of financial reporting issued by the Group.
- d. Reviewed and discussed with the Management and the External Auditors on the appropriateness of bases and relevant documentations as evidence in support of the recoverability and fair valuation of major assets pertaining to projects-in-progress, accrued income and development expenditures.

2. External Auditors

- a. In February 2016, reviewed and discussed the Audit Planning Memorandum of the External Auditors for the financial year ended 31 March 2016. This covers the audit approach, significant events, key areas of audit emphasis, proposed audit fees and non-audit services fees and the updates of accounting standards as well as other regulatory issues of significance, as appropriate.
- b. In May 2016, reviewed and discussed the Audit Review Memorandum issued by the External Auditors upon completion of the annual year-end audit, covering on significant audit findings, deficiencies in internal controls, status on progress of audit, adherence to professional independence, communication with Audit Committee on major issues, summary of unadjusted differences and the expected opinion to be rendered by the auditors.
- c. In February and May 2016, assessed and evaluated the performance of the External Auditors for its re-appointment as auditors of the Company with the assistance of the Chief Financial Officer and Management. The assessment and evaluation covered the following areas:-

i. Independence

- (a) Reviewed and discussed on the question of professional independence of the External Auditors for the financial year ended 31 March 2016. The External Auditors had substantiated on this important issue of independence with written assurances of their continuous compliance with the relevant ethical principles in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (on Professional Ethics, Conduct and Practice).

AUDIT COMMITTEE REPORT (Continued)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. External Auditors (cont'd)

c. i. Independence (cont'd)

- (b) The Audit Committee had reviewed and discussed the summary of non-audit services rendered to the Group as presented with details on the nature of assignments undertaken and the related fees in the Audit Review Memorandum. The non-audit services provided for the financial year ended 31 March 2016 were in respect of tax compliance services, GST advisory services and the annual review of the Statement on Internal Control and Risk Management.

The Group has incurred a total of approximately RM140,000 for non-audit services representing around 47% of total fees. The nature of the non-audit assignments conducted by the External Auditors together with the related fees were critically reviewed by the Audit Committee from the point of view of conflict of interest and reasonableness. It was concluded by the Audit Committee that the fees charged by the auditors were fair and reasonable commensurate with the complexity of the subject matter of the assignments and that the services rendered would not impair on the aspect of independence and objectivity of the auditors.

ii. Suitability and performance

In May 2016, the Audit Committee had assessed and evaluated the performance of the External Auditors based on the following guidelines:-

- Calibre of the external audit firm of international status
- Quality of processes and performance of audit
- Audit team with emphasis on the competencies, qualifications and experiences of the Engagement Partner, Concurring Partner, Audit Manager and Audit Senior taking into consideration on the matter of familiarities with DGB's IT industry and operations
- Audit scope and planning of work in line with the related risks
- Fairness and reasonableness of audit fees comparisons
- Audit communications of issues and recommendations

Additionally, the Audit Committee had also taken the following criteria into consideration in assessing and evaluating on the performance of the External Auditors, inter alia, focusing on:-

- Competencies
- Conduct of audit
- Engagement Partner's involvement
- Concurring Partner's involvement
- Professional working relationship between the Management and the Auditors

AUDIT COMMITTEE REPORT (Continued)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. External Auditors (cont'd)

c. ii. Suitability and performance (cont'd)

The Management confirmed that the External Auditors had extended full cooperation coupled with suitable advice, suggestions or clarifications relating to the accounting treatment and presentation of the financial and operational transactions at all times, had maintained active engagement and communication with the Management during the audit processes and the audit fees proposed were regarded as competitive and reasonable based on the complexities, sizeable volume of transactions and time spent on the audit undertakings. The outcome of the performance assessment supports the Audit Committee's recommendation to the Board for the re-appointment of Messrs Crowe Horwath as the External Auditors of the Company for the ensuing year.

The Board at its meeting in May 2016 approved the Audit Committee's recommendation to re-appoint Messrs Crowe Horwath, subject to the shareholders' approval to be sought at the forthcoming Annual General Meeting.

- d. Reviewed and discussed on the opinion given by the External Auditor from their review on the Statement on Risk Management and Internal Control for the financial year ended 31 March 2016 issued by the Company in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.
- e. In February and May 2016, the Audit Committee had two private meetings with the External Auditors without the presence of the Executive Directors and the Management. There were no significant unfavourable points raised by the External Auditors which warranted the attention of the Management.

3. Internal Auditors

- a. Reviewed and approved the Audit Planning Memorandum of the Internal Auditors for the working period from June 2015 to May 2016 in respect of the financial year ended 31 March 2016 with emphasis on the audit scopes of work, audit activities and planned of work, adequacy of resources and sufficiency of coverage of auditable areas selected on the practice of risk-based audit approach.
- b. Reviewed and discussed the Internal Audit Reports which consists of the audit findings, recommendations and the corrective actions agreed and committed upon by the Management which will ensure that all key risks are addressed on a timely basis and mitigating controls will be put in place. There were eight (8) Internal Audit Reports issued by the Department for the financial year ended 31 March 2016 which were aligned to the approved Audit Planning Memorandum. All Internal Audit reports were also discussed and resolved with concentration on matters of disputable findings and recommendations of corrective measures at the Management Committee Meetings.
- c. Reviewed the progress of action plans committed by the Management in response to all key findings and recommendations highlighted in the previous Internal Audit Reports and the status of the implementation of the corrective measures which would progressively be monitored.

AUDIT COMMITTEE REPORT (Continued)

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

3. Internal Auditors (cont'd)

- d. Reviewed the progress and activities of the Internal Audit functions on a quarterly basis which covered the following aspects:-
 - i. The status of completion of planned audit assignments and other compliance matters as per the approved Audit Planning Memorandum.
 - ii. Any request for modification to the approved Audit Planning Memorandum to cater for ad-hoc audit assignments requested by the Management / Executive Committee or significant changes in the business and corporate development, as applicable.
 - iii. Adequacy of resources and competencies in regard to the Internal Audit's management.
 - iv. Significant matters / issues / challenges faced in the conduct of audit work.

4. Risk Management

- a. Reviewed the development status of risk management processes and activities of the Group subsequent to the adoption of the Enterprise Risk Management Framework which was approved by the Board in the previous year. The recent appointments of Risk Facilitators in February 2016 whose task to assist in the identification and compilation of significant risks faced by the Group in collaboration with the Risk Owners and thereafter report such risks accordingly to the Executive Committee. The significant risks would subsequently be presented by the Executive Committee to the Board for its notation on yearly basis.

5. Corporate Governance and Compliance

- a. Reviewed the published annual report of the Company which encompasses all relevant disclosure statements as set out in Part A of Appendix 9C of the MMLR.
- b. Reviewed the procedures which had been put in place governing recurrent and other related party transaction of the Company.
- c. 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 the internal procedures in place.
- 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 considered to be of interests to Board members.

AUDIT COMMITTEE REPORT (Continued)

B. INTERNAL AUDIT FUNCTION

The internal audit function is led by the Chief Internal Auditor who reports functionally to the Audit Committee in accordance with Paragraph 15.27 of the MMLR and administratively to the Managing Director. The main objective of the Internal Audit function is to assist the Board and the Management in discharging their responsibilities by providing an independent and reasonable assurances 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 the scopes of work of the internal audit function are articulated in the approved Internal Audit Charter. Specifically, the key responsibilities of the Internal Audit Department include the following:-

1. Developing an annual risk-based audit plan to be submitted to the Audit Committee for approval.
2. Executing the approved audit plan using a risk-based methodology, as well as any special tasks or assignments initiated by the Board, Audit Committee and Executive Committee.
3. Issuing periodic audit reports with detailed findings, recommendations and corrective actions committed by the Management to the Audit Committee for review and approval.
4. Reporting on a timely basis to the Audit Committee any selected fraud case with appropriate details.
5. Undertaking investigation work as instructed and presenting thereafter the results to the Audit Committee and / or to the Management.

The Internal Audit activities for the financial year ended 31 March 2016 were carried out in accordance with the Audit Planning Memorandum which has been approved by the Audit Committee. The planned audit assignments were identified taking into consideration of all possible risk factors of the Group compiled from the following sources:-

1. Observation and risks identified from the previous internal audit assignments.
2. Observation and risks highlighted by the Board Audit Committee.
3. Discussion with the Executive Committee, key management personnel and heads of department.
4. Review the minutes of Management meetings, relevant reports and materials highlighted and deliberated in key meetings held throughout the year.
5. Review the recent strategic business exercises / activities initiated by the Board and the Management (e.g. proposed acquisition, incorporation of new subsidiaries or business processes / key activities).

Internal Audit performed a high-level assessment on the risk factors compiled from the likelihood and consequence rating for each identified risk which was assigned and populated into the Likelihood and Consequence Matrix so as to select the significant auditees and related auditable areas for audit examination. The selected key audit areas for the financial year ended 31 March 2016 which constituted the subject matters of the audit work carried out by the Internal Audit were as follows:-

1. Project Management - focusing on project costs monitoring, progress reporting, adherence to the contract's terms and conditions, etc.
2. Plant Operations - focusing on security and inventory management and related areas.
3. Accounting and Finance - focusing on treasury and management of operating expenditures from control point of view.
4. Business Development & Research and Development - focusing on the review and monitoring of potential projects / research and development projects, etc.

The total costs incurred by the Internal Audit function in discharging its roles and responsibilities for the working period in the financial year ended 31 March 2016 is amounted to approximately RM300,000.

This Report was made in accordance with the resolution of the Board of Directors passed on 27 May 2016.

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 internal control of the listed issuer as a group in its annual report.

As the Group operates in a dynamic and cyclical business environment in which risk management and internal control system must be responsive in order to be able to support its business objectives, the Board and the Management uphold their ongoing commitment to maintain and continuously improve the Group's 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 year ended 31 March 2016 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 Senior 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 minimise the extent and severity of the risks, rather than eliminate the risks of failure of achieving the Group's objectives. 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.

Further, the internal audit function plays a vital 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 approach and focusing on the key risks areas to determine the auditees and auditable areas. During the financial year ended 31 March 2016, the adequacy and effectiveness of internal controls were reviewed by the Audit Committee in relation to the internal audits conducted by the Internal Audit Department ("IAD") on a quarterly basis. Audit issues and actions taken by the Management to address the shortcomings raised by the IAD were deliberated and accepted during the Audit Committee meetings. Minutes of the Audit Committee meetings which recorded these deliberations and decisions were subsequently presented to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

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 year ended 31 March 2016 and up to the date of approval of this statement for inclusion in the Annual Report encompassed, inter alia, the following key elements:-

Control Environment and Control Activities

Board Committees

The Board has delegated certain responsibilities to the Board Committees established in the Group, namely the Audit Committee, Nomination Committee and Remuneration Committee. These Board Committees have oversight authorities to examine and/or consider all matters within their scope of responsibility as defined in their respective formalised terms of references and to report to the Board with their recommendations appropriately.

Regular Board and Audit Committee meetings were conducted to provide effective governance practices. Decisions of the Board are only made after the required information is made available and deliberated upon 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 and implemented the changes in Group policies to improve the efficiency of internal process of management.

Management Committee

The Management Committee comprises the Managing Director as the Chairman, Deputy Managing Director, Executive Directors and the key Senior Management of the Group. The Management Committee meets at least once every quarter and additional meetings will be held as and when considered necessary by the Chairman.

The Management Committee provides a forum for the Management to discuss on key management concerns encompassing the strategic, operational, financial and reporting objectives, deliberation of key operational risk issues and/or challenges encountered in the undertaking of the significant projects as well as status of key resolutions decided upon by the Group. 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 resolution of the action plans.

Organisational Structures

The Group has a clear organisational structure with well-defined accountabilities and responsibilities, and lines of reporting for each division and department established within the Group. The organisational structure provides the basic framework to help the Group's operations to proceed smoothly and functionally as well as ensuring proper supervision, coordination and a sense of accountability among the employees.

Standard Operating Procedures

Standard Operating Procedures ("SOP") governing the Group's key businesses and operations are documented and approved by the Executive Committee. Continuous reviews are carried out on the adequacy, appropriateness and comprehensiveness of SOP developed to govern the business processes and activities of the Group, to ensure compliance with applicable laws and regulations as well as significant changes and development in business and operational environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Financial Authority Limits

The Board has approved the Financial Authority Limits ("FAL") which defines the approving authority with its approving limits delegated to the Executive Directors and Management of the Group to conform to the Group's strategies and risk appetite without stifling with the Management's decisions that made the Group's operations successful.

Group Project Planning and Management Office

As part of the key strategic initiatives, the Group has established the Project Planning and Management Office ("PPMO") in April 2015 as the focal contact between the Management Committee and the respective Project Directors and Project Managers. The main objectives of the PPMO during the financial year are:-

- i) As the focal point to lead all project management offices and project divisions in project management, so as to be aligned with the strategic initiatives of the Group;
- ii) To initiate the Group's Enterprise Risk Management activities, including finding resolution to minimise or mitigate the key risks identified;
- iii) To plan and mobilize resources within the Group, thereby ensuring that all project deliverables are executed within the committed/ contractual timelines, budgeted costs without compromising the high standard of requirements and quality expectations of the clients; and
- iv) To provide management with a "bird's eye view" of what is happening across the project lifecycle (from pre-sales to inception and thereafter to closure/ completion) through periodical monitoring and reporting measures.

The PPMO Team has been working closely with the respective Project Directors and Project Managers as well as the Management Team to support the execution of the necessary activities, processes and procedures to enable the project teams to achieve their short, medium, and long-term objectives. All significant issues encountered in project management will be noted and resolved in the spirit of collaboration with a view to achieve sustainable long-term solution. Periodic PPMO meetings chaired by the PPMO Chairman is held with all Project Directors and Project Managers to openly discuss the actual progress and performance of projects and portfolios registered with the PPMO Team.

Project Level Budgeting Process

A project-level budgeting process is implemented as part of the key initiatives of cost optimisation efforts which requires all Project Directors and Project Managers of the awarded projects and key potential projects to prepare Project Budgets to monitor and control the expenditures incurred throughout the project period. The Project Budgets are reviewed and concurred by the Chief Operating Officer and Chief Financial Officer and approved by the respective Executive Directors and Executive Committee.

The Project Directors and Project Managers are made responsible to ensure the expenditures incurred for the project are within the budgeted amounts and satisfactory project financial performance throughout the project period.

Code of Conduct and Ethics for Directors

The Code of Conduct and Ethics for Directors describe the standards of 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. The Group strongly believes that the appropriate standards of conduct and ethical behaviour are fundamental to the preservation of the Company's reputation and the success of its operations and to the exercise of their duties and responsibilities as Directors of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

ISO 9001:2008 Certifications

In April 2015, the Manufacturing & Quality Control division of Datasonic Manufacturing Sdn Bhd ("DMSB") based in Petaling Jaya which undertakes the manufacturing of Smart Cards have been awarded the ISO 9001:2008 certifications by SGS UK and SGS Malaysia respectively. Both ISO certifications are valid for 3 years period and will remain valid subject to satisfactory surveillance audits.

The implementation of the ISO 9001: 2008 will help to transform the Quality Management Systems of the manufacturing arm into an effective set-up that are of International Standards which are aligned with the Group's objectives, besides creating a more conducive operating environment for the Management and employees. The internal benefits gained continually from the certifications granted will drive better financial results, hence creating more value for the business and stakeholders.

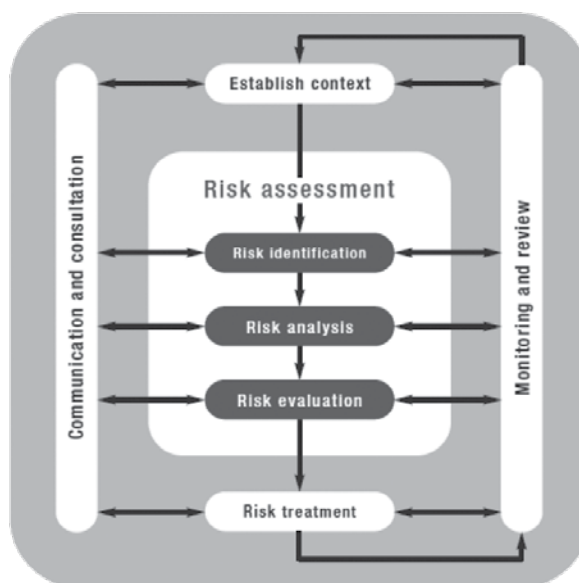
Group Disaster Recovery Plan

The Group's disaster recovery plan has been developed and the implementation has been put in place during the financial year. 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 basis.

Risk Management

Risk Management Framework

The Enterprise Risk Management Framework ("ERM Framework") was approved by the Board in February 2014. This ERM Framework aims to provide an integrated and organised approach to proactively identify, evaluate and manage the key risks. The risk management framework and methodology is compliant with and based largely on the ISO 31000 'Risk Management- Principles and Guidelines' represented in brief, as follows:-



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Development of Risk Management Activities Subsequent to the Adoption of Risk Management Framework

The Executive Committee has appointed Risk Facilitators in February 2016. The Risk Facilitators undertook to assist, identify and gather significant risks encountered by the Group from the Risk Owners and thereafter report accordingly to the Executive Committee which consist of the Managing Director and Deputy Managing Director. The significant risks together with the attributable controls and action plans would subsequently be presented by the Executive Committee to the Board for its notation on yearly basis in line with practices as prescribed in the Malaysian Code on Corporate Governance 2012. The Risk Facilitators have also been tasked to create continuous awareness and provide continuous training to the Risk Owners to ensure systematic and effective implementation of risk management processes and procedures in accordance with the approved Risk Management Framework and Risk Management SOP.

The SOP governing risk management processes and reporting procedures were approved by the Executive Committee in February 2016. These SOPs are to support and outline the policies and procedures for the implementation of the ERM Framework.

Although there is no Risk Management Committee and Risk Management Department established in the Group, formal risk management reporting exercise has commenced in the third quarter of the financial year ended 31 March 2016. The respective risk owners are required to report significant risks with its risk mitigation strategies and controls in the Management Committee meetings which are held on a quarterly basis and chaired by the Managing Director.

Even though the formal risk management activities and reporting carried out in the Group are recently implemented and continuously being improved, the Executive Directors and Management asserts that there have been on-going processes of risk management throughout the financial year and the key risks involved were in fact reviewed by the Executive Committee and Management in the course of managing the business activities.

Information and Communication

Formal Reporting on Key Operational Matters by the Managing Director to the Board

Key operational activities, financial performance analyses, statistics and key risks that affect the operational activities are formally reported by the Managing Director at the Board meetings. This is to ensure that the Board receives continuous updates on the business operations and makes informed and timely decisions on policies in relation to the Group's operations, where necessary.

Whistleblowing Policies and Procedures

Whistleblowing Policies and Procedures established by the Board applies to the Directors and employees of the Group as part of Group's commitment to promote and maintain high standards of transparency, accountability and ethics in the conduct of its business and operations, there is an established process for reporting anyone found to be abusing or circumventing processes and controls of the Group. All staff are accorded the opportunity to report via the whistle-blowing mechanism with the assurance that the report will be dealt with confidentially and that the reporter's identity will be protected.

There is no report received throughout the financial year ended 31 March 2016 that warranted the implementation of whistleblowing exercise.

Monitoring

Reviews by the Audit Committee

Reviews 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 to provide assurance that control procedures are in place and are being followed as intended.

Internal control and risk-related matters which warranted the attention of the Board were conveyed by the Audit Committee to the Board for its deliberation and approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Independent Reviews by Internal Audit Department

Internal Audit Department ("IAD") performs regular reviews of the Group's operations and system of internal controls and evaluates the adequacy and effectiveness of the controls processes implemented by process owners and Management. IAD adopts a risk-based audit approach in which the Likelihood and Consequence Matrix ("LCM") is used to determine the auditees and auditable areas. If necessary, the auditable areas are modified periodically to reflect any change and development in prevailing risks prioritisation and business concerns.

There were eight (8) Internal Audit Reports issued and reviewed by the Audit Committee throughout the financial year in which the IAD has provided its recommendations to the Management to improve their design and/or effectiveness where applicable. From the Internal Audit Reports issue, there were some weaknesses and gaps in internal control identified but were not considered significant enough to be reported in this Statement as none had materially impacted the business operations of the Group. Nevertheless, remedial actions and corrective measures including monitoring have been or are being taken to address the weaknesses noted.

Continuous Compliance Review

The Management together with the respective Project Directors continuously perform review on the compliance level in regards to the terms and conditions imposed on all certifications and licenses granted to the Group to mitigate or minimise any compliance risk (e.g. Printing Machine License from the Ministry of Home Affairs, Company Registration Certificate from the Ministry of Finance ("MOF"), Bumiputera Company Registration Certificate from the MOF, Grade G7 Contractor License from the Construction Industry Development Board, Network Service Provider License and Network Facilities Provider License from the Malaysian Communications and Multimedia Commission and Shariah Compliant).

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 year ended 31 March 2016 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

For the financial year under review and up to the date of issuance of this Statement, the Management continues to monitor all major risks affecting the Group and the necessary measures to mitigate or minimise them as well as continue to enhance the adequacy and effectiveness of the risk management and internal control system of the Group mainly focusing on strategic, financial, operational and compliance aspect. The Board can be assured that a process has been put in place to develop, nurture, maintain, assess, scrutinise and improvise on its internal control and risk management initiatives to harness sustainability of the business and the integrity of the financial statements. To the best of knowledge, nothing has come to the attention of the Executive Directors and the Management which may render the financial results presented and the information provided to be misleading in any material respect.

This Statement is made in accordance with the resolution of the Board of Directors passed on 27 May 2016.

ADDITIONAL COMPLIANCE INFORMATION

The following information are provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised from corporate proposal during the financial year ended 31 March 2016.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 March 2016.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 March 2016.

4. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies for the financial year ended 31 March 2016.

5. NON-AUDIT FEES

The non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year ended 31 March 2016 by the Company's auditors or a firm or corporation affiliated to the auditors' firm were amounted to RM140,000.

6. VARIATION IN RESULTS

The results for the fourth quarter and 12 months financial year ended 31 March 2016 announced on 27 May 2016 were audited.

7. PROFIT GUARANTEE

There was no profit guarantee received by the Company during the financial year ended 31 March 2016.

8. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Except for the disclosure in Note 42 to the audited financial statements for the financial year ended 31 March 2016, there were no other material contracts entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interests during the financial year ended 31 March 2016.

ADDITIONAL COMPLIANCE INFORMATION (Continued)

9. MATERIAL CONTRACTS RELATING TO LOANS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries relating to loans involving Directors' or Major Shareholders' interests during the financial year ended 31 March 2016.

10. STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO ALLOCATION OF OPTIONS OR SHARES PURSUANT TO SHARE ISSUANCE SCHEME

The Company did not implement any Share Issuance Scheme.

11. SHARE BUY-BACK

The Company does not have a share buy-back programme in place for the financial year ended 31 March 2016.

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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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

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 year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial year	62,892	44,337
Attributable to:-		
Owners of the Company	63,048	44,337
Non-Controlling interests	(156)	–
	<hr/> 62,892	<hr/> 44,337

DIVIDENDS

The amount of dividends paid by the Company since 31 March 2015 were as follows:

	RM'000
In respect of the financial period ended 31 March 2015:	
- Second interim single tier tax-exempt dividend of 1 sen per share, declared on 29 May 2015 and paid on 25 June 2015	13,500
In respect of the financial year ended 31 March 2016:	
- First interim single tier tax-exempt dividend of 1 sen per share, declared on 27 November 2015 and paid on 28 December 2015	13,500
- Second interim single tier tax-exempt dividend of 1 sen per share, declared on 26 February 2016 and paid on 12 April 2016	13,500
	<hr/> 40,500

In respect of the financial year ended 31 March 2016, the Directors had on 27 May 2016 declared a third 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 2016 of 1,350,000,000 ordinary shares of RM0.10 each. The Entitlement Date is 13 June 2016 and payable on 24 June 2016. This dividend has not been reflected in the financial statements for the current financial year but it will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 March 2017.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2016.

DIRECTORS' REPORT (Continued)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company;
and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, 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 satisfied themselves that there are no known bad debts 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 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 (Continued)

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 41 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 year 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 year.

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 year 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 year 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 year 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 year.

DIRECTORS

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

Jeneral (Rtd) Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Chairman) ⁽²⁾
 Dato' Wan Mohd Safain bin Wan Hasan (Deputy Chairman)
 Datuk Haji Abu Hanifah bin Noordin (Managing Director)
 Chew Ben Ben (Deputy Managing Director) ⁽¹⁾
 Handrianov Putra bin Abu Hanifah ⁽¹⁾
 Md Diah bin Ramli
 Mohamed Zulkhornain bin Ab Ranee ⁽¹⁾
 Raghbir Singh a/l Hari Singh ⁽²⁾
 Talya Zholeikha binti Abu Hanifah
 Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir ⁽¹⁾
 Safia Zuleira binti Abu Hanifah
 Dato' Wan Ibrahim bin Wan Ahmad
 Yee Kim Shing @ Yew Kim Sing ⁽²⁾
 Dato' Zaiful Ayu Ibrahim bin Ibrahim

⁽¹⁾ In accordance with Article 126 of the Company's Articles of Association, Mr. Chew Ben Ben, Encik Handrianov Putra bin Abu Hanifah, Encik Mohamed Zulkhornain bin Ab Ranee and Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir retire from the Board by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

DIRECTORS' REPORT (Continued)

DIRECTORS (CONT'D)

⁽²⁾ In accordance with Section 129(6) of the Companies Act, 1965, Jeneral (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.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.10 Each			
	At 1.4.2015	Bought	Sold	At 31.3.2016
THE COMPANY				
<i>Direct Interests</i>				
Jeneral (Rtd) Tan Sri (Dr) Mohamed Hashim bin Mohd Ali	7,500,000	—	—	7,500,000
Dato' Wan Mohd Safiain bin Wan Hasan	1,200,000	65,000	(250,000)	1,015,000
Datuk Haji Abu Hanifah bin Noordin	209,130,060	25,952,200	—	235,082,260
Chew Ben Ben	155,719,400	23,156,400	—	178,875,800
Handrianov Putra bin Abu Hanifah	23,000,000	—	—	23,000,000
Md Diah bin Ramli	401,990	48,000	(20,000)	429,990
Mohamed Zulkhornain bin Ab Raneer	7,120,000	510,000	(1,942,700)	5,687,300
Raghbir Singh a/l Hari Singh	590,000	98,700	—	688,700
Talya Zholeikha binti Abu Hanifah	3,000,000	—	—	3,000,000
Dato' Wan Ibrahim bin Wan Ahmad	10,000	20,000	—	30,000
Safia Zuleira binti Abu Hanifah	100,000	—	—	100,000
Dato' Zaiful Ayu Ibrahim bin Ibrahim	1,560,000	—	—	1,560,000
<i>Indirect Interests</i>				
Datuk Haji Abu Hanifah bin Noordin				
Dibena Enterprise Sdn. Bhd. ⁽¹⁾	165,012,010	—	(26,000,000)	139,012,010
Gerbang Subur Sdn. Bhd. ⁽¹⁾	130,000,000	—	—	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⁾	130,000,000	—	—	130,000,000
Zhao Tong ⁽²⁾	26,590,000	190,000	—	26,780,000
Md Diah bin Ramli				
Muhammad Nurashraf bin Md Diah ⁽²⁾	—	29,000	—	29,000
Raghbir Singh a/l Hari Singh				
Dr Roopak Singh a/l Raghbir Singh ⁽²⁾	—	20,000	(20,000)	—
Dato' Wan Ibrahim bin Wan Ahmad				
Nik Mohd Rizwan bin Wan Ibrahim ⁽²⁾	15,000	—	(15,000)	—
Yee Kim Shing @ Yew Kim Sing				
Kor Lee Lu ⁽²⁾	—	100,000	—	100,000

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (CONT'D)

Note:

- (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.

Datuk Haji Abu Hanifah bin Noordin and Chew Ben Ben by virtue of their substantial interests in the Company, they are deemed to have interests 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 year had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 40 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 year 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.

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 27 May 2016

Jeneral (Rtd) Tan Sri (Dr) Mohamed Hashim bin Mohd Ali

Datuk Haji Abu Hanifah bin Noordin

STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act 1965

We, Jeneral (Rtd) Tan Sri (Dr) Mohamed Hashim bin Mohd Ali and Datuk Haji 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 67 to 148 are 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 as of 31 March 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 48 on page 149, 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 27 May 2016

**Jeneral (Rtd) Tan Sri (Dr) Mohamed
Hashim bin Mohd Ali**

Datuk Haji Abu Hanifah bin Noordin

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act 1965

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 67 to 148 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 27 May 2016

Chew Ben Ben

Before me

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 2016 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 67 to 148.

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 2016 and of their financial performance and cash flows for the financial year 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 (Continued)

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 149 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

27 May 2016

Kuala Lumpur

Chua Wai Hong
Approval No: 2974/09/17 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

at 31 March 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	121,596	140,557	17,534	18,248
Investments in subsidiaries	6	–	–	90,004	50,570
Investment in an associate	7	–	–	90	90
Other investment	8	110	110	–	–
Goodwill	9	4,153	4,153	–	–
Development expenditures	10	46,722	11,125	–	–
Trade receivables	11	7,152	6,582	–	–
		179,733	162,527	107,628	68,908
CURRENT ASSETS					
Projects-in-progress	12	38,394	41,003	–	–
Inventories	13	4,077	2,673	–	–
Trade receivables	11	123,914	101,073	–	–
Other receivables, deposits and prepayments	14	3,256	1,828	271	237
Amount owing by subsidiaries	15	–	–	49,505	94,565
Tax recoverable		12,517	7,858	387	186
Short-term investments	16	20,827	–	20,827	–
Deposits with licensed banks	17	7,044	3,965	21	74
Cash and bank balances	17	15,299	45,018	1,949	1,182
		225,328	203,418	72,960	96,244
TOTAL ASSETS		405,061	365,945	180,588	165,152

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

STATEMENTS OF FINANCIAL POSITION

at 31 March 2016

(Continued)

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	135,000	135,000	135,000	135,000
Merger deficit	20	(11,072)	(11,072)	–	–
Foreign exchange translation reserve		1	2	–	–
Retained profits		121,467	98,919	17,560	13,723
Equity attributable to owners of the Company		245,396	222,849	152,560	148,723
Non-controlling interests		(146)	10	–	–
TOTAL EQUITY		245,250	222,859	152,560	148,723
NON-CURRENT LIABILITIES					
Long-term borrowings	21	75,605	102,062	10,226	13,151
Deferred tax liabilities	25	1,158	64	–	35
		76,763	102,126	10,226	13,186
CURRENT LIABILITIES					
Trade payables	26	9,943	1,537	–	–
Other payables and accruals	27	10,116	7,126	978	472
Amount owing to a subsidiary	15	–	–	400	–
Short-term borrowings	28	49,489	32,297	2,924	2,771
Dividend payable	29	13,500	–	13,500	–
		83,048	40,960	17,802	3,243
TOTAL LIABILITIES		159,811	143,086	28,028	16,429
TOTAL EQUITY AND LIABILITIES		405,061	365,945	180,588	165,152
NET ASSETS PER SHARE (SEN)	30	18.18	16.51		

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 March 2016

		Group		Company	
		Year	15-month	Year	15-month
		1.4.2015	period	1.4.2015	period
		to	1.1.2014	to	1.1.2014
		31.3.2016	to	31.3.2016	to
	Note	RM'000	31.3.2015	RM'000	31.3.2015
			RM'000		RM'000
REVENUE	32	241,310	285,172	55,932	116,262
COST OF SALES		(112,429)	(135,977)	–	–
GROSS PROFIT		128,881	149,195	55,932	116,262
OTHER INCOME	33	1,387	943	2,354	747
		130,268	150,138	58,286	117,009
ADMINISTRATIVE EXPENSES		(59,955)	(65,528)	(13,050)	(15,737)
		70,313	84,610	45,236	101,272
FINANCE COSTS	35	(5,213)	(8,983)	(755)	(520)
		65,100	75,627	44,481	100,752
SHARE OF RESULT IN AN ASSOCIATE, NET OF TAX		–	(90)	–	–
PROFIT BEFORE TAXATION	36	65,100	75,537	44,481	100,752
INCOME TAX EXPENSE	37	(2,208)	(3,715)	(144)	(676)
PROFIT AFTER TAXATION		62,892	71,822	44,337	100,076
OTHER COMPREHENSIVE INCOME					
<u>Item that May be Reclassified</u>					
<u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(1)	2	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		62,891	71,824	44,337	100,076

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 March 2016
(Continued)

		Group	Company
		15-month	15-month
		period	period
		Year	Year
		1.4.2015	1.4.2015
		to	to
		31.3.2016	31.3.2016
Note		RM'000	RM'000
PROFIT AFTER TAXATION			
ATTRIBUTABLE TO:-			
Owners of the Company		63,048	44,337
Non-controlling interests		(156)	–
		62,892	44,337
TOTAL COMPREHENSIVE			
INCOME ATTRIBUTABLE			
TO:-			
Owners of the Company		63,047	44,337
Non-controlling interests		(156)	–
		62,891	44,337
EARNINGS PER SHARE			
(SEN)			
	38		
Basic		4.67	5.33
Diluted		Not Applicable	Not Applicable

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

	<----- Non-distributable ----->			Distributable		Attributable to Owners Of The Company		Non-controlling Interests	Total Equity
Group	Share Capital	Merger Deficit	Foreign Exchange Translation Reserve	Retained Profits	Company	RM'000	RM'000	RM'000	RM'000
At 1 April 2015	135,000	(11,072)	2	98,919	222,849		10		222,859
Profit after taxation for the financial year	-	-	-	63,048	63,048		(156)		62,892
Other comprehensive income for the financial year:									
- foreign currency translation differences	-	-	(1)	-	(1)		-		(1)
Total comprehensive income for the financial year	-	-	(1)	63,048	63,047		(156)		62,891
Distributions to owners of the Company:									
- dividends	-	-	-	(40,500)	(40,500)		-		(40,500)
At 31 March 2016	135,000	(11,072)	1	121,467	245,396		(146)		245,250

Group

At 1 April 2015

Profit after taxation for the financial year

Other comprehensive income for the financial year:
- foreign currency translation differences

Total comprehensive income for the financial year

Distributions to owners of the Company:
- dividends

At 31 March 2016

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2016
(Continued)

	<----- Non-distributable ----->				Distributable		Attributable to Owners of the Company		Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Share Merger Deficit	Foreign Exchange Translation Reserve	Retained Profits		RM'000	RM'000	RM'000	RM'000
Group	RM'000	RM'000	RM'000	RM'000	RM'000					
At 1 January 2014	67,500	7,033	(11,072)	-	114,476		177,937	-	-	177,937
Profit after taxation for the financial period	-	-	-	-	71,910		71,910	(88)		71,822
Other comprehensive income for the financial period:										
- foreign currency translation differences	-	-	-	2	-		2	-	-	2
Total comprehensive income for the financial period	-	-	-	2	71,910		71,912	(88)		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		98
- dividends	-	-	-	-	(27,000)		(27,000)	-		(27,000)
Total transactions with owners	67,500	(7,033)	-	-	(87,467)		(27,000)	98		(26,902)
At 31 March 2015	135,000	-	(11,072)	2	98,919		222,849	10		222,859

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

(Continued)

Company	Note	<--- Non-Distributable ---> Share Capital RM'000	Share Premium RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 April 2015		135,000	–	13,723	148,723
Profit after taxation/Total comprehensive income for the financial year		–	–	44,337	44,337
Distribution to owners of the Company: - dividends	31	–	–	(40,500)	(40,500)
At 31 March 2016		135,000	–	17,560	152,560
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 - dividends	31	67,500 –	(7,033) –	(60,467) (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

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2016

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	1.1.2014	to	1.1.2014
	31.3.2016	to	31.3.2016	to
	RM'000	31.3.2015	RM'000	31.3.2015
		RM'000		RM'000
CASH FLOWS FROM/(FOR)				
OPERATING ACTIVITIES				
Profit before taxation	65,100	75,537	44,481	100,752
Adjustments for:-				
Allowance for impairment losses on inventories	94	195	—	—
Depreciation of property, plant and equipment	30,674	35,869	879	926
Development expenditures expensed off	189	811	—	—
Equipment written off	37	3	5	—
Interest expense	5,213	8,983	755	520
Share of result of an associate	—	90	—	—
Bad debts recovered	—	(30)	—	—
Dividend income	—	—	(45,000)	(102,000)
Interest income	(1,300)	(897)	(1,100)	(737)
Gain on disposal of equipment	(10)	—	—	—
Unrealised gain on foreign exchange	(670)	(208)	—	—
Writeback of impairment losses on:				
- trade receivables	(2)	(11)	—	—
- inventories	(109)	—	—	—
Operating profit/(loss) before working capital changes	99,216	120,342	20	(539)
Decrease/(Increase) in projects-in-progress	784	(10,449)	—	—
(Increase)/Decrease in inventories	(1,389)	1,370	—	—
(Increase)/Decrease in trade and other receivables	(24,837)	41,690	(34)	783
Increase/(Decrease) in trade and other payables	12,048	(18,881)	506	(201)
Decrease/(Increase) in amount owing by subsidiaries	—	—	252	(1,188)
CASH FROM/(FOR) OPERATING ACTIVITIES	85,822	134,072	744	(1,145)
Income tax paid	(5,773)	(13,572)	(380)	(878)
Interest paid	(5,213)	(8,983)	(755)	(520)
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	74,836	111,517	(391)	(2,543)

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2016

(Continued)

		Group		Company
		15-month		15-month
		Year		Year
		1.4.2015		1.4.2015
		to		to
		31.3.2016		31.3.2016
Note		RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD		74,836	111,517	(391)
				(2,543)
CASH FLOWS (FOR)/FROM				
INVESTING ACTIVITIES				
Acquisition of subsidiaries, net of cash				
and cash equivalents	39	–	(16,903)	(#)
				(21,878)
Increase in investments in subsidiaries		–	–	–
				(53)
Acquisition of an associate		–	(90)	–
				(90)
Interest received		1,300	897	1,100
				737
Dividend received		–	–	30,000
				27,500
Development expenditures paid		(35,786)	(9,639)	–
				–
Repayment from subsidiaries		–	–	20,385
				7,130
Purchase of short-term investments		(20,827)	–	(20,827)
				–
Proceeds from disposal of equipment		32	–	–
				–
Purchase of property, plant and				
equipment		(9,947)	(28,014)	(181)
				(3,321)
(Placement)/Withdrawal of deposits				
pledged to licensed banks		(1,832)	2,169	(1)
				(20)
NET CASH (FOR)/FROM				
INVESTING ACTIVITIES		(67,060)	(51,580)	30,476
				10,005
BALANCE CARRIED FORWARD		7,776	59,937	30,085
				7,462

Note:

- Amount less than RM1,000.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2016

(Continued)

	Note	Group		Company	
		Year 1.4.2015 to 31.3.2016 RM'000	15-month period 1.1.2014 to 31.3.2015 RM'000	Year 1.4.2015 to 31.3.2016 RM'000	15-month period 1.1.2014 to 31.3.2015 RM'000
BALANCE BROUGHT FORWARD		7,776	59,937	30,085	7,462
CASH FLOWS FOR					
FINANCING ACTIVITIES					
Dividends paid		(27,000)	(27,000)	(27,000)	(27,000)
Drawdown of hire purchase		530	—	—	—
Repayment of hire purchase obligations		(42)	(22)	(19)	(22)
Drawdown of trade financing		11,906	12,277	—	—
Drawdown of term loans		13,818	10,353	—	—
Repayment of term loans		(37,724)	(55,658)	—	—
Drawdown of term financing		—	17,600	—	17,600
Repayment of term financing		(2,753)	(1,786)	(2,753)	(1,786)
Advances from a subsidiary		—	—	400	—
NET CASH FOR FINANCING ACTIVITIES		(41,265)	(44,236)	(29,372)	(11,208)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(33,489)	15,701	713	(3,746)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		17	27	—	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		45,072	29,344	1,236	4,982
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	17	11,600	45,072	1,949	1,236

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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 has been authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 May 2016.

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 year.

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 current financial year, 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 119: Defined Benefit Plans – Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

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 year ended 31 March 2016

(Continued)

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 year:-

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 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
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 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
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.

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 year ended 31 March 2016

(Continued)

3. BASIS OF PREPARATION (CONT'D)

3.1 BASIS OF ACCOUNTING (CONT'D)

- (b) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 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 16 until the Group performs a detailed review.

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 year.

Subsidiaries are entities (including structured entities, if any) 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities if the investee that significantly affect the investee's return.

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. Intragroup losses may indicate impairment that requires recognition in the consolidated financial statements. 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

Acquisitions which result in a business combination involving common control entities, are outside the scope of MFRS 3. Accordingly, merger accounting has been 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 year.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 March 2016 (Continued)

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Merger Accounting for Common Control Business Combinations (Cont'd)

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 interests of the controlling party or parties.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(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.

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 expense and deferred tax balances in the year in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(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.

(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 considers that the present value of the minimum lease payments approximates the fair value of the land at the inception of the lease. Accordingly, management is of the view that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 March 2016 (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(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 Financial Liabilities

The Group carries certain financial assets and financial 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and has been rounded to the nearest thousand, unless otherwise stated.

(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 financial year. Income, expenses and other comprehensive income 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; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the financial year.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 March 2016 (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities 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 financial assets, liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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 statements 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 assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

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 year, 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 year ended 31 March 2016

(Continued)

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

Equity 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 are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 financial year 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 the end of the financial year. 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 into profit or loss when the equity method is discontinued.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

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% - 50%
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.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 financial year. 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, being the different between the net disposal proceeds and the carrying amount is recognised in profit or loss.

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.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 an 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 into profit or loss.

With the exception of available-for-sale debt 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.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(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 an annual impairment assessment is compulsory 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. 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 using a pre-tax discount rate.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

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 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 as property, plant and equipment and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase 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 year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 that 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. The 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 financial year comprises current tax 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INCOME TAXES (CONT'D)

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 taxes relate to the same taxable entity and 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 adjusted against 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the reporting period, adjusted for treasury shares.

4.22 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.

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 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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as directors having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly.

4.23 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 goods and service tax, returns cash and trade discounts.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 REVENUE AND OTHER INCOME (CONT'D)

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the financial year. The stage of completion is determined by reference to the surveys of work performed. 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 accounted for on a straight-line method over the lease term.

4.24 OPERATING LEASES

Leases in which the Group does 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 year ended 31 March 2016
(Continued)

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 April 2015	828	889	4,451	156,591	5,019	13,812	13,340	9,161	204,091
Additions	56	669	658	4,017	1,062	—	—	3,485	9,947
Reclassification from project-in-progress	—	—	—	1,825	—	—	—	—	1,825
Assets written off	(157)	—	(715)	—	(42)	—	—	—	(914)
Disposals	(5)	—	(28)	—	—	—	—	—	(33)
Reclassification	—	—	—	—	3,511	—	—	(3,511)	—
At 31 March 2016	722	1,558	4,366	162,433	9,550	13,812	13,340	9,135	214,916
Accumulated Depreciation									
At 1 April 2015	442	475	2,961	58,348	513	210	585	—	63,534
Charge for the year	59	222	767	28,200	907	272	247	—	30,674
Assets written off	(147)	—	(713)	—	(17)	—	—	—	(877)
Disposals	(3)	—	(8)	—	—	—	—	—	(11)
At 31 March 2016	351	697	3,007	86,548	1,403	482	832	—	93,320
Net Book Value	371	861	1,359	75,885	8,147	13,330	12,508	9,135	121,596

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016
(Continued)

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	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 (Note 39(b))	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 year ended 31 March 2016
(Continued)

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 April 2015	71	776	334	3,442	4,306	10,740	32	19,701
Additions	—	—	44	137	—	—	—	181
Assets written off	(6)	—	(10)	—	—	—	—	(16)
Transfer to subsidiaries	—	—	(16)	—	—	—	—	(16)
Reclassification	—	—	—	32	—	—	(32)	—
At 31 March 2016	65	776	352	3,611	4,306	10,740	—	19,850
Accumulated Depreciation								
At 1 April 2015	10	464	117	307	158	397	—	1,453
Charge for the year	8	155	79	352	86	199	—	879
Assets written off	(1)	—	(10)	—	—	—	—	(11)
Transfer to subsidiaries	—	—	(5)	—	—	—	—	(5)
At 31 March 2016	17	619	181	659	244	596	—	2,316
Net Book Value	48	157	171	2,952	4,062	10,144	—	17,534

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016
(Continued)

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 year ended 31 March 2016

(Continued)

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

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Leasehold land	12,508	12,755	10,144	10,343
Buildings	13,330	13,602	4,062	4,148
Assets-in-progress	9,135	5,911	–	–
	34,973	32,268	14,206	14,491

- (ii) The net book value of equipment acquired under hire purchase at the end of the financial year/period is as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Motor vehicles	638	93	63	93

These leased assets have been pledged as security for the related finance lease liabilities of the Group.

- (iii) No depreciation was provided for the following property and plant as these assets were not available for commercial use as at the end of the financial year/period:-

	Group	
	2016 RM'000	2015 RM'000
Building	–	2,478
Machineries	40,719	37,163
	40,719	39,641

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost:		
- in Malaysia	89,951	50,517
- outside Malaysia	53	53
	<hr/> 90,004	<hr/> 50,570

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
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	70	Provision of biometrics solution.
Datasonic Manufacturing Sdn. Bhd. ("DMSB") (formerly known as Asia Pacific Card & System Sdn. Bhd.) ^^	Malaysia	99.45	99.45	Manufacturing of electrical integrated circuit cards or commonly known as smart cards and its related products.
Amalan Fokus Sdn. Bhd. ("AFSB") ^	Malaysia	100	—	Dormant.
Astana Inovasi Sdn. Bhd. ("AISB") ^	Malaysia	100	—	Dormant.
Datasonic New Zealand Limited ("DNZL") ~	New Zealand	100	100	Software development services and computer systems design and related activities.
<i>Held by DMSB</i>				
Constant Ahead Sdn. Bhd. ("CASB")	Malaysia	99.45	99.45	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Note:

- * - The subsidiary was granted Multimedia Super Corridor status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986 as disclosed in Note 37 to the financial statements.
- ^ - These subsidiaries were audited by other firms of chartered accountants.
- ^^ - On 28 April 2015, the subsidiary changed its name from Asia Pacific Card & System Sdn. Bhd. to DMSB.
- ~ - No audit requirement of this subsidiary under New Zealand Companies Act 1993 as the Company satisfied the exemption requirements.
- (a) During the financial year, the Company acquired the entire equity interests in AFSB and AISB for a total cash consideration of RM2 each.
- (b) On 1 December 2015, the Company increased the cost of investment in:-
 - (i) DSSSB by capitalising the amount owing by DSSSB which resulted in an enlargement of the issued and paid-up share capital from 100,001 to 20,000,000;
 - (ii) DCSB by capitalising the amount owing by DCSB which resulted in an enlargement of the issued and paid-up share capital from 10,000,000 to 20,000,000; and
 - (iii) DTSB by capitalising the amount owing by DTSB which resulted in an enlargement of the issued and paid-up share capital from 7,466,667 to 17,000,000.
- (c) The non-controlling interests at the end of the financial year/period comprise the following:-

	Effective Equity Interest		Group	
	2016 %	2015 %	2016 RM'000	2015 RM'000
DISB	30	30	(241)	(80)
DMSB	0.55	0.55	96	90
CASB	0.55	0.55	(1)	(#)
			(146)	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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares in Malaysia, at cost	90	90	90	90
Share of post-acquisition loss	(90)	(90)	—	—
	—	—	90	90

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activity
		2016 %	2015 %	
Electric Vehicle Automotive (M) Sdn. Bhd. ("EVAM")	Malaysia	30	30	Dormant.

- (a) The share of results in the associate is based on the audited financial statements for the financial year ended 31 March 2016.
- (b) The summarised audited financial information for the associate is not presented as the associate is not material to the Group.
- (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 year was approximately RM63,000 (2015 - RM6,000) of which approximately RM57,000 (2015 - RM6,000) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

8. OTHER INVESTMENT

	Group	
	2016 RM'000	2015 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 year ended 31 March 2016

(Continued)

9. GOODWILL

	Group	
	2016 RM'000	2015 RM'000
At 1.4.2015/1.1.2014	4,153	–
Acquisition of new subsidiaries (Note 39(b))	–	4,153
	<u>4,153</u>	<u>4,153</u>

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 cash-generating unit 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 cash-generating unit. |

The values assigned to the key assumptions represent management's assessment of future projections in the cash-generating unit and are based on both external sources and internal historical data.

10. DEVELOPMENT EXPENDITURES

	Group	
	2016 RM'000	2015 RM'000
At cost:-		
At 1.4.2015/1.1.2014	12,347	3,519
Additions	35,786	9,639
Cost of sales	(189)	(811)
	<u>47,944</u>	<u>12,347</u>
Allowance for impairment losses	(1,222)	(1,222)
	<u>46,722</u>	<u>11,125</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

10. DEVELOPMENT EXPENDITURES (CONT'D)

Included in the development expenditures is an amount of RM637,000 (2015 – RM683,000) in respect of staff costs incurred during the financial year/period.

The development expenditures consist of direct and related costs for overhead and software solutions incurred in the process of development, and attributable to the Group's customised smart card solutions ("CSCS") reportable segment.

The Group has assessed the recoverable amounts of the development expenditure which are in the process of development and determined that no impairment is required. Their recoverable amounts are determined using the value in use approach, and this is derived from the present value of the future cash flows from the customised software and hardware systems business computed based on the projections of financial budgets covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

- | | |
|-------------------------------|---|
| (i) Budgeted profit margin | Average profit margin achieved in the 5 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 customised software and hardware systems business. |
| (iii) Discount rate (pre-tax) | Reflects specific risks relating to the relevant cash-generating unit. |

11. TRADE RECEIVABLES

	Group	
	2016 RM'000	2015 RM'000
Trade receivables	59,422	78,507
Allowance for impairment losses	(596)	(598)
	58,826	77,909
Accrued income	72,240	29,746
	131,066	107,655

The trade receivables are made up of:-

(a) <u>Non-current:</u>		
Accrued income	7,152	6,582
(b) <u>Current:</u>		
Trade receivables	58,826	77,909
Accrued income	65,088	23,164
	123,914	101,073
	131,066	107,655

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

11. TRADE RECEIVABLES (CONT'D)

	Group	
	2016 RM'000	2015 RM'000
Allowance for impairment losses:-		
At 1.4.2015/1.1.2014	(598)	(75)
Acquisition of subsidiaries	—	(534)
Writeback	2	11
	(596)	(598)

The Group's normal trade credit terms range from 30 to 60 (2015 - 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 from those companies which are in serious financial difficulties and which have defaulted on payments.

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

12. PROJECTS-IN-PROGRESS

	Group	
	2016 RM'000	2015 RM'000
At costs:-		
Site preparation	7,546	4,991
Machineries	682	3,445
Materials	18,622	23,295
Consumables	379	1,404
Technical and Maintenance Support Services	11,050	7,747
Others	115	121
	38,394	41,003

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

13. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At costs:-		
Raw materials	861	928
Manufactured cards	61	79
Spare parts	1,168	1,081
Consumables	428	564
Equipment	555	712
Software	45	55
Goods-in-transit	1,706	16
	4,824	3,435
Less: Allowance for impairment losses	(747)	(762)
	4,077	2,673
Allowance for impairment losses:-		
At 1.4.2015/1.1.2014	(762)	(4,167)
Additions	(94)	(195)
Written off	–	3,600
Writeback	109	–
	(747)	(762)
<u>Recognised in profit or loss</u>		
Inventories sold	1,531	3,102
Impairment losses	94	195
Writeback of impairment losses	(109)	–

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables	1,538	528	31	31
Deposits	502	490	92	92
Prepayments	1,216	810	148	114
	3,256	1,828	271	237

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

15. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Amounts owing by:-		
for trade balances	1,361	1,613
for non-trade balances	48,144	92,952
	<hr/> 49,505	<hr/> 94,565
Amount owing (to):-		
for non-trade balance	(400)	–
	<hr/> (400)	<hr/> –

The amounts owing by/(to) subsidiaries are unsecured, interest-free and receivable/(repayable) on demand. The amounts owing are to be settled in cash.

16. SHORT-TERM INVESTMENTS

	Group/Company	
	2016 RM'000	2015 RM'000
Money market funds in Malaysia, at fair value	20,827	–
	<hr/> 20,827	<hr/> –

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	7,044	3,965	21	74
Cash and bank balances	15,299	45,018	1,949	1,182
	<hr/> 22,343	<hr/> 48,983	<hr/> 1,970	<hr/> 1,256
Less: Bank overdraft (Note 28)	(5,000)	–	–	–
Less: Deposits pledged to licensed banks	(5,743)	(3,911)	(21)	(20)
	<hr/> 11,600	<hr/> 45,072	<hr/> 1,949	<hr/> 1,236

The deposits with licensed banks of the Group and of the Company at the end of the financial year/period bore effective interest rates ranging from 2.90% to 3.45% (2015 - 2.90% to 3.35%) per annum and 3.15% (2015 - 3.15%) per annum respectively. The deposits have maturity periods ranging from 1 to 12 (2015 - 1 to 12) months and 12 months (2015 - 12 months) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

18. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

Group/Company	2016		2015	
	Number of Shares ('000)	Share Capital RM'000	Number of Shares ('000)	Share Capital RM'000
Ordinary Shares of RM0.10 Each				
Authorised Share Capital	10,000,000	1,000,000	10,000,000	1,000,000
Issued and Fully Paid-Up				
At 1.4.2015/1.1.2014	1,350,000	135,000	675,000	67,500
Allotment of shares pursuant to bonus issue	–	–	675,000	67,500
	1,350,000	135,000	1,350,000	135,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

In the previous 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.

19. SHARE PREMIUM

	Group/Company	
	2016 RM'000	2015 RM'000
At 1.4.2015/1.1.2014	–	7,033
Utilised for bonus issue	–	(7,033)
	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

20. MERGER DEFICIT

The merger deficit of RM11,072,000 (2015 - 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.

21. LONG-TERM BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:-				
Term loans (Note 22)	64,969	88,911	—	—
Term financing (Note 23)	10,157	13,062	10,157	13,062
Hire purchase payables (Note 24)	479	89	69	89
	75,605	102,062	10,226	13,151

22. TERM LOANS

	Group	
	2016 RM'000	2015 RM'000
Secured:-		
<u>Non-current</u> (Note 21):		
- later than 1 year and not later than 2 years	788	1,172
- later than 2 years and not later than 5 years	53,116	79,176
- later than 5 years	11,065	8,563
	64,969	88,911
<u>Current</u> (Note 28):		
- not later than 1 year	749	713
	65,718	89,624

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

22. TERM LOANS (CONT'D)

Details of the repayment terms are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly Instalment Amount RM'000	Date Of Commencement Of Repayment	Effective Interest Rate	Group Amount Outstanding 2016 RM'000	2015 RM'000
1	120	39	1 November 2011	5.70% (2015 - 5.70%)	2,317	2,643
2	<----- Note 1 ----->			5.85% (2015 - 5.85%)	39,617	76,628
3	144	53	1 January 2015	4.45% (2015 - 4.45%)	5,452	5,839
4	<----- Note 2 ----->			5.60%	10,882	—
5	<----- Not fully drawdown yet ----->			4.45% (2015 - 4.45%)	7,450	4,514
					65,718	89,624

The term loans above are with floating rates ranging from 4.45% to 5.85%.

Notes:-

- 1 - 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% (2015 - 55%) of each contract proceeds received from the project until full settlement.
- 2 - Term loan 4 is a capital expenditure loan with tenure of up to 60 months from the first day of the following month from the date of first disbursement and is repayable by 13% 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 footnote (Note 1) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

22. TERM LOANS (CONT'D)

Term loan 4 is secured by:-

- (a) proceeds from the project as disclosed in the footnote (Note 2) above; and
- (b) a corporate guarantee of the Company.

Term loan 5 is secured by:-

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

23. TERM FINANCING

	Group/Company	
	2016	2015
	RM'000	RM'000
Secured:-		
<u>Non-current</u> (Note 21):		
- later than 1 year and not later than 2 years	1,758	2,904
- later than 2 years and not later than 5 years	3,682	4,158
- later than 5 years	4,717	6,000
	10,157	13,062
<u>Current</u> (Note 28):		
- not later than 1 year	2,904	2,752
	13,061	15,814

Details of the repayment terms are as follows:-

Term Financing	Number Of Monthly Instalments	Monthly Instalment Amount RM'000	Date Of Commencement Of Repayment	Effective Interest Rate	Group/Company Amount Outstanding	
					2016 RM'000	2015 RM'000
1	36	160	1 July 2014	5.85%	2,466	4,193
				(2015 - 5.85%)		
2	120	126	1 July 2014	4.45%	10,595	11,621
				(2015 - 4.45%)		
					13,061	15,814

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

The term financing above are with floating rates ranging from 4.45% to 5.85%.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

24. HIRE PURCHASE PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:-				
Minimum hire purchase payments:				
- not later than 1 year	143	23	23	23
- later than 1 year and not later than 5 years	521	94	74	94
- later than 5 years	–	4	–	4
	664	121	97	121
Less: Future finance charges	(68)	(13)	(8)	(13)
Present value of hire purchase payable	596	108	89	108
<u>Non-current</u> (Note 21):				
- later than 1 year and not later than 5 years	479	85	69	85
- later than 5 years	–	4	–	4
	479	89	69	89
<u>Current</u> (Note 28):				
- not later than 1 year	117	19	20	19
	596	108	89	108

- (a) The hire purchase payables of the Group and of the Company are secured by the Group and the Company's motor vehicles.
- (b) The hire purchase payables of the Group and of the Company at the end of the financial year/ period bore effective interest rates ranging from 4.53% to 4.75% (2015 - 4.53%) per annum and 4.53% (2015 - 4.53%) per annum respectively. The interest rates are fixed at the inception of the hire purchase arrangements.

25. DEFERRED TAX LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1.4.2015/1.1.2014	64	71	35	24
Recognised in profit or loss (Note 37)	1,094	(7)	(35)	11
	1,158	64	–	35

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

25. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accelerated capital allowances	1,158	64	—	35

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 as it relates to a subsidiary with pioneer status.

	Group	
	2016 RM'000	2015 RM'000
Accelerated capital allowances	27,760	20,597

26. TRADE PAYABLES

	Group	
	2016 RM'000	2015 RM'000
Trade payables	9,943	1,537

The normal trade credit terms granted to the Group range from 30 to 90 (2015 - 30 to 90) days.

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables	1,007	521	107	170
Deferred income	2,456	3,166	—	—
Provisions	4,651	1,818	557	35
Accruals	2,002	1,621	314	267
	10,116	7,126	978	472

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

28. SHORT-TERM BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:-				
Term loans (Note 22)	749	713	—	—
Term financing (Note 23)	2,904	2,752	2,904	2,752
Hire purchase payables (Note 24)	117	19	20	19
Trade financing	40,719	28,813	—	—
Bank overdraft	5,000	—	—	—
	49,489	32,297	2,924	2,771

(a) The trade financing bear effective interest rates ranging from 5.26% to 5.84% (2015 - 5.17% to 5.77%) per annum at the end of the financial year/period and are secured by a corporate guarantee of the Company.

(b) The bank overdraft of the Group is secured by a corporate guarantee of the Company.

The bank overdraft of the Group at the end of the financial year bears a floating interest rate of 5.60% per annum.

29. DIVIDEND PAYABLE

	Group/Company	
	2016 RM'000	2015 RM'000
Second interim single tier tax-exempt dividend of 1 sen per share, declared on 26 February 2016	13,500	—

30. 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 year/period of RM245,396,000 (2015 - RM222,849,000) divided by the number of ordinary shares at the end of the financial year/period of 1,350,000,000 of RM0.10 each (2015 - 1,350,000,000 of RM0.10 each).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

31. DIVIDENDS

	Sen Per Share	Group/Company 2016 RM'000	Sen Per Share	2015 RM'000
In respect of the financial year ended 31 December 2013:				
- 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
- Second interim single tier tax-exempt dividend declared on 29 May 2015 and paid on 25 June 2015	1.0	13,500	–	–
In respect of the financial year ended 31 March 2016:				
- First interim single tier tax-exempt dividend declared on 27 November 2015 and paid on 28 December 2015	1.0	13,500	–	–
- Second interim single tier tax-exempt dividend declared on 26 February 2016 and paid on 12 April 2016	1.0	13,500	–	–
		<u>40,500</u>		<u>27,000</u>

In respect of the financial year ended 31 March 2016, the Directors had on 27 May 2016 declared a third 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 2016 of 1,350,000,000 ordinary shares of RM0.10 each. The Entitlement Date is 13 June 2016 and payable on 24 June 2016. This dividend has not been reflected in the financial statements for the current financial year but it will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 March 2017.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

32. REVENUE

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
Sales of goods and services	241,310	285,172	–	–
Management service fee	–	–	10,932	14,262
Dividend income from subsidiaries	–	–	45,000	102,000
	241,310	285,172	55,932	116,262

33. OTHER INCOME

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	–	30	–	–
Gain on disposal of equipment	10	–	–	–
Interest income on financial assets:				
- at fair value through profit or loss	735	258	735	258
- not at fair value through profit or loss	565	639	365	479
Rental income	–	7	1,252	7
Sundries	77	9	2	3
	1,387	943	2,354	747

34. STAFF COSTS

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
Salaries and other benefits	28,177	28,929	3,994	3,615
Defined contribution plan	3,447	3,483	471	426
	31,624	32,412	4,465	4,041

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

35. FINANCE COSTS

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
Interest expense on financial liabilities not at fair value through profit or loss	5,213	8,983	755	520

36. PROFIT BEFORE TAXATION

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Property, plant and equipment:				
- Depreciation	30,674	35,869	879	926
- Written off	37	3	5	-
Development expenditures expensed off	189	811	-	-
Inventories:				
- Allowance for impairment losses	94	195	-	-
- Writeback	(109)	-	-	-
Writeback of impairment loss on trade receivables	(2)	(11)	-	-
Audit fee	153	151	37	35
Directors' remuneration (Note 40(a)):				
- Non-executive directors:				
- Fees	510	623	510	623
- Allowances	99	103	63	73
- Executive directors' emoluments	3,141	3,345	3,141	3,345
Loss/(Gain) on foreign exchange:				
- Realised	442	807	-	3
- Unrealised	(670)	(208)	-	-
Rental expense on:				
- equipment	678	696	22	32
- premises	1,944	1,222	336	457
- vehicles	51	13	-	2
Share of result of an associate	-	90	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

37. INCOME TAX EXPENSE

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	1.1.2014	to	1.1.2014
	31.3.2016	to	31.3.2016	to
	RM'000	31.3.2015	RM'000	31.3.2015
		RM'000		RM'000
Current tax expense:				
- for the financial year/period	3,416	3,400	318	550
- (over)/underprovision in the previous financial period/year	(2,302)	322	(139)	115
	1,114	3,722	179	665
Deferred tax liabilities (Note 25):				
- for the financial year/period	1,036	3	—	5
- (over)/underprovision in the previous financial period/year	58	(10)	(35)	6
	1,094	(7)	(35)	11
	2,208	3,715	144	676

During the financial year, the statutory tax rate reduced from 25% to 24%.

On 6 November 2012, a wholly-owned subsidiary, DSSSB was granted 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 year ended 31 March 2016

(Continued)

37. 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	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	65,100	75,537	44,481	100,752
Tax at the statutory tax rate of 24% (2015 - 25%)	15,624	18,884	10,675	25,188
Tax effects of:-				
Share of result in an associate	–	23	–	–
Non-deductible expenses	1,139	2,892	464	873
Non-taxable income	(182)	(13)	(10,976)	(25,506)
Income tax exempted from tax due to pioneer status	(13,600)	(20,679)	–	–
Reversal of deferred tax liabilities not recognised in the previous financial period due to pioneer status	1,909	1,967	–	–
Deferred tax asset not recognised	155	329	155	–
Utilisation of deferred tax assets previously not recognised	(593)	–	–	–
(Over)/Underprovision in the previous financial period/year:				
- current taxation	(2,302)	322	(139)	115
- deferred taxation	58	(10)	(35)	6
Income tax expense for the financial year/period	2,208	3,715	144	676

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

38. EARNINGS PER SHARE

	Group	
	Year 1.4.2015 to 31.3.2016	15-month period 1.1.2014 to 31.3.2015
Profit attributable to owners of the Company (RM'000)	63,048	71,910
Weighted average number of ordinary shares ('000):-		
Ordinary shares at 1.4.2015/1.1.2014	1,350,000	675,000
Effect of bonus issue	—	675,000
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
Basic earnings per share (sen)	4.67	5.33

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

39. ACQUISITION OF SUBSIDIARIES

- (a) During the financial year, the Company acquired the entire equity interests in AFSB and AISB for a total cash consideration of RM2 each. These acquisitions did not have any material effect on the financial results, financial position and cash flows of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

39. ACQUISITION OF SUBSIDIARIES (CONT'D)

- (b) In the previous financial period, the Group acquired 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 as follows:-

	Group 2015 RM'000
Equipment	1,830
Inventories	2,056
Trade receivables	33
Other receivables and deposits	9,698
Cash and cash equivalents	4,975
Trade payables	(315)
Other payables and accruals	(453)
Amount owing to a director	(1)
	<hr/>
Net identifiable assets and liabilities	17,823
Less: Non-controlling interests	(98)
Add: Goodwill on acquisition	4,153
	<hr/>
Total purchase consideration	21,878
Less: Cash and cash equivalents of subsidiaries acquired	(4,975)
	<hr/>
Net cash outflow for acquisition of subsidiaries	16,903
	<hr/>

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

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

	Group 16.7.2014 to 31.3.2015 RM'000
Revenue	512
Loss after taxation	5,168
	<hr/>

If the acquisition had taken place at the beginning of the previous financial period ended 31 March 2015, the Group's revenue and profit after taxation would have been RM285,613,000 and RM71,652,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

40. DIRECTORS' REMUNERATION

(a) The directors' remuneration during the financial year/period are as follows:-

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
- emoluments	3,141	3,345	3,141	3,345
Non-executive:				
- fees	510	623	510	623
- allowances	99	103	63	73
	609	726	573	696
	3,750	4,071	3,714	4,041
Benefits-in-kind	18	18	18	18
Directors of Subsidiaries				
Executive:				
- emoluments	2,424	2,131	–	–
Non-executive:				
- fees	120	155	–	–
- allowances	12	10	–	–
	132	165	–	–
	2,556	2,296	–	–
Benefits-in-kind	14	7	–	–
Total	6,338	6,392	3,732	4,059

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

40. DIRECTORS' REMUNERATION (CONT'D)

(a) The directors' remuneration during the financial year/period are as follows (Cont'd):-

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
Analysis excluding benefits-in-kind:				
Total executive directors emoluments	5,565	5,476	3,141	3,345
Total non-executive directors:				
- fees	630	778	510	623
- allowances	111	113	63	73
	741	891	573	696
Total directors' remuneration excluding benefits-in-kind	6,306	6,367	3,714	4,041

(b) The number of directors with total remuneration falling in bands of RM50,000 are as follows:-

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	to	to	to
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
Directors of the Company				
Executive directors:-				
RM200,001 – RM250,000	3	2	3	2
RM250,001 – RM300,000	–	1	–	1
RM350,001 – RM400,000	1	1	1	1
RM400,001 – RM450,000	1	–	1	–
RM450,001 – RM500,000	–	1	–	1
RM650,001 – RM700,000	1	–	1	–
RM750,001 – RM800,000	1	1	1	1
RM900,001 – RM950,000	–	1	–	1
Non-executive directors:-				
Below RM50,000	2	–	3	1
RM50,001 – RM100,000	4	4	3	3
RM100,001 – RM150,000	–	2	–	2
RM150,001 – RM200,000	1	–	1	–
RM200,001 – RM250,000	–	1	–	1
	14	14	14	14

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

40. DIRECTORS' REMUNERATION (CONT'D)

- (b) The number of directors with total remuneration falling in bands of RM50,000 are as follows (Cont'd):-

	Group		Company	
	Year	15-month	Year	15-month
	1.4.2015	period	1.4.2015	period
	to	1.1.2014	to	1.1.2014
	31.3.2016	to	31.3.2016	to
		31.3.2015		31.3.2015
Directors of the Subsidiaries				
Executive directors:-				
Below RM50,000	–	1	–	–
RM50,001 – RM100,000	–	3	–	–
RM100,001 – RM150,000	2	–	–	–
RM150,001 – RM200,000	1	3	–	–
RM200,001 – RM250,000	4	1	–	–
RM250,001 – RM300,000	1	1	–	–
RM300,001 – RM350,000	1	1	–	–
RM400,001 – RM450,000	1	1	–	–
Non-executive directors:-				
Below RM50,000	1	1	–	–
RM50,001 – RM100,000	2	2	–	–
	13	14	–	–

41. CONTINGENT LIABILITIES

The following items are disclosed as contingent liabilities as it is not probable that a future sacrifice of economic benefits will be required or the amounts are not capable of reliable measurement:-

- (a) Corporate guarantees

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Secured:-				
Performance guarantees				
extended to customers	14,804	19,175	14,804	19,175
Unsecured:-				
Corporate guarantees for				
banking facilities granted				
to the subsidiaries	–	–	111,436	118,436
	14,804	19,175	126,240	137,611

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

41. CONTINGENT LIABILITIES (CONT'D)

(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.

On 7 October 2015, the Court of Appeal upheld the decision of the High Court and dismissed the appeal and cross-appeals of the claim and counterclaim. The management decided not to pursue the matter.

42. RELATED PARTY DISCLOSURES

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

	Company	
	Year	15-month
	1.4.2015	period
	to	1.1.2014
	31.3.2016	to
	RM'000	31.3.2015
		RM'000
Subsidiaries		
Management services fees	10,932	14,262
Dividend income	45,000	102,000
Equipment transferred from	–	13
Equipment transferred to	11	–
Rental income	1,252	–

43. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to 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 the products and services provided.

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

Customised smart card solutions ("CSCS") - provision of large scale customised software and hardware systems for secure ID, total smart card solutions and ICT project management.

Manufacturing ("MA") - manufacturing of cards.

Investment holding ("IH") - investment holding and provision of management services to the group of companies.

- (a) The chief operating decision makers assess the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

43. OPERATING SEGMENTS (CONT'D)

- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than the tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than the borrowings and the tax-related liabilities.

BUSINESS SEGMENTS

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Year				
1.4.2015 to 31.3.2016				
Revenue				
External revenue	240,835	475	–	241,310
Inter-segment revenue	–	36,386	55,932	92,318
	240,835	36,861	55,932	333,628
Consolidation adjustments				(92,318)
Consolidated revenue				241,310
Results				
Segment profit before interest expense and taxation	78,287	3,973	46,143	128,403
Finance costs				(5,213)
Consolidation adjustments				(58,090)
Consolidated profit before taxation				65,100
Segment profit before interest expense and taxation includes the following:-				
Interest income	166	34	1,100	1,300
Gain on disposal of equipment	10	–	–	10
Unrealised foreign exchange gain	410	260	–	670
Writeback of allowance for impairment losses on inventories	109	–	–	109
Writeback of allowance for impairment losses on trade receivables	2	–	–	2
Depreciation of property, plant and equipment	(28,447)	(1,348)	(879)	(30,674)
Development expenditures expensed off	(189)	–	–	(189)
Allowance for impairment losses on inventories	(81)	(13)	–	(94)
Equipment written off	(32)	–	(5)	(37)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

43. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2016				
Assets				
Segment assets	542,401	44,390	184,354	771,145
Unallocated asset: - tax recoverable				12,517
Consolidation adjustments				(378,601)
Consolidated total assets				405,061
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	9,465	301	181	9,947
Development expenditures	35,786	—	—	35,786
Liabilities				
Segment liabilities	280,210	26,737	14,878	321,825
Unallocated liability: - deferred tax liabilities				1,158
- borrowings				125,094
Consolidation adjustments				(288,266)
Consolidated total liabilities				159,811

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

43. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
15-month period				
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				(122,997)
Consolidated revenue				285,172
Results				
Segment profit/(loss) before interest expense and taxation	86,315	(1,241)	115,863	200,937
Finance costs				(8,983)
Share of results in associates				(90)
Consolidation adjustments				(116,327)
Consolidated profit before taxation				75,537
Segment profit/(loss) before interest expense and taxation includes the following:-				
Bad debts recovered	–	30	–	30
Interest income	143	18	736	897
Writeback of allowance for impairment loss on trade receivables	11	–	–	11
Unrealised foreign exchange gain	196	12	–	208
Depreciation of property, plant and equipment	(34,562)	(381)	(926)	(35,869)
Equipment written off	(3)	–	–	(3)
Development expenditures expensed off	(811)	–	–	(811)
Allowance for impairment losses on inventories	(195)	–	–	(195)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

43. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2015				
Assets				
Segment assets	490,257	23,409	169,029	682,695
Unallocated asset:				
- tax recoverable				7,858
Consolidation adjustments				(324,608)
Consolidated total assets				365,945
Additions to non-current assets other than financial instruments are:				
Property, plant and equipment	24,236	457	3,321	28,014
Development expenditures	9,639	-	-	9,639
Liabilities				
Segment liabilities	279,849	2,139	472	282,460
Unallocated liability:				
- deferred tax liabilities				64
- borrowings				134,359
Consolidation adjustments				(273,797)
Consolidated total liabilities				143,086

GEOGRAPHICAL INFORMATION

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

MAJOR CUSTOMERS

Revenue from two major customers of 10% or more of the Group's revenue, amounted to RM73,604,000 and RM137,380,000 respectively (1.1.2014 to 31.3.2015 - RM92,516,000 and RM157,676,000) from the sales of customised smart card solutions.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

44. COMMITMENTS

44.1 CAPITAL COMMITMENTS

	Group	
	2016 RM'000	2015 RM'000
<u>Approved and Contracted For:-</u>		
Renovation	—	851
Acquisitions of machineries	884	—
Acquisitions of properties ⁽¹⁾	3,122	6,058

- (1) 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 RM8.62 million was paid. The Properties are intended to be used for the Research and Development division.

44.2 OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not more than 1 year	1,089	1,302	224	252
Later than 1 year and not later than 5 years	926	1,284	—	—
	2,015	2,586	224	252

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

45. 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 year/period were as follows:-

	2016 RM	2015 RM
United States Dollar ("USD")	3.90	3.70
New Zealand Dollar ("NZD")	2.70	2.76
Euro ("EUR")	4.43	4.02
Swiss Franc ("CHF")	4.05	N/A

Note:

N/A – Not applicable.

46. 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.

46.1 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 the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar, New Zealand Dollar, Euro and Swiss Franc. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the financial year/period is summarised below:-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

Group	USD RM'000	NZD RM'000	EUR RM'000	CHF RM'000	RM RM'000	Total RM'000
2016						
Financial Assets						
Other investment	—	—	—	—	110	110
Trade receivables ⁽¹⁾	—	—	—	—	58,826	58,826
Other receivables and deposits	—	1	—	—	2,039	2,040
Short-term investments	—	—	—	—	20,827	20,827
Deposits with licensed banks	—	—	—	—	7,044	7,044
Cash and bank balances	138	70	1	—	15,090	15,299
	138	71	1	—	103,936	104,146
Financial Liabilities						
Trade payables	7,113	—	986	—	1,844	9,943
Other payables and accruals ⁽²⁾	3	—	62	8	7,587	7,660
Trade financing	—	—	—	—	40,719	40,719
Hire purchase payables	—	—	—	—	596	596
Term financing	—	—	—	—	13,061	13,061
Term loans	—	—	—	—	65,718	65,718
Bank overdraft	—	—	—	—	5,000	5,000
Dividend payable	—	—	—	—	13,500	13,500
	7,116	—	1,048	8	148,025	156,197

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 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	NZD RM'000	EUR RM'000	CHF RM'000	RM RM'000	Total RM'000
Net financial (liabilities)/assets	(6,978)	71	(1,047)	(8)	(44,089)	(52,051)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	-	(71)	-	-	44,089	44,018
Currency exposure	(6,978)	-	(1,047)	(8)	-	(8,033)

Note:

⁽¹⁾ - The trade receivables exclude accrued income.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 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	NZD RM'000	RM RM'000	Total RM'000
2015				
<u>Financial Assets</u>				
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
<u>Financial Liabilities</u>				
Trade payables	1,334	–	203	1,537
Other payables and accruals ⁽²⁾	5	1	3,954	3,960
Trade financing	–	–	28,813	28,813
Hire purchase payable	–	–	108	108
Term financing	–	–	15,814	15,814
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)

Note:

⁽¹⁾ - The trade receivables exclude accrued income.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 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 and hence, 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 year/period, with all other variables held constant:-

	Group	
	2016 RM'000	2015 RM'000
Effects on Profit After Taxation		
USD/RM:		
- strengthened by 5%	(265)	(42)
- weakened by 5%	265	42
EUR/RM:		
- strengthened by 5%	(40)	-
- weakened by 5%	40	-
CHF/RM:		
- strengthened by 5%	(#)	-
- weakened by 5%	#	-

Note:

- Amount less than RM1,000.

(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 long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of fixed and floating rate borrowings.

The Group's fixed rate deposits and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the financial year/period is disclosed in Notes 22, 23 and 28 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 year/period, with all other variables held constant:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Effects on Profit After Taxation				
Increase of 100 basis points (bp)	(946)	(977)	(99)	(118)
Decrease of 100 bp	946	977	99	118

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

If prices for quoted investments at the end of the reporting period strengthen by 1% with all other variables being held constant, the Group and the Company's profit after taxation and equity would have increased by RM158,000. A 1% weakening in the quoted prices would have had an equal but opposite effect on the profit after taxation and equity of the Group and Company.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

The Group 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.

The Group establishes an allowance for impairment that represents its estimate of 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 (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(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 81% of its trade receivables at the end of the financial year.

(ii) Exposure to Credit Risk

At the end of the financial year, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Ageing Analysis

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

Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
2016			
Not past due	11,302	—	11,302
Past due:			
- 31 to 60 days	7,872	—	7,872
- 61 to 90 days	6,870	—	6,870
- over 90 days	33,378	(596)	32,782
	59,422	(596)	58,826

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis (Cont'd)

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

Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
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>

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

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because these receivables are from entities with good collection track record and no recent history of default.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the financial year/period 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 year/period):-

Group	Contractual Interest Rates %	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
2016						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	–	9,943	9,943	9,943	–	–
Other payables and accruals ⁽¹⁾	–	7,660	7,660	7,660	–	–
Trade financing	5.26 to 5.84	40,719	40,719	40,719	–	–
Hire purchase payables	4.53 to 4.75	596	664	143	521	–
Term financing	4.45 to 5.85	13,061	15,274	3,451	6,738	5,085
Term loans	4.45 to 5.85	65,718	67,543	1,107	44,046	22,390
Bank overdraft	5.60	5,000	5,000	5,000	–	–
Dividend payable	–	13,500	13,500	13,500	–	–
		156,197	160,303	81,523	51,305	27,475

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial year/period 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 year/period) (Cont'd):-

Group	Contractual Interest Rates %	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
2015						
<u>Non-derivative Financial Liabilities</u>						
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

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial year/period 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 year/period) (Cont'd):-

Company	Contractual Interest Rates %	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
2016						
Non-derivative Financial Liabilities						
Other payables and accruals	–	978	978	978	–	–
Amount owing to a subsidiary	–	400	400	400	–	–
Hire purchase payable	4.53	89	97	23	74	–
Term financing	4.45 to 5.85	13,061	15,274	3,451	6,738	5,085
Dividend payable	–	13,500	13,500	13,500	–	–
		28,028	30,249	18,352	6,812	5,085
2015						
Non-derivative Financial Liabilities						
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.2 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 its 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 requirements, if any. The debt-to-equity ratio is calculated as total borrowings divided by total equity. The Group includes within total borrowings, loans and borrowings from financial institutions. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the financial year/period is as follows:-

	Group	
	2016 RM'000	2015 RM'000
Trade financing (Note 28)	40,719	28,813
Hire purchase payables (Note 24)	596	108
Term financing (Note 23)	13,061	15,814
Term loans (Note 22)	65,718	89,624
Bank overdraft (Note 28)	5,000	—
Total borrowings	125,094	134,359
Total equity	245,250	222,859
Debt-to-equity ratio	0.51	0.60

There was no change in the Group's approach to capital management during the financial year.

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) of more than 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial Assets				
<u>Available-for-sale Financial Asset</u>				
Other investment (Note 8)	110	110	–	–
<u>Loans and Receivables</u>				
<u>Financial Assets</u>				
Trade receivables ⁽¹⁾ (Note 11)	58,826	77,909	–	–
Other receivables and deposits (Note 14)	2,040	1,018	123	123
Amount owing by subsidiaries (Note 15)	–	–	49,505	94,565
Deposits with licensed banks (Note 17)	7,044	3,965	21	74
Cash and bank balances (Note 17)	15,299	45,018	1,949	1,182
	83,209	127,910	51,598	95,944
<u>Fair Value through Profit or Loss</u>				
Short-term investments (Note 16)	20,827	–	20,827	–
Financial Liabilities				
<u>Other Financial Liabilities</u>				
Trade payables (Note 26)	9,943	1,537	–	–
Other payables and accruals ⁽²⁾ (Note 27)	7,660	3,960	978	472
Amount owing to a subsidiary (Note 15)	–	–	400	–
Trade financing (Note 28)	40,719	28,813	–	–
Hire purchase payables (Note 24)	596	108	89	108
Term financing (Note 23)	13,061	15,814	13,061	15,814
Term loans (Note 22)	65,718	89,624	–	–
Bank overdraft (Note 28)	5,000	–	–	–
Dividend payable (Note 29)	13,500	–	13,500	–
	156,197	139,856	28,028	16,394

Note:

⁽¹⁾ - The trade receivables exclude accrued income.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the financial year/period:-

Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2016								
<u>Financial Assets</u>								
Trade receivables (non-current)	-	-	-	-	7,152	-	7,152	7,152
Other investment: - club membership	-	110	-	-	-	-	110	110
Short-term investments	20,827	-	-	-	-	-	20,827	20,827
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	596	-	596	596
Term financing	-	-	-	-	13,061	-	13,061	13,061
Term loans	-	-	-	-	65,718	-	65,718	65,718
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>								
Hire purchase payable	-	-	-	-	108	-	108	108
Term financing	-	-	-	-	15,814	-	15,814	15,814
Term loans	-	-	-	-	89,624	-	89,624	89,624

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2016
(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.4 FAIR VALUE INFORMATION (CONT'D)

Company	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2016								
<u>Financial Assets</u>								
Short-term investments	20,827	-	-	-	-	-	20,827	20,827
<u>Financial Liabilities</u>								
Hire purchase payable	-	-	-	-	89	-	89	89
Term financing	-	-	-	-	13,061	-	13,061	13,061
2015								
<u>Financial Liabilities</u>								
Hire purchase payable	-	-	-	-	108	-	108	108
Term financing	-	-	-	-	15,814	-	15,814	15,814

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

46. FINANCIAL INSTRUMENTS (CONT'D)

46.4 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-
 - (aa) The fair value of the club membership is estimated based on its market price.
 - (bb) The fair values of short-term investments are measured at their quoted closing bid prices at the end of the financial year.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair values of trade receivables (non-current) are determined using discounted cash flows based on a risk-free rate of 3.75% (2015 - 3.75%).
- (ii) The fair values of hire purchase payables, term financing and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the financial year/period. The interest rates used to discount the estimated cash flows are as follows:-

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Hire purchase payables	4.53 to 4.75	4.53	4.53	4.53
Term financing	4.45 to 5.85	4.45 to 5.85	4.45 to 5.85	4.45 to 5.85
Term loans	4.45 to 5.85	4.45 to 5.85	—	—

47. COMPARATIVE FIGURES

On 28 February 2014, the Company has changed its financial year end from 31 December to 31 March effective from the previous reporting period. Consequently, the comparatives figures of a 15-month period ended 31 March 2015 for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not comparable to the current 12 months ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

(Continued)

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

The breakdown of the retained profits of the Group and of the Company at the end of the financial year/period 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	114,564	91,541	17,560	13,688
- unrealised	(487)	144	–	35
	114,077	91,685	17,560	13,723
Total share of accumulated loss of an associate:				
- realised	(90)	(90)	–	–
	113,987	91,595	17,560	13,723
Add: Consolidation adjustments	7,480	7,324	–	–
	121,467	98,919	17,560	13,723

LIST OF PROPERTIES

as at 31 March 2016

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 2016 (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 Currently used by Regional Personalisation division	99 years leasehold expiring on 3 August 2065	25	12,810	4,792	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	24	46,685	14,206	7 February 2013
3.	Datasonic Technologies Sdn Bhd	Lot 1-1, First Floor Retail Office, Olive Hill Business Park	Retail Office (still under construction)	Freehold Building	N/A	14,800	-	30 September 2013
4.	Datasonic Technologies Sdn Bhd	Lot 1-2, First Floor Retail Office, Olive Hill Business Park	Retail Office (still under construction)	Freehold Building	N/A	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	3	3,208	1,738	3 July 2014

LIST OF PROPERTIES
as at 31 March 2016
(Continued)

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 2016 (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	3	3,341	1,766	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	3	2,909	1,559	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	3	3,344	1,777	3 July 2014
Total							25,838	

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS PER THE RECORD OF DEPOSITORS AS AT 31 MAY 2016

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	:	7,471
Voting Rights	:	a) On a show of hands, one vote every Shareholder b) On a poll, one vote for every Ordinary Share held

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less than 100	15	0.20	254	0.00
100 to 1,000	606	8.11	488,031	0.04
1,001 to 10,000	4,244	56.81	22,418,600	1.66
10,001 to 100,000	2,123	28.42	69,116,850	5.12
100,001 to 67,499,999 [#]	477	6.38	502,609,795	37.23
67,500,000 and above ^{##}	6	0.08	755,366,470	55.95
Total	7,471	100.00	1,350,000,000	100.00

Notes:

- # Less than 5% of issued shares
5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS (As per Register of Substantial Shareholders)

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
1.	Dibena Enterprise Sdn Bhd	139,012,010	10.30	—	—
2.	Datuk Haji Abu Hanifah bin Noordin	235,082,260	17.41	269,012,010* 300,000**	19.93 0.02
3.	Datin Popi Riandani binti Dody Muchtar	200,000	0.01	130,000,000*	9.63
4.	Gerbang Subur Sdn Bhd	130,000,000	9.63	—	—
5.	Chew Ben Ben	179,679,100	13.31	130,000,000* 21,000,000**	9.63 1.56
6.	Enrich Epitome Sdn Bhd	130,000,000	9.63	—	—

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 (Continued)

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.	Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	7,500,000	0.56	—	—
2.	Dato' Wan Mohd Safiain bin Wan Hasan	1,015,000	0.08	—	—
3.	Datuk Haji Abu Hanifah bin Noordin	235,082,260	17.41	269,012,010* 300,000**	19.93 0.02
4.	Chew Ben Ben	179,679,100	13.31	130,000,000* 21,000,000**	9.63 1.56
5.	Handrianov Putra bin Abu Hanifah	23,000,000	1.70	—	—
6.	Md Diah bin Ramli	429,990	0.03	—	—
7.	Mohamed Zulkhornain bin Ab Rane	5,487,300	0.41	—	—
8.	Raghibir Singh a/l Hari Singh	698,700	0.05	—	—
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	50,000	0.00	—	—
13.	Yee Kim Shing @ Yew Kim Sing	—	—	100,000**	0.01
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.	Abu Hanifah bin Noordin	139,130,060	10.31
2.	Dibena Enterprise Sdn Bhd	139,012,010	10.30
3.	Enrich Epitome Sdn Bhd	130,000,000	9.63
4.	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)	121,272,200	8.98
6.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Bank AG Singapore for Abu Hanifah bin Noordin (Maybank SG)	95,952,200	7.11

ANALYSIS OF SHAREHOLDINGS (Continued)

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>	34,356,900	2.54
8.	Handrianov Putra bin Abu Hanifah	23,000,000	1.70
9.	Zhao Tong	21,000,000	1.56
10.	Yap Tian Tion	15,481,000	1.15
11.	Liu Xin	14,560,000	1.08
12.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben (8095340)</i>	13,700,000	1.01
13.	Yap Kai Jie	12,106,700	0.90
14.	Tham Choon Sarn	12,097,700	0.90
15.	CitiGroup Nominees (Asing) Sdn Bhd <i>Exempt An for Citibank New York (Norges Bank 14)</i>	8,660,700	0.64
16.	Maybank Nominees (Tempatan) Sdn Bhd <i>Tan You Tiong</i>	8,440,000	0.63
17.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt An for Phillip Capital Management Sdn Bhd (EPF)</i>	8,259,500	0.61
18.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt An for Phillip Capital Management Sdn Bhd</i>	8,088,800	0.60
19.	Chu Ben Ting @ Chew Ah Teen	7,800,000	0.58
20.	Tham Choon Sarn	7,799,500	0.58
21.	Mohamed Hashim bin Mohd Ali (Gen Rtd Tan Sri)	7,500,000	0.56
22.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koay Boon Bioh (8121022)</i>	6,854,400	0.51
23.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	6,399,400	0.47
24.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)</i>	6,200,900	0.46
25.	Tan Sin Chai	5,900,000	0.44
26.	CitiGroup Nominees (Asing) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)</i>	5,672,200	0.42
27.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad – Kenanga Growth Fund</i>	5,523,500	0.41
28.	CitiGroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	5,417,163	0.40
29.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for The Bank Of New York Mellon (Mellon Acct)</i>	4,662,000	0.35
30.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Shenway Sdn Bhd</i>	4,640,000	0.34
Total		1,009,486,833	74.78

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of DATASONIC GROUP BERHAD ("the Company") will be held at Mesmera 4, The Everly Putrajaya Hotel, No. 1, Jalan Alamanda 2, Precinct 1, 62000 Putrajaya, Wilayah Persekutuan Putrajaya on Wednesday, 27 July 2016 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 year ended 31 March 2016 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) Mr. Chew Ben Ben **Ordinary Resolution 1**
 - b) Encik Handrianov Putra bin Abu Hanifah **Ordinary Resolution 2**
 - c) Encik Mohamed Zulkhornain bin Ab Raneé **Ordinary Resolution 3**
 - d) Datuk Dr. Aziz Jamaludin bin Hj. Mhd Tahir **Ordinary Resolution 4**
(Please refer to Explanatory Note B)
3. 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, Jeneral 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**
4. 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 EIGHTH ANNUAL GENERAL MEETING (Continued)

Special Business

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

5. **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

6. 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
1 July 2016

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.

NOTICE OF EIGHTH ANNUAL GENERAL MEETING (Continued)

NOTES: (CONT'D)

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 20 July 2016 (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.
7. In line with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Articles of Association of the Company, all the resolutions set out in the notice of the Eighth Annual General Meeting of the Company are subjected to voting by poll. The Company will appoint at least one (1) scrutineer to validate the votes cast at the Eighth Annual General Meeting of the Company.

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 Jeneral Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Datuk Dr. Aziz Jamaludin bin Hj. Mhd Tahir and Mr. Yee Kim Shing @ Yew Kim Sing who are seeking for re-appointment or re-election at the Eighth 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 Seventh Annual General Meeting held on 29 July 2015. 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.

NOTICE OF EIGHTH ANNUAL GENERAL MEETING (Continued)

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 Eighth 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 Eighth 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 Eighth Annual General Meeting of the Company to be held at Mesmera 4, The Everly Putrajaya Hotel, No. 1, Jalan Alamanda 2, Precinct 1, 62000 Putrajaya, Wilayah Persekutuan Putrajaya on Wednesday, 27 July 2016 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 Mr. Chew Ben Ben as Director of the Company		
2.	To re-elect Encik Handrianov Putra bin Abu Hanifah as Director of the Company		
3.	To re-elect Encik Mohamed Zulkhornain bin Ab Ranees as Director of the Company		
4.	To re-elect Datuk Dr. Aziz Jamaludin bin Hj. Mhd Tahir as Director of the Company		
5.	To re-appoint Jeneral 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/l 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 2016

.....
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 20 July 2016 (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.
- In line with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Articles of Association of the Company, all the resolutions set out in the notice of the Eighth Annual General Meeting of the Company are subjected to voting by poll. The Company will appoint at least one (1) scrutineer to validate the votes cast at the Eighth Annual General Meeting of the Company.



Fold this flap for sealing

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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 (Continued)

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 (Sambungan)

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)
Tingkat 6, Bangunan Setia 1
No. 15, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

Untuk Perhatian : Jabatan Kesetiausahaan Syarikat
No. Telefon : (603) 2087 6000
No. Fax : (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.

DATASONIC GROUP BERHAD (Company No. 809759-X)
(Incorporated in Malaysia)

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

www.datasonic.com.my